

MANAGEMENT REPORT

Q1 2021



“SOPHARMA” AD

29 April 2021

*This document is a translation of the original text in Bulgarian,
in case of divergence the Bulgarian original is prevailing.*

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“Sopharma” AD

I. General information about “Sopharma” AD

1. Registration and activity of the Company

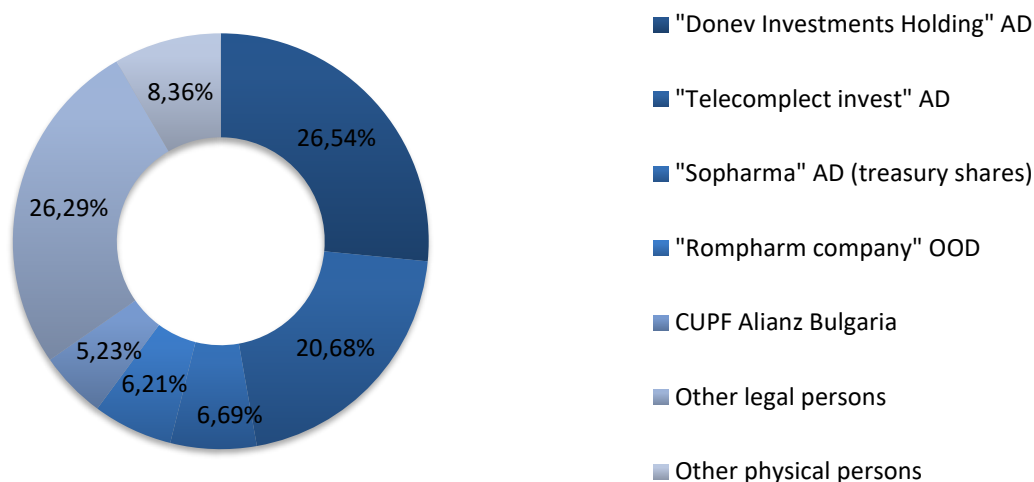
“Sopharma” AD is a company registered in Bulgaria under the Provisions of the Commercial Act, with its registered office in Sofia, 16 “Iliensko shose” str.

“Sopharma” AD was established in 1933. The court registration of the Company is from 15.11.1991, decision №1/1991 of Sofia City Court. “Sopharma” AD is a public company under the Law on Public Offering of Securities.

The Company conducts the production and marketing of medicinal substances and dosage forms; research, engineering and implementation activities in the field of phytochemistry, chemistry and pharmaceuticals. Sopharma Company provides services related to production, as well as to ancillary and supporting activities.

The Company has marketing authorizations under the Law on Pharmaceutical products in Human Medicine for all products of its manufacturing portfolio.

2. Shareholder structure as at 31 March 2021



3. Board of Directors

“Sopharma” AD has a one tier management system with a Board of Directors of five members as follows: Ognian Donev, PhD - Chairman and members: Vessela Stoeva, Ognian Palaveev, Alexander Tchaushev and Ivan Badinski. The Company is represented and managed by the Executive Director Ognian Donev, PhD. The company has two procurators - Simeon Donev and Ivan Badinski.

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4. Personnel

The average number of workers and employees for 2021 in “Sopharma” AD is 1 936 (1 991 in 2020).

	31.03.2021	Rel. Share %
Number of workers and employees as at 31 March 2021	1 932	100%
Higher education	872	45%
College education	40	2%
Secondary education	994	52%
Primary education	26	1%
Employees under 30 years	169	9%
Employees 31 - 40 years	348	18%
Employees 41 - 50 years	551	28%
Employees 51 - 60 years	676	35%
Employees over 60 years	188	10%
Women	1214	63%
Men	718	37%

5. Production activity

“Sopharma” AD has nine manufacturing plants, conforming with EU Good Manufacturing Practices (GMP), which are located in Bulgaria. The company is the largest Bulgarian manufacturer of ampoules and suppositories.

The production activities of the company are realized and developed in the following areas:

- Substances and preparations based on plant raw materials (phytochemical production);
- Ready-to-use formulations, incl.:
 - ✓ Hard tablets, coated tablets, film-coated tablets, capsules;
 - ✓ Galenic - suppositories, drops, syrups, ointments;
 - ✓ Parenteral - injection solutions, lyophilic powder for injection.
- Medical and cosmetic products, incl.:
 - ✓ Plasters;
 - ✓ Bandages;
 - ✓ Sanitary-hygiene products;

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- ✓ Herbal cosmetics;
- ✓ Concentrates for hemodialysis.

6. Products

The Company has more than 200 products in its portfolio: incl. nearly 190 medicinal products and 11 groups of medical devices. Medicinal products mainly include generics and 15 traditional products, 12 of the products are plant-based. The Company's traditional products (in particular Tabex, Carsil and Tempalgin) make a major share to its export market income, while the company's generic products are of major importance for domestic sales, Analgin being the leader among these products.

The product portfolio of “Sopharma” AD focuses on the following therapeutic areas: cardiology, gastroenterology, pain management, cough and cold, immunology and dermatology, respiratory tract and asthma, neurology and psychiatry, urology and gynecology, nephrology, surgery, orthopedics and traumatology.

The most significant pharmaceutical products in terms of their contribution to the amount of revenues are:

- Carsil - traditional plant-based product used to treat gastro-enterology diseases (liver diseases);
- Tempalgin - traditional analgesic (painkiller);
- Tabex - traditional plant-based smoking cessation drug;
- Tribestan - traditional plant-based product that stimulates the functions of the sexual system;
- Broncholitin - traditional plant-based product used to suppress cough;
- Analgin - generic analgesic (pain reliever);
- Nivalin - traditional plant-based product used for diseases of the peripheral nervous system;
- Methylprednisolone - generic medicine for 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;
- Medical devices - gauzes, compresses and dressings.

II. Development of the activity

1. Review of the main risks faced by the Company

COVID-19

On 11 March 2020 the World Health Organization declared a Coronavirus Pandemic, as a result, the Government of the Republic of Bulgaria, announced various measures to prevent the spread of the disease. Measures implemented include working from home, a temporary lockdown of schools, universities, restaurants, cinemas, theaters, museums and sports facilities, retailers, with the exception of food retailers, grocery stores and pharmacies.

The management of “Sopharma” AD has carefully analyzed the potential effects of the pandemic and the constraints imposed by the government, expecting overall reductions in economic activity and liquidity in the economy of the country, which are also expected to affect the Company's activities.

The effects on the Company's activities as a result of the events may include a decrease in revenues, emergency expenses, delay in the implementation of projects, planned investments, etc.

Based on the publicly available information, up to the date of the financial statements, the management has taken actions aimed at limiting the negative effects of the pandemic events, which include:

- Ensuring continuous operation in compliance with measures to limit the spread of COVID-19, including - strict access control and measurement of the temperature of employees and visitors, the prohibition of clustering of people and the distribution of workplaces in the production in an appropriate way, which ensures the absence of close contact between employees, the separation of traffic flows in buildings and spaces between them, etc.;
- Negotiations with suppliers to keep the rhythm of raw materials and supplies flowing, as well as meeting the enterprise's needs for specific raw materials dictated by the demand for specific medicine products and medical supplies needed to deal with the pandemic;
- Providing information to customers on the way of working in order to maintain delivery schedules;
- Negotiations with the partner financial institutions of the Company and the provision of adequate information to them, so that additional financing may be provided timely on a need basis or for some of the Group's entities, to postpone loan payments, if it's necessary to secure cash flows and others.

The management believes that the going concern principle is appropriate for these separate financial statements, as the Company has sufficient liquid resources to continue in the foreseeable future. At the date of these separate financial statements, the management of the Company does not intend to discontinue operations.

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Risks related to the Company’s business and the industry the Company operates in

- The Company faces significant competition.
- The Company is dependent on regulatory approvals.
- Government regulations affecting the Company's business may change, thus possibly increasing compliance costs or otherwise affecting its operations.
- Part of the Company’s revenues, in particular in Bulgaria, depends on the inclusion of the Company’s medicines in reimbursement lists.
- The Company’s production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Company’s operations.
- The Company’s ability to pay dividends depends on a number of factors and there can be no guarantee that the Company will be able to pay dividends in accordance with its dividend policy.
- The Company is subject to operational risk, which is inherent to its business activities.
- The Company is subject to multiple laws and regulations on environmental protection and health and safety work conditions and is exposed to potential environmental liabilities.
- Litigations or other out-of-court proceedings or actions may adversely affect the Company’s business, financial position and results of operations.

Risks related to Bulgaria and other markets in which the Company operates

- The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Company’s operations;
- The political environment in Bulgaria and in the export markets, especially Russia and the Ukraine, has a significant effect on the Company’s operations and financial position;
- Risks related to the Bulgarian legal system;
- Developing legal frameworks in some countries in which the Company sells its products, in particular Russia and Ukraine, may negatively impact the Company’s operations in these countries;
- Risks relating to exchange rates and the Currency Board in Bulgaria;
- The interpretations of tax regulations may be unclear and tax laws and regulations applicable to the Company may change.

Currency risk

The Company performs its activities in active exchange with foreign suppliers and customers. Therefore, it is exposed to currency risk, mainly in respect of USD. The Company

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supplies part of its main raw materials in USD. The currency risk is related to the negative movement of the USD exchange rate against the BGN in the future business operations, the recognized foreign currency assets and liabilities and the net investments in foreign companies. The rest of the Company's operations are usually denominated in BGN and / or in EUR. The Company sells some of its finished products in Russia in EUR and thus eliminates the currency risk associated with the depreciation of the Russian ruble. In EUR are also dominated the balances with the subsidiaries in Ukraine. However, in order to minimize currency risk, the Company conducts through its subsidiaries a monetary policy that includes advance payments and the reduction of deferred payment terms and immediate currency conversion of foreign currency earnings to EUR, as well as applying higher trade mark-ups to offset possible future impairment of the hryvnia.

In order to control the foreign currency risk in the Company, a system of planning import deliveries, foreign currency sales, as well as procedures for daily monitoring of movements in the dollar exchange rate and control of forthcoming payments, is introduced.

2. Revision of the activities of the company

Key financial indicators

Indicators	1-3/2021	1-3/2020	Change %
	BGN '000	BGN '000	
Revenues	34 570	50 170	-31.1%
EBITDA	8 702	13 532	-35.7%
Operating profit	4 309	9 012	-52.2%
Net profit	4 626	8 680	-46.7%
CAPEX**	298	4 030	-92.6%

Indicators	31.03.2021	31.12.2020	
	BGN '000	BGN '000	
Non-current assets	435 008	435 891	-0.2%
Current assets	210 165	214 447	-2.0%
Owners' equity	541 557	536 988	0.9%
Non-current liabilities	16 226	16 091	0.8%
Current liabilities	87 390	97 259	-10.1%

* tangible and intangible fixed assets acquired

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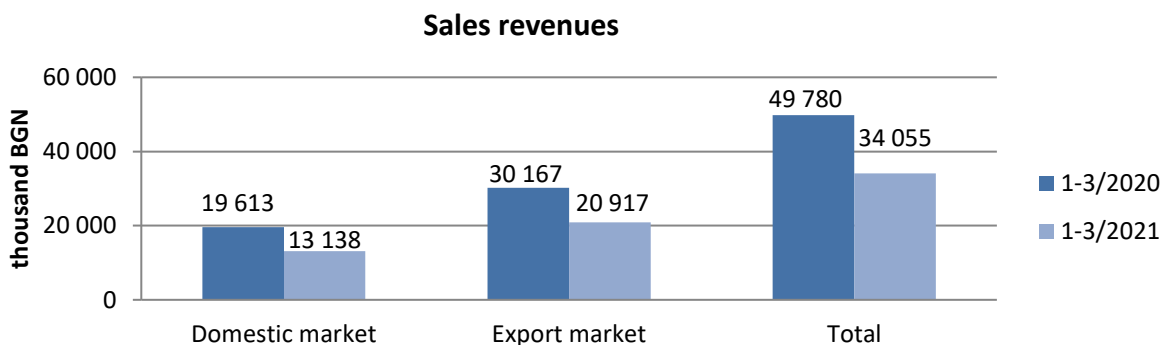
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Indicators	1-3/2021	1-3/2020
EBITDA/ Revenues	25.2%	27.0%
Operating profit/Sales Revenue	12.5%	18.0%
Net profit/ Sales Revenue	14.5%	19.3%
	31.03.2021	31.12.2020
Debt/ Equity	0,19	0,21
Net debt*/ EBITDA on annual basis	1,4x	1,5x

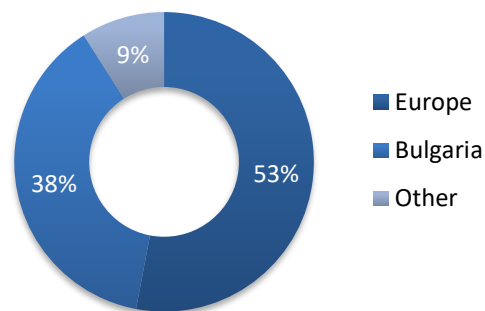
* the net debt comprises the sum of borrowings from banks and lease liabilities less cash and cash equivalents, taking into account the effects of the adoption of IFRS 16 Leases, effective from 01.01.2019

Sales revenues

Sales revenues from products for Q1 2021 decreased by BGN 15,7 million or by 32%, to BGN 34,1 million compared to BGN 49,8 million in Q1 2020.



Revenues by market	1-3/2021	1-3/2020	Change %
	BGN '000	BGN '000	
Europe	17 947	24 717	-27%
Bulgaria	13 138	19 613	-33%
Other	2 970	5 450	-46%
Total	34 055	49 780	-32%



- European market

Sales revenues for European countries decreased by 27% compared to Q1 2020 due to the decrease of sales in Ukraine with 66%, Baltic States with 59%, Moldova and Poland. The

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decrease in sales in Ukraine is due to the accumulated higher levels of finished products in the main distributor at the beginning of the reporting period, as in the domestic market the group reports an increase in value and quantity of sales compared to the previous period. Revenues for Russia increased by 9%, Belarus, Mongolia.

- Bulgarian market

Sales of “Sopharma” AD in the domestic market decreased by BGN 6,5 million or by 33% to BGN13,1 million in Q1 2021 compared to BGN 19,6 million in Q1 2020. The main factor for this decline is the high level of sales in March 2020, dictated by the beginning of the epidemic related to COVID - 19. The company retains its market share and at the first quarter of the year has a 3% share of the total Bulgarian pharmaceutical market in value and 11.5% of sales in volume. The positions of the main competitors of the Company in the country are as follows: Novartis –6.8% (3.5% in kind), Roche – 6.7% (0.2% in kind), Merck Sharp Doh– 4.3% (0.8% in kind), Actavis – 4% (9.6% in kind), Pfizer – 3.5% (0.6% in kind), Abbvie - 3% (0% in kind), Bayer – 3% (2% in kind), Astra Zeneca - 2.9% (0.5% in kind), Sanofi-Aventis –2.7% (2% in kind). The products with the largest share of sales in the country are Analgin, Methylprednisolone, medical supplies - gauzes, compresses and bandages, Antistenocardin, plasters, Allergosan.

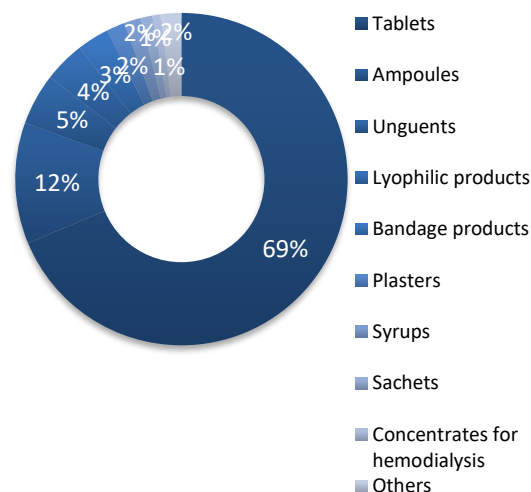
- Other markets

Revenues from other markets decreased with 46% compared to Q1 2020, mainly as a result of a decrease of the export for Vietnam, Georgia and Kazakhstan.

Sales by type of formulation

With the highest share in the volume of sales are tablets, followed by ampoules, unguents, lyophilic products, bandage products, plasters, syrups and more.

Revenues by type of formulation	1-3/2021	1-3/2020	Change %
	BGN '000	BGN '000	
Tablets	23 372	31 622	-26%
Ampoules	4 005	7 980	-50%
Unguents	1 917	2 218	-14%
Lyophilic products	1 191	2 262	-47%
Bandage products	1 068	1 888	-43%
Plasters	600	784	-23%
Syrups	557	1 580	-65%
Sachets	389	16	2331%
Concentrates for hemodialysis	265	349	-24%
Others	691	1 081	-36%
Total	34 055	49 780	-32%



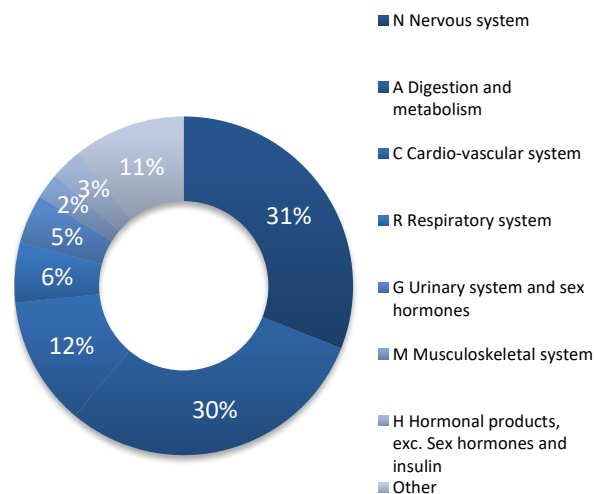
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Sales by therapeutic group

Revenues by therapeutic group	1-3/2021 BGN '000	1-3/2020 BGN '000	Change %
N Nervous system	10 566	15 354	-31%
A Digestion and metabolism	10 240	12 677	-19%
C Cardio-vascular system	4 188	6 826	-39%
R Respiratory system	1 942	3 059	-37%
G Urinary system and sex hormones	1 603	1 237	30%
M Musculoskeletal system	828	1 527	-46%
H Hormonal products, exc. Sex hormones and insulin	1 027	2 268	-55%
Other	3 661	6 832	-46%
Total	34 055	49 780	-32%



Other operating revenues

Other operating revenues	1-3/2021 BGN '000	1-3/2020 BGN '000	Change %	rel. share 2021 %
Services rendered	445	678	-34%	59%
Revenues from financing through European projects	108	135	-20%	14%
Net exchange losses on trade receivables and payables and current accounts	69	7	886%	9%
Profit on sale of goods	57	51	12%	8%
Profit on sale of long-term assets	40	65	-38%	5%
Profit on sale of materials	15	11	36%	2%
Amounts awarded	-	166	100%	0%
Losses from leasing contracts	-	(4)	-100%	0%
Other revenues (see Notes to the FS)	17	20	-15%	2%
Total other operating revenues	751	1 129	-33%	100%

Other operating revenues decreased by BGN 0,4 million in Q1 2021 compared to Q1 2020 mainly in the part of the amounts awarded, profit on sale of long-term assets and revenue from rendering of services.

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Operating expenses

Operating expenses	1-3/2021	1-3/2020	Change	Rel. share
	BGN '000	BGN '000	%	2020
Changes in inventories of finished goods and work in progress	(8 717)	(2 511)	-247%	-28%
Materials	15 009	17 901	-16%	48%
Hired services	7 779	8 877	-12%	25%
Personnel	12 266	12 958	-5%	40%
Depreciation and amortization	4 393	4 520	-2.8%	14%
Other operating expenses	282	542	-48%	1%
Total operating expenses	31 012	42 287	-27%	100%

Operating expenses decreased by BGN 11,3 million from BGN 42,3 million in Q1 2020 to BGN 31 million in Q1 2021.

The expenses of materials (48% share) decreased by BGN 2,9 million or 16% from BGN 17,9 million in Q1 2020 to BGN 15 million in Q1 2021, with the biggest impact being the decrease in the costs for main materials in the part of substances, the cost of heat energy, electricity, auxiliary materials and other.

Hired services expenses account for 25% relative share of operating expenses and decreased by BGN 1,1 million or 12% to BGN 7,8 million in Q1 2021 compared to BGN 8,9 million in Q1 2020. The most significant impact coming from decrease in the cost of advertising and marketing with BGN 1,2 million and other.

Personnel expenses (with a relative share of 40% of operating expenses) decreased by BGN 0,7 million or by 5% from BGN 13 million in Q1 2020 to BGN 12,3 million in Q1 2021.

Other operating expenses (with a relative share of 1% of operating expenses) decreased by BGN 0,3 million in Q1 2021 compared to the same period in 2020 mainly in the part of business trips and others.

Depreciation and amortization expenses (with a relative share of 14% of operating expenses) registered a decrease of BGN 0,1 million or by 3%, retaining their value from BGN 4 million.

Changes in inventories of finished goods and work in progress have an impact on the decrease in operating expenses by BGN 6,2 million.

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Financial income and expenses

Financial income	1-3/2021	1-3/2020	Change	relative share of income of 2021
	BGN '000	BGN '000		%
Interest income on granted loans	637	974	-35%	63%
Net gain from investment operations in securities	232	-	-	23%
Incl. profits from the sale of investments in subsidiaries	187	-		18%
Net gain from exchange differences on the sale of a subsidiary	148	88	6-8%	15%
Total	1 017	1 062	-4%	100%
Financial expenses			Change	relative share of expenses in 2021
Interest expenses on loans received	204	310	-34%	66%
Bank fees and charges on loans and guarantees	72	71	1%	23%
Interest expense on lease contracts	25	19	32%	8%
Net foreign exchange loss on lease contracts	9	4	125%	3%
Total	310	404	-23%	100%

Financial income decreased by BGN 0,1 million to BGN 0,05 million in Q1 2021 compared to BGN 1,1 million in Q1 2020, mainly in the part of interest income on granted loans by BGN 0,3 million, as an increase registered the net gain from investment operations in securities by BGN 0,2 million.

Financial expenses decreased by BGN 0,09 million to BGN 0,3 million in the Q1 2021, due to a decrease in interest expense on loans received with BGN 0,1 million.

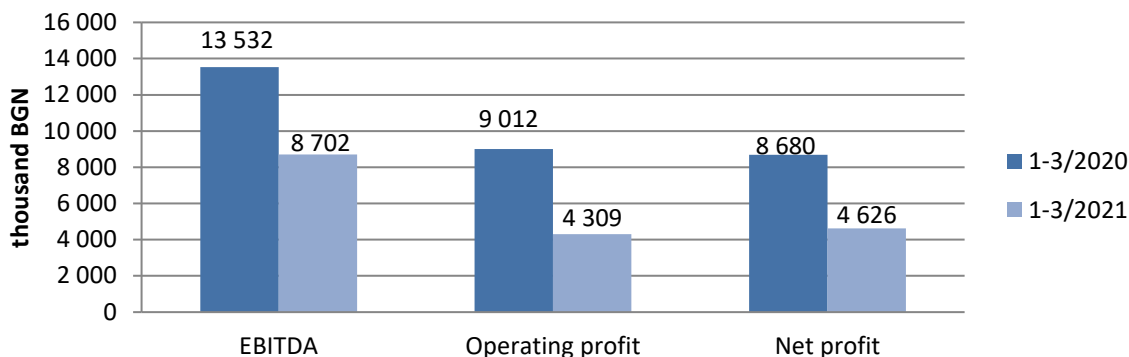
Net financial income/(expenses) decreased by BGN 0,05 million compared to Q1 2020.

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Financial result of the activity



Profit before interest, taxes, depreciation and amortization (EBITDA) in Q1 2021 decreased by BGN 4,8 million or by 35.7% to BGN 8,7 million compared to BGN 13,5 million in Q1 2020.

Operating profit in Q1 2021 decreased by BGN 4,7 million or 52.2% to BGN 4,3 million in Q1 2021 compared to BGN 9 million in Q1 2020.

Net profit in Q1 2021 decreased by BGN 4,1 million or by 46.7%, to BGN 4,6 million in Q1 2021 compared to BGN 8,7 million in Q1 2020.

Assets

	31.03.2021	31.12.2020	Change	Rel. share 2021
	BGN '000	BGN '000		
Non-current assets				
Property, plant and equipment	208 964	211 681	-1%	48%
Intangible assets	4 001	4 143	-3%	1%
Investment property	45 884	44 759	3%	11%
Investments in subsidiaries	84 054	86 809	-3%	19%
Investments in associated companies and joined ventures	7 790	6 062	29%	2%
Other long-term equity investments	12 845	11 607	11%	3%
Long-term receivables from related parties	60 162	59 725	1%	14%
Other long-term receivables	11 308	11 105	2%	3%
	435 008	435 891	0%	67%
Current assets				
Inventories	74 808	68 160	10%	36%
Receivables from related parties	102 871	114 169	-10%	49%
Trade receivables	17 605	18 382	-4%	8%
Loans granted to third parties	3 909	3 903	0%	2%
Other receivables and prepaid expenses	6 624	6 057	9%	3%
Cash and cash equivalents	4 348	3 776	15%	2%
	210 165	214 447	-2%	33%
TOTAL ASSETS	645 173	650 338	-1%	100%

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Total assets decreased by BGN 5,2 million or by 1% to BGN 645,2 million in the end of the first quarter of 2021, compared to BGN 650,3 million as at 31 December 2020.

Non-current assets decreased by BGN 0,9 million, or by 0.2%, mainly due to a decrease in property, plant and equipment by BGN 2,7 million in the area of land and buildings, and plant and equipment, as well as investments in subsidiaries by BGN 2,8 million.

Current assets decreased by BGN 4,3 million or by 2% to BGN 210,2 million as at 31 March 2021 compared to BGN 214,5 million as at 31 December 2020. Inventories increased by BGN 6,6 million or 10% compared to 31 December 2020, mainly in the part of finished products and decreased in the part of materials, work in progress, semi-finished products and goods. Receivables from related parties decreased by BGN 11,3 million in the part of receivables from contracts with customers, net. Trade receivables decreased by BGN 0,8 million. Cash and cash equivalents increased by BGN 0,6 million.

Owners' equity and liabilities

	31.03.2021	31.12.2020	Change	rel. share compared to OE 2021
	BGN '000	BGN '000	%	%
OWNERS' EQUITY				
Share capital	134 798	134 798	0%	25%
Treasury shares	(33 656)	(33 656)	0%	-6%
Reserves	408 409	408 807	0%	75%
Retained earnings	32 006	27 039	18%	6%
TOTAL OWNERS' EQUITY	541 557	536 988	1%	100%
	31.03.2021	31.12.2020	Change	rel. share compared to total liabilities 2021
	BGN '000	BGN '000	%	%
LIABILITIES				
Non-current liabilities				
Long-term bank loans	13	15	-13%	0%
Deferred tax liabilities	5 266	5 358	-2%	5%
Government grants	4 322	4 427	-2%	4%
Lease liabilities to third parties	1 782	1 533	16%	2%
Long-term liabilities to personnel	4 843	4 758	2%	5%
	16 226	16 091	1%	16%

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Current liabilities				
Short-term bank loans	62 774	73 335	-14%	61%
Short-term part of long-term bank loans	601	2 404	-75%	1%
Trade liabilities	7 919	7 218	10%	8%
Liabilities to related parties	2 190	1 273	72%	2%
Liabilities for taxes	2 494	2 092	19%	2%
Liabilities to the personnel and for social insurance	8 110	7 507	8%	8%
Other current liabilities	3 302	3 430	-4%	3%
	87 390	97 259	-10%	84%
TOTAL LIABILITIES	103 616	113 350	-9%	100%
TOTAL OWNERS' EQUITY AND LIABILITIES	645 173	650 338	-1%	

The equity of “Sopharma” AD increased by BGN 4,6 million or by 1% reaching BGN 541,6 million as at 31 March 2021 compared to BGN 537 million as at 31 December 2020, mainly as a result of the increase in retained earnings by BGN 5 million. Reserves decreased by BGN 0,4 million.

Non-current liabilities increased by BGN 0,1 million or 1% to BGN 16,2 million at the end of the first quarter of 2021 compared to BGN 16,1 million as at 31 December 2020 mainly in the part of liabilities under leasing contracts by BGN 0,3 million.

Current liabilities decreased by BGN 9,9 million to BGN 87,4 million at the end of Q1 2021 compared to BGN 97,3 million as at 31 December 2020. There is a decrease of short-term bank loans by BGN 10,6 million, short-term part of long-term bank loans by BGN 1,8 million, and other current liabilities by BGN 0,1 million. Liabilities to related companies, trade payables, etc. increased. The total exposure to bank loans of the company as of 31 March 2021 decreased by BGN 12,4 million compared to 31 December 2020.

Cash flows

	1-3/2021	1-3/2020
	BGN '000	BGN '000
Net cash flows from operating activities	15 921	2 133
Purchases of property, plant and equipment, intangible assets, net	(793)	(2 653)
Payments under lease contracts	(505)	(484)
Free cash flow (normalized)	14 623	1 004

The free cash flow (normalized with the payments under lease contracts), generated for Q1 2021, amounts to BGN 14,6 million compared to BGN 1 million in Q1 2020.

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Ratios

	31.03.2021	31.12.2020	Change
ROE ¹	4.4%	5.2%	-0,8
ROA ²	3.5%	4.1%	-0,6
Asset turnover ³	0,28	0,30	-0,02
Current liquidity ⁴	2,40	2,20	0,20
Quick liquidity ⁵	1,55	1,50	0,05
Monetary liquidity ⁶	0,05	0,04	0,01
Financial autonomy ⁷	5,23	4,73	0,50

1 Net profit on an annual basis / average equity for the last five quarters

2 Net profit on an annual basis / average total assets for the last five quarters

3 Revenues from sales on an annual basis / average total assets for the last five quarters

4 Current assets / current liabilities

5 Receivables + Cash and cash equivalents / Current liabilities

6 Cash and cash equivalents / Current liabilities

7 Equity / Liabilities

3. New developments and products

- New Products for the period January - March 2021
 - Marketing Authorization for one new medicinal products was obtained Carsil 22,5 mg coated tablets (Belarus)
- New registrations and re-registrations / changes

New registrations

- Received 3 Authorizations for the use of medicinal products for new destinations, namely:
 - Ambrolytin 30 mg tablets (Estonia);
 - Dexketoprofen Sopharma 50 mg / 2 ml solution for injection / infusion (Poland);
 - Alyssum 7 mg / ml syrup (Romania).
- Documentation has been submitted for the registration of 5 medicinal products to agencies of new destinations.

Food additives

- 2 nutritional supplements have been notified for Bulgaria.

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In case of divergence Bulgarian text should prevail.

Re-registrations / changes

- Renewed Marketing Authorizations for 13 medicinal products.
- Submission of documentation for the renewal of the Marketing Authorizations for 29 medicinal products.
- 190 changes for medicinal products approved by agencies.
- 140 changes for medicinal products submitted to agencies.

Developments

- Pharmaceutical development of 4 new medicinal products / projects is underway.

Transfer and validation of technological processes

- 6 medicinal products / active substances have been transferred / are in the process of transfer.
- 10 production processes / technologies have been validated / optimized.

4. Significant events in the first three months of 2021 and until the publication of the interim management report

- On 10 March 2021 the Company sold 396,600 of its shares in the capital of “Momina Krepost” AD, as a result of which the share of ownership of “Sopharma” AD became 37.46%. On 15 March 2021 an agreement was concluded between “Sopharma” AD and “Medical Consumables” OOD for a common policy in the management of Momina Krepost” AD through joint exercise of voting rights.
- At the Extraordinary General Meeting of Shareholders of “Sopharma” AD, held on 2 April 2021, the amendments to the Articles of Association of the Company proposed by the Board of Directors were adopted by a majority of 85.93% of the presented capital.

5. Related party information

Related party information is disclosed in the notes to the interim financial statements.

III. Information about the shares of “Sopharma” AD

The total number of shares issued by “Sopharma” as at 31 March 2021 is 134 797 899 with a nominal value of BGN 1 per share. All issued shares are registered, dematerialized, ordinary and indivisible, in accordance with the Articles of Association of the Company. All issued shares are of

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“Sopharma” AD

one class. Each share entitles one vote to the General Meeting of Shareholders, a right to dividend and a liquidation share proportional to the nominal value of the share.

The shares of the Company are traded on the Bulgarian Stock Exchange – Sofia AD, Main Market (BSE), Segment PREMIUM and on the official market of Warsaw Stock Exchange. Shares participate in the formation of the indices SOFIX, BGBX40 and BGTR30 of BSE - Sofia. The Company's shares are included in the indices Dow Jones STOXX EU Enlarged, Total Market Index 0.11% weight, with a weight of 5% in the Erste Bank Bulgaria Basket, the certificate of Raiffeisenbank - Raiffeisen Osteuropa Fonds and the certificate ABN AMRO SOFIX - Open-end-certificate and the new blue-chip index Dow Jones STOXX Balkan 50 Equal Weighted Index.

“Sopharma” AD is one of the three Bulgarian companies included in an index for Central and Eastern Europe (CEE), which the Warsaw Stock Exchange started to calculate on 30 May 2012. The name of the index is WIG-CEE and it is the third one after WIG-Poland and WIG-Ukraine, which is based on the origin of companies by country. WIG-CEE is calculated based on total return and includes income from dividends and subscription rights.

Key indicators of the shares of “Sopharma” AD

	31.03.2021	31.12.2020
Total number of issued shares	134 797 899	134 797 899
Average-weighted number of outstanding shares for the last four quarters	125 779 616	125 754 274
Number of shares outstanding at the end of the period	125 786 432	125 786 432
Net earnings per share in BGN ¹	0,189	0,221
Price per share at the end of the period in BGN	3,303	3,194
Price/Earnings ratio (P/E)	17,48	14,45
Book value per share in BGN ²	4,305	4,262
Price/Book value ratio (P/B)	0,77	0,75
Market capitalization in BGN	445 237 460	430 544 489

1 Net profit for the last four quarters / weighted average number of shares in the same period

2 Equity / number of shares outstanding at the end of the period

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Trade with shares of “Sopharma” AD on “Bulgarian Stock Exchange – Sofia” AD for the period 1 January 2021 – 31 March 2021.



/Signature/

29 April 2021
Sofia

Ognian Donev, PhD
/Executive Director/

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