

# **“Sopharma” AD**

## **Stand-alone financial results for the nine months of 2023**





## What we do?

“Sopharma” AD is a public company based in Bulgaria. The company is a leading manufacturer and exporter of pharmaceuticals and health-related products. The company's activity is carried out and developed in the following main directions:

- Manufacturing and sale of medicinal substances and dosage forms;
- Research, development and implementation activities in the field of phytochemistry, chemistry and pharmaceuticals;
- Production of medical devices and cosmetic products;
- “Sopharma” AD provides services both for production and auxiliary activities.

# Republic of Bulgaria: Demographic and key economic indicators

## GDP (BGN million)



GDP for 2022 in real terms shows an increase by 3.4% compared to 2021.

## GDP per capita

BGN 19.770 (€ 10108.24)

## Currency

BGN fixed to the euro from 1998  
(€ 1 = BGN 1.96)

## Health budget 2022

BGN 6,5 billion

## Pharmaceutical industry

99% private



## Area

111.000 km<sup>2</sup>

## Population

6.951 million

## Member of EU

since 2007

Source: NSI 2021

## Who we are

- №1 manufacturer of ampules and suppositories in Bulgaria
- More than 200 products
- 1 710 employees

## A company with established traditions and experience

- Revenue BGN 187, 200 thousand
- EBITDA BGN 58,989 thousand
- 134 797 899 shares



# Production facilities

*“Sopharma” AD* is the biggest Bulgarian manufacturer of ampoules and suppositories and the only manufacturer of lyophilic dosage forms in Bulgaria.

*The factory for solid dosage forms in Sofia* is built according to the latest requirements for Good Manufacturing Practices. The plant in Kazanlak town has an unique technology for processing **medicinal** plants.

*The plant in Sandanski* produces dressing materials using one of the most advanced technologies in Europe.

*The production facilities are based in Bulgaria and Ukraine* and are located as follows: 10 plants in Bulgaria (6 in Sofia, 1 in Sandanski, 1 in Vrabovo, 1 in Kazanlak, 1 in Sliven) and 1 in Ukraine.



## Production facilities in Bulgaria and outside the country

Location	Plant	Key products	Capacity	Total built up area	Employees
<b>Bulgaria</b>					
Sofia	Tablet plant	Tablets, capsules	4 billion tablets	9 263 m <sup>2</sup>	250
	Ampoule plant	Ampoules	50-70 million ampoules	5 024 m <sup>2</sup>	190
	Lyophilic plant	Ampoules	4,3 million ampoules	1 250 m <sup>2</sup>	50
	Suppositories	Suppositories	15 million suppositories	845 m <sup>2</sup>	18
	Active substances	Active substances	1,6-1,8 tons	478 m <sup>2</sup>	7
	Bulgama	Gamma radiation	-	1 250 m <sup>2</sup>	9
	Vrabevo plant	Tablets, syrups, ointments	675 million tablets, 9 million syrups, 23 million ointments	6 850 m <sup>2</sup>	155
Kazanlak, Stara Zagora	Kazanlak plant	Phytochemical and synthetic substances	50 - 60 tons API's, depending of production mix	4 790 m <sup>2</sup>	135
Sandanski, Blagoevgrad	Sandanski plant	Medicinal products, solid and liquid dosage forms	9,5 million medicinal products; 675 million tablets; 1,5 million vials drops; 2 million liters hemodialysis concentrate	8 100 m <sup>2</sup>	190
Sliven	Sliven plant	Veterinary products	Under contract	2 000 m <sup>2</sup>	40
<b>Ukraine</b>					
Uman	Vitaminy plant	Solid forms - tablets, <b>coated tablet</b> , capsules; Liquid forms - syrups, extracts, oil solutions; Powders	650 million solid forms, 224 tons liquid forms	-	247

## Products



## Our portfolio is focused on the following therapeutic fields:

- 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.



# Key products

*“Sopharma” AD has more than 200 products in its portfolio, including nearly 190 medicinal products and 11 groups of medical devices. Medicinal products mainly include generics and 15 traditional products, with 12 of the products being plant-based.*

*The Company's traditional products and in particular Tabex, Carsil and Tempalgin have a major share in revenues from export markets, while for local market the most important are the company's generic products, among which the first place is **Analgin**.*



# Products with significant contribution to the revenue

- ***Tribestan*** – a traditional plant-based product stimulating the functions of the reproductive system;
- ***Nivalin*** – a traditional plant-based product used for diseases of the peripheral nervous system;
- ***Broncholitin*** – a traditional plant-based product used to suppress cough;
- ***Methylprednisolone*** – a generic medicine designed for cases of severe allergies and certain life-threatening conditions;
- ***Vitamin C*** – a dietary supplement with wide application;
- ***Valerian*** – a generic over-the-counter plant-based drug used to reduce stress;
- ***Medical devices*** - gauze, compresses and bandages.



# New developments and products

The following activities were carried out from January to September 2023:

- Development of **6** food supplements is being carried out.

- Pharmaceutical development of **8** new medicinal products /projects is carried out.

- A marketing authorization was obtained for **3** new medicinal products.
- An application for registration of **9** new products was submitted.

- Marketing authorizations for **14** medicinal products renewed.
- An application for Marketing Authorizations renewal for **15** medicinal products was submitted to agencies.
- Changes for **80** medicinal products approved by agencies.
- **93** changes for medicinal products submitted to agencies.

- **10** production processes/technologies have been validated/optimized.

## Key activities

### API Production

#### ***Farmer, Bulgaria***

- farming of medicinal plants
- „Sopharma” AD, Kazanlak, Bulgaria***
- extraction of active ingredients



### Non-pharmaceutical activities

#### ***Factory for veterinary products, Sliven***

- manufacturing of products for veterinary medicine



- ### Wholesale and distribution -
- #### ***„Sopharma Trading” AD, Bulgaria and Serbia and subsidiaries in Ukraine, Kazakhstan, Poland etc.***
- wholesale and retail

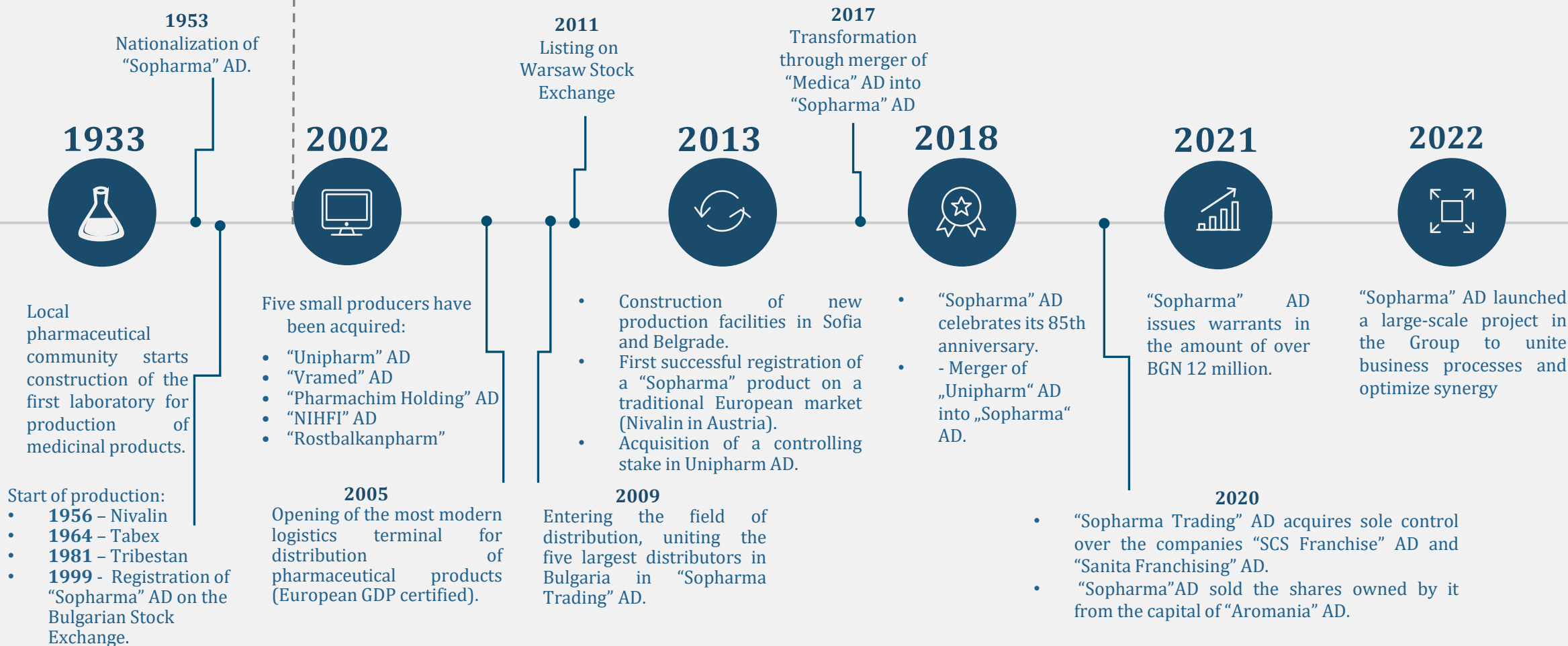


- ### Pharmaceutical production
- #### ***„Sopharma” AD, Bulgaria***
- self developed products from herbal origin, generic products

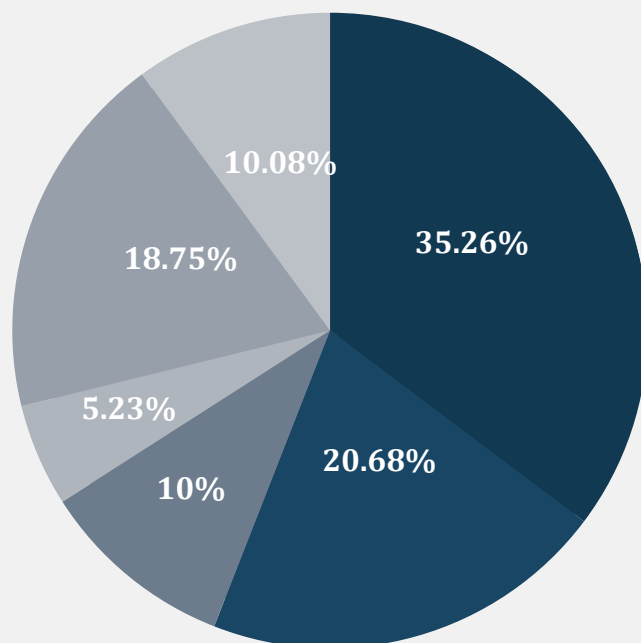
# Key moments in the 90 – years history

2000 - Modern history – a period of constant modernization and development.

Privatization – “Sopharma” AD becomes a private pharmaceutical company



# Shareholder structure as of 30 September 2023



- “Donev Investments Holding” AD
- “Telecomplete invest”AD
- “Sopharma” AD (treasury shares)
- CUPF “Alianz Bulgaria”
- Other legal entities
- Individuals

## Shares held by the members of the Board of Directors as of 30.09.2023:

- **Ognian Donev** - 6 118 647 shares, **4.54%** of capital
- **Alexander Tchaoushev** - 353 442 shares, **0.29%** of capital
- **Vessela Stoeva** – 150 shares, **0%** of capital
- **Ivan Badinski** – 2030 shares, **0%** of capital
- **Bissera Lazarova** – 0 shares

**As of 30.09.2023, “Sopharma” AD has 134 797 899 own shares.**

# Board of Directors



**Ognian Donev, PhD**  
Chairman of the BoD 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 BoD

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 BoD

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.



**Bissera Lazarova**  
Member of the BoD

Mrs. Lazarova has completed her higher economic education, specialty "International Economic Relations" at HIE "Karl Marx" Sofia. Mrs. Lazarova's professional experience includes several management positions in the field of international trade, accounting and control, organization.



**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. Chaoushev is a member of the Board of Directors of "Sopharma" AD since 2011.

# Shares of „Sopharma“ AD



# Data on the trading of “Sopharma” AD on the Bulgarian Stock Exchange

Volume of traded shares for the period January to September 2023

Volume of traded shares

**1 944 830**

Turnover of traded shares

**BGN 10 648 280**

Maximum value of traded shares

**BGN 7,20**

Minimum value of traded shares

**BGN 4,36**

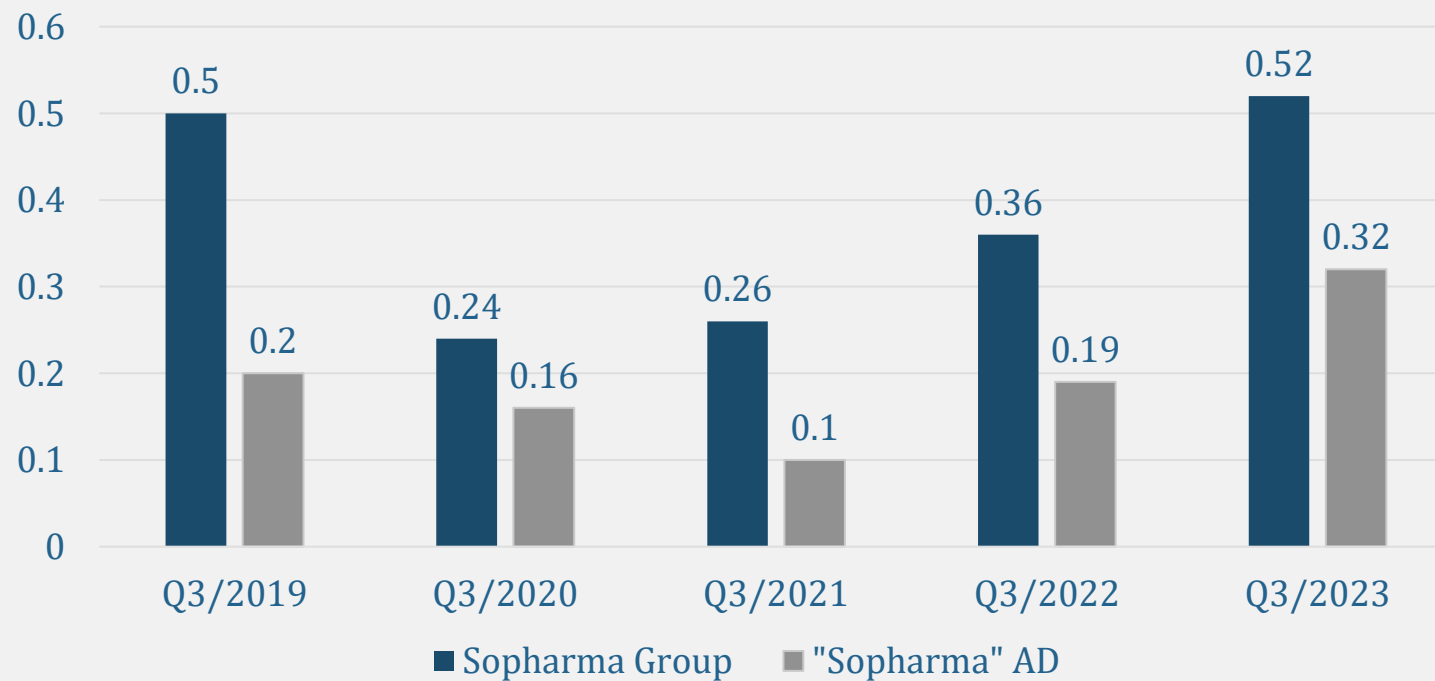
The shares are traded on the Bulgarian Stock Exchange, the Main Market (BSE), the PREMIUM Share Segment and the official market of the Warsaw Stock Exchange.

STOCK EXCHANGE  
MARKET OF THE WARSAW

Source: Bulgarian Stock Exchange

# Trading data of “Sopharma” AD on the Bulgarian Stock Exchange

## Income per share



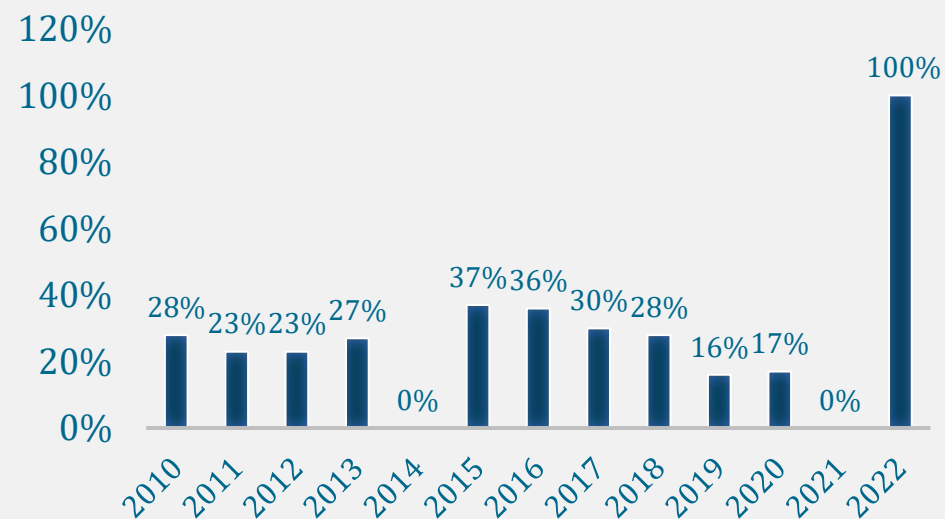
# Dividends

## Dividend for 1 share in BGN

Year	"Sopharma" AD
2012	0.07
2013	0.07
2014	none
2015	0.07
2016	0.1
2017	0.11
2018	0.05
2019	0.12
2020	0.04
2021	none
2022	0.6

"Sopharma" AD is a pioneer in payment of 6-month dividend after the introduction of this legislative option in 2018.

## Dividend payout ratio



## **Individual financial results for the first nine months of 2023**



# Key financial indicators

**Revenues from contracts with customers** are from sales of manufactured medicinal products and for the nine months of 2023 increased by BGN 26,9 million, to BGN 187,2 million, compared to BGN 160,3 million in the nine months of 2022. The revenue from contracts with clients takes into account the effect of the completed merger of “Biopharm Engineering” AD. It also includes revenues from assignment production and contract manufacturing, which for the nine months 2023 amounted to BGN 7,1 million.

Indicators	30.09.2023	30.09.2022	Промяна %
	BGN '000	BGN '000	
Sales revenue	188 792	162 079	16,5%
EBITDA	58 989	39 782	48,3%
Operating profit	42 828	25 428	68,4%
Net profit	38 413	23 750	61,7%
CAPEX	12 067	29 929	-59,7%
	30.09.2023	31.12.2022	
	BGN '000	BGN '000	
Non-current assets	518 538	511 613	1,4%
Current assets	299 999	188 204	59,4%
Owners' equity	558 751	592 955	-5,8%
Non-current liabilities	47 832	32 627	46,6%
Current liabilities	211 954	74 235	185,5%

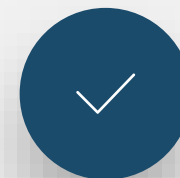
## Revenues from sales of products by market



Sales of “Sopharma” AD on the domestic market increased by BGN 3,5 million or 5.2% in the nine months of 2023, to 69,7 million compared to BGN 66,2 million in the nine months of 2022. According to IQVIA data, at the end of the nine months of 2023 the company occupies 2.08% (fifteenth position) on the Bulgarian pharmaceutical market in value and 7.25% (second position) of sales in volume.

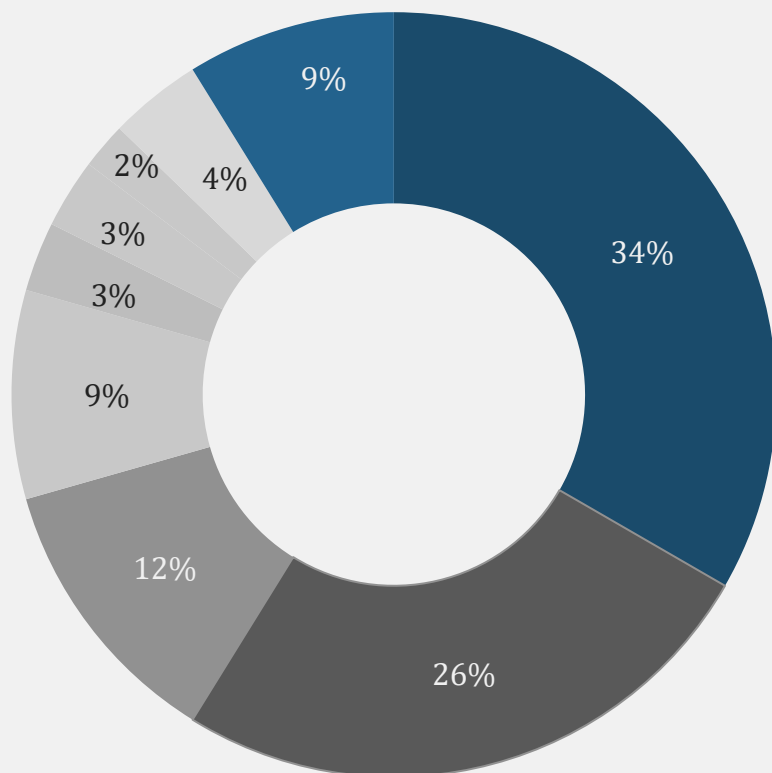


Sales revenues for the nine months 2023 for European countries increased by BGN 17,5 million or 22,2% compared to the nine months 2022. Sales in Russia accounted for the largest share, and for the current period they increased by 39,5%. Growth was also registered in other traditional markets, with sales revenue increasing in Belarus by 3,6%, in Moldova by 72,8%, in Serbia by 14,1%, in Poland with 6.4%. Sales decreased by 11.9% in Ukraine and 21% in Latvia.



Revenues from other markets increased by BGN 5,9 million or 38.9% compared to the the nine months of 2022 as a result of the growth of sales in the countries of the Caucasus region (Georgia with growth of 52.6% and Azerbaijan with growth of 14.8%, Uzbekistan with growth of 14% and In Vietnam, sales growth of 114.6% was registered, while in Kazakhstan sales decreased by 20.1%, and in Armenia the decline is 4.1%.

## Sales revenue by therapeutic group

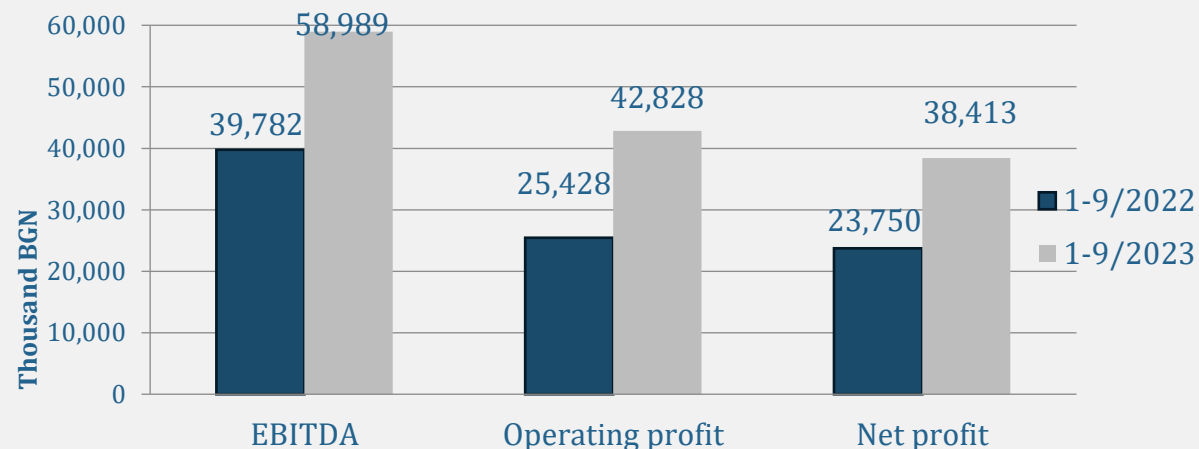


- N Nervous system
- D Digestion and metabolism
- C Cardio - vascular system
- R Respiratory system
- G Piccool system and sex hormones
- M Musculoskeletal system
- H Systemic hormonal preparations excl. of sex hormones and insulins
- Others
- Cosmetic products, nutritional supplements and medical devices

## Key financial indicators

- **Profit before interest, taxes, depreciation and amortization (EBITDA)** in the nine months of 2023 increased by BGN 19,2 million or by 48.3% to BGN 59 million compared to BGN 39,8 million for the nine months of 2022. The growth achieved during the period is due to the increase in sales on the main markets and the improved gross profit margin on the one hand, as well as a relatively stable structure of operating expenses.
- **Operating profit** for the nine months of 2023 increased by BGN 17,4 million or by 68.4% to BGN 42 million compared to BGN 25,4 million for the same period of 2022.
- **Net profit** for the nine months of 2023 increased by BGN 14,7 million or by 61.7%, to BGN 38,4 million compared to BGN 23,8 million for the same period of 2022.

	30.09.2023	30.09.2022
EBITDA/Sales revenues		
Operating profit/Sales revenues	22,7%	15,7%
Net profit/Sales revenue	20,3%	14,7%
Borrowed capital/Owners' equity	0,46	0,18
Net debt/EBITDA on a annual basis	1,6x	0,4x



# Operating expenses

- For the current period, the costs for materials increase by BGN 4,3 million compared to the nine months of 2022 in the part of basic, laboratory and technical materials.
- A decrease was registered in the costs of heating and electricity.
- Personnel costs increased by BGN 9,5 million, as a result of an increase in current remuneration, and in external service costs, which increased by BGN 7 million, the largest change was registered in the costs of manufacturing medicines and in the costs of advertising and marketing services, which increased by BGN 2 million and BGN 3,7 million, respectively.

Operating expenses	1-9/2023	1-9/2022	Change	Rel. share
	BGN '000	BGN '000	%	
Raw materials and consumables used	(63,962)	(59,629)	7%	-40%
Hired services expense	(30,891)	(23,889)	29%	-19%
Employee benefits expense	(49,035)	(39,571)	24%	-30%
Depreciation expense	(16,161)	(14,354)	13%	-10%
Other operating expenses	(775)	(13,510)	-94%	0%
<b>Total operating expenses</b>	<b>160,824</b>	<b>150,953</b>	<b>7%</b>	

# Financial income

**Financial income** increased by BGN 0,6 million to BGN 4,6 million in the nine months of 2023 mainly due to the profit from operations with securities investments in the amount of BGN 0,5 million reported in the previous period.

Financial income	1-9/2023 BGN'000	1-9/2022 BGN'000	Change	Rel. share
Interest income on loans granted	2,044	1,540	33%	44%
Equity income	1,711	1,520	13%	37%
Fee income on sureties granted	621	348	78%	13%
Net profit on operations with investments	143	-		
of which profit from the sale of investments in subsidiaries	87	-		
of which profit from the sale of investments in associated companies	56	-		
Interest income on cession contracts	95	-		
Net profit on exchange differences on receivable from sale of a subsidiary	24	560	-96%	0.5%
Reversal of impairment for credit losses on granted guarantors	-	59	-	
Impairment for credit losses from fees on provided guarantees	-	-1	-	
Net change in impairment on provided guarantees	-	58	-	
<b>Total</b>	<b>4,638</b>	<b>4,026</b>	<b>15%</b>	

# Financial expenses

**Financial expenses** decreased by BGN 0,3 million to BGN 2,4 million in the nine months of 2023, the main reason being the impairment charge for credit losses on receivables from commercial loans granted in the amount of BGN 0,5 million and an accrued provision for a guarantee in the previous period of BGN 0,6 million. Interest expenses increased by BGN 0,7 million.

<b>Financial expenses</b>	<b>1-9/2023</b>	<b>1-9/2022</b>	<b>Change</b>	<b>Rel. share</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>%</b>	
Interest expense on loans received	1,063	340	213%	44%
Impairment for credit losses of trade loan receivables	793	1,270	-38%	33%
Bank charges on loans and guarantees	315	406	-22%	13%
Lease interest expense	225	86	162%	9%
Dividend costs	6	-		
Net exchange loss on lease contracts	2	-		
Accrual provision on financial guarantees	-	594		
Financial guarantees provision restored	-	-24		
Net provision under financial guarantees	-	570		
<b>Total</b>	<b>2,404</b>	<b>2,672</b>	<b>-10%</b>	

# Assets

- **Non-current assets** compared to the end of 2022 increased by BGN 16,9 million, to BGN 518,5 million. The most significant increase is the change in investments in associates due to the newly acquired shares in “Sopharma Properties” REIT and “Sopharma Buildings” REIT.
- **Current assets** increased by BGN 111,8 million to BGN 300 million where the most significant is the impact of the increase in other receivables and prepaid expenses amounting to BGN 72,4 million as a result of the funds provided for the payment of a dividend of BGN 72,6 million.

Assets	30.06.2023 BGN '000	31.12.2022 BGN '000	Change %	Rel. share 2023
<b>Non-current assets</b>				
Property, plant and equipment	216,051	229,900	-6%	26%
Intangible assets	4,883	4,247	15%	1%
Investment property	49,692	49,267	1%	6%
Investments in subsidiaries	83,630	83,124	1%	10%
Investments in associates and joint ventures	106,768	69,372	54%	13%
Other long-term equity investments	2,410	4,706	-49%	0%
Long-term receivables from related parties	51,553	67,471	-24%	6%
Other long-term receivables	3,551	3,526	1%	0%
	<b>518,538</b>	<b>511,613</b>	1%	
<b>Current assets</b>				
Inventories	95,895	82,760	16%	12%
Receivables from related parties	84,287	68,041	24%	10%
Trade receivables	26,825	18,115	48%	3%
Loans granted to third parties	11,229	8,317	35%	1%
Other receivables and prepayments	78,441	6,078	1191%	10%
Cash and cash equivalents	3,322	4,893	-32%	0%
	299,999	188,204	59%	
<b>Total assets</b>	<b>818,537</b>	<b>699,817</b>	17%	

# Owner's equity

The equity of “Sopharma” AD decreased by BGN 34,2 million to BGN 558,8 million as a result of the distribution of additional reserves for dividend.

EQUITY	30.09.2023	31.12.2022	Change %	Rel. share
	BGN '000	BGN '000		
Share capital	134,798	134,798	0%	24%
Treasury shares	(52,200)	(52,203)	0%	-9%
Reserves	423,039	461,603	-8%	76%
Other capital components	12,479	12,488	0%	2%
Retained earnings	40,635	36,269	12%	7%
<b>Total equity</b>	<b>558,751</b>	<b>592,955</b>	<b>-6%</b>	

# Liabilities

- **Non-current liabilities** increased by BGN 15,2 million, to BGN 47,8 million, as a result of an increase in long-term bank loans by BGN 14,5 million.
- **Current liabilities** increased by BGN 137,7 million, to BGN 212 million, as a result of the increase in liabilities under short-term bank loans by BGN 93,1 million, as well as a result of accrued liabilities to related parties and third parties for distributed dividends in the amount of BGN 72,3 million. Trade liabilities decreased by BGN 28,8 million, which is the result of the decrease in advances received for the sale of finished products, which decrease by BGN 21,8 million.

## LIABILITIES

### Non-current liabilities

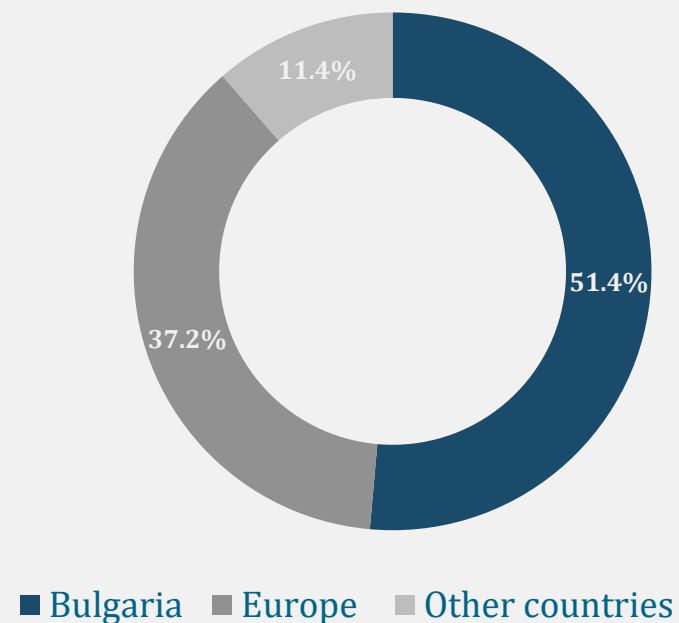
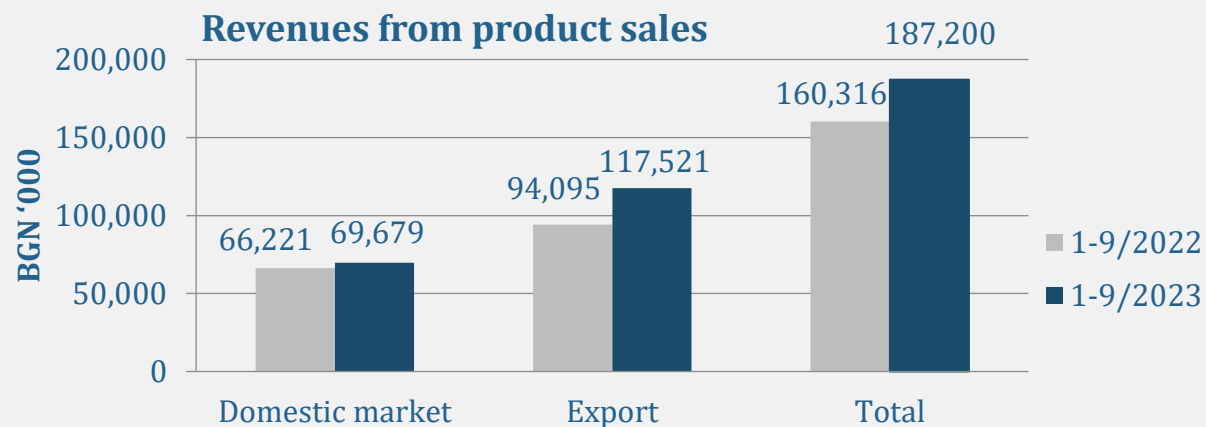
	30.09.2023 BGN '000	31.12.2022 BGN '000	Change %	Rel. share
Long-term bank loans	16,379	1,860	781%	34%
Deferred tax liabilities	4,581	5,098	-10%	10%
Government grants	4,931	5,996	-18%	10%
Liabilities under leasing contracts to related enterprises	15,202	14,739	3%	32%
Liabilities under leasing contracts to third parties	1,986	594	234%	4%
Long-term liabilities to staff	4,753	4,340	10%	10%
	<b>47,832</b>	<b>32,627</b>	<b>47%</b>	

### Current liabilities

	30.09.2023 BGN '000	31.12.2022 BGN '000	Change %	Rel. share
Short-term bank loans	104,831	11,734	793%	49%
Short-term part of long-term bank loans	416	468	-11%	0%
Trade payables	11,283	40,049	-72%	5%
Payables to related parties	52,305	2,632	1887%	25%
Tax payables	2,293	892	157%	1%
Payables to personnel and for social security	9,508	9,804	-3%	4%
Other current liabilities	31,318	8,656	262%	15%
	211,954	74,235	186%	
<b>TOTAL LIABILITIES</b>	<b>259,786</b>	<b>106,862</b>		
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>818,537</b>	<b>699,567</b>		

# Revenues from production sales

**Revenues from contracts with customers** are from sales of manufactured medicinal products and for the nine months of 2023 increased by BGN 26,9 million, to BGN 187,2 million, compared to BGN 160,3 million in the nine months of 2022. The revenue from contracts with clients takes into account the effect of the completed merger of “Biopharm Engineering” AD. It also includes revenues from assignment production and contract manufacturing, which for the nine months 2023 amounted to BGN 7,1 million.



# Main risks review



## Business risk

The Company faces significant competition. The Company's ability to pay dividends depends on several factors and there is no guarantee that it will be able to pay dividends in a given year in accordance with its dividend policy. The company is subject to regulatory approvals.



## Currency risk

The Company supplies some of its main raw materials and materials in US dollars. Currency risk is related to the negative movement of the US dollar exchange rate against the Bulgarian lev in future business operations, on recognized foreign exchange assets and liabilities and on net investments in foreign companies. To control the currency risk, there is a system of planning the supply of imports, for sales in foreign currency, and others.



## Risks related to other markets

Macroeconomic environment, especially in Bulgaria, Russia and Ukraine, has a significant effect on the Company's operations. The political situation in Bulgaria and in the export markets of the Company, in particular Russia and Ukraine, has a significant effect on the operations of the Company and its financial condition. Risks related to exchange rates and the current currency board in Bulgaria.



## Legal risk

Developing legislation in some of the countries where the Company sells its products, in particular Russia and Ukraine, may adversely affect its operations in those countries. Interpretation of tax provisions may be unclear and tax laws and regulations applicable to the Company may be amended. Litigation or other out-of-court procedures or actions can have an adverse effect on business.

# “Sopharma” AD as a contract manufacturer:

## Large variety of 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.



## Development of pharmaceuticals:

- Solid dosage forms (film coated tablets, hard gelatin capsules);
- Semi-solid dosage forms (creams, gels, suppositories);
- Sterile dosage forms and non-sterile solutions.

A woman with a backpack and a man walking on a rocky path towards mountains.

**Thank you for your  
attention!**  
**Investor Relations  
Directorate**  
**“Sopharma” AD**  
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