

# „Sopharma“ AD Individual financial results for the first quarter of 2024





# What we do?

„Sopharma“ AD is a leading Bulgarian pharmaceutical producer and exporter with strong regional presence. The product portfolio of the company consists of more than 200 products. The company produces and markets medicinal substances and dosage forms; conducts research, engineering and implementation activities in the field of phytochemistry, chemistry and pharmaceuticals.

The Company operates in the following areas:

- Production of pharmaceutical products including medicines, CHC products, herbal-based substances and food supplements;
- production of medical products and cosmetics, incl. - plasters, bandages, sanitary-hygiene products, herbal cosmetics;
- production and trade of veterinary-medicinal products and performance of laboratory services related to the examination of animal blood samples;
- provides services related to production, as well as to ancillary and supporting activities;

## Who are we?

### Sopharma AD – The company

## Subsidiaries

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**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;

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

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

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

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**PAO Vitamini Ukraine** – production and trade of pharmaceutical products

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

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**OOO Sopharma Ukraine** – distribution of health-related products

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**T00 Sopharma Kazakhstan** – trade in pharmaceutical products

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**Veta Pharma AD**– production of medicinal, non-medicinal and other

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

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

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**Farmahim EOOD**– consulting activity

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

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## Who are we?

### Sopharma AD – The company

## Associated companies

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**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)

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

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

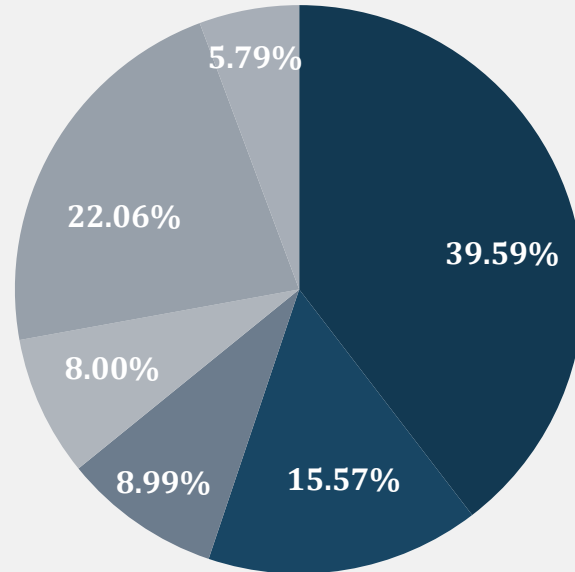
## Joint venture

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

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# Shareholder structure as at March 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 31.03.2024:

- **Ognian Donev**- 16 108 613 shares, **8.99%** of capital
- **Alexander Tchaoushev** - 390 442 shares, **0.22%** of capital
- **Vessela Stoeva** - 150 shares, **0%** of the capital
- **Ivan Badinski** - 2 030 shares, **0%** of the capital
- **Bissera Lazarova** - 30 000 shares, **0.02%** of the capital

As of March 31th, 2024 "Sopharma" AD has 14 328 336 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 period 01.01 – 31.03.2024

Volume of traded shares  
**BGN 486 807**

Turnover of traded shares  
**BGN 2 954 990**

Maximum price of traded shares  
**BGN 6.68**

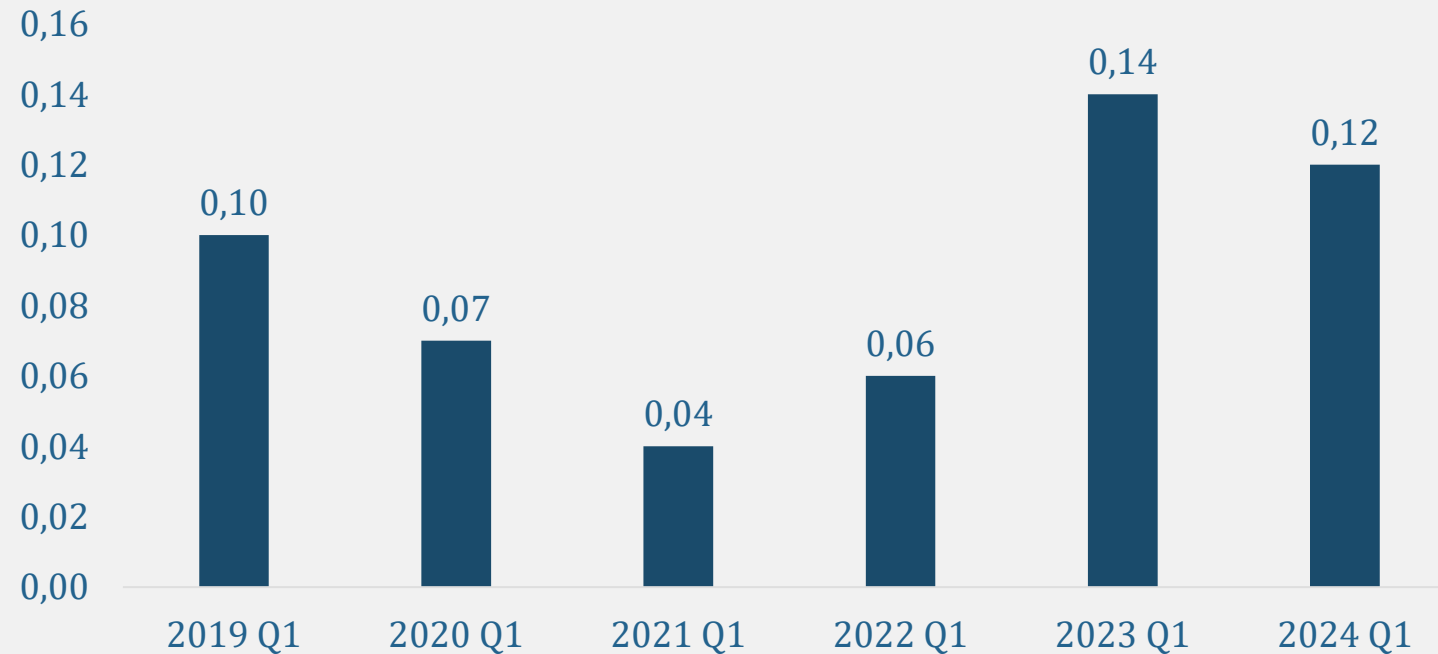
Minimum price of traded shares  
**BGN 5.58**

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
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

# Individual financial results for the first quarter of 2024



# Key financial indicators

*Revenues from contracts with customers* are from sales of manufactured medicinal products for the first quarter of 2024 and decreased by BGN 6,9 million, to BGN 57,3 million, compared to BGN 64,2 million for the first quarter of 2023. It also includes revenues from assignment production and contract manufacturing, which for the first quarter of 2024 amounted to BGN 1,6 million.

Indicators	31.03.2024	31.03.2023	Change %
	BGN '000	BGN '000	
Sales revenue	57 962	64 697	-10,4%
EBITDA	21 504	22 554	-4,7%
Operating profit	16 805	17 526	-4,1%
Net profit	15 232	15 810	-3,7%
CAPEX	2 416	4 700	-48,6%
	31.03.2024	31.12.2023	Change %
	BGN '000	BGN '000	
Non-current assets	523 154	537 875	-2,7%
Current assets	400 782	336 682	19,0%
Owners' equity	617 204	576 125	7,1%
Non-current liabilities	64 176	66 091	-2,9%
Current liabilities	242 556	232 341	4,4%

\*acquired tangible and intangible long-term assets

# Revenues from sales of products by market



Sales of “Sopharma” AD on the domestic market decreased by BGN 0,3 million or 1.0 % in first quarter of 2024, to 23,6 million compared to BGN 23,9 million the first quarter of 2023. According to IQVIA data, as of the end of the first quarter of 2024, the company occupies 1.99 % (fifteenth position) on the Bulgarian pharmaceutical market in value and 6.78 % (second position) of sales in volume.



Sales revenues for the first quarter of 2024 for European countries decreased by BGN 6,8 million or 20,3 % compared to the first quarter of 2023. Sales in Russia accounted for the largest share, and for the current period they decreased by 16,1%. Growth was registered in Belarus and Ukraine. Sales decrease was registered in Baltic republics, Serbia, Poland and Moldova.



Revenues from other markets in the first quarter of 2024 increased by BGN 0.2 million or 3.7% compared to the first quarter of 2023 as a result of the growth of the output sold in Armenia, Georgia, Kazakhstan and the USA, while sales decreased in Azerbaijan, Vietnam and Mongolia.

# Key financial indicators

Indicators	1-03/2024	1-03/2023
EBITDA/Sales revenues	37,1%	34,9%
Operating profit/Sales revenues	29,0%	27,1%
Net profit/Sales revenue	26,3%	24,4%
	31.03.2024	31.12.2023
Borrowed capital/Owners' equity	0,50	0,52
Net debt/EBITDA on an annual basis*	1,5x	-0,1x

\* 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, costs for materials increased by BGN 4,4 million compared to the first quarter of 2023 in the part of basic and laboratory materials. A decrease was registered in the costs of heating and electricity. Personnel costs increased by BGN 2,3 million as a result of an increase in current remunerations, and in external service costs, which increased by BGN 1 million, the biggest change was registered in the costs of advertising and marketing services, increasing by BGN 1,1 million. Other operating expenses increased by BGN 0,6 million.

Indicators	2024 BGN'000	2023 BGN'000
Raw materials and consumables used	(23 400)	(18 989)
Hired services expense	(10 410)	(9 433)
Employee benefits expense	(18 961)	(16 646)
Depreciation expense	(4 699)	(5 028)
Other operating expenses	(1 254)	(699)

# Financial income

*Financial income* increases by BGN 0,1 million to BGN 1,1 million in the first quarter of 2024..

<b>Financial income</b>	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>
Income from interest on granted loans	564	792	-28,79%
Income from interest on refundable equity contributions (Note 19)	183	-	-
Income from interest on term deposits	90	-	-
Income from fees for provided guarantees	78	128	-39,06%
Net gain from exchange differences on receivable from sale of subsidiary	78	-	-
Net profit from exchange rate differences on taking restitution equity contributions from a subsidiary	59	-	-
Income from interest under assignment contracts (Note 19)	32	31	0,00%
Net gain from exchange differences on lease contracts	-	2	-
<b>Total</b>	<b>1 084</b>	<b>953</b>	<b>13,75%</b>



# Financial expenses

*Financial expenses* increase by BGN 0,5 million to BGN 1,4 million in the Q1 of 2024 as a result of the growth of interest expenses on loans received.

<b>Financial expenses</b>	<b>2024</b>	<b>2023</b>	<b>Change %</b>
Interest expense on loans received	695	143	386,00%
Impairment for credit losses on commercial loan receivables	510	462	10,39%
Bank fees on loans and guarantees	74	88	-15,91%
Lease interest expense	67	74	-9,46%
Expenses related to the payment of dividends	21	-	-
Net loss from exchange differences on lease contracts	4	-	-
Net gain from exchange differences on receivable from sale of subsidiary	-	71	-
<b>Total</b>	<b>1 371</b>	<b>838</b>	<b>63,60%</b>

# Assets

*Non-current assets* compared to the end of 2023 decreased by BGN 14,7 million, to BGN 523,2 million. The most significant increase is the change in investments in associates 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 20,5 million as a result of loans granted to “Doverie Invest” EAD and “Industrial Holding Doverie” AD.

*Current assets* increased by BGN 64,1 million to BGN 400,8 million, with the most significant impact of the increased other receivables and prepaid expenses in the amount of BGN 141,5 million and cash provided to Central Depository for the payment of dividend. Cash equivalents decreased by BGN 101,5 million. An increase was recorded in inventories by BGN 9,6 million, in receivables from related enterprises in the amount of BGN 3,3 million and in trade receivables by BGN 2,8 million.

## ASSETS

### Non-current assets

Property, plant and equipment  
Intangible assets  
Investment property  
Investments in subsidiaries  
Investments in associates and joint ventures  
Other long-term equity investments  
Long-term receivables from related parties  
Other long-term receivables

### Current assets

Inventories  
Receivables from related parties  
Trade receivables  
Loans granted to third parties  
Other receivables and prepayments  
Cash and cash equivalents

### TOTAL ASSETS

	31.03.2024 BGN '000	31.12.2023 BGN '000	Change %
<b>Non-current assets</b>			
Property, plant and equipment	206 901	209 456	-1,22%
Intangible assets	6 040	5 893	2,49%
Investment property	49 896	49 886	0,02%
Investments in subsidiaries	90 655	90 655	0,00%
Investments in associates and joint ventures	112 227	112 094	0,12%
Other long-term equity investments	11 801	3 870	204,94%
Long-term receivables from related parties	42 199	62 664	-32,66%
Other long-term receivables	3 435	3 357	2,32%
	<b>523 154</b>	<b>537 875</b>	<b>-2,74%</b>
<b>Current assets</b>			
Inventories	116 297	106 651	9,04%
Receivables from related parties	88 007	84 714	3,89%
Trade receivables	25 559	22 759	12,30%
Loans granted to third parties	11 263	11 203	0,54%
Other receivables and prepayments	155 754	6 001	2495,47%
Cash and cash equivalents	3 902	105 354	-96,30%
<b>TOTAL ASSETS</b>	<b>923 936</b>	<b>874 557</b>	<b>5,65%</b>

# Owner's equity

*The equity* of “Sopharma” AD increased by BGN 41,1 million, to BGN 617,2 million, as a result of the increase in retained earnings and reserves.

	<b>EQUITY</b>	<b>31.03.2024</b>	<b>31.12.2023</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Basic share capital		179 100	172 591
Treasury shares		(57 452)	(57 452)
Reserves		465 669	445 129
Other capital components		162	1 857
Retained earnings		29 725	14 000
<b>Total</b>		<b>617 204</b>	<b>576 125</b>

# LIABILITIES

*Non-current liabilities* decreased by BGN 1,9 million, to BGN 64,2 million, as a result of decrease in long-term bank loans by BGN 2,2 million.

*Current liabilities* increased by BGN 10,2 million, to BGN 242,6 million, as a result of the increase in liabilities under short-term bank loans by BGN 16,5 million. Trade liabilities decreased by BGN 9,2 million.

## LIABILITIES

### Non-current liabilities

	31.03.2024 BGN'000	31.12.2023 BGN'000	Change %
Long-term bank loans	33 540	35 698	-6,05%
Deferred tax liabilities	3 767	3 304	14,01%
Government grants	4 650	4 791	-2,94%
Liabilities under leasing contracts to related parties	14 560	14 774	-1,45%
Liabilities under leasing contracts to third parties	2 265	2 250	0,67%
Long-term liabilities to staff	5 394	5 274	2,28%
<b>Total</b>	<b>64 176</b>	<b>66 091</b>	<b>-2,90%</b>

### Current liabilities

Short-term bank loans	61 319	44 838	36,76%
Short-term part of long-term bank loans	1 291	854	51,17%
Trade payables	12 489	21 723	-42,51%
Payables to related parties	101 072	100 043	1,03%
Tax payables	2 389	2 515	-5,01%
Payables to personnel and for social security	11 508	10 581	8,76%
Other current liabilities	52 488	51 787	1,35%
	<b>242 556</b>	<b>232 341</b>	<b>4,40%</b>

### TOTAL LIABILITIES

### TOTAL EQUITY AND LIABILITIES

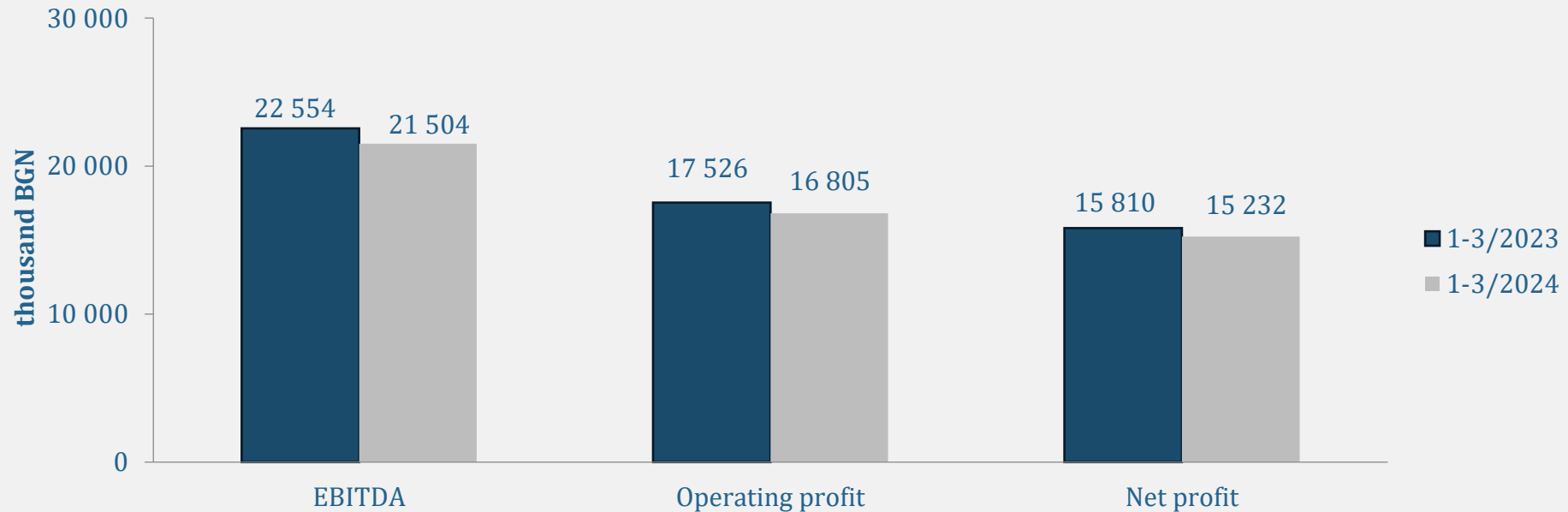
	<b>306 732</b>	<b>298 432</b>	<b>2,78%</b>
	<b>923 936</b>	<b>874 557</b>	<b>5,65%</b>

# Financial results for the first quarter of 2024

**Earnings before interest, taxes and depreciation (EBITDA)** in the first quarter of 2024 decreased by BGN 1,1 million or by 4,7% to BGN 21,5 million compared to BGN 22,6 million in first quarter of 2023.

**Operating profit** for first quarter of 2024 decreased by BGN 0,7 million or by 4,1% to BGN 16,8 million compared to BGN 17,5 million for first quarter of 2023.

**Net profit** for the first quarter of 2024 decreased by BGN 0,6 million or by 3,7%, to BGN 15,2 million compared to BGN 15,8 million for the same period of 2023.



# Main Risks review





### Business Risk

The Company faces significant competition. Part of the Group's revenues, in particular in Bulgaria, depends on the inclusion of the Company's medicines in reimbursement lists.

The Company is subject to multiple laws and regulations on environmental protection and health and safety work conditions and is exposed to potential environmental liabilities.



### Currency risk

The Company perform their activities in active exchange with foreign suppliers and customers and are therefore exposed to currency risk.

The Company sells some of its finished products in Russia in EUR and thus eliminates the currency risk associated with the depreciation of the Russian ruble. In EUR are also dominated the balances with the subsidiaries in Ukraine.



### Risks related to other markets

The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Company's operations. The political environment in Bulgaria and in the export markets, especially Russia and Ukraine, has a significant effect on the Company's 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 Company sells its products, in particular Russia and Ukraine, may negatively affect its operations in those countries.

Interpretation of tax regulations 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 business.



**Thank you  
for your  
attention!**

**Investor Relations  
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