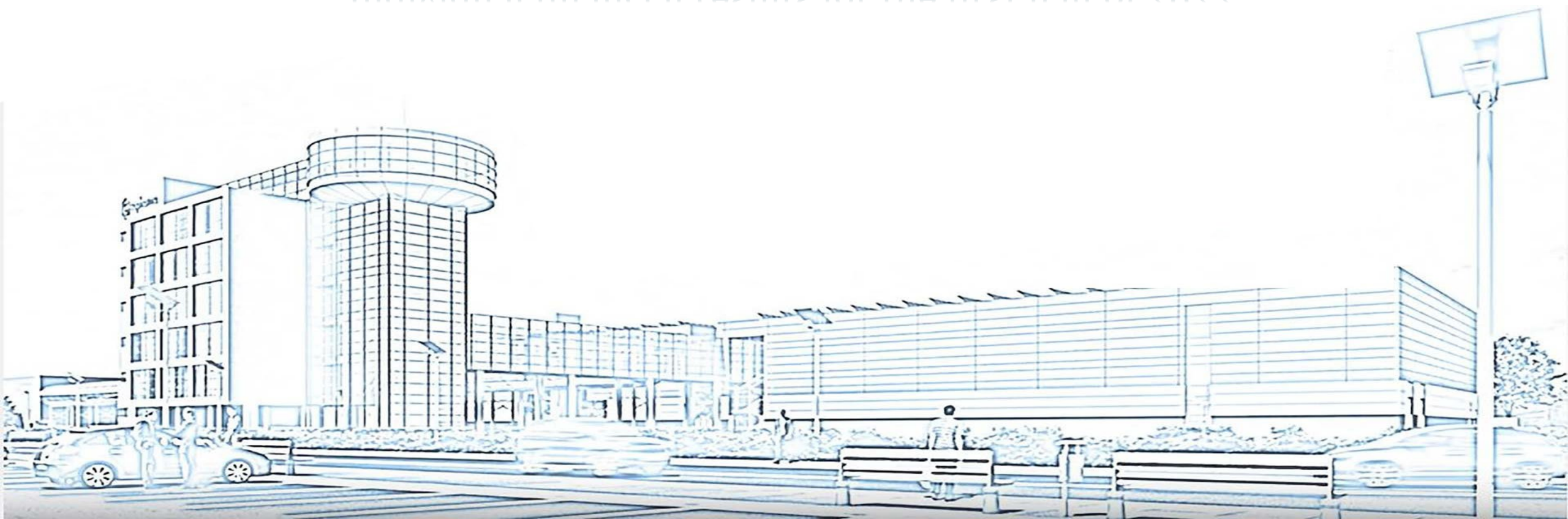


# „Sopharma“ AD

Individual financial results for the first half of 2022





Individual financial results for the first half of 2022

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## Main information

## "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.



„Sopharma“ AD

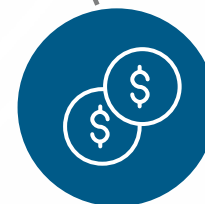


**№1 manufacturer of  
ampules and suppositories**



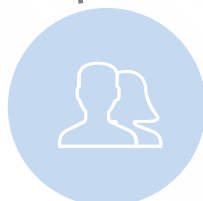
**Revenues BGN  
110 050 thousand**

**More than 200  
product**



**EBITDA  
BGN 33 469  
thousand**

**1713  
employees**



**134 797 899  
shares**



**Company with established  
traditions and experience**

# Who are we?



## API Production

- **Farmer, Bulgaria** – Farming of medicinal plants
- **„Sopharma“ AD, Kazanlak, Bulgaria** – Extraction of active ingredients



## Wholesale and distribution

- **„Sopharma Trading“ AD, Bulgaria and Serbia and subsidiaries in Ukraine, Kazakhstan, Poland and etc.**  
Wholesaling, retail



## „Sopharma“ AD



## Pharmaceutical production

- **„Sopharma“ AD, Bulgaria** - Self developed products from herbal origin, Generic products
- **„Biopharm Engineering“ AD Bulgaria and PAO „Vitamini“ Ukraine** – Generic products



## Non-pharma activities

- **„Biopharm Engineering“ Bulgaria** – Veterinary products and sterile production
- **„Momina Krepost“ AD (Joint venture)** – Plastic disposable materials



# Important moments from the 85-year history



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

Privatization – "Sopharma" AD becoming a privately held pharmaceutical company.

1933



Local pharmaceutical community starts construction of the first laboratory for production of medicinal products.

1953  
Nationalization of  
"Sopharma" AD.

Start of production:

- 1956 – Nivalin
- 1964 – Tabex
- 1981 – Tribestan

1999 - Registration of  
"Sopharma" AD on the BSE.

2002

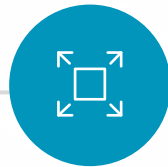


Five small producers have been acquired:

- "Unipharm" AD
- "Vrmed" AD
- "Pharmachim Holding" AD
- "NIHFI" AD
- "Rostbalkanpharm"

2005  
Opening of the most modern logistics terminal for distribution of pharmaceutical products (European GDP certified).

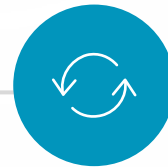
2009



Entering the field of distribution, uniting the five largest distributors in Bulgaria in "Sopharma Trading" AD.

2011  
Listing on  
Warsaw Stock  
Exchange

2013



- Construction of new production facilities in Sofia and Belgrade.
- First successful registration of a Sopharma product on a traditional European market (Nivalin in Austria).
- Acquisition of a controlling stake in Unipharm AD.

2017  
Transformation through  
merger of "Medica" AD  
into "Sopharma" AD.

2018



- "Sopharma" AD celebrates its 85th anniversary.
- Merger of „Unipharm“ AD into „Sopharma“ AD.

2020

- "Sopharma Trading" AD acquires sole control over the companies "SCS Franchise" AD and "Sanita Franchising" AD.
- "Sopharma" AD sold the shares owned by it from the capital of "Aromania" AD.

2021



"Sopharma" AD issues warrants in the amount of over BGN 12 million.



Individual financial results for the first half of 2022

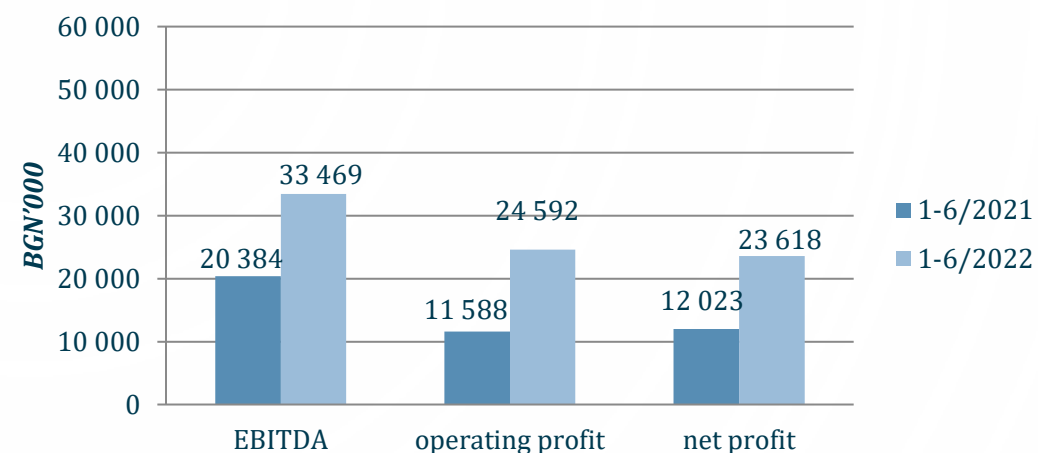
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## Our business

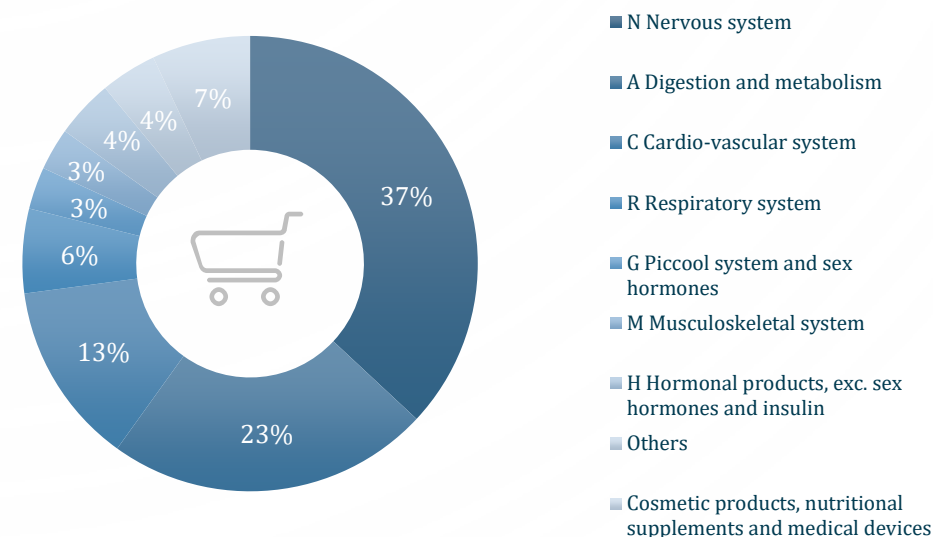
# Main financial indicators



Indicators	30.06.2022 BGN '000	30.06.2021 BGN '000
Sales revenue	110 050	80 524
EBITDA	33 469	20 384
Operating profit	24 592	11 588
Net profit	23 618	12 023
CAPEX	7 181	4 075
	30.06.2022 BGN '000	31.12.2021 BGN '000
Non-current assets	461 781	456 746
Current assets	186 878	202 353
Owners' equity	585 666	564 203
Non-current liabilities	26 438	22 436
Current liabilities	36 555	72 460
	30.06.2022	30.06.2021
EBITDA/Sales revenues	110 050	80 524
Operating profit/Sales revenues	33 469	20 384
Net profit/Sales revenue	24 592	11 588
	23 618	12 023
Borrowed capital/Owners' equity	7 181	4 075
Net debt/EBITDA on a annual basis	110 050	80 524



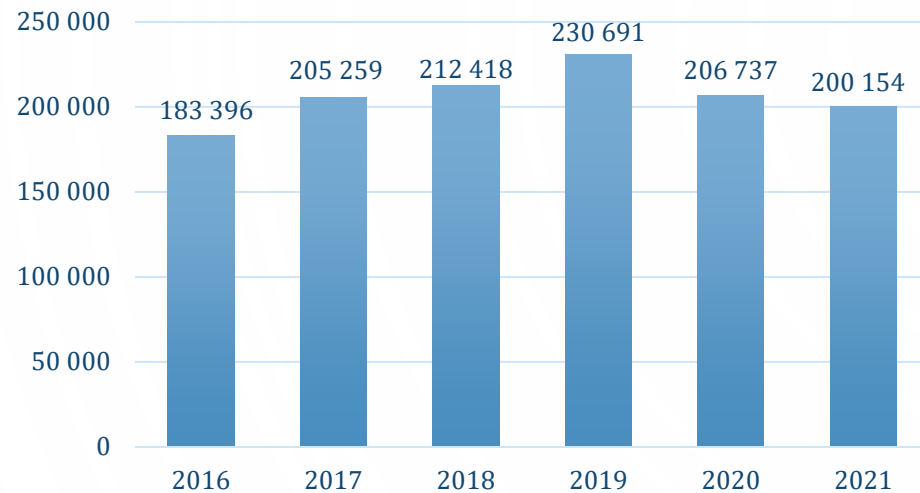
## Revenue by therapeutic group



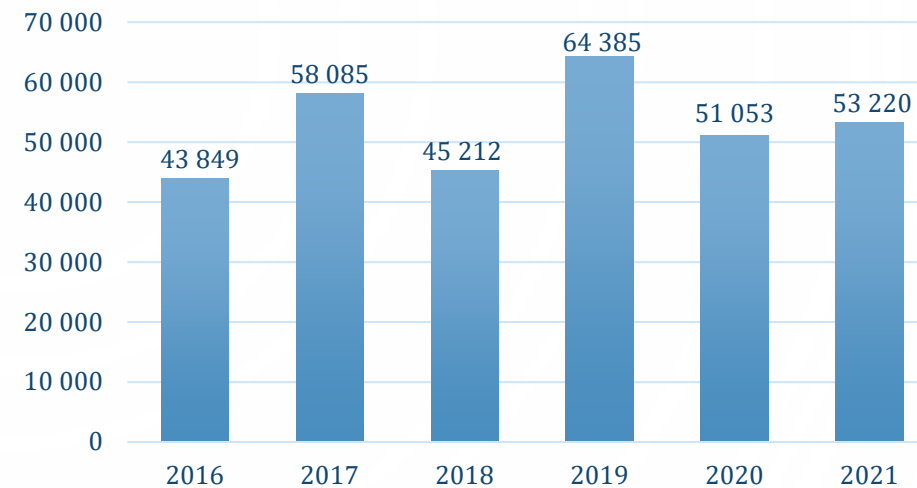
# Sustainable financial performance



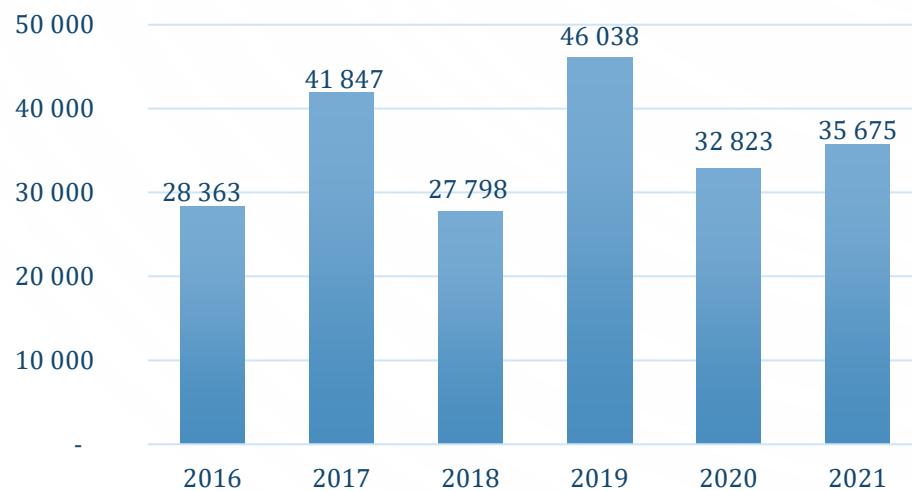
## Sales revenue



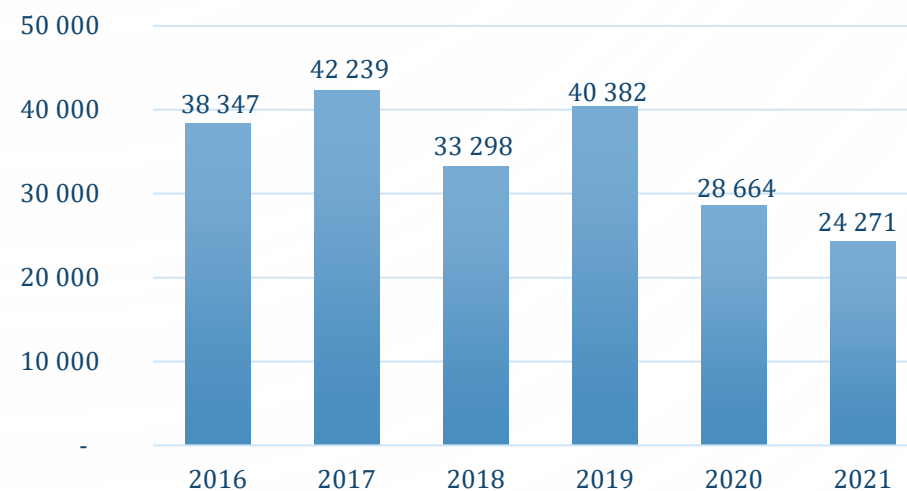
## EBITDA



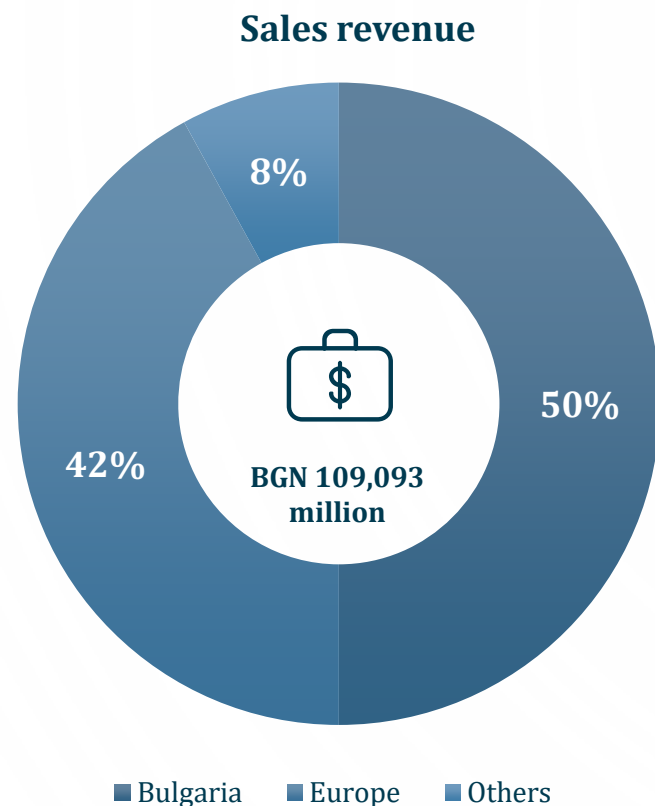
## Operating profit



## Net profit



# “Sopharma” AD



8 manufacturing facilities.



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



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



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.



Individual financial results for the first half of 2022

## Production activity: “Sopharma” AD

# “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.

## Achievements during the reporting period:

- Pharmaceutical development of 7 new medicinal products/projects.
- Marketing authorisations for the use of 2 new medicinal products have been obtained.
- 6 production processes/technologies have been validated/optimized.



## 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.

## Achievements during the reporting period:

- Documentation has been submitted for the registration of 3 medicinal products to agencies of new destinations;
- Documentation for registration of 5 medicinal products has been submitted;
- Development of 3 nutritional supplements is underway.
- Renewed Marketing Authorizations for 14 medicinal products.



Individual financial results for the first half of 2022

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## Management, shares and dividends

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



**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 a number of leadership positions in the field of international trade, accounting and control, organization. From 2002 to 2021 Mrs. Lazarova worked as an assistant to the CEO of "Sopharma" AD.

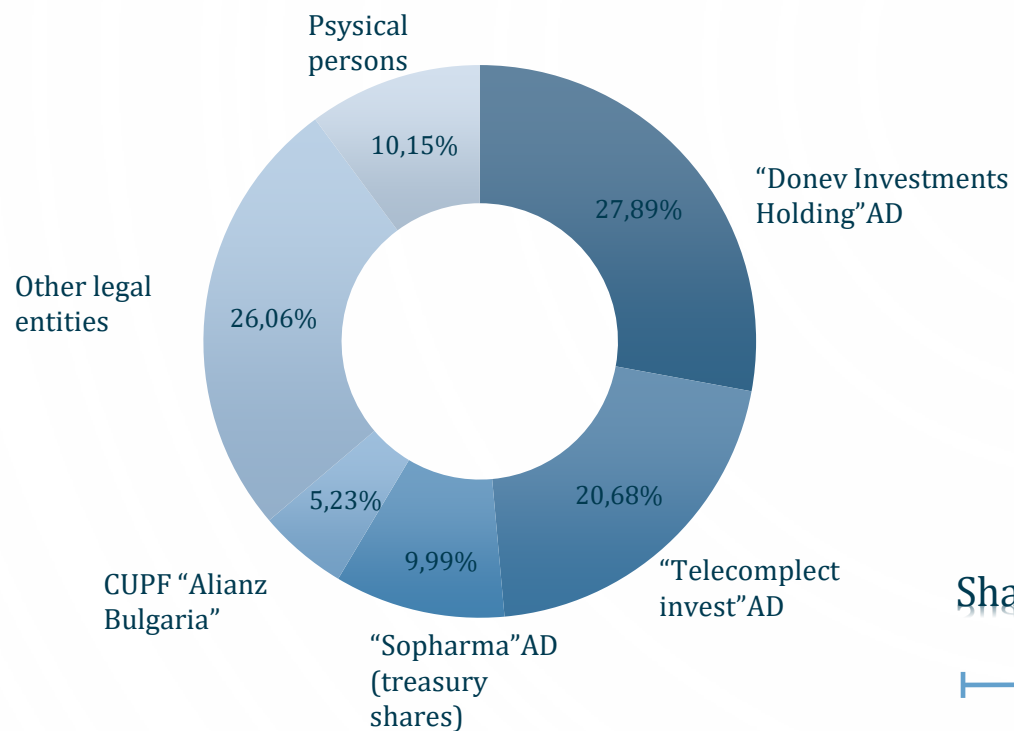


**Alexandar Tchaoushev**  
Independent Member of the BoD

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

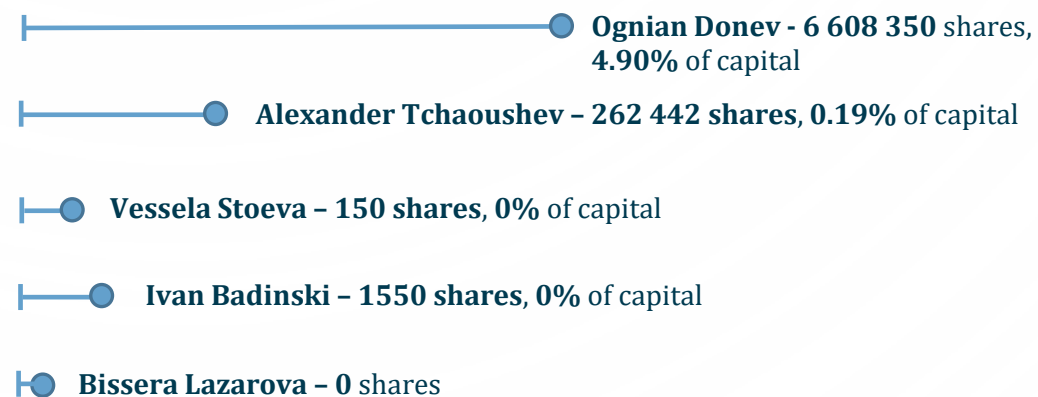
Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

# Shareholder structure at 30 June 2022



In 2021, Sopharma AD acquired 13,055,000 treasury shares.

## Shares of the Board of Directors as of 30 June 2022



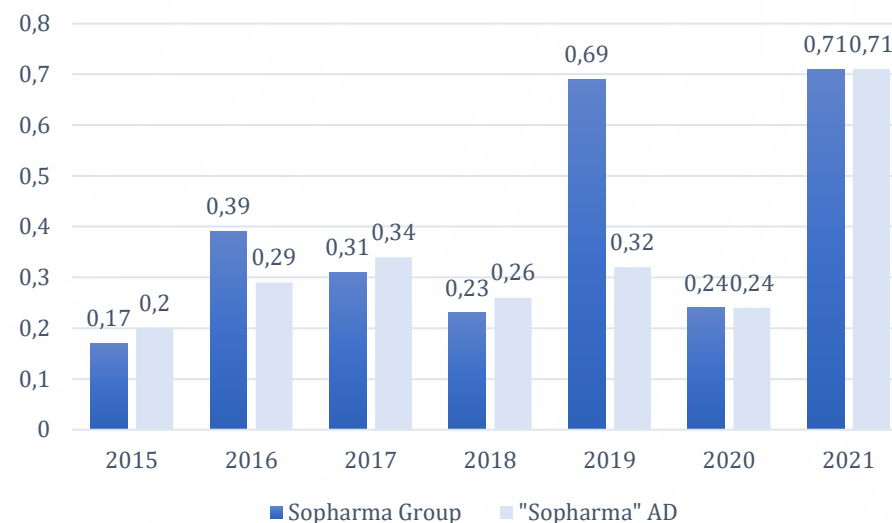
# Shares of "Sopharma" AD



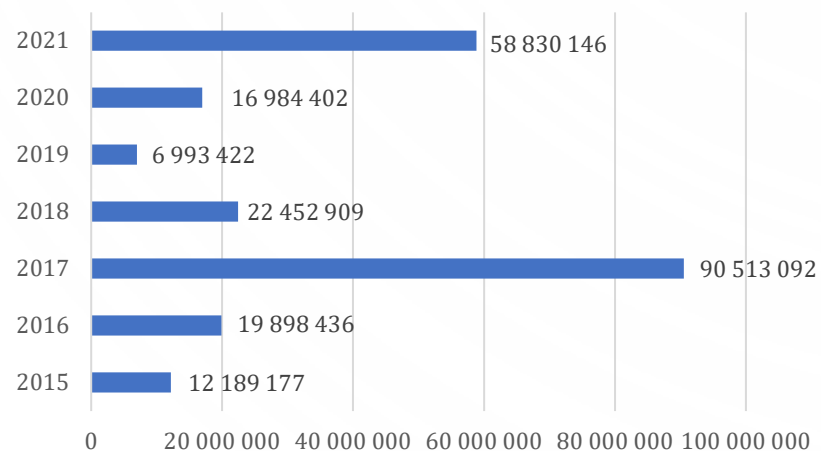
## Price of the shares

Year	Highest price	Lowest price
2015	BGN 3.85	BGN 2.50
2016	BGN 3.078	BGN 2.50
2017	BGN 4.99	BGN 2.99
2018	BGN 4.30	BGN 3.51
2019	BGN 3.74	BGN 3.23
2020	BGN 3.58	BGN 2.40
2021	BGN 4.60	BGN 3.14

## Income per share



## Volume of traded shares for 2021



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.

# Dividends

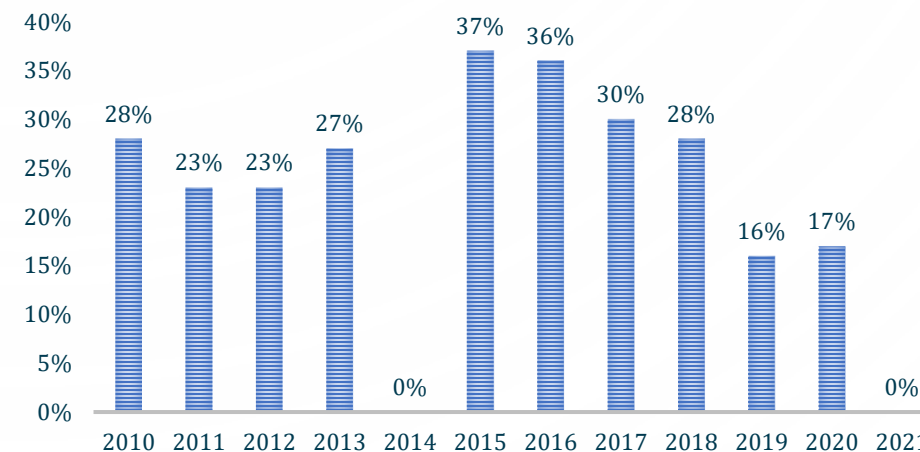


## Dividend for 1 share in BGN

Year	"Sopharma" AD
2010	0.085
2011	0.07
2012	0.07
2013	0.07
2014	none
2015	0.07
2016	0.10
2017	0.11
2018	0.05
2019	0.12
2020	0.04
2021	none

"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 payout ratio





Individual financial results for the first half of 2022

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## Main markets

# Republic of Bulgaria: Demography and key economic indicators

## GDP (BGN million)



2017 2018 2019 2020 2021\*

\* Preliminary data

Preliminary data show a increase of GDP for 2021 in real terms by 4.2% compared to 2020.

## GDP per capita

BGN 19.268 (€ 9.852)

## 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

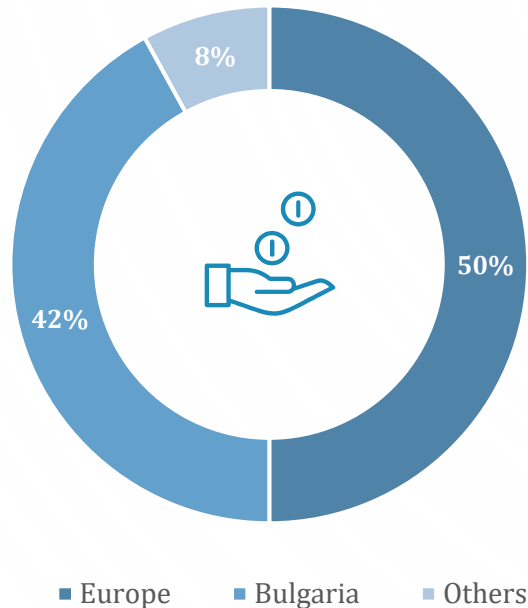
Source: NSI 2021

# Revenues from sales of products



Revenues from contracts with customers in the first half of 2022 increased by BGN 29,5 million to BGN 109,1 million, compared to BGN 79,6 million in the first half of 2021.

## Sales revenue



Sales revenues for the first half of 2022 for **European countries** increased by BGN 17,4 million or 46% compared to the first half of 2021.

Sales of “Sopharma” AD in the **domestic market** increased by BGN 12 million or by 35.8% for the first half of 2022 to BGN 45,7 million compared to BGN 33,7 million for the first half of 2021.

Revenues from other markets increased with BGN 0,1 million or 1.7% compared to first half of 2021.



The company retains its market share and at the end of the first half of 2022 has a **2.57%** share of the total Bulgarian pharmaceutical market in value and **9.71%** of sales in volume.

The products with the largest share of sales in the country are Analgin, Sophazolon, Vicetin, Fomotidine, Vitamin C, Paracetamol, Bromhexine, Methylprednisolone.



Individual financial results for the first half of 2022

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## Financial indicators of “Sopharma” AD

# Operating expenses



- For the current period more significant changes are reported in the cost of materials, mainly in the part of costs for basic materials for production, which increased by BGN 5,8 million, which is related to both the increase in sales during the period and the increase in the prices of materials and substances.
- Personnel costs increased by BGN 2,1 million.
- The largest change in external costs is in the costs of manufacturing medicines and the costs of advertising and marketing services, which decreased by BGN 0,9 million respectively and with BGN 0,7 million.
- There is a more significant increase in the costs for heat and electricity, by BGN 2 and 1,1 million.

Operating expenses	1-6/2022	1-6/2021	Change	Rel. share of expenses 2022
	BGN '000	BGN '000	%	%
Changes in inventories of production and work in progress	3 408	10 547	-209%	4%
Raw materials and consumables used	39 687	30 457	23%	42%
Hired services expense	14 815	36 438	-146%	16%
Employee benefits expense	26 762	49 804	-86%	28%
Depreciation and amortisation expense	8 877	8 796	1%	9%
Other operating expenses	907	8 892	-880%	1%
<b>Total operating expenses</b>	<b>94 456</b>	<b>144 934</b>		<b>100%</b>

# Financial income and expenses



**Financial income** increased by BGN 0,9 million to BGN 3,3 million in the first half of 2022 mainly due to the reported by BGN 0,9 million more equity income compared to the previous period.

Finance income	1-6/2022	1-6/2021	Change	relative share
	BGN '000	BGN '000	%	of income of 2022 %
Interest income on loans extended	1 513	646	57%	46%
Income from fees on provided guarantees and warranties	1 185	1 285	-8%	36%
Net profit from exchange differences on receivables from the sale of a subsidiary	312	104	67%	10%
Net profit from exchange rate differences under lease agreements	261	110	58%	8%
Net gain on transactions with investments in securities	-	228		0%
<i>incl. profits from the sale of investments in subsidiaries</i>	-	151		0%
<b>Total</b>	<b>3 271</b>	<b>2 373</b>		<b>100%</b>

# Financial income and expenses



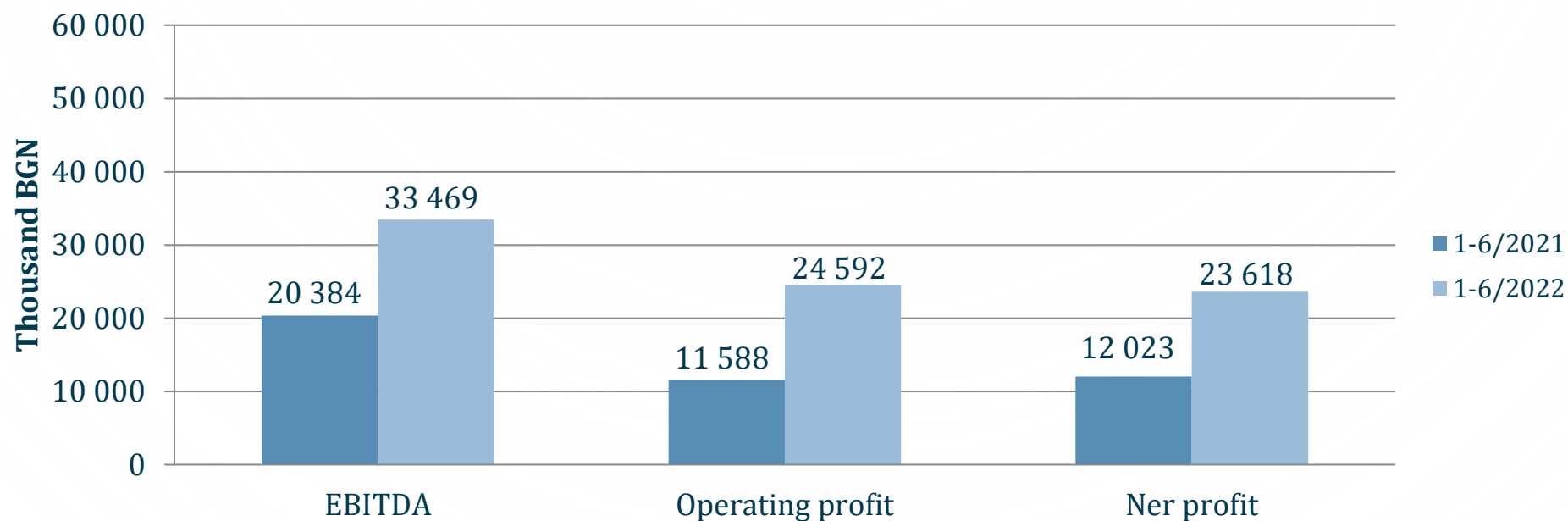
**Financial expenses** decreased by BGN 0,1 million to BGN 0,650 million in the first half of 2022.

Financial expenses	1-6/2022	1-6/2021	Change %	relative share of income of 2022
Interest expense on loans received	223	419	-88%	34%
Bank fees and charges on loans and guarantees	59	55	7%	9%
Interest expenses on leasing contracts	373	266	29%	57%
Net foreign exchange loss on leases	1	10	- 900%	0%
<b>Total</b>	<b>656</b>	<b>750</b>		<b>100%</b>

## Financial result of the activity



- **EBITDA** in the first half of 2022 increased by BGN 13,1 million or by 64% to BGN 33,5 million compared to BGN 20,4 million for the first half of 2021.
- **Profit from operating activities** in the first half of 2022 increased by BGN 13 million or by 112% to BGN 24,6 million compared to BGN 11,6 million in the first half of 2021.
- **Net profit** in the first half of 2022 increased by BGN 11,6 million or by 96%, to BGN 23,6 million compared to BGN 12 million in the first half of 2021.



# Assets

- **Non-current assets** compared to the end of 2021 change insignificantly and increase by BGN 5 million, to BGN 461,8 million, the most significant being the change in investments in subsidiaries, which increase by BGN 5,1 million.
- **Current assets** decreased by BGN 15,5 million to BGN 186,9 million with the most significant decrease reported in receivables from related enterprises in the amount of BGN 4 million and in the amount of BGN 11,1 million. Inventories increased with BGN 3,2 million.

Assets	30.06.2022 BGN '000	31.12.2021 BGN '000	Change %	Rel. share 2022
<b>Non-current assets</b>				
Property, plant and equipment	203 570	205 090	-1%	31%
Intangible assets	4 067	4 324	-6%	1%
Investment property	47 363	47 302	0%	7%
Investments in subsidiaries	85 729	80 598	6%	13%
Investments in associates and joint ventures	55 526	54 485	2%	9%
Other long-term equity investments	5 135	5 706	-11%	1%
Long-term receivables from related parties	50 444	49 695	1%	8%
Other long-term receivables	9 947	9 546	4%	2%
	<b>461 781</b>	<b>456 746</b>		<b>69%</b>
<b>Current assets</b>				
Inventories	66 390	63 222	5%	10%
Receivables from related parties	83 706	87 706	-5%	13%
Trade receivables	24 248	26 631	-10%	4%
Loans granted to third parties	1 816	1 804	1%	0%
Other receivables and prepayments	6 249	7 372	-18%	1%
Cash and cash equivalents	4 469	15 618	-249%	1%
	<b>186 878</b>	<b>202 353</b>		<b>29%</b>
<b>TOTAL ASSETS</b>	<b>648 659</b>	<b>659 099</b>	<b>-2%</b>	<b>100%</b>

# Owner's equity and liabilities



- **The equity of “Sopharma” AD** increased by BGN 21,5 million to BGN 585 million as a result of the registered profit for the current year.

<b>EQUITY</b>	<b>30.06.2022</b>	<b>31.03.2021</b>	<b>Change</b>	<b>rel. share compared to OE 2022</b>
	<b>BGN '000</b>	<b>BGN '000</b>		
Share capital	134 798	134 798	0%	20%
Treasury shares	52 202	50 284	4%	8%
Reserves	463 502	439 040	5%	67%
Other capital components	12 512	12 512	0%	2%
Retained earnings	27 056	28 137	-4%	4%
<b>Total equity</b>	<b>690 070</b>	<b>664 771</b>	<b>4%</b>	<b>100%</b>

- **Non-current liabilities** increased by BGN 4 million to BGN 26,4 million, as a result of an increase in long-term bank loans by BGN 4,1 million compared to the end of the previous year.
- **Current liabilities** decreased by BGN 35,9 million to BGN 36,6 million, as a result of the decrease in short-term bank loans by BGN 36,7 million, financed by the realized free cash flow for the period and the available cash at the end of 2021. A decrease in trade liabilities compared to 31 December 2021 is reported in the amount of BGN 0,9 million.

<b>LIABILITIES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>Change</b>	<b>rel. share compared to total liabilities 2022</b>
<b>Non-current liabilities</b>	<b>BGN '000</b>	<b>BGN '000</b>		
Long-term bank loans	6 750	15	100%	10%
Deferred tax liabilities	6 389	5 358	16%	9%
Government grants	4 007	4 427	-10%	6%
Liabilities under leasing contracts to third parties	496	1 533	-209%	1%
Long-term liabilities to staff	4 794	4 758	1%	7%
	<b>22 436</b>	<b>16 091</b>	<b>28%</b>	<b>32%</b>
<b>Current liabilities</b>				
Short-term bank loans	46 663	73 335	-57%	49%
Trade payables	-	2 404		0%
Payables to related parties	12 671	7 218	43%	13%
Tax payables	1 609	1 273	21%	2%
Payables to personnel and for social security	700	2 092	-199%	1%
Other current liabilities	8 034	7 507	7%	8%
	2 783	3 430	-23%	3%
	<b>72 460</b>	<b>97 259</b>	<b>-34%</b>	<b>76%</b>
<b>TOTAL LIABILITIES</b>	<b>94 896</b>	<b>113 350</b>	<b>-19%</b>	<b>100%</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>666 432</b>	<b>677 553</b>	<b>-2%</b>	



Individual financial results for the first half of 2022

New products, significant  
events and risks

# New developments and products

The following activities were carried out in April to June - 2022:

- Development of **3** nutritional supplements is underway.

- Pharmaceutical development of **7** new medicinal products / projects is underway.



- Documentation has been submitted for the registration of **3** medicinal products to agencies of new destinations.
- Documentation for registration of **5** medicinal products has been submitted.



- Renewed Marketing Authorizations for **14** medicinal products.
- Submitted documentation for renewal of Marketing Authorizations for **8** medicinal products to agencies.
- Agency-approved **67** changes to medicinal products;
- **61** changes for medicinal products submitted to agencies.



- **6** production processes/technologies are validated/optimized.

# Review the main risks



## Business risk

The Company faces significant competition.

-----  
The Company's ability to pay dividends depends on a number of 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.

# Thank you for your time and attention!

Investor Relations Department  
"Sopharma" AD

optimum  
**health**  
maximum  
vitality

WWW.SOPHARMA.COM



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