

„Sopharma“ AD Individual financial results for the nine months 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

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

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)

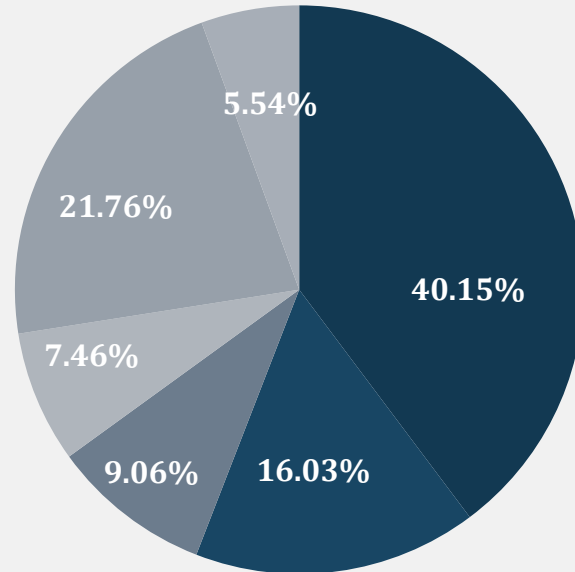
Sopharma Imoti REIT – investment of funds raised through the issuance of securities in real estate

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 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 period 01.01 – 30.09.2024

Volume of traded shares
BGN 3 588 686

Turnover of traded shares
BGN 21 589 489

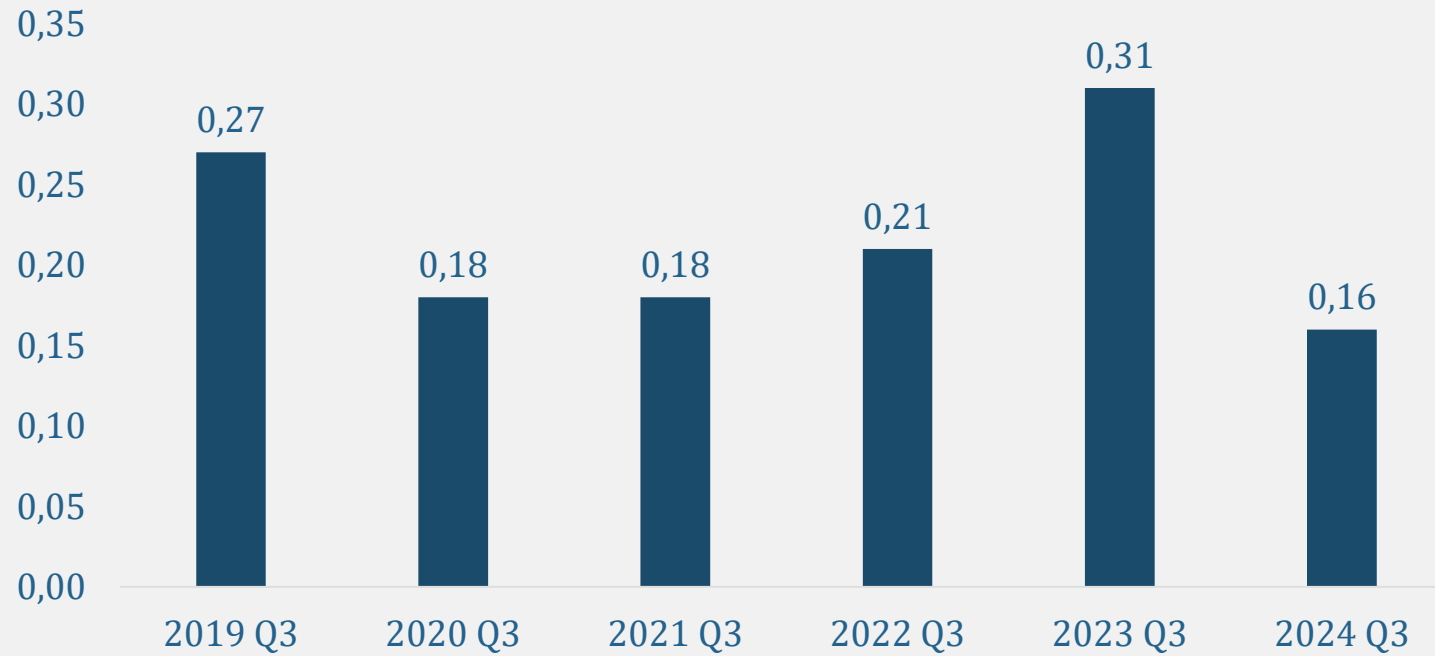
Maximum price of traded shares
BGN 6.68

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

Individual financial results for the nine months of 2024



Key financial indicators

Revenues from contracts with customers are from sales of manufactured medicinal products and for the nine months of 2024 decreased by BGN 16.5 million, to BGN 173.1 million, compared to BGN 189.6 million in the nine months of 2023. The revenue includes revenues from assignment production and contract manufacturing, which for the nine months of 2024 amounted to BGN 4.2 million, as well as the revenues from the realized production for the same period by "Veta Pharma" AD before the latter was transferred to "Sopharma" AD in the amount of BGN 2.6 million.

Indicators	30.09.2024	30.09.2023	Change %
Sales revenue	175 204	191 238	-8,4%
EBITDA	42 102	59 186	-28,9%
Operating profit	27 571	42 647	-35,4%
Net profit	26 796	38 053	-29,6%
CAPEX	13 823	12 067	14,6%
	30.09.2024	30.09.2023	Change %
	BGN '000	BGN '000	
Non-current assets	501 515	535 759	-6,4%
Current assets	267 067	339 508	-21,3%
Owners' equity	618 776	576 097	7,4%
Non-current liabilities	66 414	66 477	-0,1%
Current liabilities	83 392	232 693	-64,2%

*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 1.3 million or 1.7% in the nine months of 2024, to 73.4 million compared to BGN 72.1 million in the nine months of 2023. According to IQVIA data, at the end of the nine months of 2024 the company occupies 1.95% (sixteenth position) on the Bulgarian pharmaceutical market in value and 6.74% (second position) of sales in volume.



Sales revenues for the nine months of 2024 for European countries decreased by BGN 14.9 million or 15.5% compared to the nine months of 2023 due to the decrease in sales in Russia, Lithuania and Poland as for the current period, they decreased by 22.6%, 49.4% and by 59%. Growth was registered in other traditional markets, with sales revenue increasing in Belarus by 64.8%, Lithuania by 7.1%, Moldova by 4.3% and Ukraine by 4% while sales decreased in Serbia by 2.4%.



Revenues from other markets decreased by BGN 2.8 million or 13.2% compared to the nine months of 2023 as a result of the decrease in sales in the countries of Azerbaijan, Uzbekistan, Vietnam and Mongolia while an increase in sales was registered in Armenia, Georgia, Kazakhstan and Turkmenistan.

Key financial indicators

Indicators	1-09/2024	1-09/2023
EBITDA/Sales revenues	24,0%	30,9%
Operating profit/Sales revenues	15,3%	22,3%
Net profit/Sales revenue	15,3%	19,9%
	30.09.2024	31.12.2023
Borrowed capital/Owners' equity	0,24	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 decrease by BGN 2 million compared to the nine months of 2023 due to the decrease in the costs of heating and electricity. Personnel costs increased by BGN 6.7 million, as a result of an increase in current remuneration, and in external service costs, which increased by BGN 4.9 million, the largest change was registered in the costs of advertising and marketing services, which increased by BGN 3.6 million and the cost of consulting services increased by BGN 2.4 million. Other operating expenses increased by BGN 3.1 million.

Indicators	2024	2023
	BGN'000	BGN'000
Raw materials and consumables used	(63 012)	(65 038)
Hired services expense	(36 177)	(31 250)
Employee benefits expense	(56 579)	(49 909)
Depreciation expense	(14 531)	(16 539)
Other operating expenses	(3 857)	(789)

Financial income

Financial income increased by BGN 0.2 million to BGN 4.1 million in the nine months of 2024.

Financial income	2024 BGN '000	2023 BGN '000	Change %
Income from equity participations	1 643	1 514	8,52%
Income from interest on granted loans	1 001	2 044	-51,03%
Income from interest on refundable equity contributions (Appendix No. 19)	560	-	-
Income from fees for provided guarantees	483	621	-22,22%
Net gain from exchange differences on receivable from sale of subsidiary	138	-	-
Net profit from operations in debt securities held for trading (Appendix No. 25)	123	-	-
Income from interest on term deposits	100	-	-
Income from interest on assignment contracts (Appendix No. 19)	95	95	0,00%
Net gain from exchange differences on lease contracts	6	-	-
Net profit from exchange rate differences on taking restitution equity contributions from a subsidiary	-	24	-
Total	4 149	4 298	3,47%

Financial expenses

Financial expenses increased by BGN 0.6 million to BGN 3 million in the nine months of 2024, as a result of the growth of interest costs on loans received.

Financial expenses
Interest expense on loans received
Impairment for credit losses on commercial loan receivables
Recovered impairment for credit losses on commercial loans granted
Net change in impairment on granted loans
Bank fees on loans and guarantees
Lease interest expense
Net gain from exchange differences on receivable from sale of subsidiary
Expenses related to the payment of dividends
Net loss from exchange differences on lease contracts
Total

2024	2023	Change %
1 757	1 063	65,29%
711	793	-10,34%
(120)	-	-
591	793	-25,47%
362	317	14,20%
212	225	-5,78%
46	-	316,67
25	6	-
-	2	-
2 993	2 406	24,40%

Assets

Non-current assets compared to the end of 2023 decreased by BGN 34.2 million, to BGN 501.5 million. The most significant increase on one side is the change in investments in subsidiaries as a result of the newly acquired shares in “Pharmanova” D.O.O. amounting BGN 8.7 million and on other side due to the other long-term capital investments as a result of the newly acquired shares in “Achieve Life Sciencies” Inc., USA amounting to BGN 8.7 Long-term receivables on affiliated enterprises decreased by BGN 32.7 million as a result of reimbursed loans granted to “Doverie Invest” EAD and “Industrial Holding Doverie” AD.

Current assets decreased by BGN 72.4 million to BGN 267.1 million where the most significant is the impact of the decrease in cash and cash equivalents amounting to BGN 92.7 million as a result of the dividend paid. An increase was recorded in inventories by BGN 15.2 million and in trade receivables by BGN 4.4 million while receivables from related parties decrease by BGN 41 million.

Assets	30.09.2024 BGN '000	31.12.2023 BGN '000	Change %
Non-current assets			
Property, plant and equipment	209 038	212 079	-1,43%
Intangible assets	9 804	7 908	23,98%
Investment property	50 158	49 886	0,55%
Investments in subsidiaries	98 037	83 901	16,85%
Investments in associates and joint ventures	107 487	112 094	-4,11%
Other long-term equity investments	11 031	3 870	185,04%
Long-term receivables from related parties	12 649	62 664	-79,81%
Other long-term receivables	3 311	3 357	-1,37%
	501 515	535 759	-6,39%
Current assets			
Inventories	122 447	107 227	14,19%
Receivables from related parties	80 136	84 909	-4,86%
Trade receivables	27 833	22 767	19,43%
Loans granted to third parties	11 664	11 203	4,11%
Financial assets held for trading	11 013	6 715	64,01%
Other receivables and prepayments	1	-	-
Cash and cash equivalents	13 973	106 687	-86,90%
Total assets	267 067	339 508	-21,34%

Owner's equity

The equity of “Sopharma” AD increased by BGN 42.7 million to BGN 618.8 million as a result of the increase in retained earnings and reserves.

EQUITY	30.09.2024 BGN'000	31.12.2023 BGN'000
Basic share capital	179 100	172 591
Treasury shares	(53 559)	(57 452)
Reserves	464 303	445 274
Other capital components	162	1 857
Retained earnings	28 770	13 827
Total	618 776	576 097

LIABILITIES

Non-current liabilities decreased by BGN 0.1 million, to BGN 66.4 million, preserving its structure.

Current liabilities decreased by BGN 149.3 million, to BGN 83.4 million, as a result of the covered dividend payables. Trade liabilities decreased by BGN 11.6 million.

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

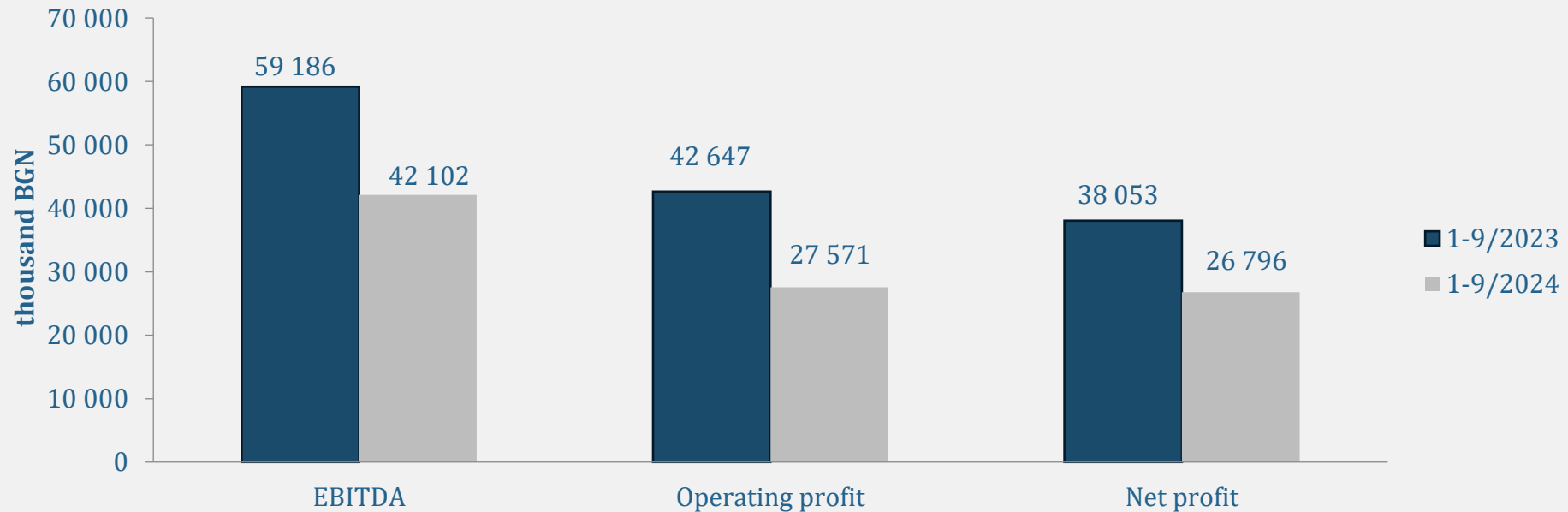
	30.09.2024 BGN'000	31.12.2023 BGN'000	Change %
Long-term bank loans	34 365	35 698	-3,73%
Deferred tax liabilities	4 204	3 469	21,19%
Government grants	4 501	4 935	-8,79%
Liabilities under leasing contracts to related parties	15 502	14 774	4,93%
Liabilities under leasing contracts to third parties	2 055	2 250	-8,67%
Long-term liabilities to staff	5 787	5 351	8,15%
Total	66 414	66 477	-0,09%
Short-term bank loans	46 431	44 838	3,55%
Short-term part of long-term bank loans	1 735	854	103,16%
Trade payables	10 411	21 991	-52,66%
Payables to related parties	3 488	100 109	-96,52%
Tax payables	1 242	2 426	-48,80%
Payables to personnel and for social security	10 069	10 672	-5,65%
Other current liabilities	10 016	51 803	-80,67%
	83 392	232 693	-64,16%
TOTAL LIABILITIES	149 806	299 170	-49,93%
TOTAL EQUITY AND LIABILITIES	768 582	875 267	-12,19%

Financial results for the nine months of 2024

Earnings before interest, taxes and depreciation (EBITDA) in the first nine-months of 2024 decreased by BGN 17.1 million or by 28.9% to BGN 42.1 million compared to BGN 59.2 million for the nine months of 2023.

Operating profit for the nine months of 2024 decreased by BGN 15 million or by 35.4% to BGN 27,6 million compared to BGN 42.6 million for the same period of 2023.

Net profit for the for the nine months of 2024 decreased by BGN 11.3 million or by 29.6%, to BGN 26.8 million compared to BGN 38.1 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
Department
„Sopharma” AD
www.sopharma.com
ir@sopharma.bg
+3592 8134 556**