

Sopharma Group Consolidated financial results for the fourth quarter 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

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.

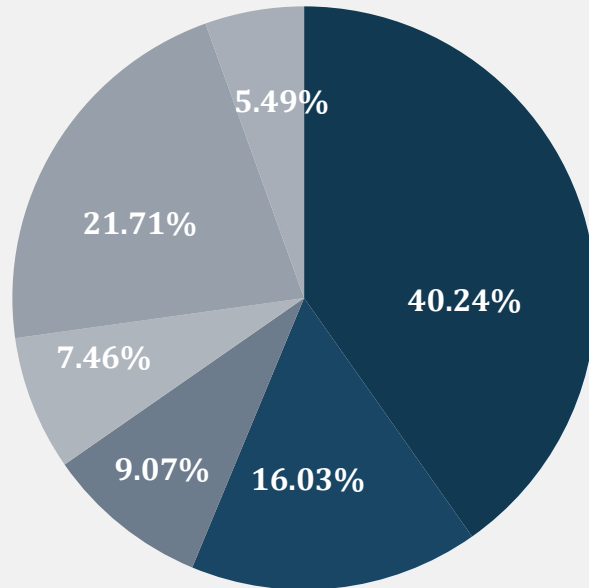
OOO Galenafarm – retail trade in medicinal products

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.

Shareholder structure as at December 31th, 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 31.12.2024 :

- **Ognian Donev**- 16 224 600 shares, **9.07%** of capital
- **Alexander Tchaoushev** - 458 042 shares, **0.26 %** 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 December 31th, 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 2024

Volume of traded shares
BGN 3 873 458

Turnover of traded shares
BGN 23 892 191

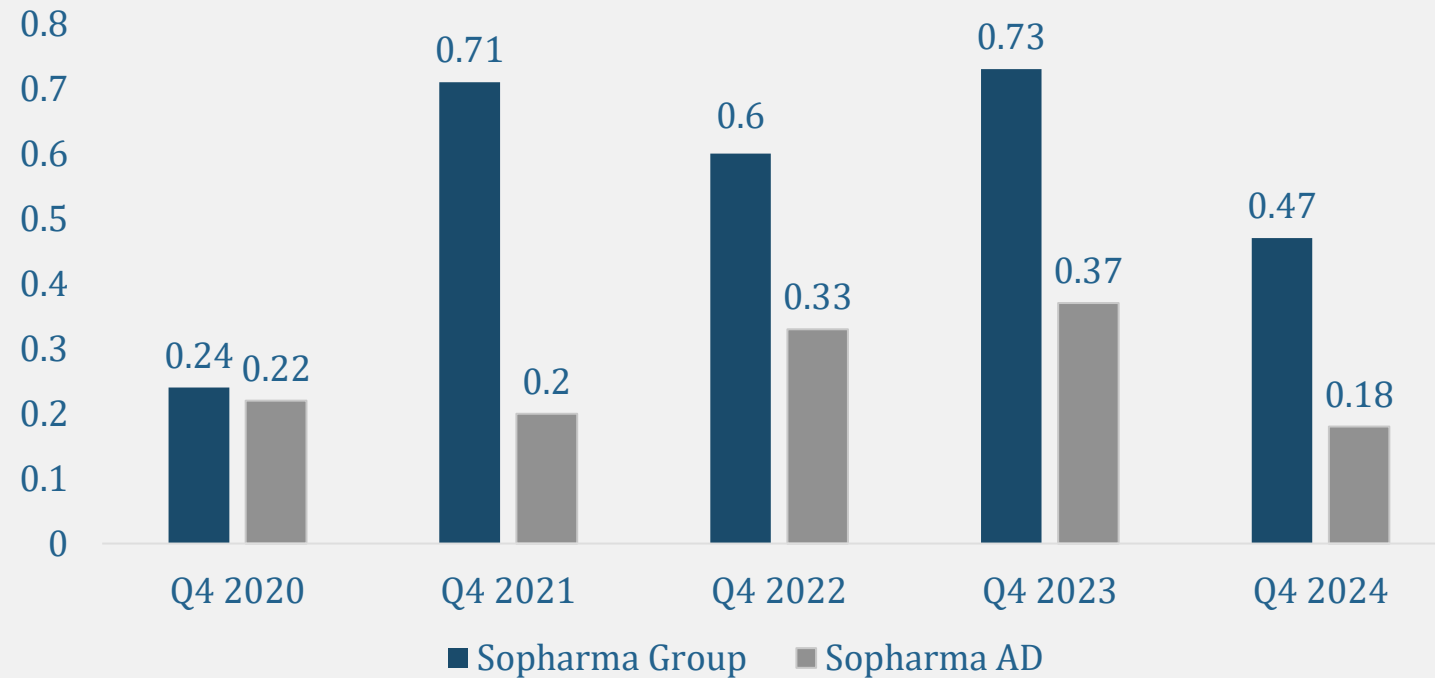
Maximum price of traded shares
BGN 6.68

Minimum price of traded shares
BGN 5.56

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 fourth quarter of 2024



Key financial indicators

Sales revenues of the Group increased by BGN 245,6 million or 13.1%, reaching BGN 2 120,9 million in 2024 compared to BGN 1 875,3 million in 2023. Sales of goods increased by BGN 254,4 million or 16.3%, reaching BGN 1 810,2 million in 2024 compared to BGN 1 155,8 million in 2023. Sales of finished products decreased by BGN 8,8 million or 2.8%, to BGN 310,7 million in 2024 compared to BGN 319,5 million in 2023.

Indicators	1-12/2024 BGN '000	1-12/2023 BGN '000	Change %
Sales revenue	2 120 898	1 875 304	13.1%
EBITDA	140 778	153 982	-8.6%
Operating profit	79 333	98 110	-19.1%
Net profit	82 395	99 874	-17.5%
CAPEX	233 962	65 802	255.6%
	31.12.2024	31.12.2023	
	BGN '000	BGN '000	%
Non-current assets	949 046	727 099	30.5%
Current assets	851 138	787 063	8.1%
Owners' equity	849 357	753 626	12.7%
Non-current liabilities	224 640	151 346	48.4%
Current liabilities	726 187	609 190	19.2%

*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 2024 is 10,7% compared to the previous period. According to IQVIA data, at the end of 2024, the company occupies 1,92% (sixteenth position) of the Bulgarian pharmaceutical market in value and 6,7% (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 2024, decrease in sales revenues was registered in Russia by 29.3% and in Ukraine by 9.5%. Growth in sales revenue was registered in Poland, Kazakhstan, Belarus and in Serbia, and a decrease in sales was registered in Vietnam, Uzbekistan and Azerbadjian. .



Other operating income increased by BGN 3,4 million to BGN 24,2 million in 2024 compared to BGN 20,8 million in 2023 as a result of an increase in income from services rendered.

Key financial indicators

Indicators	1-12/2024	1-12/2023
EBITDA/Sales revenues	6.6%	8.2%
Operating profit/Sales revenues	3.7%	5.2%
Net profit/Sales revenue	3.9%	5.3%
	31.12.2024	31.12.2023
Borrowed capital/Owners' equity	1,12	1,01
Net debt/EBITDA on an annual basis	3,2x	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 increased by BGN 0,2 million to BGN 104,1 million, with the most significant change being recorded in the costs for heat, decreasing by BGN 1,4 million. Costs for external services increased by BGN 24,9 million to 113,5 million, as the most significant change there are expenses for advertising, which increased by BGN 15,2 million. Personnel expenses increased by BGN 35,6 million to BGN 206,4 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 1,8 million.

Indicators	2024 BGN'000	2023 BGN'000
Raw materials and consumables used	(104 058)	(103 861)
Hired services expense	(113 524)	(88 579)
Employee benefits expense	(206 352)	(170 740)
Depreciation expense	(61 445)	(55 872)
Other operating expenses	(16 163)	(14 321)

Financial income

Financial income decreased by BGN 1,3 million in 2024.

Financial income	2024	2023	Change
	BGN '000	BGN '000	%
Interest income on loans granted	1 235	2 603	-52.55%
Interest income on past due trade receivables	986	347	184.15%
Net gain from exchange differences from receivable on transactions in securities	225	-	-
Interest income under cession agreements	127	127	0.00%
Net profit from operations in debt securities held for trading	123	-	-
Interest income on special agreements	101	117	-13.68%
Interest income on bank deposits	100	954	-89.52%
Net change in the allowance for credit losses on trade receivables	81	-	-
Income from provided sureties and guarantees	56	51	9.80%
Provision for financial guarantees restored	46	105	-56.19%
Equity income (dividends)	39	25	56.00%
Net profit from exchange differences on foreign currency loans and leasing contracts	-	77	-
Total	3 119	4 406	-29.21%

Financial expenses

Financial expenses increased by a total of BGN 2,7 million, and interest expenses on received loans and leases for the current period increased by BGN 2,5 million.

Financial expenses	2024 BGN '000	2023 BGN '000	Change %
Interest expenses on loans received	9 798	8 454	15.90%
Interest expense on leases	2 938	1 759	67.03%
Bank fees and charges on loans and guarantees	2 026	-	-
Net loss on exchange differences from loans denominated in foreign currencies and leases	1 545	1 528	1.11%
Expenses for guarantees and warranties received	164	-	-
Expense for other interest	120	687	-82.53%
Expenses related to the payment of dividends	36	6	500.00%
Interest and factoring commission expenses	12	80	-85.00%
Expenses related to securities abroad	10	-	-
Net change in the allowance for credit losses on trade receivables	-	1 256	-
Net loss from exchange rate differences on receivables from securities transactions	-	128	-
Net change in the allowance for credit losses on receivables under guarantees provided	-	3	-
Total	16 649	13 901	19.77%

Assets

Non-current assets compared to the end of 2024, increased by BGN 221,9 million compared to the end of the 2023, the most significant increase was due to the acquiring of Trading Permits in ten markets with a book value of BGN 163.5 million, the change in investments in associated and joint ventures, as well as 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. Long-term receivables on affiliated enterprises decreased by BGN 43 million as a result of loans granted „Doverie Invest” EAD and “Industrial Holding Doverie” AD.

Current assets at the end of 2024 increased by BGN 64,1 million compared to the end of the previous year. An increase was registered in inventories by BGN 111,3 million and in trade receivables by BGN 42,2 million, mainly as a result of the consolidation of the newly acquired companies in Belarus and Serbia, and cash decreased by BGN 92,8 million.

ASSETS	31.12.2023 BGN '000	31.12.2023 BGN '000	Change %
Non-current assets			
Property, plant and equipment	391 204	357 624	9.4%
Intangible assets	253 925	57 829	339.1%
Goodwill	5 541	3 439	61.1%
Investments property	7 890	11 198	-29.5%
Investments in associates and joint ventures	251 710	231 292	8.8%
Other long-term equity investments	16 791	3 942	326.0%
Long-term receivables from related parties	10 386	53 353	-80.5%
Other long-term receivables	8 028	5 604	43.3%
Deferred tax assets	3 571	2 818	26.7%
	949 046	727 099	30.5%
Current assets			
Inventories	450 665	339 333	32.8%
Trade receivables	307 188	264 955	15.9%
Receivables from related parties	11 664	14 905	-21.7%
Other receivables and prepayments	45 548	38 991	16.8%
Cash and cash equivalents	36 073	128 879	-72.0%
	851 138	787 063	8.1%
TOTAL ASSETS	1 800 184	1 514 162	18.9%

Owner's equity

The equity of Sopharma Group at the end of 2024 increased by BGN 95,7 million compared to December 31, 2023 as a result of an increase in the fixed capital and reserves, retained earnings.

	EQUITY	31.12.2024	31.12.2023
		BGN'000	BGN'000
Share capital		179 100	172 591
Reserves		194 883	167 987
Other capital components		260	1 857
Retained earnings		449 676	395 897
Total		823 919	738 332

LIABILITIES

Liabilities at the end of 2024 increased by BGN 117 million compared to the end of 2023 as a result of the increase of liabilities incurred by the obligation to acquire Trading Permits in the amount of BGN 84.1 million. The increase in bank loan liabilities increased by BGN 108,2 million. The decrease is due to the paid-off dividend obligations.

LIABILITIES	31.12.2024 BGN'000	31.12.2023 BGN'000	Change %
Non-current liabilities			
Long-term bank loans	108 454	56 462	92.08%
Deferred tax liabilities	10 444	4 415	136.56%
Non-current liabilities to related parties	19 250	16 914	13.81%
Retirement benefit obligations	9 530	8 352	14.10%
Lease liabilities	68 131	54 729	24.49%
Government grants	4 357	4 931	-11.64%
Other non-current liabilities	4 474	5 543	-19.29%
	224 640	151 346	48.43%
Current liabilities			
Short-term bank loans	219 866	200 478	9.67%
Current portion of long-term bank loans	42 970	6 132	600.75%
Trade payables	385 926	193 932	99.00%
Payables to related parties	3 470	101 063	-96.57%
Current portion of lease liabilities	18 476	13 424	37.63%
Payables to personnel and for social security	26 474	24 385	8.57%
Tax payables	11 354	8 485	33.81%
Other current liabilities	17 651	61 291	-71.20%
	726 187	609 190	19.21%
TOTAL LIABILITIES	950 827	760 536	25.02%
TOTAL EQUITY AND LIABILITIES	1 800 184	1 514 162	18.89%

Financial results for the fourth quarter of 2024

Earnings before interest, taxes and depreciation (EBITDA) decreased by BGN 13,2 million or with 8.6%, while in 2024 it amounted to BGN 140,8 million compared to BGN 154 million in 2023.

Profit from operating activities decreased by BGN 18,8 million or by 19.1%, to BGN 79,3 million in 2024 compared to BGN 98,1 million in 2023.

Net profit decreased by BGN 17,5 million or 17,5%, to BGN 82,4 million in 2024 compared to BGN 99,9 million in 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!**

**Investor Relations
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