

„Sopharma“ AD Individual financial results for the fourth 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

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)

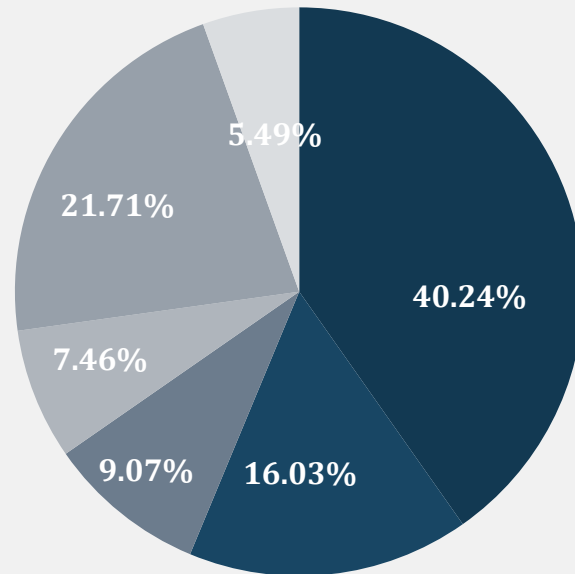
Sopharma Imoti REIT – investment of funds raised through the issuance of securities in real estate

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 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**- 16 244 050 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 the period 01.01 – 31.12.2024

Volume of traded shares
BGN 3 873 458

Turnover of traded shares
BGN 23 892 191

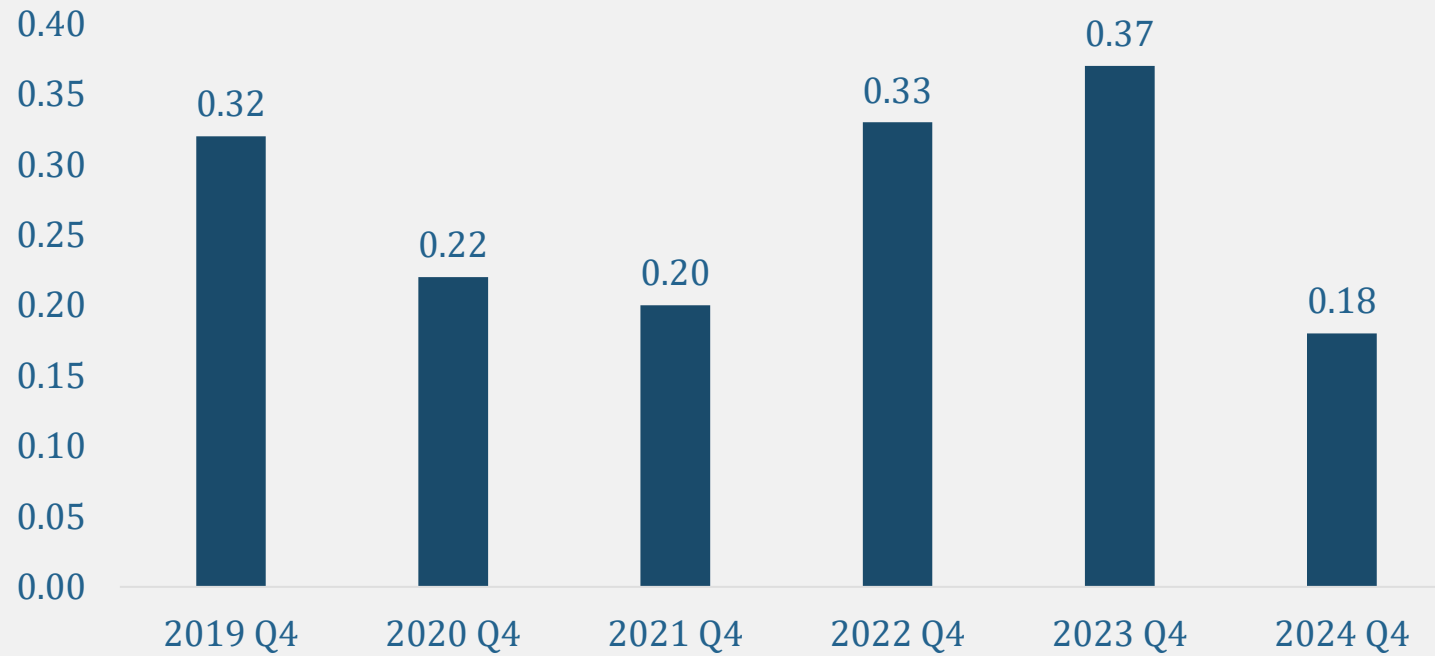
Maximum price of traded shares
BGN 6.68

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 |

Individual financial results for the fourth quarter of 2024



Key financial indicators

Revenues from contracts with customers are from sales of manufactured medicinal products in 2024 decreased by BGN 16.2 million, to BGN 234.8 million, compared to BGN 251 million in 2023.

| Indicators | 31.12.2024 | 31.12.2023 | Change |
|-------------------------|------------|------------|---------|
| | BGN '000 | BGN '000 | |
| Sales revenue | 237 711 | 253 276 | -6,1% |
| EBITDA | 47 619 | 70 729 | -32,7% |
| Operating profit | 28 126 | 49 266 | -42,9% |
| Net profit | 30 112 | 47 570 | -36,7% |
| CAPEX | 186 124 | 16 036 | 1060,7% |
| | 31.12.2024 | 31.12.2023 | Change |
| | BGN '000 | BGN '000 | % |
| Non-current assets | 681 404 | 535 759 | -6,4% |
| Current assets | 264 863 | 339 508 | -21,3% |
| Owners' equity | 614 939 | 576 097 | 7,4% |
| Non-current liabilities | 120 016 | 66 477 | -0,1% |
| Current liabilities | 211 312 | 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 2.6 million or 2.4% in 2024, to 95.9 million compared to BGN 93.5 million in 2023. According to IQVIA data, at the end of 2024 the company occupies 1.92% (sixteenth position) on the Bulgarian pharmaceutical market in value and 6.7% (second position) of sales in volume.



Sales revenues for 2024 for European countries decreased by BGN 13.9 million or 11% compared to 2023 due to the decrease in sales in Russia, Lithuania and Poland as for the current period, they decreased by 29.3%, 33.7% and by 50.1%. Growth was registered in other traditional markets, with sales revenue increasing in Belarus by 76.3%, Lithuania by 24.8%, Serbia by 9.9% and Ukraine by 10.7%.



Revenues from other markets decreased by BGN 4.7 million or 15.1% compared to 2023 as a result of the decrease in sales in the countries of Azerbaidjan, Uzbekistan, Vietnam and Mongolia while an increase in sales was registered in Armenia, Georgia, Kazakhstan and Turkmenistan.

Key financial indicators

| Indicators | 1-12/2024 | 1-12/2023 |
|----------------------------------|-------------------|-------------------|
| EBITDA/Sales revenues | 20,0% | 27,9% |
| Operating profit/Sales revenues | 11,8% | 19,5% |
| Net profit/Sales revenue | 12,7% | 18,8% |
| | 31.12.2024 | 31.12.2023 |
| Borrowed capital/Owners' equity | 0,54 | 0,52 |
| Net debt/EBITDA on annual basis* | 3,9x | -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 1 million compared to 2023 due to the decrease in the costs of heating and electricity. Personnel costs increased by BGN 7.5 million, as a result of an increase in current remuneration, and in external service costs, which increased by BGN 10 million, the largest change was registered in the costs of advertising and marketing services, which increased by BGN 5.3 million and the cost of consulting services increased by BGN 3.8 million. Other operating expenses have no change compared to that of the previous period.

| Indicators | 2024 | 2023 |
|------------------------------------|----------------|----------------|
| | BGN'000 | BGN'000 |
| Raw materials and consumables used | (85 800) | (86 806) |
| Hired services expense | (56 678) | (46 711) |
| Employee benefits expense | (75 892) | (68 406) |
| Depreciation expense | (19 493) | (21 463) |
| Other operating expenses | (8 945) | (8 871) |

Financial income

Financial income decreased by BGN 2.5 million to BGN 5.1 million in 2024 due to the decrease in interest income on loans granted and from term deposits.

| Financial income | 2024 BGN '000 | 2023 BGN '000 | Change % |
|--|-------------------------|-------------------------|--------------------|
| Income from equity participations | 1 642 | 1 514 | 8,45% |
| Income from interest on granted loans | 1 137 | 2 642 | -56,96% |
| Income from interest on refundable equity contributions (Note. 21) | 718 | 60 | 1096,67% |
| Income from fees on guarantees provided | 662 | 799 | -17,15% |
| Recovered provision for financial guarantees | 350 | 1 284 | -72,74% |
| Impairment for credit losses on provisions for financial guarantees | (36) | - | - |
| Recovered provision for financial guarantees, net | 314 | 1 284 | -75,55% |
| Net profit on exchange rate differences on receivable from sale of subsidiary | 225 | - | - |
| Interest income on assignment agreements | 127 | 127 | 0,00% |
| Net profit on transactions with debt securities held for trading (Note 27) | 123 | - | - |
| Interest income on term deposits | 100 | 954 | -89,52% |
| Net profit on exchange rate differences on receivable from refundable equity contributions from subsidiary | 54 | 212 | -74,53% |
| Net gain on exchange differences on leasing agreements | - | 6 | - |
| Total | 5 102 | 7 598 | -32,85% |

Financial expenses

Financial expenses increased by BGN 0.7 million to BGN 4.4 million in 2024, as a result of the growth of interest costs on loans received.

| Financial expenses | 2024 | 2023 | Change % |
|---|--------------|--------------|-----------------|
| Interest expense on loans received | 2 852 | 1 966 | 45,07% |
| Impairment for credit losses on receivables under granted trade loans | 812 | 848 | -4,25% |
| Reversed impairment for credit losses on granted trade loans | (151) | (40) | 277,50% |
| Net change in impairment on granted loans | 661 | 808 | -18,19% |
| Bank fees on loans and guarantees | 528 | 427 | 23,65% |
| Interest expenses on leasing contracts | 300 | 300 | 0,00% |
| Dividend payment expense | 36 | 6 | 500,00% |
| Net loss from exchange differences on lease agreements | 11 | - | - |
| Expenses related to securities abroad | 10 | - | - |
| Impairment for credit losses on receivables under guarantees provided | 1 | 4 | -75,00% |
| Reversed impairment for credit losses on guarantees provided | - | (2) | - |
| Net change in impairment on guarantees provided | 1 | 2 | -50,00% |
| Net gain from exchange differences on receivables from sale of subsidiary | - | 128 | - |
| Total | 4 399 | 3 637 | 20,95% |

Assets

Non-current assets compared to the end of 2023 increased by BGN 145.6 million, to BGN 681.4 million. The most significant increase result in the acquisition of Permits for trading on ten markets with a book value of BGN 163.5 million, the change in investments in subsidiaries as a result of the newly acquired shares in “Pharmanova” D.O.O. amounting BGN 8.7 million as well as 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 46 million as a result of reimbursed loans granted to “Doverie Invest” EAD and “Industrial Holding Doverie” AD.

Current assets decreased by BGN 74.6 million to BGN 264.9 million where the most significant is the impact of the decrease in cash and cash equivalents amounting to BGN 93.8 million as a result of the dividend paid. An increase was recorded in inventories by BGN 8.7 million and in trade receivables by BGN 3.4 million while receivables from related parties decrease by BGN 1.2 million.

| Assets | 31.12.2024 BGN '000 | 31.12.2023 BGN '000 | Change % |
|--|------------------------|------------------------|----------------|
| Non-current assets | | | |
| Property, plant and equipment | 211 027 | 212 079 | -0,50% |
| Intangible assets | 174 982 | 7 908 | 2112,72% |
| Investment property | 50 512 | 49 886 | 1,25% |
| Investments in subsidiaries | 96 668 | 83 901 | 15,22% |
| Investments in associates and joint ventures | 107 672 | 112 094 | -3,94% |
| Other long-term equity investments | 16 719 | 3 870 | 332,02% |
| Long-term receivables from related parties | 16 771 | 62 664 | -73,24% |
| Other long-term receivables | 7 053 | 3 357 | 110,10% |
| | 681 404 | 535 759 | 27,18% |
| Current assets | | | |
| Inventories | 115 903 | 107 227 | 8,09% |
| Receivables from related parties | 83 724 | 84 909 | -1,40% |
| Trade receivables | 26 193 | 22 767 | 15,05% |
| Loans granted to third parties | 11 552 | 11 203 | 3,12% |
| Other receivables and prepayments | 14 637 | 6 715 | 117,97% |
| Financial assets held for trading | 1 | - | - |
| Cash and cash equivalents | 12 853 | 106 687 | -87,95% |
| | 264 863 | 339 508 | -21,99% |
| TOTAL ASSETS | 946 267 | 875 267 | 8,11% |

Owner's equity

The equity of “Sopharma” AD increased by BGN 38.8 million to BGN 614.9 million as a result of the increase in retained earnings and reserves.

| EQUITY | 31.12.2024 BGN'000 | 31.12.2023 BGN'000 |
|--------------------------|-----------------------|-----------------------|
| Basic share capital | 179 100 | 172 591 |
| Treasury shares | (53 559) | (57 452) |
| Reserves | 469 820 | 445 274 |
| Other capital components | 260 | 1 857 |
| Retained earnings | 19 318 | 13 827 |
| Total | 614 939 | 576 097 |

LIABILITIES

Non-current liabilities increased by BGN 53.5 million, to BGN 120 million, as a result of the increase in long-term bank loans. *Current liabilities* decreased by BGN 21.4 million, to BGN 211.3 million, the decrease was due to the covered dividend payables, while trade payables increased due to the obligation to acquire Permits for trading in the amount of BGN 84.1 million. Short-term bank loans increased by BGN 41.8 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

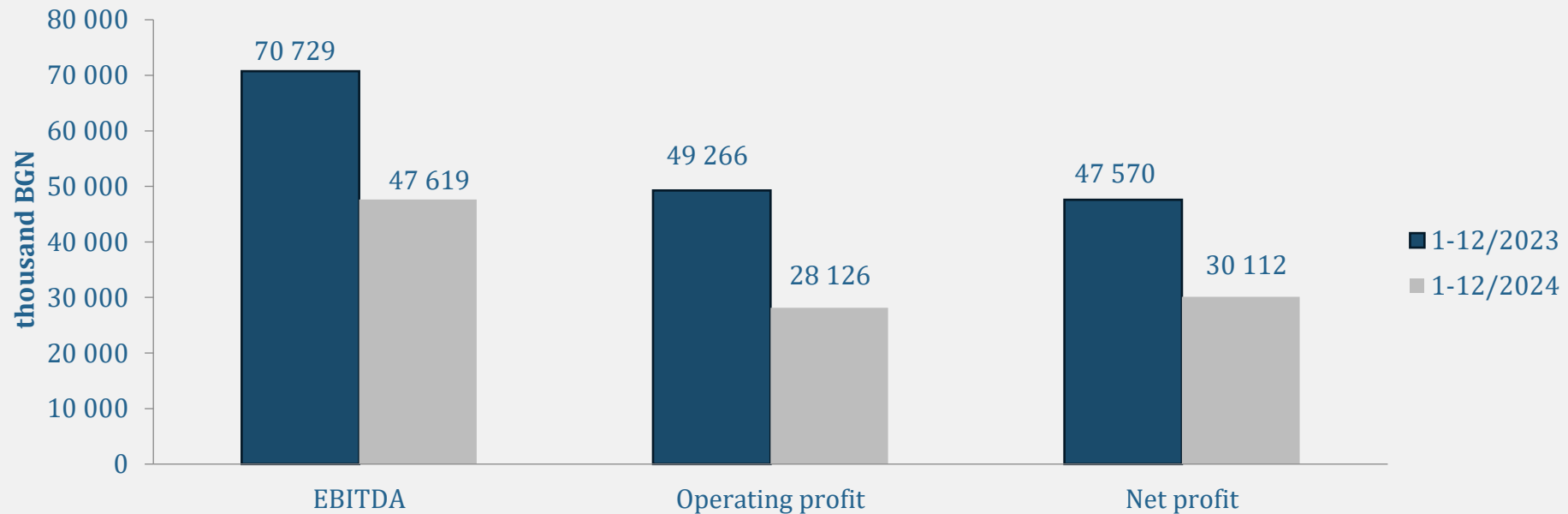
| | 31.12.2024 BGN'000 | 31.12.2023 BGN'000 | Change % |
|--|-----------------------|-----------------------|---------------|
| | | | |
| Non-current liabilities | | | |
| Long-term bank loans | 89 433 | 35 698 | 150,53% |
| Deferred tax liabilities | 3 253 | 3 469 | -6,23% |
| Government grants | 4 357 | 4 935 | -11,71% |
| Liabilities under leasing contracts to related parties | 15 006 | 14 774 | 1,57% |
| Liabilities under leasing contracts to third parties | 1 873 | 2 250 | -16,76% |
| Long-term liabilities to staff | 6 094 | 5 351 | 13,89% |
| Total | 120 016 | 66 477 | 80,54% |
| Current liabilities | | | |
| Short-term bank loans | 48 375 | 44 838 | 7,89% |
| Short-term part of long-term bank loans | 39 068 | 854 | 4474,71% |
| Trade payables | 102 033 | 21 991 | 363,98% |
| Payables to related parties | 2 589 | 100 109 | -97,41% |
| Tax payables | 904 | 2 426 | -62,74% |
| Payables to personnel and for social security | 10 433 | 10 672 | -2,24% |
| Other current liabilities | 7 910 | 51 803 | -84,73% |
| | 211 312 | 232 693 | -9,19% |
| TOTAL LIABILITIES | 331328 | 299 170 | 10,75% |
| TOTAL EQUITY AND LIABILITIES | 946 267 | 875 267 | 8,11% |

Financial results for the fourth quarter of 2024

Profit before interest, taxes, depreciation and amortization (EBITDA) in 2024 decreased by BGN 23.1 million or by 32.7% to BGN 47.6 million compared to BGN 70.7 million in 2023. The main factors for the decrease are the decrease in sales revenue in Russia, as well as the increase in operating expenses, especially those for personnel, advertising and consulting services.

Operating profit in 2024 decreased by BGN 21.1 million or by 42.9% to BGN 21.1 million compared to BGN 49.3 million for the same period of 2023.

Net profit for 2024 decreased by BGN 17.5 million or by 36.7%, to BGN 30.1 million compared to BGN 47.6 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!**

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