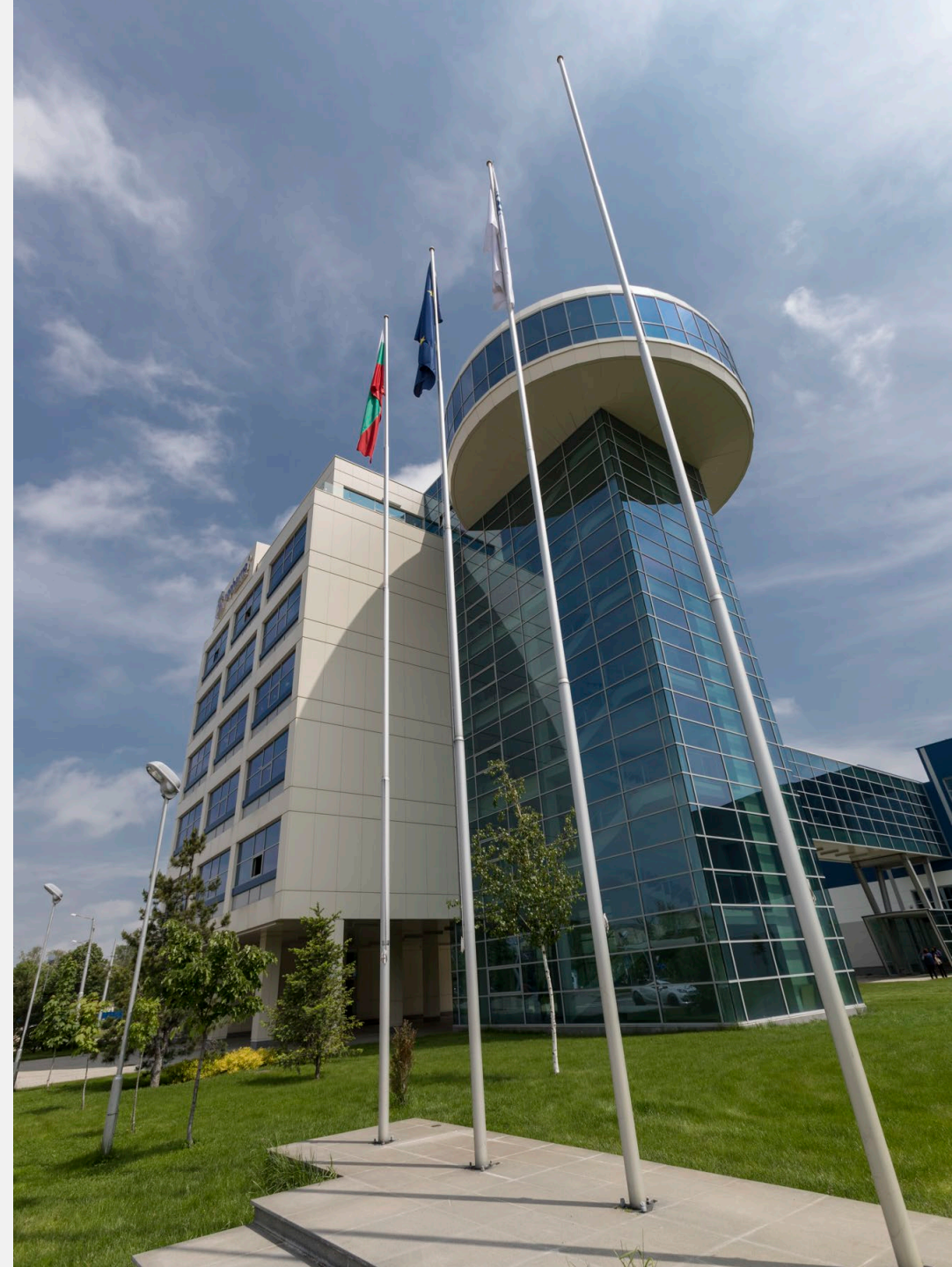


„Sopharma“ AD Individual financial results for the first six months of 2024





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;
- Retail trade in health-related products, which is mainly carried out under the brand “SOpharmacy” in Bulgaria by subsidiaries of “Sopharma Trading”;

Who are we?

Sopharma AD - The company

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

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

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

Who are we?

Sopharma AD the company

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)

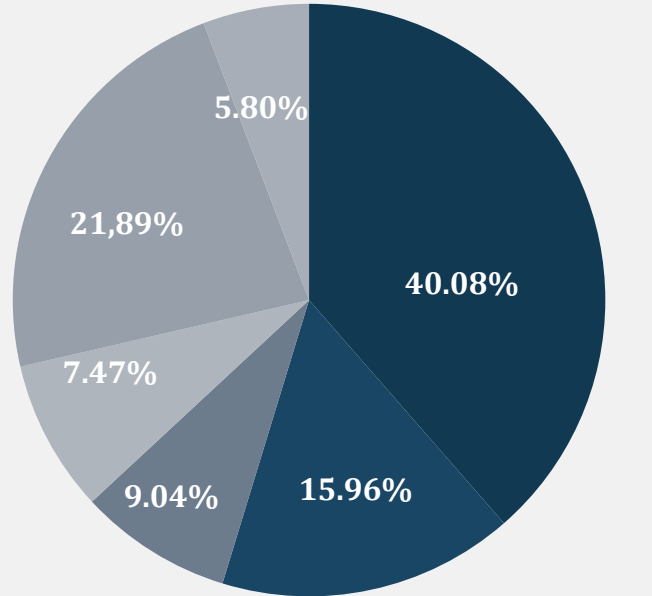
Sopharma Imoti REIT – investment of funds raised through the issuance of securities in real estate

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

Joint venture

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

Shareholder structure as at June 30th, 2024



- "Donev Investments Holding" AD
- "Telecomplect 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 30.06.2024 :

- **Ognian Donev**- 16 197 770 shares, **9.04%** 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 June 30th, 2024 "Sopharma" AD has 13 370 998 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 3 164 339

Turnover of traded shares
BGN 19 071 118

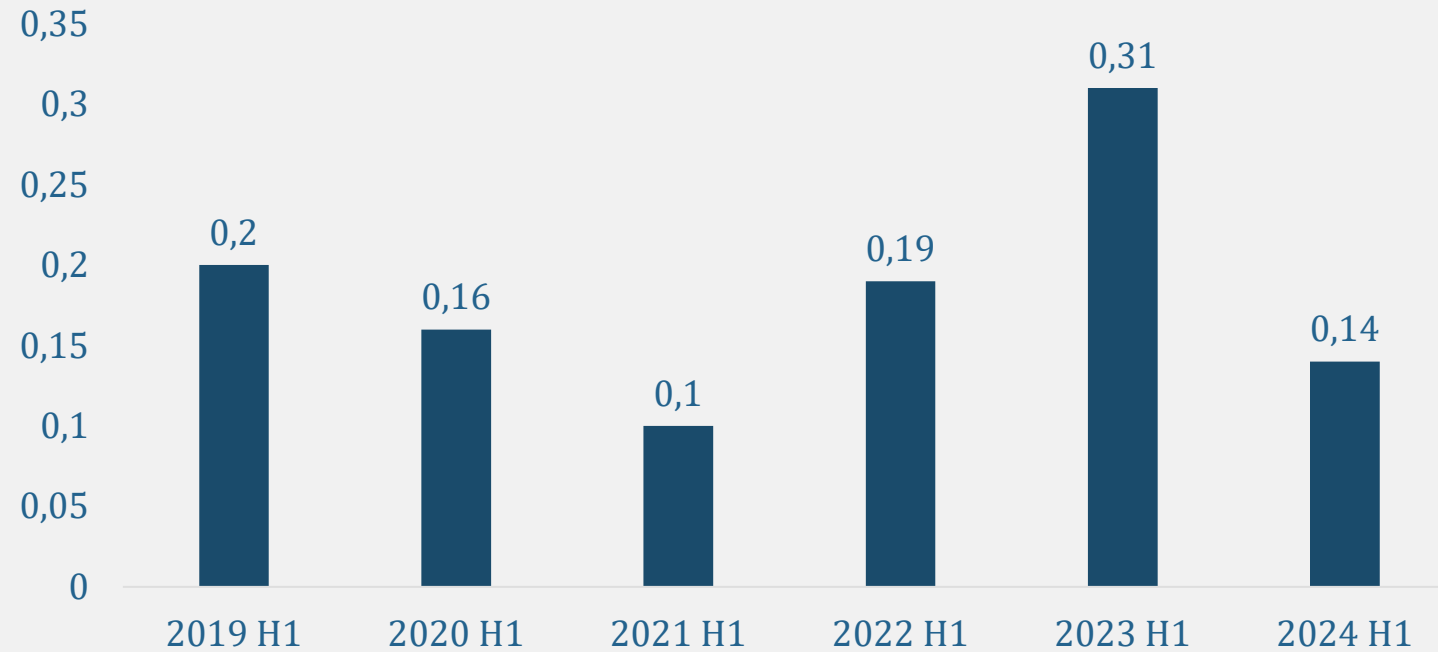
Maximum price of traded shares
BGN 6.56

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
2023	0.09	none	0.160
2023-H1	0.90	none	none
2022	0.60	none	0,165
2021	none	none	0.166
2020	none	none	0.164
2019	0.12	0.30	0.284

Individual financial results for the first six months of 2024



Key financial indicators

Revenues from contracts with customers are from sales of manufactured medicinal products and for the first six months of 2024 decreased by BGN 10,9 million, to BGN 113,6 million, compared to BGN 124,5 million in the first six months of 2023. The revenue includes revenues from assignment production and contract manufacturing, which for the first six months of 2024 amounted to BGN 2,7 million.

Indicators	1-06/2024	1-06/2023	Difference
Sales revenue	114 911	125 499	-8,4%
EBITDA	31 687	48 539	34,7%
Operating profit	22 275	25 428	-42,1%
Net profit	22 275	38 475	-38,6%
CAPEX	5 698	8 283	-31,2%
	30.06.2024	30.06.2023	
	BGN '000	BGN '000	
Non-current assets	510 455	537 875	-5,1%
Current assets	265 337	336 682	-21,2%
Owners' equity	615 627	576 125	6,9%
Non-current liabilities	65 292	66 091	-1,2%
Current liabilities	94 873	232 341	-59,2%

*acquired tangible and intangible long-term assets

Revenues from sales of products by market



Sales of “Sopharma” AD on the domestic market increased by BGN 1,1 million or 2,5% in the first six months of 2024, to 47,1 million compared to BGN 46 million in the first six months of 2023. According to IQVIA data, at the end of the first six months of 2024 the company occupies 1.97% (fifteenth position) on the Bulgarian pharmaceutical market in value and 6.73% (second position) of sales in volume.



Revenues from other markets increased by BGN 0,5 million or 3.6% compared to the the first six months of 2023 as a result of the growth of sales in the countries of Armenia, Georgia, Kazakhstan and The USA, while the sales decreased in Azerbaidjan, Vietnam and Mongolia.



Sales revenues for the first six months of 2024 for European countries decreased by BGN 12,5 million or 19,1% compared to the first six months of 2023 due to the decrease in sales in Russia and Ukraine as for the current period, they decreased by 19,7% and by 17,4%. Growth was registered in other traditional markets, with sales revenue increasing in Belarus and Serbia by while sales decreased in Latvia, Poland and Moldova.

Key financial indicators

Indicators	1-06/2024	1-06/2023
EBITDA/Sales revenues	27,6%	38,7%
Operating profit/Sales revenues	19,4%	30,7%
Net profit/Sales revenue	19,0%	29,3%
	30.06.2024	31.12.2023
Borrowed capital/Owners' equity	0,26	0,52
Net debt/EBITDA on a annual basis	1,7x	-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, the costs for materials increase by BGN 1,7 million compared to the the first six months of 2023 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 5,4 million, as a result of an increase in current remuneration, and in external service costs, which increased by BGN 5,4 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 3,3 million and the cost of consulting services increased by BGN 2, million. Other operating expenses increased by BGN 2,6 million.

Indicators	2024	2023
	BGN'000	BGN'000
Raw materials and consumables used	(43 551)	(41 866)
Hired services expense	(25 521)	(20 092)
Employee benefits expense	(38 935)	(33 487)
Depreciation expense	(9 412)	(10 064)
Other operating expenses	(2453)	(191)

Financial income

Financial income increased by BGN 0,1 million to BGN 3,7 million in the first six months of 2024.

Financial income	2024 BGN '000	2023 BGN '000	Difference %
Income from equity participations	1,643	1,711	-3,97%
Income from interest on granted loans	878	1,389	-36,79%
Income from interest on refundable equity contributions (Appendix No. 19)	369	-	
Income from fees for provided guarantees	318	452	-29,7%
Net profit from operations in debt securities held for trading	123	-	--
Net gain from exchange differences on receivable from sale of subsidiary	114	-	-
Income from interest on term deposits	97	-	-
Net profit from exchange rate differences on taking restitution equity contributions from a subsidiary	66	-	-
Income from interest on assignment contracts (Appendix No. 19)	63	63	0%
Net gain from exchange differences on lease contracts	-	2	-
Total	3,671	3,617	1,49%

Financial expenses

Financial expenses increased by BGN 1 million to BGN 2,3 million in the first six months of 2024, as a result of the growth of interest costs on loans received.

Financial expenses	2024	2023	Difference %
Interest expense on loans received	1,304	435	199,77%
Impairment for credit losses on commercial loan receivables	610	477	27,88%
Bank fees on loans and guarantees	215	137	56,93%
Lease interest expense	137	151	-9,27%
Expenses related to the payment of dividends	21	-	-
Net loss from exchange differences on lease contracts	5	-	-
Net gain from exchange differences on receivable from sale of subsidiary	-	68	-
Total	2 292	1 268	80,76%

Assets

- **Non-current assets** compared to the end of 2023 decreased by BGN 27,4 million, to BGN 510,5 million. The most significant increase is the change in investments in associates due to the newly acquired shares in “Achieve Life Sciences”, Inc., USA amounting BGN 8,7 million. Long-term receivables on affiliated enterprises decreased by BGN 32,7 million as a result of loans granted to “Doverie Invest” EAD and “Industrial Holding Doverie” AD.
- **Current assets** decreased by BGN 71,3 million to BGN 256,3 million where the most significant is the impact of the decrease in cash and cash equivalents amounting to BGN 100,6 million as a result of the dividend paid. An increase was recorded in inventories by BGN 15,4 million, for claims on related companies of BGN 8,9 million and in trade receivables by BGN 1,9 million.

Assets	30.06.2024 BGN '000	31.12.2023 BGN '000	Difference %
Non-current assets			
Property, plant and equipment	203 966	209 456	-2,62%
Intangible assets	7 263	5 893	23,25%
Investment property	49 935	49 886	0,10%
Investments in subsidiaries	91 256	90 655	0,66%
Investments in associates and joint ventures	112 100	112 094	0,01%
Other long-term equity investments	12 448	3 870	221,65%
Long-term receivables from related parties	30 016	62 664	-52,10%
Other long-term receivables	3 471	3 357	3,40%
	510 455	537 875	-5,10%
Current assets			
Inventories	122 030	106 651	14,42%
Trade receivables	24 626	22 759	8,20%
Receivables from related parties	93 658	84 714	10,56%
Other receivables and prepayments	8 992	6 001	49,84%
Cash and cash equivalents	4 711	105 354	-95,53%
	265 337	336 682	-21,19%
Total assets	775 792	874 557	-11,29%

Owner's equity

The equity of “Sopharma” AD increased by BGN 39,5 million to BGN 615,6 million as a result of the increase in retained earnings and reserves.

EQUITY	30.06.2024 BGN'000	31.12.2023 BGN'000
Basic share capital	179 100	172 591
Treasury shares	(53 616)	(57 452)
Reserves	465 634	445 129
Other capital components	162	1857
Retained earnings	24 347	14 000
Total	615 627	576 125

LIABILITIES

- **Non-current liabilities** decreased by BGN 0,8 million, to BGN 65,3 million, as a result of a decrease in long-term bank loans by BGN 0,7 million.
- **Current liabilities** decreased by BGN 137,5 million, to BGN 94,9 million, as a result of the paid dividend payment obligations. Short-term bank loans liabilities and trade liabilities decreased by BGN 5.4 million and BGN 10.5 million, respectively.

LIABILITIES

Non-current liabilities

Long-term bank loans		
Deferred tax liabilities		
Government grants		
Liabilities under leasing contracts to related parties		
Liabilities under leasing contracts to third parties		
Long-term liabilities to staff		

Total

Current liabilities

Short-term bank loans		
Short-term part of long-term bank loans		
Trade payables		
Payables to related parties		
Tax payables		
Payables to personnel and for social security		
Other current liabilities		

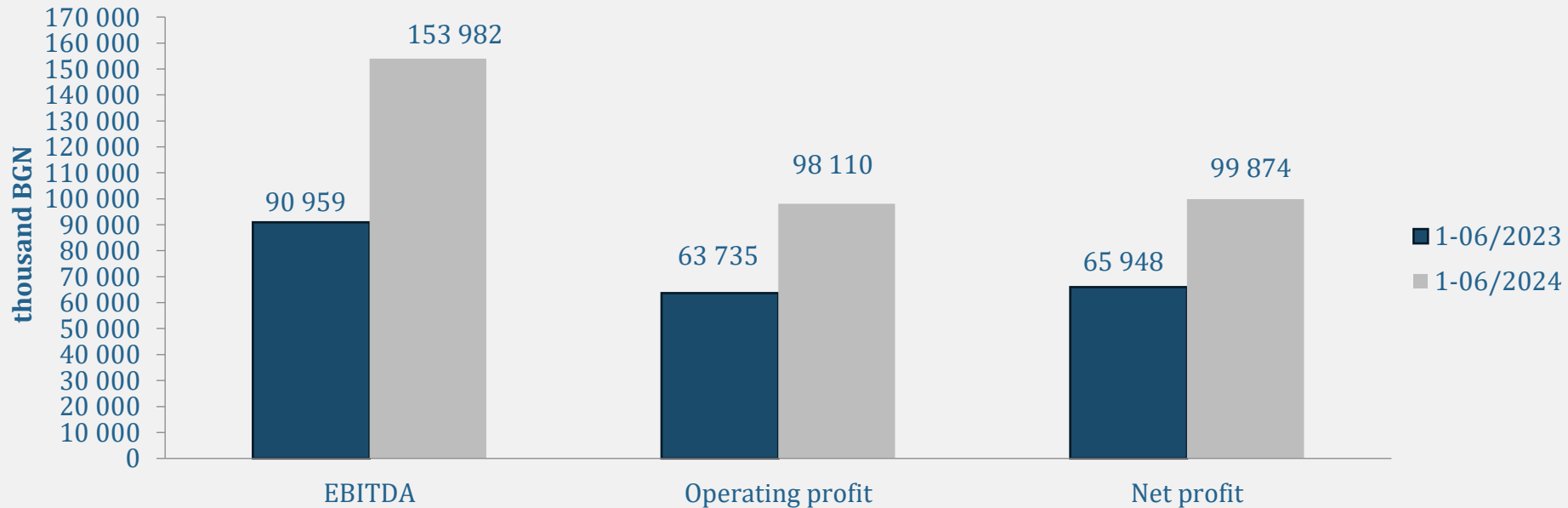
TOTAL LIABILITIES

TOTAL EQUITY AND LIABILITIES

	30.06.2024 BGN'000	31.12.2023 BGN'000	Difference %
	34 961	35 698	-2,06%
	3 712	3 304	12,35%
	4 509	4 791	-5,89%
	14 113	14 774	-4,47%
	2 302	2 250	2,31%
	5 695	5 274	7,98%
Total	65 292	66 091	-1,21%
	39 421	44 838	-12,08%
	1 729	854	102,46%
	11 243	21 723	-48,24%
	13 462	100 043	-86,54%
	1 382	2 515	-45,05%
	11 926	10 581	12,71%
	15 710	51 787	-69,66%
TOTAL LIABILITIES	160 165	298 432	-46,33%
TOTAL EQUITY AND LIABILITIES	775 792	874 557	-11,29%

Financial results for 2024

- **Earnings before interest, taxes and depreciation (EBITDA)** in the first six-months of 2024 decreased by BGN 16,9 million or by 34.7% to BGN 31,7 million compared to BGN 48,5 million for the first six months of 2023.
- **Operating profit** for the first six months of 2024 decreased by BGN 16,2 million or by 42.1% to BGN 22,3 million compared to BGN 38,5 million for the same period of 2023.
- **Net profit** for the for the first six months of 2024 decreased by BGN 14 million or by 38.6%, to BGN 22,3 million compared to BGN 36,3 million for the same period of 2023.



Main Risks review





Business Risk

The Group faces significant competition.

Part of “Sopharma Trading’s” revenues in Bulgaria is generated from sales to state hospitals, which predetermines a high degree of business risk. Part of the Group’s revenues, in particular in Bulgaria, depends on the inclusion of the Group’s medicines in reimbursement lists.

The Group’s production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Group’s operations.



Currency risk

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

Through the companies in Ukraine and Kazakhstan, the group carries out business operations in these countries and, accordingly, has substantial exposures in Ukrainian hryvnia and Kazakh tenge. The rest of the companies abroad sell mainly on local markets, leading to currency risk and against their currencies - the Serbian dinar and the Polish zloty



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, Belarus 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 be amended.

Litigation or other out-of-court procedures or actions can have an adverse effect on business.



**Thank you
for your
attention!**

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