

Sopharma Group

Preliminary consolidated annual financial results for
2020





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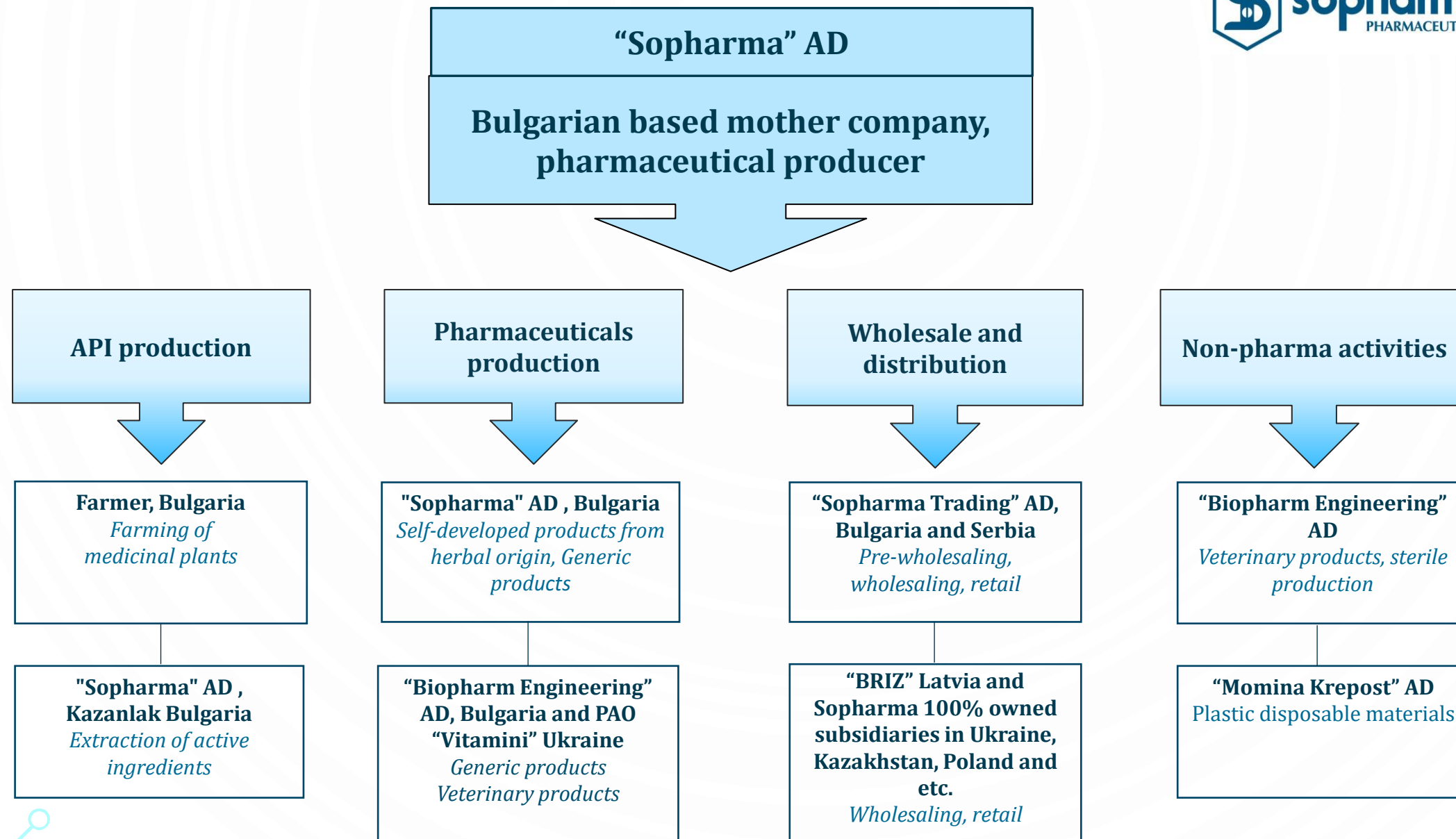
Who are we?

The Group is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other health related products and services.

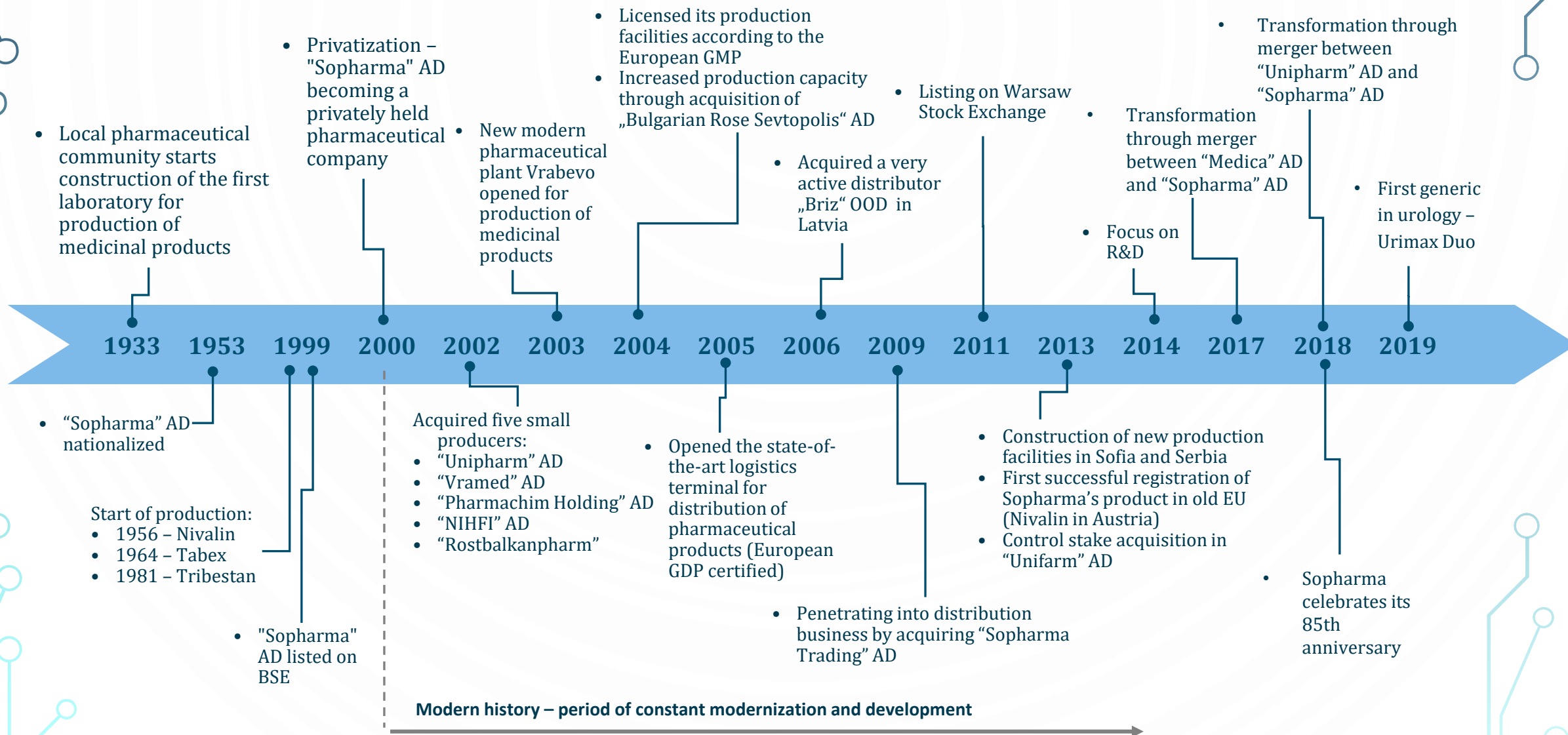
The Group works in the following areas:

- Production of active pharmaceutical ingredients;
- Pharmaceutical production;
- Wholesale and distribution;
- Non-pharmaceutical activities.





Brief history and key milestones:





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Our business

Sopharma Group



94 subsidiaries and
1 associated company



№1 manufacturer of
ampules and suppositories



More than 200
products



10
manufacturing plants



Company with established
traditions and experience



employees
5 803



Revenues
BGN 1 439 879
thousand



EBITDA
BGN 90 607
thousand



134 797 899
shares

Key financial indicators



Sales revenues increase with 12.4%



EBITDA increases with 12.6%



Operating profit decreases with 26.3%



Net profit decreases with 76.3%



Capex decreases with 33.3%

Indicators	1-12/2020	1-12/2019
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	1 439 879	1 281 587
EBITDA	90 607	103 696
Operating profit	44 000	59 692
Net profit	19 977	84 359
CAPEX**	41 552	62 282
	31.12.2020	31.12.2019
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	633 359	626 172
Current assets	611 920	549 100
Owners' equity	567 783	575 772
Non-current liabilities	133 899	115 448
Current liabilities	543 597	484 052

“Sopharma” AD as a partner



Team work



Experience



Partner in success

Our company offers a large variety of CM services:

- EU-GMP compliant pharmaceutical contract manufacturing;
- EU primary and secondary packaging services for international markets;
- Development of various dosage forms;
- Technological transfer of customer-developed products;
- Cleaning validation, Process validation;
- EU batch release and batch control.

Sopharma offers manufacturing of different dosage forms:

- Solid dosage forms (both sugar and film-coating tablets, hard gelatin capsules);
- Semi-solid dosage forms (creams, gels, ointments, suppositories);
- Sterile dosage forms (terminal sterilization and aseptic preparation, BFS technology);
- Non-sterile solutions (syrups, oral suspensions, ear drops, liquids for external use).

Personnel



5 803

workers and
employees

- As at 31 December 2020, the average number of employees of Sopharma Group is 5 803 (compared to 5 163 in 2019). The average number of employees of “Sopharma” AD as at 31 December 2020 is 1 991 (at 2 275 in 2019) and of “Sopharma Trading” AD is 779 (compared to 833 in 2019).



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Management, shares and dividends

Board of Directors



Ognian Donev, PhD

Chairman of the Board of Directors and Executive Director

He studied in Hamburg, Vienna, and graduated in "International Economic Relations" in Sofia University of Economics. Mr. Donev obtained a Doctor's degree in Economics in 1986 in Berlin.

Ognian Donev is a Executive director of "Sopharma" AD since 2000.



Vessela Stoeva

Deputy-chairman of the Board of directors

Completes her higher education in the Economic University in Sofia with "Finance and credit".

She is at "Sopharma" AD since 2000 as an economic advisor to the CEO and Deputy-chairman of the Board of directors. Mrs. Stoeva is also Deputy-chairman of the Board of Directors of Elpharma AD.



Ivan Badinski

Member of the Board of directors

Mr. Badinski owns an "Organization and Economics of Distribution and Pharmacy Practice" and professional qualification as a "Health manager".

In 2000 Mr. Badinski worked in the company as a director of co-operation and licenses.

From September 2015, he is a procurator of "Sopharma" AD.



Ognian Palaveev

Independent Member of the BoD

Mr. Palaveev completed his economic education in Germany and has over 37 years of experience in the fields of economics and trade.

In the last 15 years he has been an executive director of Unipharm AD and for more than 8 years he is member of the Board of Directors of "Sopharma" AD.



Alexandar Tchaoushev

Independent Member Of the BoD

He graduated from the English Language School in Sofia and later completed his higher education at the Moscow State Institute of International Relations.

Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

Shareholder structure at 31 December 2020

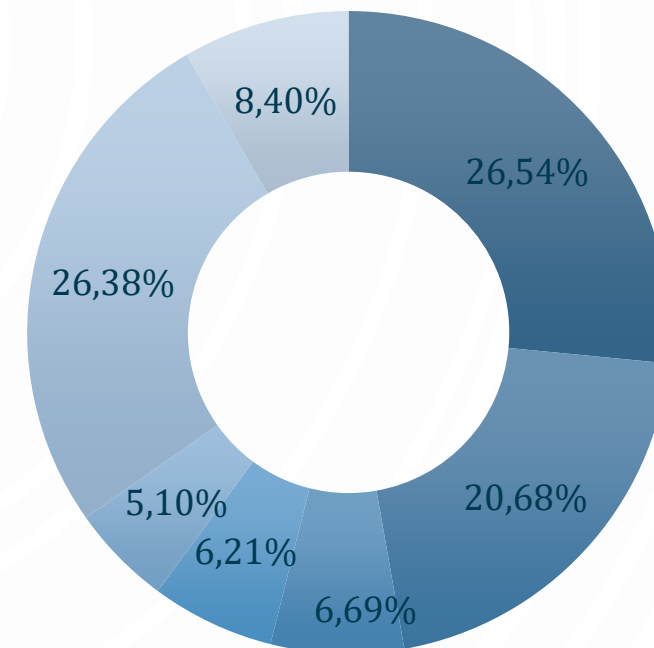


134 797 899 shares with nominal value BGN 1 per share.



Shareholder participation of the members of the Board of Directors:

- Ognian Donev – directly **3 038 940** shares, **2.25%** of capital and indirectly **35 779 516** shares, **26.54%** through “Donev Investments Holding” AD
- Ognian Palaveev – **187 520** shares, **0.14%** of capital
- Alexander Tchaoushev – **111 142** shares, **0.08%** of capital
- Vessela Stoeva – **150** shares
- Ivan Badinski – **350** shares



- "Donev Investments Holding" AD
- "Telecomplex invest" AD
- "Sopharma" AD (treasury shares)
- "Rompharm company" OOD
- CUPF "Alianz Bulgaria"
- Other companies
- Physical persons

Information about the shares



134 797 899 shares with nominal value BGN 1 per share.



The shares of the Company are traded on the Bulgarian Stock Exchange - Sofia AD, the Main Market (BSE), the PREMIUM segment and on the official market of the Warsaw Stock Exchange.



Key indicators of the shares of “Sopharma” AD

	31.12.2020	30.09.2020
Total number of issued shares	134 797 899	134 797 899
Average-weighted number of outstanding shares for the last four quarters	125 754 274	125 767 240
Number of shares outstanding at the end of the period	125 786 432	125 851 432
Earnings per share in BGN ¹	0,199	0,597
Price per share at the end of the period in BGN	3,194	3,08
Price/Earnings ratio (P/E)	16,05	5,16
Book value per share in BGN ²	4,402	4,464
Price/Book value ratio (P/B)	0,73	0,69
Market capitalization at the end of the period in BGN	430 544 489	415 177 529

1 Net profit for the last four quarters belonging to the owners of the Company's equity / weighted average number of outstanding shares for the same period

2 Equity other than minority interest / number of outstanding shares at the end of the period

Dividend policy

- “Sopharma” AD is a pioneer in the payment of a 6-month dividend and after the introduction of this legislative opportunity in 2018 the Company has been taking advantage of it for the third year.
- “Sopharma Trading” AD has a solid dividend policy, the payment is still over 50% from the achieved positive financial result.

Dividend per share in BGN

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
"Sopharma" AD	0.085	0.07	0.07	0.07	none	0.07	0.10	0.11	0.05	0.05 0.07	0.04
"Sopharma Trading" AD	0.15	0.17	0.20	0.23	0.27	0.30	0.30	0.30	0.30	0.30	

Dividend payout ratio

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
"Sopharma" AD	28%	23%	23%	27%	none	37%	36%	30%	28%	16%
"Sopharma Trading" AD	75%	85%	91%	91%	82%	82%	74%	70%	55%	51%



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Key markets

Republic of Bulgaria: Demography and key economic indicators

GDP (BGN million)



GDP per capita

BGN 17,008 (€ 8,678)

GDP growth 2019 and 2018

3.4% growth

Currency

BGN fixed to the euro from 1998

(€ 1 = BGN 1,96)

Health budget 2020:

BGN 5 billion

Pharmaceutical industry:

99% private



Area

111.000 km²

Population

6.951 million

Member of EU

since 2007

Source: NSI 2019

Revenue from sales

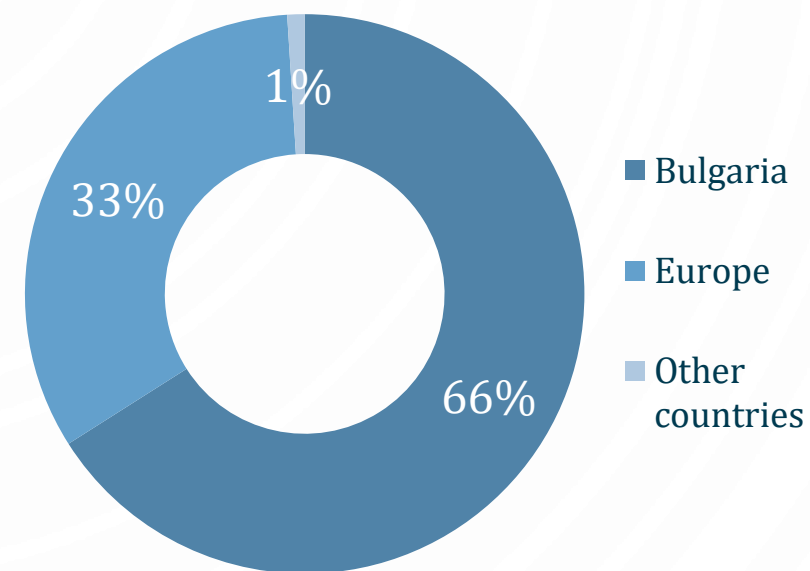
- **Revenue from sales of the Group** increased with BGN 158,3 million or 12%, reaching BGN 1 439,9 million in 2020 compared to BGN 1 281,6 million in 2019.

- **Europe**

Revenues from sales of the Group in Europe amounts to 33% of total consolidated sales revenues for 2020 and increase with 7% compared to 2019.

- **Bulgaria**

The contribution of sales in Bulgaria to the consolidated sales revenue in 2020 amounted to 66%, increasing by 16% compared to 2019. Sopharma has a 3% share on the Bulgarian pharmaceutical market in terms of value and a 11% share in terms of solid quantity -units.

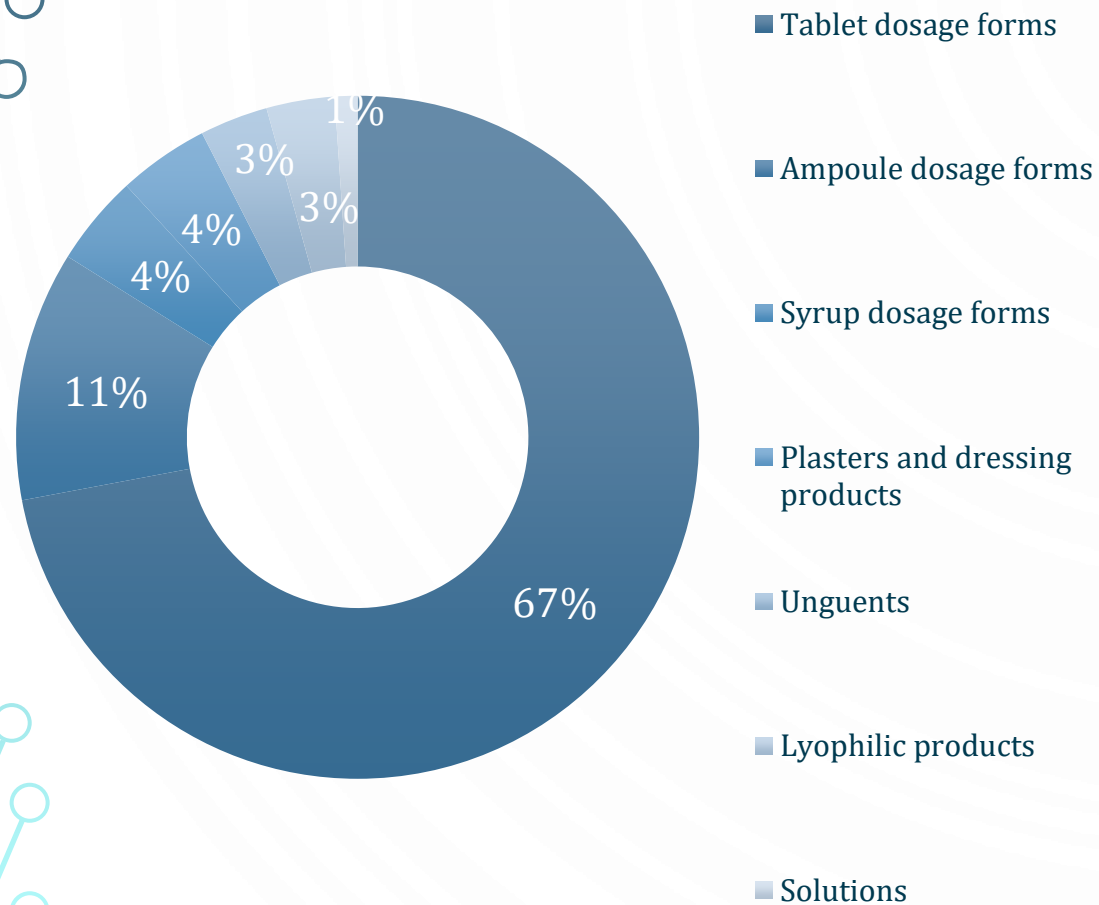




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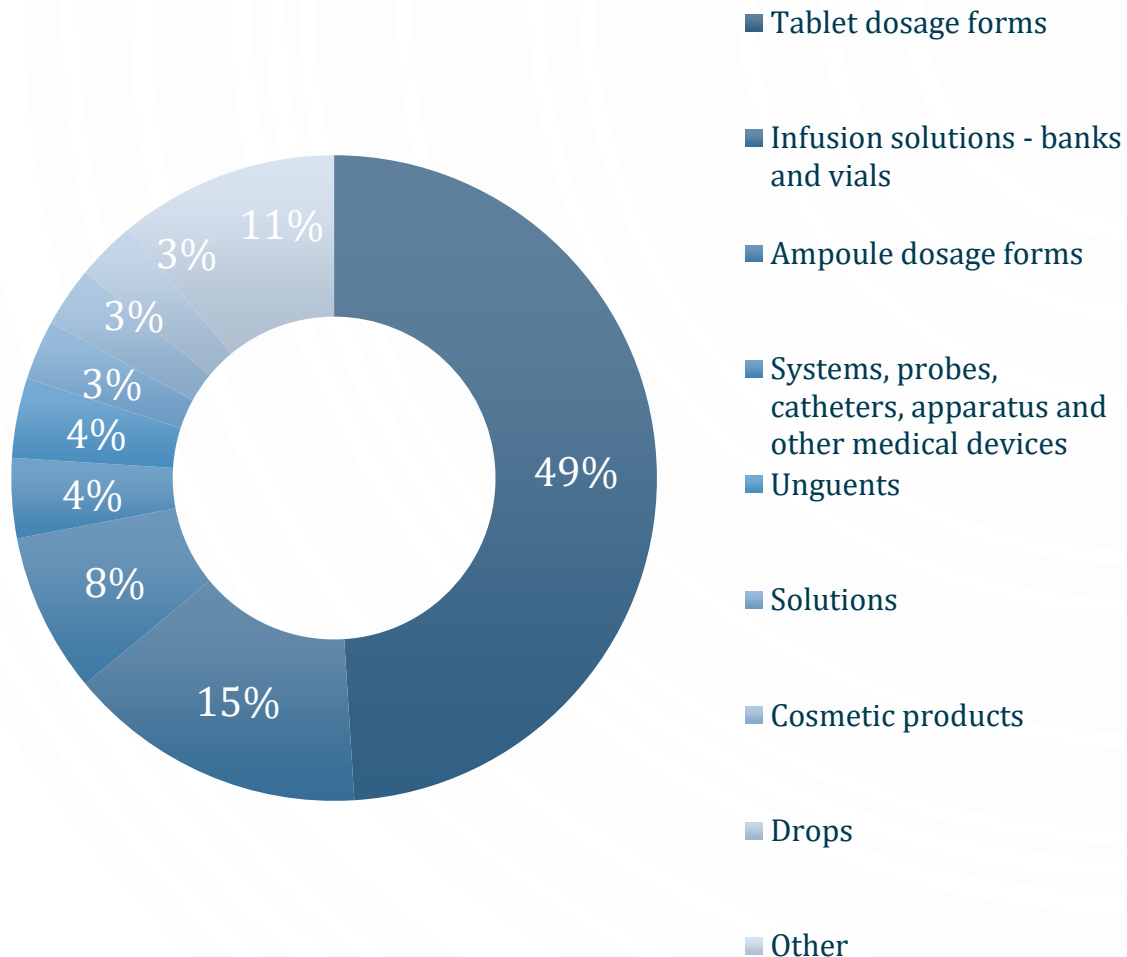
Key financial indicators of Sopharma Group

Revenue from sale of finished products



Revenue from sale of finished products	2020 <i>BGN '000</i>	2019 <i>BGN '000</i>	Change %
Tablet dosage forms	180 204	195 603	-8%
Ampoule dosage forms	30 836	32 986	-7%
Syrup dosage forms	10 858	13 235	-18%
Plasters and dressing products	9 681	9 788	-1%
Unguent	8 850	9 961	-11%
Lyophilic products	8 052	8 223	-2%
Solutions	3 450	3 224	7%
Medical cosmetics	2 435	920	165%
Other	14 995	14 586	3%
Total	269 361	288 526	-7%

Revenue earned from sale of goods



Revenue earned from sale of goods	2020 BGN '000	2019 BGN '000	Change %
Tablet dosage forms	575 867	468 977	23%
Infusion solutions – banks and vials	172 878	149 374	16%
Ampoule dosage forms	90 427	75 025	21%
Systems, probes, catheters, apparatus and other medical devices	47 099	37 741	25%
Unguents	47 097	36 699	28%
Solutions	42 841	33 624	27%
Cosmetic products	34 766	27 393	27%
Drops	31 868	34 083	-6%
Other	127 675	130 145	-2%
Total	1 170 518	993 061	18%

Other operating income



- Other operating income** decreased by BGN 2,2 million, reaching BGN 10,2 million in 2020, compared to BGN 12,4 million in 2019, mainly as a result of a decrease in foreign exchange gains on trade receivables and payables and current accounts in the amount of BGN 2,7 million in 2020. Losses from currency differences are a result of the devaluation of local currencies in Belarus and Kazakhstan.



Other operating income	2020	2019	Change	Rel. share
	BGN '000	BGN '000	%	2020 %
Services rendered	5 826	5 648	3%	57%
(Losses) / gains on foreign exchange from trade receivables and payables and current accounts	(1 680)	1 052	-260%	-16%
Government grants	1 192	842	42%	12%
Rents	956	1 059	-10%	9%
Profit from sale of fixed assets	725	272	167%	7%
Gain from change in fair value of investment property	386	407	-5%	4%
Derecognition of liabilities	336	847	-60%	3%
Revenues from fines and penalties	293			3%
Services related to social activities and events	218	918	-76%	2%
Interests on current accounts	181	87	108%	2%
Profit from sale of materials	166	39	326%	2%
Other income	1 613	1 250	29%	16%
Total other operating income	10 212	12 421	-18%	100%

Operating expenses



- Operating expenses increased by BGN 171,8 million or by 14% from BGN 1 234,3 million in 2019 to BGN 1 406,1 million in 2020.
- The book value of goods sold has the largest share in operating expenses and its increase by 19% exceeds the growth of revenue from goods sold, which amounts to 18%.
- For the other operating expenses there is no significant change in absolute values compared to the previous period.
- For the current period more significant changes are reported in the structure of expenses for external services, where the expenses for advertising and marketing services increase by BGN 2,1 million, manufacture of medicines by BGN 2,6 million, consulting services with BGN 2,1 million and the expenses for service fees decreased by BGN 0,8 million.
- For the other operating expenses the change is due to a reported by BGN 3,3 million more waste of tangible fixed assets.

Operating expenses	2020	2019	Change	Rel. share of expenses 2020
	BGN '000	BGN '000	%	%
Changes in inventories of finished goods and work in progress	(1 907)	3 479	-155%	0%
Materials	89 254	93 234	-4%	6%
External services	80 476	75 239	7%	6%
Personnel	133 102	127 087	5%	9%
Depreciation and amortization	46 607	44 004	6%	3%
Carrying amount of goods sold	1 043 102	878 504	19%	74%
Other operating expenses	15 457	12 769	21%	1%
Total operating expenses	1 406 091	1 234 316	14%	100%

Financial income

Financial income and expenses in 2020 change most significantly as a result of the registered net foreign exchange loss on foreign currency loans and lease agreements of BGN 5,4 million, which is mainly due to the depreciation of the Belarusian ruble and its effect on the debt exposure in euros and dollars of the Group companies in Belarus.

Finance income	2020	2019	Change	Rel. share of expenses in 2020
	<i>BGN '000</i>	<i>BGN '000</i>	%	%
Income on loans extended	2 659	2 803	-5%	52%
Interest income on overdue trade receivables	1 594	2 876	-45%	31%
Income from shareholding (dividends)	510	188	171%	10%
Net change in the impairment adjustment for credit losses on trade receivables	132	481	-73%	3%
Net profit from operations with investments in securities	90	3 955	-98%	2%
Interest on receivables under special contracts	76	69	10%	1%
Interest income on bank deposits	22	1		0%
Recovered impairment for credit losses of cash	12	-	-	0%
Net foreign exchange gains on foreign currency loans and leases	-	506	-100%	0%
Net profit from exchange rate differences on receivables from investments in securities	-	47	-100%	0%
Other	-	27	-100%	0%
Total	5 095	10 953	-53%	100%

Financial expenses

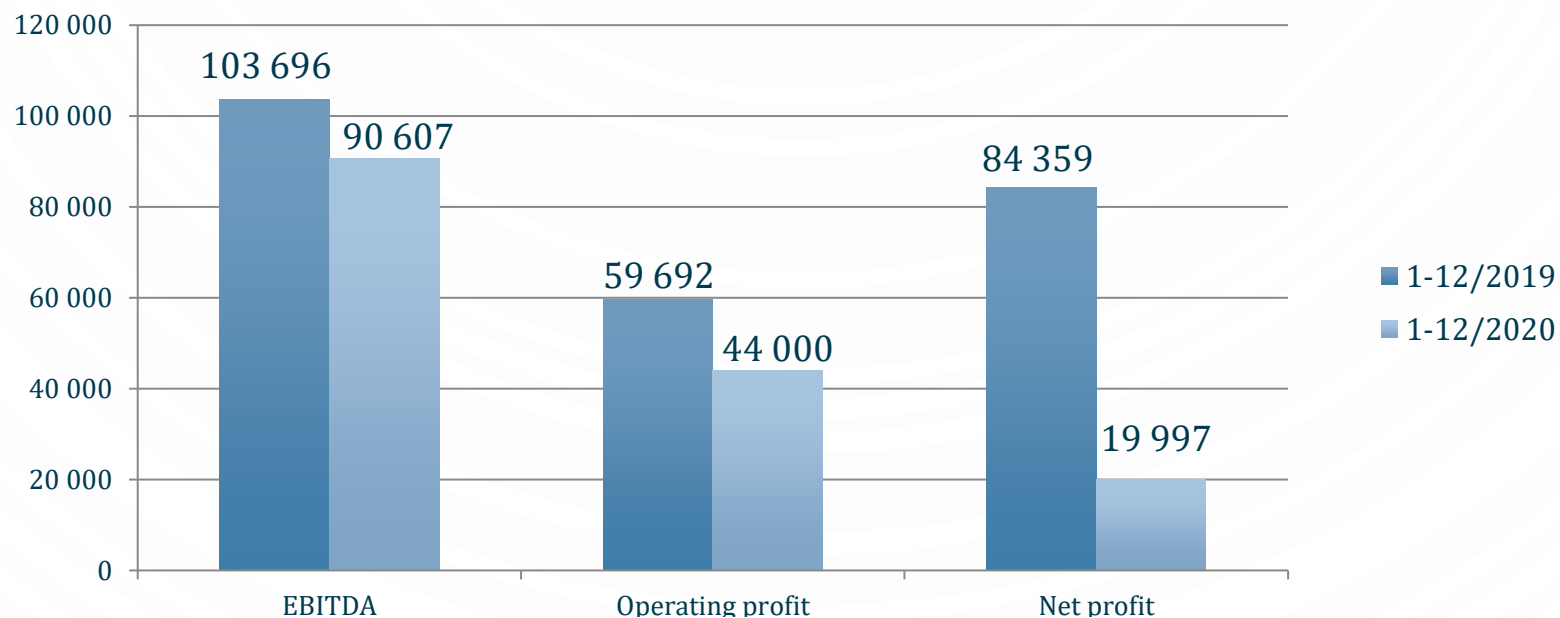
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Financial expenses	2020 BGN '000	2019 BGN '000	Change %	Rel. share
Interest expenses on loans received	10 061	9 264	9%	53%
Net foreign exchange loss on foreign currency loans and leases	5 459	-	-	29%
Lease interest expenses	1 642	1 736	-5%	9%
Bank fees on loans and guarantees	831	935	-11%	4%
Interest expense under factoring agreement	582	449	30%	3%
Net foreign exchange loss on receivables from investments in securities	272	-	-	1%
Expenses for other interest	117	7	1571%	1%
Other	114	-	-	1%
Total	19 078	12 391	54%	100%

Financial result of the activity



- **EBITDA** decreased by BGN 13,1 million or by 13%, while in 2020 it amounted to BGN 90,6 million compared to BGN 103,7 million in 2019.
- **Profit from operating activities** decreased by BGN 15,7 million or by 26%, to BGN 44 million 2020 compared to BGN 59,7 million in 2019.
- **Net profit** decreased by BGN 64,4 million or 76% to BGN 20 million in 2020 compared to BGN 84,4 million in 2019, as a negative impact had the increased financial costs as a result of exchange rate losses, as well as the one-time effect of the profits reported in the previous period by associates.



Assets

- **Total assets** increased by BGN 70 million or by 6%, from BGN 1 175,3 million as at 31.12.2019 to BGN 1 245,3 million as at 31.12.2020, mainly due to an increase in both non-current and current assets.
- **Non-current assets** increased by BGN 7,2 million or by 1%, mainly due to a increase in property, plant and equipment and intangible assets, and decrease in long-term receivables from related companies by BGN 32,1 million as a result of partial repayment of loans from companies in the group of Doverie - Obedinen Holding AD.
- **Current assets** increased by BGN 62,8 million or 11%, to BGN 611,9 million as at 31.12.2020 compared to BGN 549,1 million as at 31.12.2019 in the part of trade receivables with BGN 58,1 million and other short-term receivables and assets by BGN 14,6 million.

Assets	31.12.2020 BGN '000	31.12.2019 BGN '000	Change %	Rel. share 2020 %
Non-current assets				
Property, plant and equipment	395 781	378 625	5%	62%
Intangible assets	59 783	42 829	40%	9%
Goodwill	13 767	15 909	-13%	2%
Investment property	11 690	10 856	8%	2%
Investments in associated companies and joint ventures	63 137	62 985	0%	10%
Other long - term equity investments	14 294	10 079	42%	2%
Long-term receivables from related parties	59 726	91 794	-35%	9%
Other long-term receivables	12 006	10 674	12%	2%
Deferred tax assets	3 175	2 421	31%	1%
	633 359	626 172	1.1%	51%
Current assets				
Inventories	287 973	229 873	25%	47%
Trade receivables	249 659	255 660	-2%	41%
Receivables from related parties	6 682	7 112	-6%	1%
Assets held for sale	-	1 462	-100%	0%
Other short-term receivables and assets	42 112	27 480	53%	7%
Cash and cash equivalents	25 494	27 513	-7%	4%
	611 920	549 100	11.4%	49%
TOTAL ASSETS	1 245 279	1 175 272	6.0%	100%

Owner's equity and liabilities – non-current liabilities



- **The equity of Sopharma Group** decreased by BGN 8 million compared to 31.12.2019, mainly due to a decrease of non-controlling interest by BGN 5,3 million, as a result of the negative financial results of the subsidiaries in Latvia and Belarus mainly due to the depreciation of the local currency.
- **Non-current liabilities** increased by BGN 18,4 million or 16%, from BGN 115,4 million at the end of 2019 to BGN 133,9 million at 31.12.2020, mainly from an increase in leasing liabilities by BGN 23,6 million and other non-current liabilities related to the purchase of shares by BGN 10,7 million, and decrease in the part of long-term bank loans by BGN 22,3 million.

EQUITY	31.12.2020	31.12.2019	Change	From owners' equity 2020
	BGN '000	BGN '000	%	%
Equity attributable to owners of the parent company				
Share capital	134 798	134 798	0%	24%
Reserves	63 758	60 977	5%	11%
Retained earnings	355 205	360 656	-2%	63%
	553 761	556 431	0%	98%
NON-CONTROLLING INTEREST	14 022	19 341	-28%	2%
TOTAL EQUITY	567 783	575 772	-1%	100%
LIABILITIES				
Non-current liabilities	BGN '000	BGN '000	%	%
Long-term bank loans	34 567	56 832	-39%	5%
Deferred tax liabilities	9 236	8 196	13%	1%
Long-term liabilities to related parties	8 632	2 972	190%	1%
Long-term liabilities to personnel	7 149	6 626	8%	1%
Finance lease liabilities	49 462	25 840	91%	7%
Government grants	10 128	10 940	-7%	1%
Other non-current liabilities	14 725	4 042	264%	2%
	133 899	115 448	16%	20%

Current liabilities

- **Increase:**

- trade liabilities by BGN 47,5 million;
- short-term part of long-term bank loans by BGN 14,4 million;
- obligations under factoring contracts with BGN 11,8 million;
- short-term part of leasing liabilities by BGN 8,1 million.

- **Decrease:**

- short-term bank loans by BGN 18,5 million.

Total liabilities on bank loans, leasing and factoring of the Group increased by BGN 16,1 million compared to the end of 2019, with the net debt after deduction of cash and cash equivalents increase by BGN 13,1 million to BGN 399,8 million. The acquisition of the companies “SCS Franchise” AD and “Sanita Franchising” AD has a significant impact on the increase in the debt, as a result of which the Group's leasing liabilities increase by BGN 29,5 million.

Current liabilities	31.12.2020	31.12.2019	Change %	Rel. share
	BGN '000	BGN '000		
Short-term bank loans	255 273	274 829	-7%	38%
Short-term of long-term bank loans	31 174	16 730	86%	5%
Trade payables	163 870	116 407	41%	24%
Payables to related parties	2 344	7 668	-69%	0%
Payables on contract for factoring	36 591	24 772	48%	5%
Current portion of finance lease liabilities	18 079	10 012	81%	3%
Payables to the personnel and for social security	17 951	15 418	16%	3%
Tax payables	6 039	7 217	-16%	1%
Other current liabilities	12 276	10 999	12%	2%
	543 597	484 052	12%	80%
TOTAL LIABILITIES	677 496	599 500	13%	100%
TOTAL EQUITY AND LIABILITIES	1 245 279	1 175 272	6.0%	

Cash flow and ratios



- The free cash flow (normalized with the revenues from factoring and payments under leasing contracts), generated for 2020, amounts to BGN 23,2 million compared to BGN 20,3 million in 2019.

	31.12.2020	30.09.2020
ROE ¹	4.4%	12.2%
ROA ²	2.1%	5.7%
Asset turnover ³	1,20	1,16
Current liquidity ⁴	1,13	1,17
Quick ratio ⁵	0,60	0,70
Cash/current liabilities ⁶	0,05	0,04
Owners' equity/liabilities ⁷	0,84	0,95
	31.12.2020	31.12.2019
	BGN '000	BGN '000
Net cash flows from operating activities	(179 227)	(128 444)
Proceeds of amounts by factoring	243 935	200 845
Purchases of property, plant and equipment, intangible assets, net	(24 655)	(38 971)
Payments under lease agreements	(16 831)	(13 095)
Free cash flow (normalized)	23 222	20 335

- 1 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of non-minority interest for the last five quarters
2 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of total assets for the last five quarters
3 Revenue from sales on an annual basis / arithmetic mean of total assets over the last five quarters
4 Current assets / current liabilities
5 Receivables + Cash / Current liabilities
6 Cash / Current liabilities
7 Own capital / Liabilities



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Production activity:
"Sopharma" AD

Production activity and major products – "Sopharma" AD



10 manufacturing facilities.



More than **200** products: incl. nearly **190** medicinal products and **11** groups of medical devices.

15 traditional products, **12** of the products are plant-based.



Tabex, **Carsil** and **Tempalgin** make a major contribution to the company's export revenues.



The generic product **Analgin** is of major importance to the company's domestic sales.

Product	Description
Carsil	Traditional phyto-product used for the treatment of gastrointestinal diseases (liver diseases).
Tempalgin	Traditional drug used as a painkiller.
Tabex	Traditional phyto-product used for the treatment of nicotine dependence.
Tribestan	Traditional phyto-product that stimulates the sexual functions.
Broncholitin	Traditional product used for treatment of diseases affecting the respiratory system and causing coughing and catarrhal changes.
Analgin	Generic painkiller.
Nivalin	Traditional phyto-based product used for the treatment of diseases of the peripheral nervous system.
Methyl-prednisolon	Generic lyophilized sterile hospital product used for handling cases of severe allergies and certain life threatening conditions.
Vitamin C	Widely used nutritional supplement .
Valeriana	Generic non-prescription herbal medicine used to reduce stress.



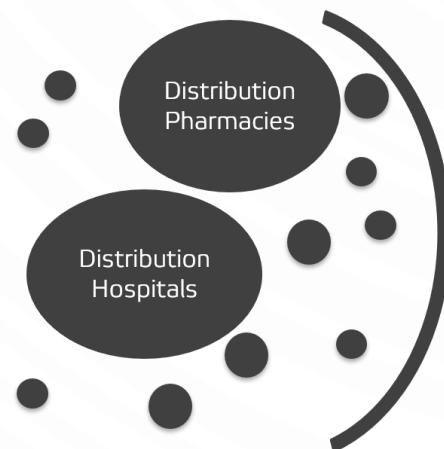
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Major subsidiaries

Distribution – „Sopharma Trading“ AD

- The company was established and registered in 1993 as "Sanita Trading" Ltd.
- In 1998 it was transformed into a joint-stock company.
- In 2005 the name of the company became “Sopharma Trading” AD.
- The subject of activity is wholesale and retail trade of medicines and sanitary materials; transport and forwarding activities; purchase, construction and furnishing of real estate for sale; all other commercial transactions not prohibited by law.
- The company strives to diversify its operations so that from a purely distribution company to become a fully integrated provider of comprehensive, innovative and quality healthcare services on the market.

2006 PHARMA DISTRIBUTOR



2020 HEALTHCARE PROVIDER



“Sopharma Trading” AD offers:



15 000 pharmaceuticals products.



Turnkey solutions for hospitals.



100% coverage on the territory of Bulgaria and access to any point of the country within 4 hours.

Distribution service through our own fleet of **more than 130 vehicles**.

Complete logistics solutions for import, storage and distribution of goods to end customers.



More than **3000 clients**.

Key highlights



- **100%** national distribution coverage in Bulgaria and Serbia with four regional distribution centers.
- Daily deliveries to **3,500 pharmacies and 350 medical establishments**.
- The company also offers a **pre-distribution service** - warehousing and logistics services for pharmaceutical products.
- The national logistics coverage in Bulgaria is implemented through **three** bases in Sofia, Varna and Veliko Tarnovo.
- The warehouse of “Sopharma Trading” AD in Sofia is the **most modern** pharmaceutical logistics terminal in Bulgaria.

Indicators	01-12.2020	01-12.2019
Revenue from operations (BGN '000)	1 156 283	945 806
Net operating profit/loss (BGN '000)	16 125	14 140
Earnings/loss per share(BGN)	0,34	0,34
	31.12.2020	31.12.2019
Total assets (BGN '000)	615 111	483 312
Equity (BGN '000)	77 294	75 804
Number of shares ('000)	34 276	34 276

Management and shares



BGN **34 276 050** share capital



Ordinary registered shares with value of BGN 1 per share.

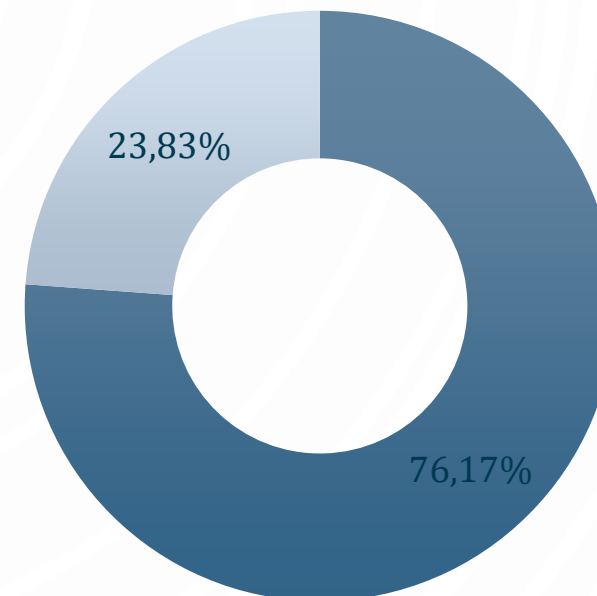


Shareholder participation of the members of the Board of Directors:

- Ognian Donev – Chairman – **767 100** shares, **2.24%** of capital.
- Dimitar Dimitrov – member and Executive Director – **233 439** shares, **0.68%** of capital.



Shareholder structure as at 31 December 2020



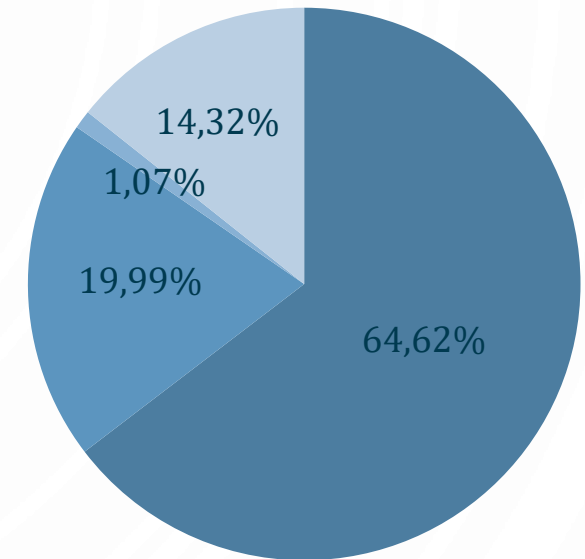
- "Sopharma" AD
- Physical persons, under 5%

Development

- “Sopharma Trading” AD is actively working to expand its market positions in the various segments in which it operates - hospital and pharmacy.
- In 2015, the Company started the development of its retail chain of pharmacies under the SOpharmacy brand.
- The annual average market growth rate in Europe will be 2-5%.
- The market for medicinal products in developed countries in the EU will grow at a very slow pace (an average of 0.8% annually).
- Major trends in the „wholesale drug industry“:
 1. Consolidation of participants in this market;
 2. Expanding our own portfolio of products focused on cosmetics and OTC;
 3. Cost minimization in supply chain management;
 4. Digitalization the sector and analyzing Big Data based processes.



Sales by clients group



- Pharmacy market
- Hospital market
- Apparatus
- Wholesaler



Preliminary consolidated annual financial results for 2020

New products, significant events and risks

New developments and products

- During the reporting period, a Marketing Authorization was obtained for **5** new medicinal products.
- The following new medicinal products were introduced in production: - Paracedol Kids 120 mg / 5 ml oral suspension; Antiemetin 5 mg / ml solution for injection; Promerol 1 mg / ml solution for injection and food supplement Aloevital oral solution 2.5 mg 5ml.
- During the reporting period **17** food supplement for Bulgaria, Armenia, Azerbaijan, Ukraine, Kazakhstan and Kyrgyzstan were notified.
- **48** medical supplies were registered in Ukraine (two), Moldova (thirty) and Macedonia (sixteen);
- Updated Authorizations for use of **85** medicinal products.
- Submission of documentation for the renewal of the Marketing Authorizations for **119** medicinal products to agencies.
- **854** changes for medicinal products approved by agencies.
- **949** changes made for medicinal products to the agencies.
- There is a pharmaceutical development of **11** new medicinal products;
- **18** medicinal products have been transferred / undergoing transfer and **30** manufacturing processes / technologies have been validated / optimized.



Significant events in 2020 and until the date of the preliminary consolidated management report

- On 22 January 2020, “Sopharma” AD began to pay the gross dividend of 5 cents per share voted at the General Meeting of Shareholders on December 13, 2019.
- On 31 January 2020 a merger of SOOO “Brizpharm”, Belarus into OOO “Bellerofon”, Belarus was registered, by merging the assets and liabilities of the two companies.
- As of 2 March 2020, OOO “Zdorovey Pharm”, Belarus is a subsidiary through OOO “Zdorovey”, Belarus, as OOO “Zdorovey” owns 65% of the capital of OOO “Zdorovey Pharm”..
- On 19 March 2020, “Sopharma Trading” AD announced the conclusion of a contract for the acquisition of the SCS Franchise pharmacy group.
- On 14 April 2020, the company Pharmachim EOOD, Serbia, was established. Sopharma AD owns 100% of the company's shares.
- On 22 April 2020, “Sopharma” AD received BGN 30 million, which were paid interest and loans from an associated company and a company controlled by it (“Doverie - Obedinen Holding” AD and “Doverie Invest” AD).
- On 5 June 2020, the Annual General Meetings of “Sopharma” AD and “Sopharma Trading” were held.
- On 16 June 2020, the Annual General Meetings of the shareholders of “Sopharma Buildings” REIT was held.



Significant events in 2020 and until the date of the preliminary consolidated management report

- On 10 August 2020 the Annual General Meeting of “Momina krepost” AD – Veliko Tarnovo was held.
- With Decision № 626 / 23.07.2020 the Commission for Protection of Competition of the Republic of Bulgaria authorized the concentration within the meaning of Chapter V of the Law on Protection of Competition by acquiring sole control by “Sopharma Trading” AD over CSS Franchise AD and Sanita Franchising AD.
- On 3 August 2020 “Sopharma” AD started the payment of the dividend in the amount of 7 stotinki per share, voted at the Regular General Meeting of Shareholders held on 05.06.2020.
- On 4 August 2020 a merger of “Sopharma Trading Pharmaceuticals” D.o.o. was registered in “Sopharma Trading” D.o.o., by merging the assets and liabilities of the two companies.
- On 24 September 2020, an Extraordinary General Meeting of the Shareholders of Sopharma Properties REIT was held.
- On 25 September 2020, an Extraordinary General Meeting of the Shareholders of Sopharma AD and Sopharma Trading AD were held.
- On 28 September 2020, an Extraordinary General Meeting of the shareholders of Momina Krepost AD - Veliko Tarnovo was held, which adopted the changes in the Remuneration Policy in Momina Krepost AD.



Significant events in 2020 and until the date of the preliminary consolidated management report

- On 1 October 2020 “Sopharma Trading” AD finalized the acquisition of sole control over the companies "SCS Franchise" AD and "Sanita Franchising" AD.
- On 13 October 2020 “Sopharma” AD acquired an additional 5.01% of the capital of “Aromania” AD.
- On 28 December 2020 as a result of lengthy negotiations and an agreement reached with the other shareholders, a change in the shareholder structure of the subsidiary SIA BRIZ was entered in the Commercial Register of the Republic of Latvia as a result of which Sopharma AD remains the sole owner of the capital of the company.
- On 29 December 2020, Sopharma AD sold the shares owned by it from the capital of Aromania AD.
- On 24 February 2021, Sopharma AD presented an invitation to convene an EGM and materials for a General Meeting of Shareholders, which will be held on 2 April 2021 at 11:00 a.m. with the following agenda: Adoption of a decision for amendments to the Articles of Association of the company.



Review the main risks

1. The COVID19 pandemic.
2. Significant competition.
3. The Company is dependent on regulatory approvals.
4. The Company's ability to pay dividends depends on a number of factors and there can be no assurance that the Company will be able to pay dividends in accordance with its dividend policy or at all in any given year.
5. Operational risk, which is inherent to its business activities.
6. The macroeconomic environment has a significant effect on the Group's operations and position.
7. Currency risk - The Company supplies part of its raw and other materials in USD. The currency risk is related to the adverse floating of the exchange rate of USD against BGN in future business transactions as to the recognized assets and liabilities denominated in foreign currency and as to the net investments in foreign companies.



Thank you for your time and attention!

Investor Relations Department
"Sopharma" AD

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