

## **SOPHARMA GROUP**

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|----------------------------------|---|
| <b>Board of Directors:</b>       | <b>Ognian Donev, PhD<br/>Vessela Stoeva<br/>Alexandar Tchaoushev<br/>Bissera Lazarova<br/>Ivan Badinski</b>               |
| <b>Executive Director:</b>       | <b>Ognian Donev, PhD</b>  |
| <b>Procurators:</b>              | <b>Simeon Donev<br/>Ivan Badinski</b>   |
| <b>Finance Director:</b>         | <b>Boris Borisov</b>  |
| <b>Preparer:</b>                 | <b>Lyudmila Bondzhova</b>   |
| <b>Head of Legal Department:</b> | <b>Alexandar Yotov</b>  |
| <b>Address of Management:</b>    | <b>Sofia<br/>16, Iliensko Shosse Str.</b>   |
| <b>Lawyers:</b>                  | <b>Law Firm "Gachev, Baleva, Partners"<br/>Ventsislav Stoev<br/>Stefan Yovkov</b>   |
| <b>Servicing Banks:</b>          | <b>Raiffeisenbank (Bulgaria) EAD<br/>DSK Bank EAD<br/>Eurobank Bulgaria AD<br/>ING Bank N.V.<br/>Unicredit Bulbank AD</b> |
| <b>Auditor:</b>                  | <b>Baker Tilly Klitou and Partners OOD</b>  |

**SOPHARMA GROUP**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**for the year ended on 31 December 2021**

|  | Notes  | 2021            | 2020            |
|--|--------|-----------------|-----------------|
|  |        | BGN'000         | BGN'000         |
| Revenue from contracts with customers  | 3      | 1 603 484       | 1 438 826       |
| Other operating income / (losses), net   | 4      | 13 095          | 12 677          |
| Changes in inventories of finished goods and work in progress                            |        | (8 718)         | 2 124           |
| Raw materials and consumables used   | 5      | (83 255)        | (89 324)        |
| Hired services expense   | 6      | (75 563)        | (80 869)        |
| Employee benefits expense  | 7      | (149 913)       | (133 547)       |
| Depreciation and amortization expense  | 15, 16 | (53 396)        | (46 633)        |
| Carrying amount of goods sold  |        | (1 166 300)     | (1 041 687)     |
| Other operating expenses   | 8      | (16 288)        | (15 767)        |
| <b>Profit from operations</b>  |        | <b>63 146</b>   | <b>45 800</b>   |
| Impairment of non-current assets outside the scope of IFRS 9                             | 10     | (8 476)         | (5 993)         |
| Finance income   | 11     | 6 639           | 5 081           |
| Finance costs  | 12     | (11 773)        | (19 099)        |
| <b>Finance income/(costs), net</b>   |        | <b>(5 134)</b>  | <b>(14 018)</b> |
| Profit from associates and joint ventures, net   | 13, 18 | 12 548          | 5 976           |
| Profit/(Loss) from acquisition and disposal of subsidiaries                              |        | 37 848          | (323)           |
| <b>Profit before tax</b>   |        | <b>99 932</b>   | <b>31 442</b>   |
| Income tax expense   |        | (6 265)         | (6 162)         |
| <b>Net profit for the period</b>   |        | <b>93 667</b>   | <b>25 280</b>   |
| <b>Other components of comprehensive income:</b>   |        |                 |                 |
| <i>Items that will not be reclassified to profit or loss:</i>                            |        |                 |                 |
| Subsequent revaluations of property, plant and equipment                                 | 14     | 10 606          | (41)            |
| Subsequent revaluations of liabilities of defined benefit pension plans                  | 14, 30 | (25)            | (214)           |
| Net change in the fair value of other long-term equity investments                       | 14     | (354)           | (637)           |
| Income tax relating to items of other comprehensive income that will not be reclassified | 14     | (1 157)         | 4               |
|  |        | <b>9 070</b>    | <b>(888)</b>    |
| <i>Items that may be reclassified to profit or loss:</i>                                 |        |                 |                 |
| Exchange differences on translating foreign operations                                   | 14     | (805)           | (1 469)         |
| Share of other comprehensive income of associates  | 14, 18 | 3 700           | (6 150)         |
|  |        | <b>2 895</b>    | <b>(7 619)</b>  |
| <b>Other comprehensive income for the period, net of tax</b>                             | 14     | <b>11 965</b>   | <b>(8 507)</b>  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   |        | <b>105 632</b>  | <b>16 773</b>   |
| <b>Net profit for the year attributable to:</b>  |        |                 |                 |
| Equity holders of the parent   |        | 91 410          | 29 805          |
| Non-controlling interests  |        | 2 257           | (4 525)         |
| <b>Total comprehensive income for the year attributable to:</b>                          |        |                 |                 |
| Equity holders of the parent   |        | 103 855         | 22 177          |
| Non-controlling interests  |        | 1 777           | (5 404)         |
| Basic net profit per share   | 27     | <b>BGN 0,73</b> | <b>0,24</b>     |

The notes on pages 5 to 151 are an integral part of the present consolidated financial statement.

**Executive Director:**

**Ognian Donev, PhD**

**Finance Director:**

**Boris Borisov**

**SOPHARMA GROUP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

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*Preparer:*

*Lyudmila Bondzhova*

**SOPHARMA GROUP****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

for the year ended on 31 December 2021

|  | Notes | 31 December<br>2021<br>BGN'000 | 31 December<br>2020<br>BGN'000 |
|--|-------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |       |                                |                                |
| <b>Non-current assets</b>                                  |       |                                |                                |
| Property, plant and equipment                              | 15    | 364 588                        | 395 872                        |
| Intangible assets  | 16    | 54 192                         | 58 272                         |
| Goodwill   | 16    | 13 420                         | 13 269                         |
| Investment properties                                      | 17    | 9 446                          | 11 691                         |
| Investments in associated and joint ventures               | 18    | 127 754                        | 62 811                         |
| Other long - term equity investments                       | 19    | 5 778                          | 14 294                         |
| Long-term receivables from related parties                 | 20    | 49 696                         | 59 726                         |
| Other long-term receivables                                | 21    | 10 222                         | 11 951                         |
| Deferred tax assets  |       | 473                            | 2 049                          |
|  |       | <b>635 569</b>                 | <b>629 935</b>                 |
| <b>Current assets</b>                                      |       |                                |                                |
| Inventories  | 22    | 256 199                        | 287 569                        |
| Commercial receivables                                     | 23    | 228 323                        | 250 707                        |
| Receivables from related parties                           | 24    | 14 478                         | 6 682                          |
| Other short-term receivables and assets                    | 25    | 34 957                         | 41 926                         |
| Cash and cash equivalents                                  | 26    | 37 723                         | 25 293                         |
|  |       | <b>571 680</b>                 | <b>612 177</b>                 |
| <b>TOTAL ASSETS</b>  |       | <b>1 207 249</b>               | <b>1 242 112</b>               |
| <b>EQUITY AND LIABILITIES</b>                              |       |                                |                                |
| <b>Equity attributable to equity holders of the parent</b> |       |                                |                                |
| Share capital  |       | 134 798                        | 134 798                        |
| Reserves   |       | 55 003                         | 57 701                         |
| Other capital components                                   |       | 12 512                         | -                              |
| Retained earnings  |       | 446 546                        | 360 770                        |
|  | 27    | <b>648 859</b>                 | <b>553 269</b>                 |
| <b>Non-controlling interests</b>                           |       | <b>11 941</b>                  | <b>13 326</b>                  |
| <b>TOTAL EQUITY</b>  | 27    | <b>660 800</b>                 | <b>566 595</b>                 |
| <b>LIABILITIES</b>   |       |                                |                                |
| <b>Non-current liabilities</b>                             |       |                                |                                |
| Long-term bank loans                                       | 28    | 42 907                         | 34 567                         |
| Deferred tax liabilities                                   |       | 7 985                          | 7 937                          |
| Long-term liabilities to related parties                   | 29    | 10 210                         | 8 783                          |
| Long-term payables to personnel                            | 30    | 7 593                          | 7 339                          |
| Lease liabilities  | 31    | 38 590                         | 49 593                         |
| Government grants  | 32    | 7 320                          | 10 422                         |
| Other non-current liabilities                              | 33    | 7 635                          | 12 425                         |
|  |       | <b>122 240</b>                 | <b>131 066</b>                 |
| <b>Current liabilities</b>                                 |       |                                |                                |
| Short-term bank loans                                      | 34    | 217 392                        | 255 281                        |
| Short-term part of long-term bank loans                    | 28    | 9 464                          | 31 172                         |
| Trade payables   | 35    | 143 908                        | 164 919                        |
| Payables to related parties                                | 36    | 3 691                          | 2 367                          |
| Factoring agreement liabilities                            | 37    | 6 370                          | 36 591                         |
| Short-term part of leasing liabilities                     | 31    | 11 583                         | 17 951                         |
| Payables to personnel and social security                  | 38    | 17 811                         | 17 996                         |
| Tax payables   | 39    | 7 029                          | 6 590                          |
| Other current liabilities                                  | 40    | 6 961                          | 11 584                         |
|  |       | <b>424 209</b>                 | <b>544 451</b>                 |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>546 449</b>                 | <b>675 517</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |       | <b>1 207 249</b>               | <b>1 242 112</b>               |

The notes on pages 5 to 151 are an integral part of the present consolidated financial statement.

**Executive Director:**

**Ognian Donev, PhD**

**Finance Director:**

**Boris Borisov**

**Preparer:**

**Lyudmila Bondzhova**

**SOPHARMA GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended on 31 December 2021

|   | Notes | 2021            | 2020             |
|---|-------|-----------------|------------------|
|   |       | <i>BGN'000</i>  | <i>BGN'000</i>   |
| <b>Cash flows from operating activities</b>                                   |       |                 |                  |
| Revenue from contracts with customers   |       | 1 656 161       | 1 376 047        |
| Payments to suppliers   |       | (1 504 805)     | (1 341 304)      |
| Payments for wages and social security  |       | (146 239)       | (129 085)        |
| Taxes paid (profit tax excluded)  |       | (74 453)        | (74 451)         |
| Taxes refunded (profit tax excluded)  |       | 9 434           | 10 973           |
| Income taxes paid   |       | (7 937)         | (7 947)          |
| Income taxes refunded   |       | 43              | 78               |
| Interest and bank charges paid on working capital loans                       |       | (6 600)         | (9 195)          |
| Exchange rate differences, net  |       | (548)           | (2 271)          |
| Other proceeds/(payments), net  |       | (1 018)         | (2 256)          |
| <b>Net cash flows used in operating activities</b>                            |       | <b>(75 962)</b> | <b>(179 411)</b> |
| <b>Cash flows from investing activities</b>                                   |       |                 |                  |
| Purchases of property, plant and equipment                                    |       | (20 349)        | (23 552)         |
| Proceeds from sales of property, plant and equipment                          |       | 1 055           | 1 770            |
| Purchased of investment property  |       | -               | (429)            |
| Proceeds from sales of investment properties                                  |       | 1 952           | -                |
| Purchases of intangible assets  |       | (6 761)         | (3 032)          |
| Purchases of equity investments   |       | (22 338)        | (5 262)          |
| Proceeds from sales of equity investments                                     |       | 2 040           | 56               |
| Dividend proceeds from equity investments                                     |       | 451             | 325              |
| Payments for the acquisition of subsidiaries, net of cash received            |       | (2 338)         | 877              |
| Proceeds from the exemption of subsidiaries, net of cash provided             |       | (1 152)         | 71               |
| Purchases of investments in associates and joint ventures                     |       | (20 800)        | -                |
| Proceeds from the sale of investments in associates and joint ventures        |       | 213             | 1                |
| Proceeds/(payments) on transactions with non-controlling interests, net       |       | (8 421)         | (4 715)          |
| Loans granted to related parties  |       | (8 010)         | (4 532)          |
| Loan repayments by related parties  |       | 10 795          | 37 151           |
| Loans granted to other companies  |       | (1 367)         | (1 145)          |
| Loan repayments by other companies  |       | 4 129           | 2 091            |
| Interest received on granted loans  |       | 2 806           | 1 820            |
| Proceeds from charges under guarantees  |       | 30              | -                |
| <b>Net cash flows used in/from investment activities</b>                      |       | <b>(68 065)</b> | <b>1 495</b>     |
| <b>Cash flows from financial activities</b>                                   |       |                 |                  |
| Proceeds from short-term bank loans (including increases in overdrafts)       |       | 19 554          | 14 407           |
| Repayment of short-term bank loans (including decreases in overdrafts)        |       | (27 145)        | (35 683)         |
| Proceeds from long-term bank loans  |       | 16 834          | 13 576           |
| Repayment of long-term bank loans   |       | (19 405)        | (20 241)         |
| Loans received from other parties   |       | -               | 273              |
| Repayment of loans to other parties   |       | -               | (365)            |
| Proceeds under factoring agreement  |       | 193 905         | 243 935          |
| Interest and charges paid under factoring agreement                           |       | (568)           | (428)            |
| Interest and charges paid under investment purpose loans                      |       | (1 994)         | (1 732)          |
| Lease payments  |       | (20 477)        | (16 790)         |
| Proceeds from non-controlling interest in the issue of equity in subsidiaries |       | -               | 38               |
| Purchases of treasury shares  |       | (16 628)        | (463)            |
| Proceeds from sales of treasury shares  |       | -               | 805              |
| Dividends paid  |       | (63)            | (22 643)         |
| Government grants   |       | 81              | 1 004            |
| Proceeds / (payments), net, related to other capital components (warrants)    |       | 12 512          | -                |
| <b>Net cash flows from financial activities</b>                               |       | <b>156 606</b>  | <b>175 693</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                   |       | <b>12 579</b>   | <b>(2 223)</b>   |
| Cash and cash equivalents at 1 January  |       | 25 139          | 27 362           |
| <b>Cash and cash equivalents at 31 December</b>                               | 26    | <b>37 718</b>   | <b>25 139</b>    |

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**Executive Director:**

**Ognian Donev, PhD**

**Finance Director:**

**Boris Borisov**

**Preparer:**

**Lyudmila Bondzhova**