

“Sopharma” AD

Preliminary individual financial results for 2020





Preliminary individual financial results for 2020

Who are we?

“Sopharma” AD

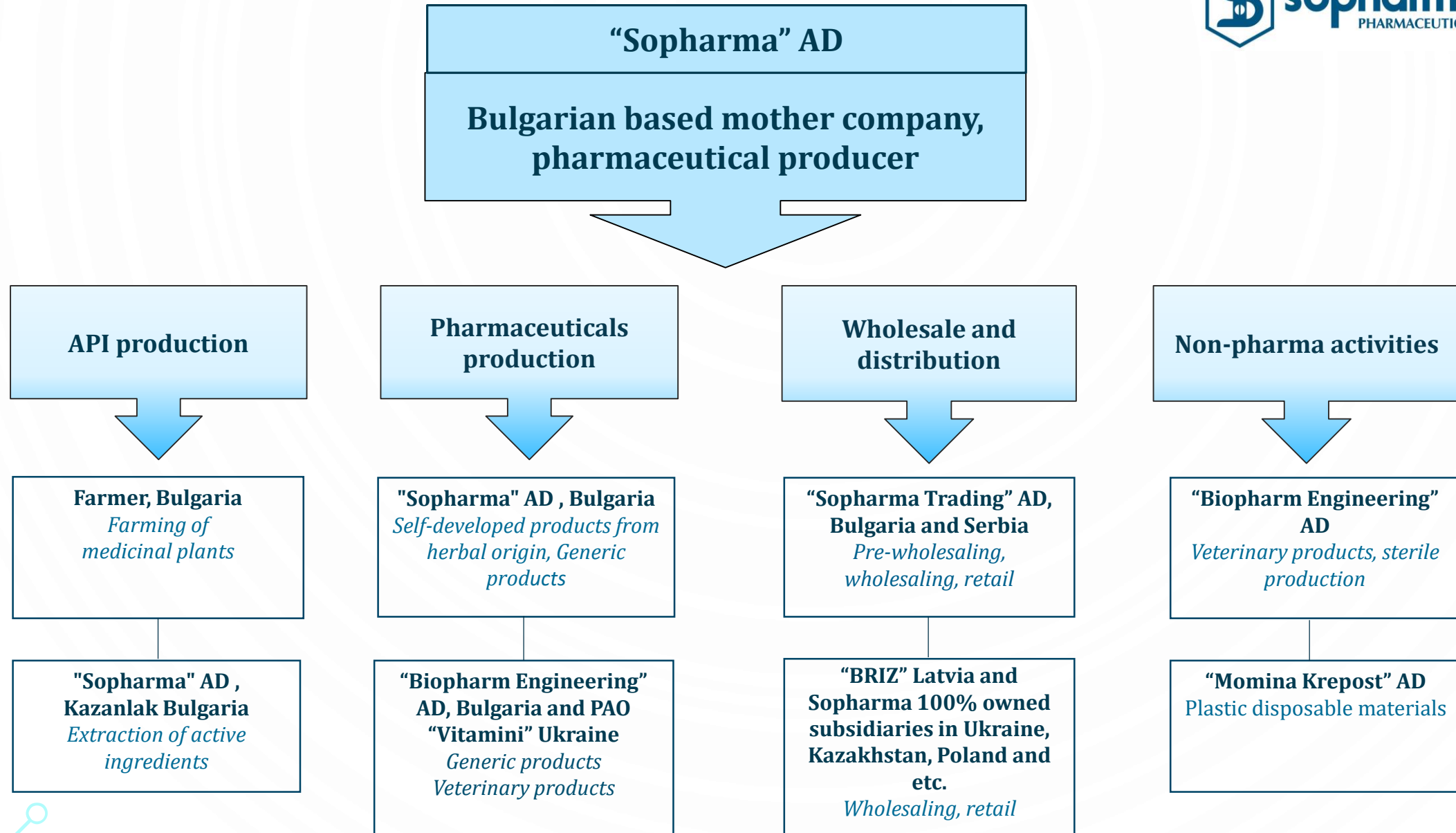


"Sopharma" AD is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other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

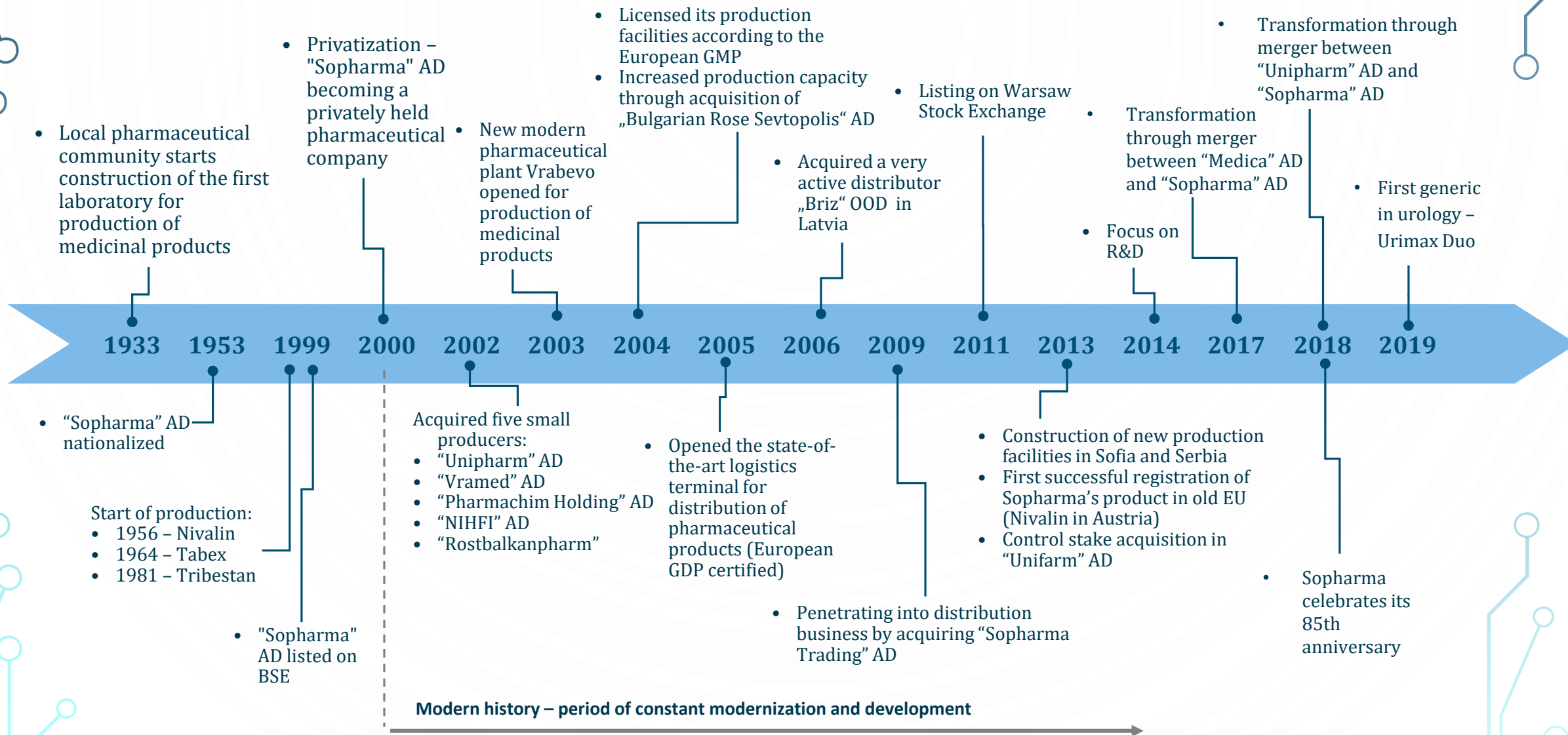
The Company works in the following areas:

- 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” AD



Established in 1933



**№1 manufacturer of
ampules and suppositories**



**Revenues
BGN 206 185
thousand**



**More than 200
products**



**Company with established
traditions and experience**



**EBITDA
BGN 50 635
thousand**



**9
manufacturing plants**



**employees
1 991**



**134 797 899
shares**

Key financial indicators



Sales revenues decreased with 10.6%



EBITDA decreased with 21.4%



Operating profit decreased with 29.6%



Net profit decreased with 30.7%



Capex decreased with 5.4%

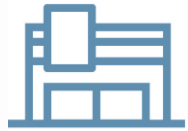
Indicators	1-12/2020	1-12/2019
	BGN '000	BGN '000
Sales revenues	206 185	230 691
EBITDA	50 635	64 385
Operating profit	32 405	46 038
Net profit	27 965	40 382
CAPEX**	9 661	10 212
	31.12.2020	31.12.2019
Non-current assets	435 882	477 027
Current assets	213 927	201 738
Owners' equity	536 289	522 644
Non-current liabilities	16 082	20 667
Current liabilities	97 438	135 454
	Ratios	1-12/2019
EBITDA / Sales revenues	24.6%	27.9%
Operating profit/ Sales revenues	15.7%	20.0%
Net profit/ Sales revenues	13.6%	17.5%
	31.12.2020	30.09.2020
Borrowed capital/Owners' equity	0,21	0,28
Net debt**/ EBITDA	1,5x	1,7x



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Production activity: "Sopharma" AD

Production activity and major products – "Sopharma" AD



9 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.

“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

- The training policy is specifically aimed at providing professional competences and information concerning the requirements for health and safety at work.
- The training policy is specifically aimed at providing professional competences and information concerning the requirements for health and safety at work.
- Employees are entitled to higher additional remuneration required by applicable law for overtime, night shifts and work on Saturdays, Sundays and holidays.



1 991
workers and
employees.

Number of workers and employees as at 31 December 2020	31.12.2020	Rel. Share %
	1 984	100%
Higher education	891	45%
College education	41	2%
Secondary education	1024	52%
Primary education	28	1%
Employees under 30 years	184	9%
Employees 31 - 40 years	360	18%
Employees 41 - 50 years	574	29%
Employees 51 - 60 years	679	34%
Employees over 60 years	187	9%
Women	1240	63%
Men	744	37%



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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

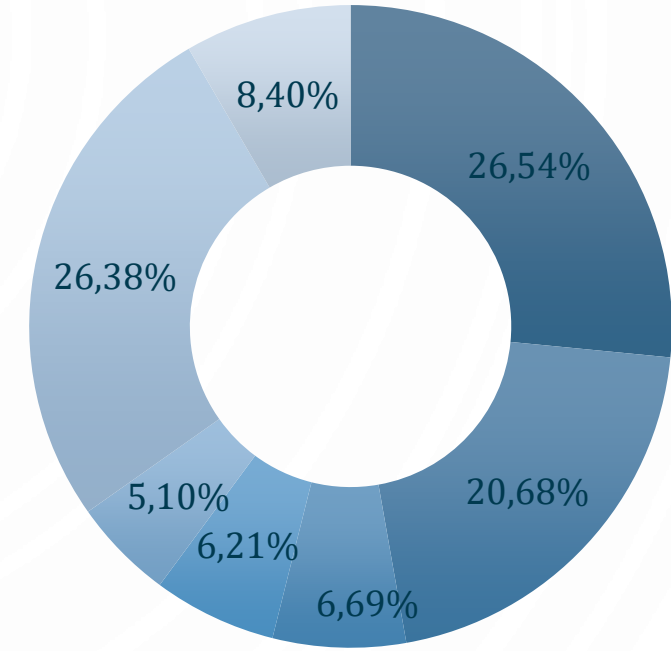


134 797 899 shares with nominal value BGN 1 per share.



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
Net earnings per share in BGN ¹	0,222	0,231
Price per share at the end of the period in BGN	3,194	3,08
Price/Earnings ratio (P/E)	14,39	13,33
Book value per share in BGN ²	4,263	4,218
Price/Book value ratio (P/B)	0,75	0,73
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

3 Sales revenue for the last four quarters / 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.



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

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%

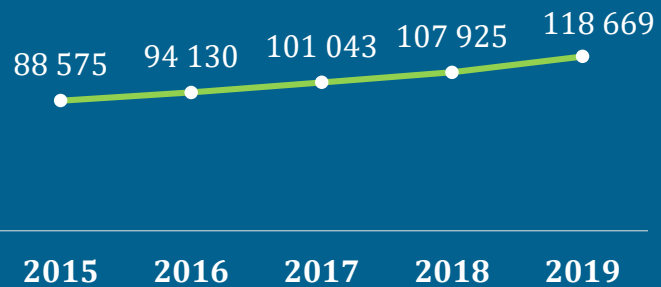


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Key markets

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

Sales revenues from products

- **Sales revenues from products** decreased with BGN 24,9 million or 11%, reaching BGN 204 million in 2020 compared to BGN 228,9 million in 2019.
- **Europe**

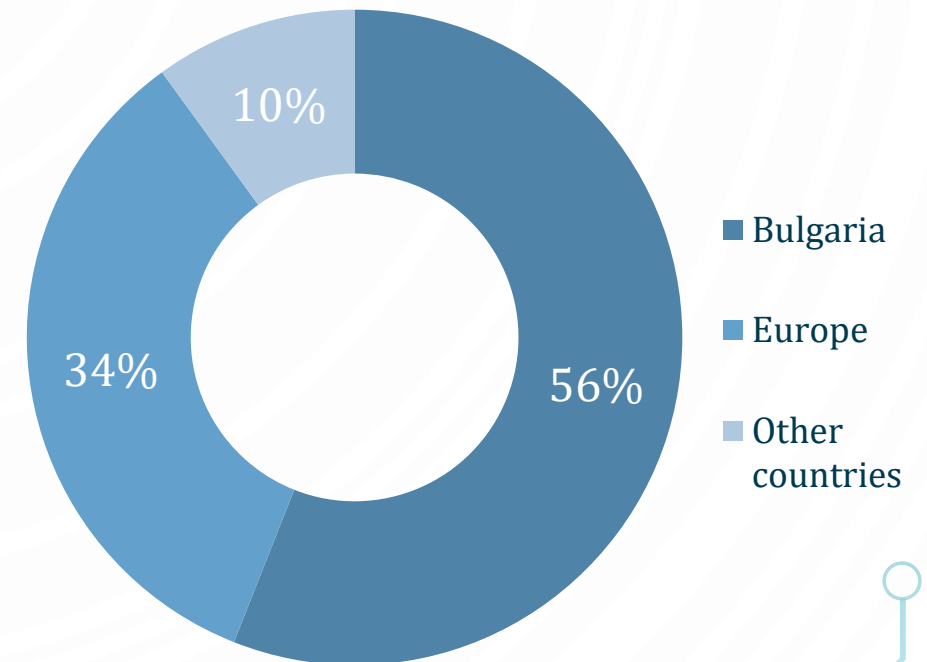
Sales revenues for European countries decreased by 4% compared to 2019 due to decrease of sales in Russia with 24%, Balkan countries with 17%, Moldova, Poland. Revenues for Ukraine increased by 40%, Belarus and the Baltics.

- **Bulgaria**

Sales of “Sopharma” AD in the domestic market decreased by BGN22,2 million or by 24% to BGN 69,4 million in 2020 compared to BGN 91,6 million in 2019. The decrease is due to the accumulated higher levels of finished products in the main distributor at the beginning of the reporting period.

- **Other markets**

Revenues from other markets increased with 9% compared to 2019 , mainly as a result of mainly as a result of an increase of the export for Vietnam.

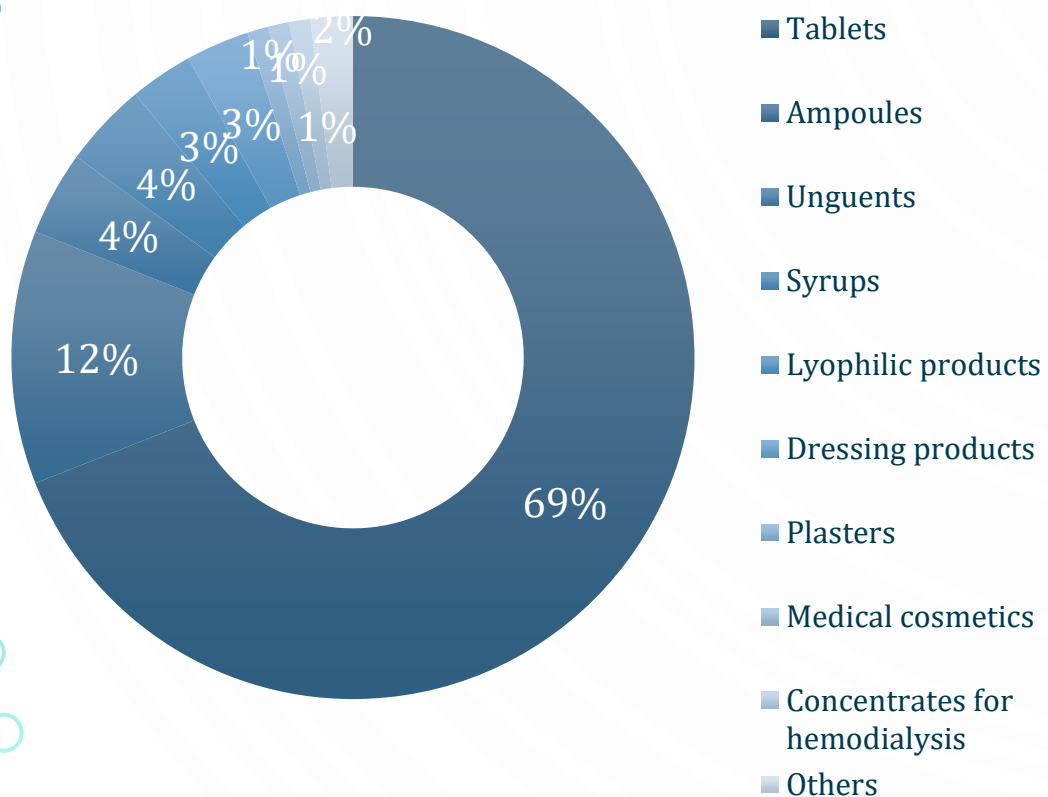




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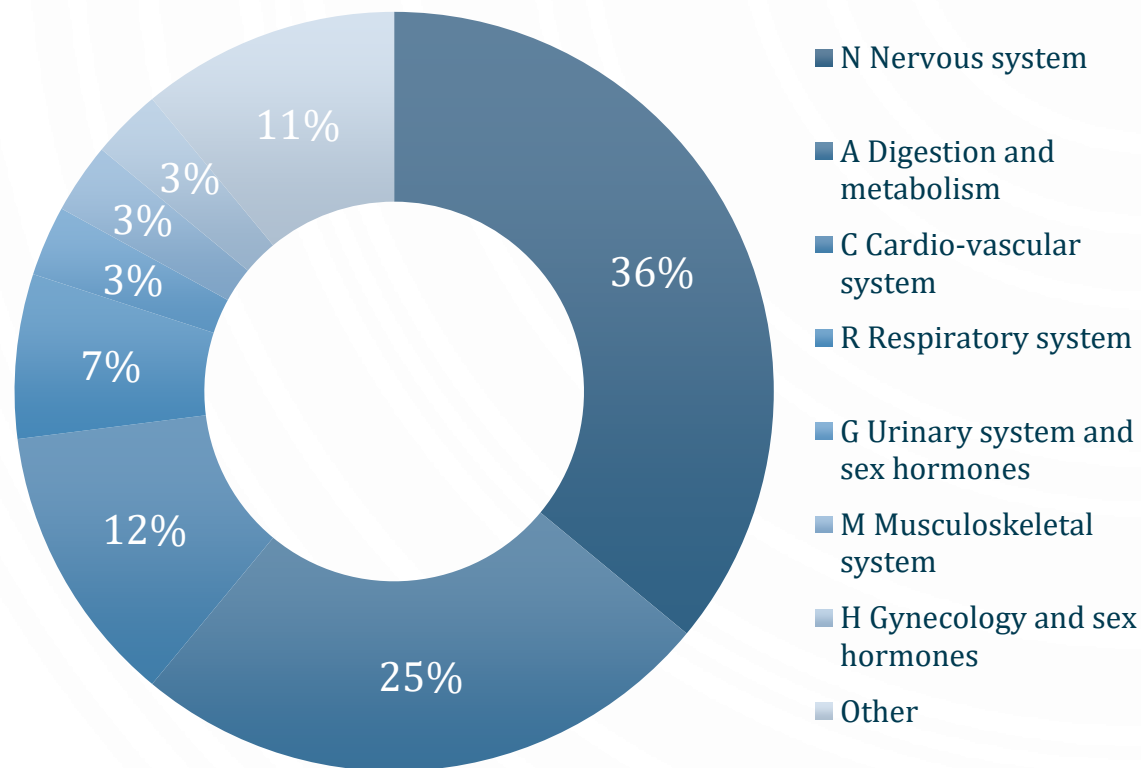
Key financial indicators of “Sopharma” AD

Revenue by type of formulation



Revenue by type of formulation	2020 <i>BGN '000</i>	2019 <i>BGN '000</i>	Change %
Tablets	141 566	159 485	-11%
Ampoules	23 637	28 670	-18%
Unguents	8 437	9 770	-14%
Syrups	8 049	9 617	-16%
Lyophilic products	6 505	4 673	39%
Dressing products	6 173	6 608	-7%
Plasters	2 981	3 180	-6%
Medical cosmetics	1 381	920	50%
Concentrates for hemodialysis	1 367	1 571	-13%
Others	3 898	4 420	-12%
Total	203 994	228 914	-11%

Revenue by therapeutic group



Revenues by therapeutic group	2020 BGN '000	2019 BGN '000	Change %
N Nervous system	73 101	82 599	-11%
A Digestion and metabolism	50 093	59 562	-16%
C Cardio-vascular system	25 551	29 289	-13%
R Respiratory system	14 472	16 909	-14%
G Urinary system and sex hormones	5 526	5 766	-4%
M Musculoskeletal system	5 405	4 652	16%
H Systemic hormonal preparations with the exception of sex hormones and insulins	6 508	4 487	45%
Other	23 338	25 649	-9%
Total	203 994	228 914	-11%

Other operating revenues



- **Other operating income** increased by BGN 0,05 million in 2020 compared to same period in 2019 mainly in the part of awarded amounts, profit from sale of fixed assets, income from fines and penalties, income from financing of agricultural production and others, and decrease in the part of income from provision of services and written off liabilities.



Other operating revenues	2020	2019	Change	Rel. share
	BGN '000	BGN '000	%	2020
Services rendered	2 261	2 792	-19%	54%
Income from government grants under European projects	540	540	0%	13%
Gain on sale of long-term assets	380	115	230%	9%
Revenues from fines and penalties	293	10	2830%	7%
Profit on sale of goods	265	185	43%	6%
Revenues from financing for agricultural production	242			6%
Amounts awarded	166	53	213%	4%
Profit on sale of materials	137	61	125%	3%
Written off liabilities	130	746	-83%	3%
Gains / (Losses) from revaluation of agricultural production to fair value	68	(139)	149%	2%
Net exchange losses on trade receivables and payables and current accounts	(390)	(311)	25%	-9%
Other revenues	97	82	18%	2%
Total other operating income	4 189	4 134	1%	100%

Operating expenses



- **Operating expenses** decreased by BGN 10,8 million to BGN178 million in 2020;
- The expenses of **materials** decreased by BGN 5,4 million or 7% to BGN 70,1 million in 2020;
- **External services** expenses increased by BGN 1,3 million or 4% to BGN 36,3 million in 2020;
- **Personnel** expenses increased by BGN 0,6 million or by 1% to BGN 49,8 million in 2020;
- **Other operating expenses** increased by BGN4,3 million in 2020, compared to the same period in 2019 mainly in the part of scrapped fixed assets;
- **Depreciation** expenses decreased by BGN 0,1 million or by 0.6%, retaining their value from BGN 18 million;
- **Changes in inventories of finished goods and work in progress** have an impact on the decreased in operating expenses by BGN 5,4million.

Operating expenses	2020	2019	Change	Rel.
	BGN '000	BGN '000		2020
			%	%
Changes in inventories of finished goods and work in progress	(5 376)	6 183	-187%	-3%
Materials	70 095	75 486	-7%	39%
External services	36 329	34 974	4%	20%
Personnel	49 804	49 203	1%	28%
Depreciation and amortization	18 230	18 347	-0.6%	10%
Other operating expenses	8 887	4 594	93%	5%
Total	177 969	188 787	-5.7%	100%

Financial income



Financial income decreased by BGN 4 million to BGN 13 million in 2020 compared to BGN 17 million in 2019, mainly in the part of shareholding income by BGN 1 million and net profit from operations with investments in securities by BGN 2,8 million.

Finance income	2020	2019	Change	Rel. share
	BGN '000	BGN '000		in 2020
			%	%
Shareholding income	9 661	10 653	-9%	74%
Interest income on loans extended	3 189	3 342	-5%	24%
Net profit from operations with investments in securities	132	2 924	-95%	1%
Incl. profits from the sale of investments in subsidiaries	131	242	-46%	1%
Net profit from exchange rate differences under lease contracts	38	-	-	0%
Impairment reimbursement for credit losses of cash	12	-	-	0%
Net profit from exchange differences on the sale of a subsidiary	-	47	-100%	0%
Total	13 032	16 966	-23%	100%

Financial expenses



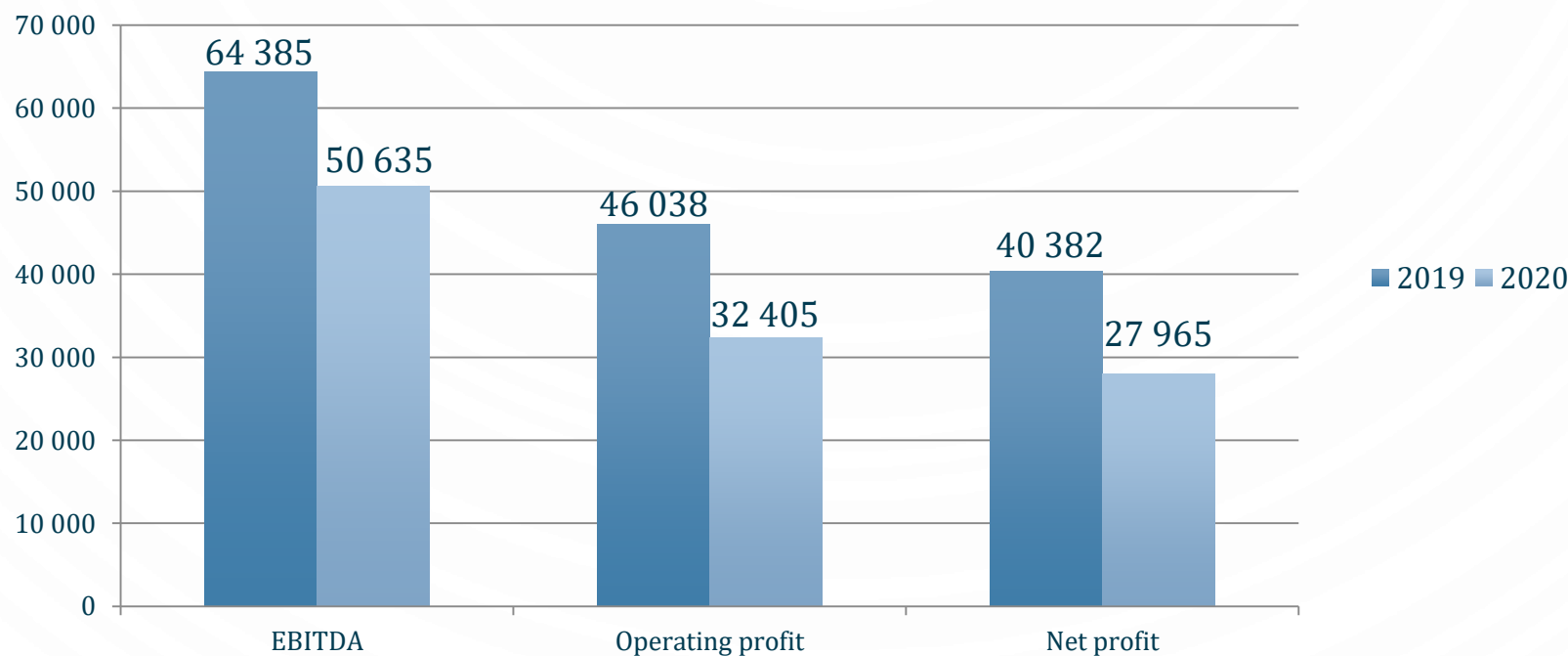
- **Financial expenses** increased by BGN 4,5 million to BGN 7,1 million in the current period of 2020, due to an increase in net change in impairment on loans granted and dividend receivables to subsidiaries (SIA Briz Latvia).
- **Net financial revenues (expenses)** decreased by BGN 8,4 million compared to 2019.

Financial expenses	2020 BGN '000	2019 BGN '000	Change %	Rel. share %
Impairment for credit losses on receivables from trade loans	3 795	1 736	119%	54%
Recovered impairment for credit losses on trade loans	(242)	(1 210)	-80%	-3%
Net change in impairment on loans granted	3 553	526	575%	50%
Interest expense on loans received	1 466	1 698	-14%	21%
Impairment for credit losses on dividend receivables	1 293	-	-	18%
Bank fees and charges on loans and guarantees	309	267	16%	4%
Net foreign exchange loss on receivables from the sale of a subsidiary	294	-	-	4%
Interest expense on leasing contracts	92	58	59%	1%
Accrued provision for financial guarantees	249	54	361%	4%
Reimbursed provision for financial guarantees	(203)	0	-	-3%
Net provision for financial guarantees	46	54	-15%	1%
Deregistered capital of a company from the scope of long-term capital investments	26	-	-	0%
Net foreign exchange loss on leases	-	8	-100%	0%
Total	7 079	2 611	171%	100%

Financial result of the activity



- **EBITDA** decreased by BGN 13,8 million or by 21.4% to BGN 50,6 million compared to BGN 64,4 million in 2019.
- **Operating profit** decreased by BGN 13,6 million or by 29.6%, to BGN 32,4 million in 2020.
- **Net profit** decreased by BGN 12,4 million or 30.7% to BGN 28 million in 2020 compared to BGN 40,4 million in 2019 in addition to the stated factors at the operational level, the net decrease in financial income and expenses, as well as the reported impairments of non-current assets (reputation, investments in subsidiaries and property, plant and equipment) have a negative impact.



Assets

- **Total assets** decreased by BGN 29 million or by 4% to BGN 649,8 million in the end of 2020, compare to BGN 678,8 million as at 31 December 2019.
- **Non-current assets** decreased by BGN 41,1 million or by 9%, mainly due to a decrease in long-term receivables from related parties by BGN 32,1 million as a result of partial repayment of loans by companies from the group of “Doverie - Obedinen Holding” AD.
- **Current assets** increased by BGN 12,2 million or 6%, to BGN 213,9 million as at 31 December 2020 compared to BGN 201,7 million as at 31 December 2019.

Assets	2020 BGN '000	2019 BGN '000	Change %	Rel. share
Non-current assets				
Property, plant and equipment	211 681	224 654	-6%	49%
Intangible assets	4 134	8 524	-52%	1%
Investment property	44 759	39 329	14%	10%
Investments in subsidiaries	86 809	87 146	0%	20%
Investments in associated companies	6 062	6 062	0%	1%
Other long-term equity investments	11 607	9 621	21%	3%
Long-term receivables from related parties	59 725	91 794	-35%	14%
Other long-term receivables	11 105	9 897	12%	3%
	435 882	477 027	-9%	67%
Current assets				
Inventories	68 163	61 365	11%	32%
Receivables from related parties	113 209	97 014	17%	53%
Trade receivables	18 632	27 212	-32%	9%
Loans granted to third parties	3 903	6 044	-35%	2%
Other receivables and prepaid expenses	6 064	6 144	-1%	3%
Cash and cash equivalents	3 956	3 959	0%	2%
	213 927	201 738	6%	33%
TOTAL ASSETS	649 809	678 765	-4%	100%

Owner`s equity and liabilities – non-current liabilities



- **The equity of company** increased by BGN 13,6 million to BGN 536,2 million as at 31 December 2020 compared to BGN 522,6 million, mainly as a result of the increase in reserves by BGN 26,2 million.
- **Non-current liabilities** decreased by BGN 4,6 million or 22%, from BGN to BGN 16,1 million million at the end of current period in 2020 compared to BGN 20,7 million as at 31 December 2019 mainly in the part of long-term bank loans by BGN 2,4 million.

EQUITY	31.12.2020	31.12.2019	Change	From
	BGN '000	BGN '000	%	owners' equity 2020
				%
Equity attributable to owners of the parent company				
Share capital	134 798	134 798	0%	25%
Treasury shares	(33 656)	(34 142)	-1%	-6%
Reserves	408 807	382 549	7%	76%
Retained earnings	26 340	39 439	-33%	5%
TOTAL OWNERS' EQUITY	536 289	522 644	3%	100%
LIABILITIES				
Non-current liabilities	BGN '000	BGN '000	%	%
Long-term bank loans	15	2 398	-99%	0%
Liabilities on deferred taxes	5 349	6 209	-14%	5%
Government grants	4 427	4 858	-9%	4%
Operating leasing liabilities to related parties	-	1 610	-100%	0%
Operating leasing liabilities to third parties	1 533	954	61%	1%
Long-term liabilities to personnel	4 758	4 638	3%	4%
	16 082	20 667	-22%	14%

Current liabilities



Decrease in:

- Short-term bank loans by BGN 27 million ;
- Short-term part of long-term bank loans by BGN 4,8 million;
- Liabilities to related parties by BGN 5,4 million;
- Other current liabilities by BGN 2 million.

Total exposure to bank loans of the company as of 31 December 2020 decreases by BGN 34,2 million compared to 31 December 2019.

Current liabilities	31.12.2020	31.12.2019	Change %	Rel. share
	BGN '000	BGN '000		
Short-term bank loans	73 327	100 359	-27%	65%
Short-term part of long-term bank loans	2 403	7 181	-67%	2%
Trade liabilities	7 288	6 074	20%	6%
Liabilities to related parties	1 273	6 664	-81%	1%
Liabilities for taxes	2 026	2 329	-13%	2%
Liabilities to the personnel and for social insurance	7 507	7 266	3%	7%
Other current liabilities	3 614	5 581	-35%	3%
	97 438	135 454	-28%	86%
TOTAL LIABILITIES	113 520	156 121	-27%	100%
TOTAL OWNERS' EQUITY AND LIABILITIES	649 809	678 765	-4%	

Cash flow and ratios



- Free cash flow (normalized with the payments under leasing contracts), generated for 2020, amounts to BGN 17 million compared to BGN 37,2 million in 2019.

	31.12.2020	30.09.2020
ROE ¹	5.2%	5.4%
ROA ²	4.3%	4.2%
Asset turnover ³	0,32	0,31
Current liquidity ⁴	2,20	1,80
Quick ratio ⁵	1,50	1,20
Cash/current liabilities ⁶	0,04	0,02
Owners' equity/liabilities ⁷	4,72	3,54
	1-12/2020	1-12/2019
	BGN '000	BGN '000
Net cash flow from/ (used in) operating activities	27 292	47 591
Purchases of property, plant and equipment, intangible assets, net	(6 335)	(8 700)
Payments under lease agreements	(3 959)	(1 710)
Free cash flow (normalized)	16 998	37 181

- 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

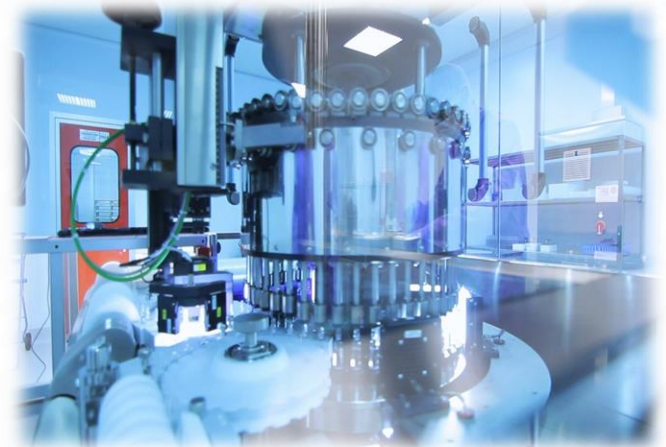


Preliminary individual financial results for 2020

New products, significant events and risks

New developments and products

- **5** Marketing Authorization was obtained for a new medicinal product - Solifenax 5 mg film-coated tablet (Bulgaria)), Ambrolitin 30 mg/5 ml syrop (Bulgaria, Latvia, Estonia), Ketoprofen 100 mg/ 2 ml solution for injection (Bulgaria), Sofazolon 40mg powder and solvent for solution for injection (Bulgaria), Dexketoprofen 50mg/2ml solution for injection (Latvia, Lithuania, Estonia).
- 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 Alovital oral solution 2.5 mg/ 5ml.
- During the reporting period **17** food supplement for Bulgaria, Armenia, Azerbaijan, the Ukraine, Kazakhstan and Kyrgyzstan were notified.
- **48** medical supplies were registered in the Ukraine (two), Moldova (thirty) and Macedonia (sixteen);
- 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 publication of the preliminary management report

- On 22 January 2020, “Sopharma” AD began to pay the gross dividend of 5 stotinki per share voted at the GMS on 13 December 2019.
- On 22 April 2020, the company received BGN 30 million, which are paid interest and loans from an associate and a controlled company by it (“Doverie - obedinen Holding” AD and “Doverie Invest” AD).
- On 5 June 2020 the Annual General Meeting of “Sopharma” AD was held.
- On 3 August 2020 “Sopharma” AD started the payment of the dividend in the amount of 7 stotinki per share voted on the AGM held on 5 June 2020.
- On 25 September 2020 an EGM of the shareholders of Sopharma AD was held, at which the following decisions were taken: The GMS accepted the proposal of the Board of Directors to distribute a 6-month gross dividend to the shareholders in the amount of BGN 0.04 / four stotinki / per share. The present Policy has been developed by the Board of Directors of the public company “Sopharma” AD in accordance with Regulation №48 from 20 March 2013 of the Financial Supervision Commission.
- On 25 September 2020 an Extraordinary General Meeting of the shareholders of Sopharma AD was held, at which the following decisions were taken: The General Meeting of Shareholders accepted the proposal of the Board of Directors to distribute a 6-month gross dividend to the shareholders in the amount of BGN 0,04 / four stotinki / per share.
- On 13 October 2020 the company acquired 5.01% of the capital of Aromania AD.
- On 29 December 2020 Sopharma AD sold the shares owned by it from 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.



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 Company'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!

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