

Sopharma Group Consolidated financial results for the nine months of 2024





What we do?

Sopharma Group is a leading Bulgarian producer, exporter and local distributor of health-related products with strong presence in Eastern and South-Eastern Europe, offering a wide range of prescription medicines and OTC products, veterinary products, food supplements, cosmetics, medical devices etc.

The Group operates in the following areas:

- Production of pharmaceutical products including medicines, CHC products, herbal-based substances and food supplements, which is mainly done by “Sopharma” AD (the Company).
- Production of medicinal products and cosmetics, as plasters, bandages and sanitary-hygiene products focused at the production site in Sandanski city.
- Distribution of pharmaceuticals, medical supplies, sanitary materials, vitamins, food supplements and cosmetics, which is mainly performed by “Sopharma Trading” in Bulgaria and in Serbia.

Who are we?

Sopharma Group

Subsidiaries

Sopharma AD – production and trade of medicinal substances (active ingredients) and medicinal forms; scientific-research and engineering-implementation activity in the field of medicinal products;

Sopharma Trading AD – trade in health-related products in Bulgaria and Serbia

Sopharma Trading D.O.O. – wholesale trade in medicinal products

Sopharmacy group – franchising, know-how, property rental, trade and others

PAO Vitamini Ukraine – production and trade of pharmaceutical products

Sopharma Warsaw SP. Z.O.O – distribution of health-related products

OOO Sopharma Ukraine – distribution of health-related products

TOO Sopharma Kazakhstan – trade in pharmaceutical products

Pharmalogistica AD – secondary packaging of pharmaceutical products and leasing of real estate

Electroncommerce EOOD – trade, transportation and packaging of radioactive materials and nuclear equipment for medicine, household electronics and electrical engineering

Farmahim EOOD – consulting activity

Sopharma Rus OOO – wholesale trade in pharmaceutical products and market and public opinion research

Brititrade Group Belarus – wholesale and retail trade in pharmaceutical products, consulting activity

Who are we?

Sopharma Group

Associated companies

Doverie Obedinen Holding AD – acquisition, management, evaluation and sale of shares and/or shareholdings in Bulgarian and foreign companies (financial institutions, wineries, hospitals, medical centers and others)

Sopharma Imoti REIT – investment of funds raised through the issuance of securities in real estate

Sopharma Buildings REIT – investing money raised by issuing securities in real estate

ODO Alenfarm-plus – retail trade in medicinal products.

ODO Medzhel – retail trade in medicinal products.

OOO Galenafarm – retail trade in medicinal products

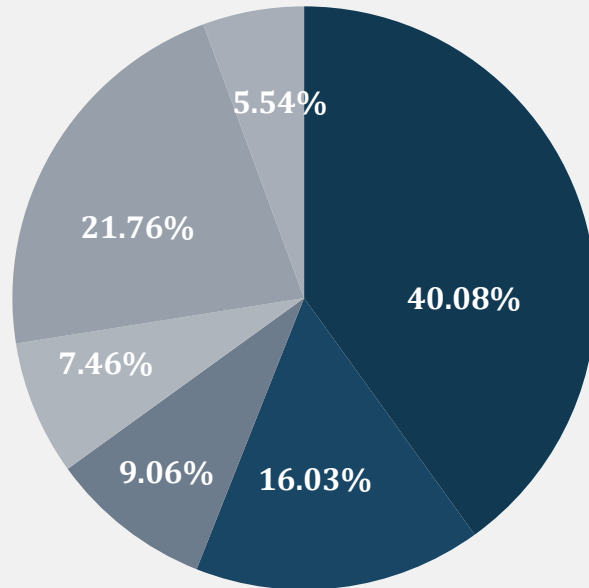
Joint venture

Momina Krepost AD – development, implementation and production of medical devices for human and veterinary medicine

ZAO Kompaniya Interfarm – retail trade in medicinal products.

B000 SpecAfarmacia - retail trade in medicinal products.

Shareholder structure as at September 30th, 2024



- "Donev Investments Holding" AD
- "Telecomplex Invest" AD
- Ognian Donev
- "Sopharma" AD (treasury shares)
- Other legal persons
- Other physical persons

Shares held by the members of the Board of Directors as of 30.09.2024 :

- **Ognian Donev**- 16 229 500 shares, **9.06%** of capital
- **Alexander Tchaoushev** - 446 042, shares, **0.25 %** of capital
- **Vessela Stoeva** - 150 shares, **0%** of the capital
- **Ivan Badinski** - 2 030 shares, **0%** of the capital
- **Bissera Lazarova** - 34 200 shares, **0.02% of the capital**

As of September 30th, 2024 "Sopharma" AD has 13 356 996 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 has been an economic advisor to the CEO and Deputy-chairman of the Board of directors in "Sopharma" AD since 2000.



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. Chaushev 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 nine months of 2024

Volume of traded shares
BGN 3 588 686

Turnover of traded shares
BGN 21 589 489

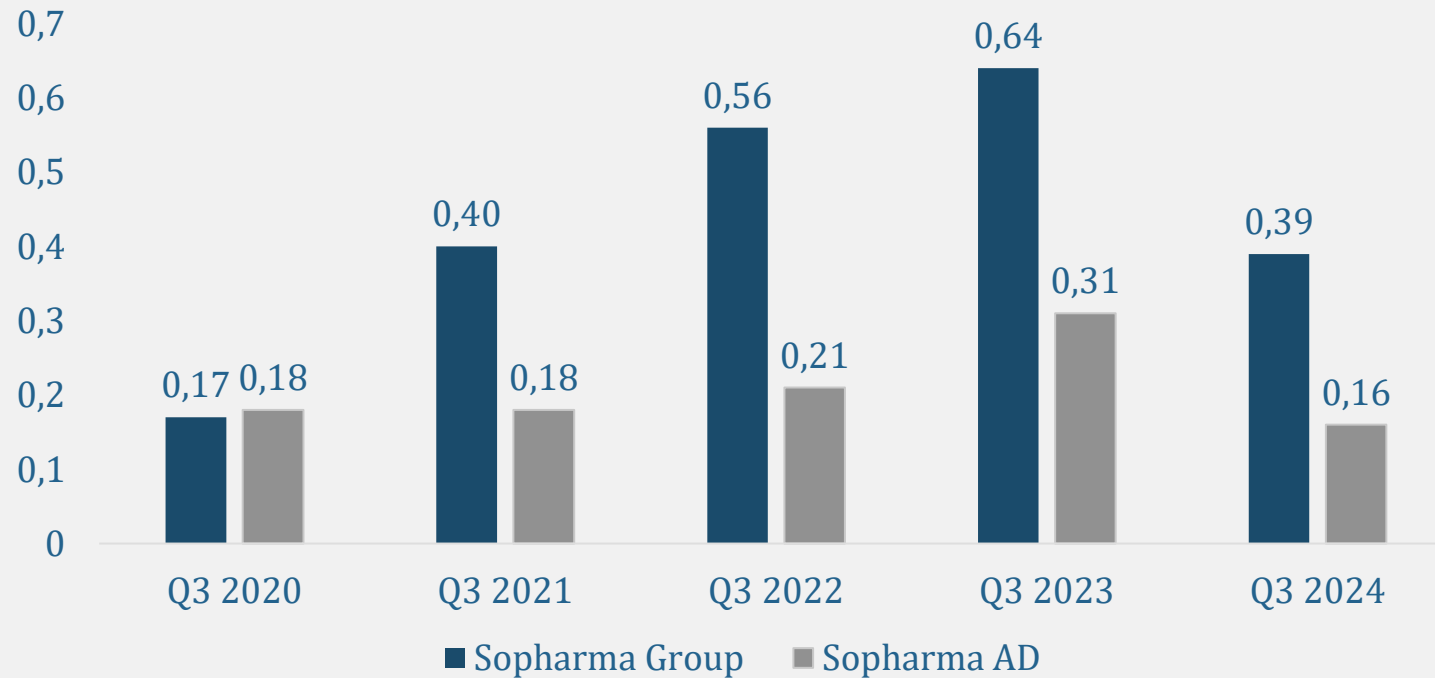
Maximum price of traded shares
BGN 6.68

Minimum price of traded shares
BGN 5.58

The shares are traded on the Bulgarian Stock Exchange, on PREMIUM Share Segment and the official market of the Warsaw Stock Exchange.

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

Income per share



Dividends

History on dividends paid by the public companies in the Sopharma Group

Dividend for 1 share in BGN

Year	“Sopharma” AD	“Sopharma Trading” AD	“Sopharma Imoti” REIT
2024- H1	0.075	none	none
2023	0.09	none	0.160
2023-H1	0.90	none	none
2022	0.60	none	0.165
2021	none	none	0.166
2020	0.04	none	0.164
2019	0.12	0.30	0.284

Consolidated financial results for the nine months of 2024



Key financial indicators

Sales revenues of the Group increased by BGN 163,1 million or 11.9%, reaching BGN 1 538,1 million in the nine months of 2024 compared to BGN 1 375 million in the nine months of 2023. Sales of goods increased by BGN 171,7 million or 15,1%, reaching BGN 1 311,1 million in the nine months of 2024 compared to BGN 1 139,4 million in the nine months of 2023. Sales of finished products decreased by BGN 8,6 million or 3.6%, to BGN 227 million in the nine months of 2024 compared to BGN 235,6 million in the nine months of 2023.

Indicators	1-9/2024 BGN '000	1-9/2023 BGN '000	Change %
Sales revenue	1 538 125	1 374 982	11.9%
EBITDA	112 517	122 285	-8.0%
Operating profit	68 369	80 104	-14.6%
Net profit	68 007	80 929	-16.0%
CAPEX	52 039	40 447	28.7%
	30.09.2024 BGN '000	31.12.2023 BGN '000	%
Non-current assets	753 155	727 099	3.6%
Current assets	822 710	787 063	4.5%
Owners' equity	841 724	753 626	11.7%
Non-current liabilities	160 584	151 346	6.1%
Current liabilities	573 557	609 190	-5.8%

*acquired tangible and intangible long-term assets

Revenues from sales of products by market



On a consolidated basis, the growth in sales of finished products in Bulgaria for the nine months of 2024 is 11% compared to the previous period. According to IQVIA data, at the end of the nine months of 2024, the company occupies 1,95% (sixteenth position) of the Bulgarian pharmaceutical market in value and 6,74% (second position) in volume. The products with the largest share of sales in the country are Analgin, Vicetin, Famotidine, Vitamin C, Paracetamol, Methylprednisolone.



On a consolidated basis for the nine months of 2024, decrease in sales revenues was registered in Russia by 22,6% and in Ukraine by 6,1%. Growth in sales revenue was registered in Poland, Kazakhstan, Belarus and in Serbia, and a decrease in sales was registered in Vietnam, Uzbekistan and Azerbaijan.



Other operating income increased by BGN 0,2 million to BGN 13,2 million in the nine months of 2024 compared to BGN 13 million in the nine months of 2023 as a result of an increase in income from services rendered.

Key financial indicators

Indicators	1-9/2024	1-9/2023
EBITDA/Sales revenues	7.3%	8.9%
Operating profit/Sales revenues	4.4%	5.8%
Net profit/Sales revenue	4.4%	5.9%
	30.09.2024	31.12.2023
Borrowed capital/Owners' equity	0,87	1,01
Net debt/EBITDA on a annual basis	2,6x	1,4x

* net debt includes bank loans and leasing and factoring liabilities less cash, taking into account the effects of the adoption of IFRS 16 Leasing, effective from 1 January 2019.

Operating expenses

For the current period, the costs of materials decreased by BGN 1,5 million to BGN 75,5 million, with the most significant change being recorded in the costs for electricity and heat, decreasing by BGN 0,5 million and BGN 1,5 million.

Costs for external services increased by BGN 13,8 million to 74,1 million, as the most significant change there are expenses for advertising, which increased by BGN 9,4 million.

Personnel expenses increased by BGN 25 million to BGN 149,6 million as a result of updating and increasing the current remuneration of the average number of employees in the Group. Other expenses for the activity increased by BGN 3,9 million.

Indicators	(01.01-30.09) 2024	(01.01-30.09) 2023
	BGN'000	BGN'000
Raw materials and consumables used	(75 491)	(76 967)
Hired services expense	(74 101)	(60 305)
Employee benefits expense	(149 561)	(124 593)
Depreciation expense	(44 148)	(42 181)
Other operating expenses	(7 753)	(3 889)

Financial income

Financial income increased by BGN 0,1 million in the nine months of 2024

Financial income	(01.01-30.09)	(01.01-30.09)	Change
	2024	2023	%
	BGN '000	BGN '000	
Interest income on loans granted	1 078	1 940	-44.43%
Interest income on past due trade receivables	775	233	232.62%
Net profit from operations in debt securities held for trading	205	-	-
Net gain from exchange differences from receivable on transactions in securities	123	-	-
Interest income on bank deposits	100	-	-
Interest income on special agreements	95	95	0,00%
Interest income on cession agreements	81	88	-7.95%
Equity income (dividends)	54	119	-54.62%
Income from provided sureties and guarantees	41	26	57.69%
	-	24	-
Total	2 552	2 525	1.07%

Financial expenses

Financial expenses increased by a total of BGN 1,3 million, and interest expenses on received loans and leases for the current period increased by BGN 2,2 million.

	(01.01-30.09) 2024 BGN '000	(01.01-30.09) 2023 BGN '000	Change %
Financial expenses			
Interest expense on loans received	7 039	5 579	26.17%
Interest expense on leases	1 983	1 272	55.90%
Bank fees and charges on loans and guarantees	1 027	1 132	-9.28%
Net change in the allowance for impairment of credit losses on receivables under business loans granted	516	75	588.00%
Expense for other interest	124	-	--
Net loss on exchange differences from loans denominated in foreign currencies and leases	89	661	86.54%
Expenses related to the payment of dividends	46	-	-
Interest expense on factoring agreements	25	6	316.67%
Net loss from exchange differences on receivables from securities transactions	12	71	83.10%
	-	793	-
Total	10 861	9 589	13.27%

Assets

Non-current assets compared to the end of the nine months of 2024, increased by BGN 26,1 million compared to the end of the 2023 the most significant increase being the change in tangible and intangible fixed assets due to the newly acquired companies in Belarus and Serbia. The most significant increase is the change in other long-term capital investments due to the newly acquired shares in Achieve Life Sciences, Inc, USA in the amount of BGN 8,7 million as well as the increase in investments in associated and joint companies in the amount of BGN 9 million. Long-term receivables on affiliated enterprises decreased by BGN 48,9 million as a result of loans granted „Doverie Invest” EAD and “Industrial Holding Doverie” AD.

Current assets at the end of the nine months of 2024 increased by BGN 35,6 million compared to the end of the previous year. An increase was registered in inventories by BGN 65,4 million and in trade receivables by BGN 64,3 million, mainly as a result of the consolidation of the newly acquired companies in Belarus and Serbia, and cash decreased by BGN 90,8 million.

ASSETS	30.09.2023 BGN '000	31.12.2023 BGN '000	Change %
Non-current assets			
Property, plant and equipment	386 284	357 624	8.01%
Intangible assets	87 349	57 829	51.05%
Goodwill	5 009	3 439	45.65%
Investments property	11 202	11 198	0.04%
Investments in associates and joint ventures	240 309	231 292	3.90%
Other long-term equity investments	11 103	3 942	181.66%
Long-term receivables from related parties	4 495	53 353	-91.57%
Other long-term receivables	4 242	5 604	-24.30%
Deferred tax assets	3 162	2 818	12.21%
	753 155	727 099	3.58%
Current assets			
Inventories	404 714	339 333	19.27%
Trade receivables	329 258	264 955	24.27%
Receivables from related parties	14 180	14 905	-4.86%
Other receivables and prepayments	36 455	38 991	-6.50%
Cash and cash equivalents	38 103	128 879	-70.44%
	822 710	787 063	4.53%
TOTAL ASSETS	1 575 865	1 514 162	4.08%

Owner's equity

The equity of Sopharma Group at the end of the nine months of 2024 increased by BGN 88,1 million compared to December 31, 2023 as a result of an increase in the fixed capital and reserves, retained earnings.

	EQUITY	30.09.2024	31.12.2023
		BGN'000	BGN'000
Share capital		179 100	172 591
Reserves		188 717	167 987
Other capital components		162	1 857
Retained earnings		448 274	395 897
Total		841 724	738 332

LIABILITIES

Liabilities at the end of the nine months of 2024 decreased by BGN 26,4 million compared to the end of 2023 as a result of the decrease of liabilities incurred by the payment of dividends. The increase in bank loan liabilities increased by BGN 42,7 million. Trade liabilities increased by BGN 44,2 million compared to the end of last year.

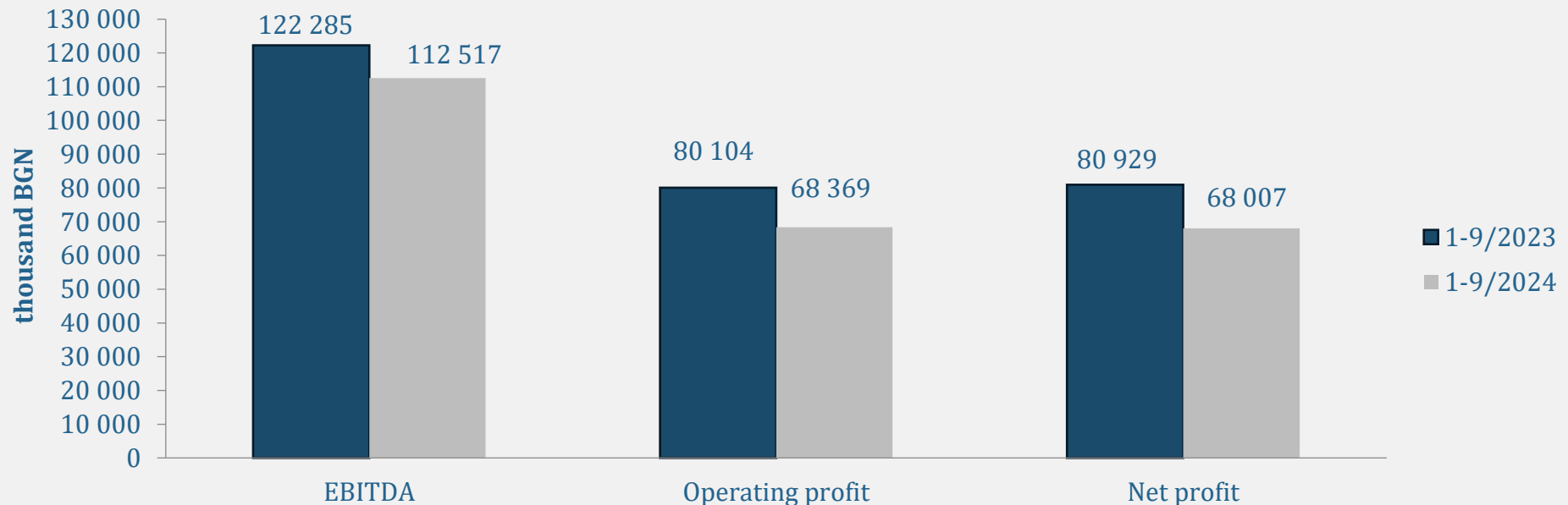
LIABILITIES	30.09.2024 BGN'000	31.12.2023 BGN'000	Change %
Non-current liabilities			
Long-term bank loans	46 170	56 462	-18.23%
Deferred tax liabilities	11 646	4 415	163.78%
Non-current liabilities to related parties	20 121	16 914	18.96%
Retirement benefit obligations	8 677	8 352	3.89%
Lease liabilities	63 925	54 729	16.80%
Government grants	4 501	4 931	-8.72%
Other non-current liabilities	5 544	5 543	0.02%
	160 584	151 346	6.10%
Current liabilities			
Short-term bank loans	255 225	200 478	27.31%
Current portion of long-term bank loans	4 408	6 132	-28.11%
Trade payables	238 162	193 932	22.81%
Payables to related parties	4 659	101 063	-95.39%
Current portion of lease liabilities	17 393	13 424	29.57%
Payables to personnel and for social security	24 763	24 385	1.55%
Tax payables	8 469	8 485	-0.19%
Other current liabilities	20 478	61 291	-66.59%
	573 557	609 190	-5.85%
TOTAL LIABILITIES	734 141	760 536	-3.47%
TOTAL EQUITY AND LIABILITIES	1 575 865	1 514 162	4.08%

Financial results for the first six months of 2024

Earnings before interest, taxes and depreciation (EBITDA) decreased by BGN 9,8 million or with 8.5%, while in the nine months of 2024 it amounted to BGN 112,5 million compared to BGN 122,3 million in the nine months of 2023.

Profit from operating activities decreased by BGN 11,7 million or by 14.6%, to BGN 68,4 million in the nine months of 2024 compared to BGN 80,1 million in the nine months of 2023.

Net profit decreased by BGN 12,9 million or 16%, to BGN 68 million in the nine months of 2024 compared to BGN 80,9 million in the nine months of 2023.



Main Risks review





Business Risk

The Group faces significant competition. Part of the Group's revenues, in particular in Bulgaria, depends on the inclusion of the Group's medicines in reimbursement lists. The companies in the Group are subject to multiple laws and regulations on environmental protection and health and safety work conditions and are exposed to potential environmental liabilities.



Currency risk

The Group companies perform their activities in active exchange with foreign suppliers and customers and are therefore exposed to currency risk. In order to control the currency risk, a system of planning of import deliveries, for foreign currency sales, as well as procedures for daily monitoring of movements in the dollar exchange rate and control of forthcoming payments, is introduced.



Risks related to other markets

The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Group's operations and position. The political environment in Bulgaria and in the export markets, especially Russia and Ukraine, has a significant effect on the Group operations and financial position. Risks relating to exchange rates and the Currency Board in Bulgaria.



Legal risk

Developing legislation in some of the countries in which the Group sells its products may negatively affect its operations in those countries. Interpretation of tax provisions may be unclear and tax laws and regulations applicable to the Company may change. Litigation or other out-of-court procedures or actions can have an adverse effect on the Group's business, financial position and results of operations.



**Thank you
for your
attention!**

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