

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

| | Notes | 2018 BGN'000 | 2017 * BGN'000 |
|--|-------|-----------------|-------------------|
| Revenue from contracts with customers | 3 | 1 179 143 | 1 017 105 |
| Other operating income/(losses), net | 4 | 11 837 | 6 684 |
| Changes in inventories of finished goods and work in progress | | 8 773 | 8 741 |
| Raw materials and consumables used | 5 | (91 303) | (90 153) |
| Hired services expense | 6 | (75 897) | (63 546) |
| Employee benefits expense | 7 | (119 441) | (101 424) |
| Depreciation and amortization expense | 16,17 | (33 135) | (30 108) |
| Carrying amount of goods sold | | (825 571) | (679 951) |
| Other operating expenses | 8 | (15 263) | (11 512) |
| Profit from operations | | 39 143 | 55 836 |
| Impairment of non-current assets outside the scope of IFRS 9 | 10 | (186) | (671) |
| Finance income | 11 | 4 034 | 8 369 |
| Finance costs | 12 | (9 728) | (11 631) |
| Finance income / (costs), net | | (5 694) | (3 262) |
| Gain/(loss) from associates and joint ventures | 13 | 2 076 | 447 |
| Profit before income tax | | 35 339 | 52 350 |
| Income tax expense | 14 | (4 702) | (6 578) |
| Net profit for the year | | 30 637 | 45 772 |
| Other comprehensive income: | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Revaluation of property, plant and equipment | 15 | - | (42) |
| Net change in the fair value of other long-term equity investments | 15 | (792) | - |
| Remeasurement of defined benefit pension plans | 31 | (79) | (597) |
| Income tax relating to items of other comprehensive income that will not be reclassified | | - | 4 |
| | | (871) | (635) |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Net change in fair value of available-for-sale financial assets | | - | 1 277 |
| Exchange differences on translating foreign operations | | 527 | (899) |
| | | 527 | 378 |
| Other comprehensive income for the year, net of tax | 15 | (344) | (257) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 30 293 | 45 515 |
| Net profit for the year attributable to: | | | |
| Equity holders of the parent | | 28 343 | 39 998 |
| Non-controlling interests | | 2 294 | 5 774 |
| Total comprehensive income for the year attributable to: | | | |
| Equity holders of the parent | | 28 636 | 41 093 |
| Non-controlling interests | | 1 657 | 4 422 |
| Basic net earnings per share | 28 | BGN 0.23 | 0.31 |

The accompanying notes on pages 5 to 182 form an integral part of these financial statements.

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Preparer:

Lyudmila Bondzhova

* Modified retrospective application of IFRS 9 and IFRS 15 (Note 48)



SOPHARMA GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

| | Notes | 31 December 2018 BGN'000 | 31 December * 2017 BGN'000 |
|--|-------|--------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 16 | 324 525 | 317 620 |
| Intangible assets | 17 | 62 195 | 63 449 |
| Goodwill | 17 | 23 516 | 23 147 |
| Investment property | 18 | 10 427 | 9 811 |
| Investments in associates and joint ventures | 19 | 20 383 | 19 536 |
| Other long-term equity investments | 20 | 8 598 | 7 982 |
| Long-term receivables from related parties | 21 | 23 055 | 20 599 |
| Other long-term receivables | 22 | 6 399 | 4 883 |
| Deferred tax assets | 30 | 1 590 | 1 342 |
| | | <u>480 688</u> | <u>468 369</u> |
| Current assets | | | |
| Inventories | 23 | 235 763 | 218 109 |
| Trade receivables | 24 | 235 911 | 235 193 |
| Receivables from related parties | 25 | 9 942 | 4 694 |
| Other short-term receivables and assets | 26 | 22 717 | 21 040 |
| Cash and cash equivalents | 27 | 25 582 | 33 328 |
| | | <u>529 915</u> | <u>512 364</u> |
| TOTAL ASSETS | | <u>1 010 603</u> | <u>980 733</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 134 798 | 134 798 |
| Reserves | | 55 661 | 53 576 |
| Retained earnings | | 285 101 | 281 509 |
| | 28 | <u>475 560</u> | <u>469 883</u> |
| Non-controlling interests | | <u>32 969</u> | <u>33 227</u> |
| TOTAL EQUITY | 28 | <u>508 529</u> | <u>503 110</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term bank loans | 29 | 41 124 | 50 526 |
| Deferred tax liabilities | 30 | 11 781 | 13 704 |
| Retirement benefit obligations | 31 | 6 015 | 5 458 |
| Finance lease liabilities | 32 | 2 486 | 1 950 |
| Government grants | 33 | 7 470 | 8 250 |
| Other non-current liabilities | | 299 | 173 |
| | | <u>69 175</u> | <u>80 061</u> |
| Current liabilities | | | |
| Short-term bank loans | 34 | 242 859 | 194 165 |
| Current portion of long-term bank loans | 29 | 14 874 | 14 478 |
| Trade payables | 35 | 124 476 | 135 168 |
| Payables to related parties | 36 | 467 | 757 |
| Factoring agreement liabilities | 37 | 21 791 | 19 403 |
| Payables to personnel and for social security | 38 | 14 176 | 12 895 |
| Tax payables | 39 | 6 675 | 7 375 |
| Other current liabilities | 40 | 7 581 | 13 321 |
| | | <u>432 899</u> | <u>397 562</u> |
| TOTAL LIABILITIES | | <u>502 074</u> | <u>477 623</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1 010 603</u> | <u>980 733</u> |

The accompanying notes on pages 5 to 182 form an integral part of these financial statements.

The consolidated financial statements on pages 1 to 182 has been approved for issue by the Board of Directors of Sopharma AD and was signed on 24 April 2019 by:

Executive Director:

Ognian Donev, PhD

Finance Director:

Borislav Borisov

Preparer:

Lyudmila Bondzhova

* Modified retrospective application of IFRS 9 and IFRS 15 (Note 48)

This is a translation from Bulgarian of the consolidated financial statements of Sopharma Group for year 2018.



Хилма
24.04.2019

SOPHARMA GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS
 for the year ended 31 December 2018


| | Notes | 2018 BGN'000 | 2017 BGN'000 |
|---|-------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 1 201 720 | 1 058 642 |
| Cash paid to suppliers | | (1 142 091) | (950 645) |
| Cash paid to employees and for social security | | (110 689) | (94 348) |
| Taxes paid (except income taxes) | | (64 569) | (65 040) |
| Taxes refunded (except income taxes) | | 8 401 | 7 829 |
| Income taxes paid | | (8 227) | (6 228) |
| Income taxes refunded | | 47 | 92 |
| Interest and bank charges paid on working capital loans | | (6 219) | (5 363) |
| Foreign currency exchange gains/(losses), net | | (860) | (1 308) |
| Other proceeds/(payments), net | | (1 297) | (1 975) |
| Net cash flows used in operating activities | | (123 784) | (58 344) |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (24 364) | (19 991) |
| Proceeds from sales of property, plant and equipment | | 630 | 5 186 |
| Purchases of investment property | | - | (8) |
| Purchases of intangible assets | | (3 478) | (2 541) |
| Purchases of equity investments | | (2 330) | (1 645) |
| Proceeds from sale of equity investments | | 907 | 731 |
| Proceeds from dividends from equity investments | | 97 | 148 |
| Consideration paid on acquisition of subsidiaries, net of cash received | | (1 287) | (44 211) |
| Purchases of investments in associates and joint ventures | | (227) | (1 424) |
| Proceeds from disposal of associates and joint ventures | | 7 | - |
| Proceeds/(payments) on transactions with non-controlling interests, net | | (2 146) | (9 762) |
| Loans granted to related parties | | (30 289) | (102 761) |
| Loan repayments by related parties | | 22 677 | 100 773 |
| Loans granted to third parties | | (7 460) | (2 631) |
| Loan repayments by third parties | | 5 134 | 164 |
| Interest received on loans and deposits | | 1 005 | 1 218 |
| Other proceeds/(payments), net | | (54) | (53) |
| Net cash flows used in investing activities | | (41 178) | (76 807) |
| Cash flows from financing activities | | | |
| Proceeds from short-term bank loans (including increases in overdrafts) | | 50 838 | 18 920 |
| Repayment of short-term bank loans (including decreases in overdrafts) | | (1 959) | (7 354) |
| Proceeds from long-term bank loans | | 6 197 | 39 288 |
| Repayment of long-term bank loans | | (14 977) | (12 261) |
| Loans received from third parties | | 84 | 233 |
| Repayment of loans to third parties | | (248) | (710) |
| Proceeds under factoring agreement | | 153 574 | 131 269 |
| Interest and charges paid under factoring agreement | | (313) | (347) |
| Interest and charges paid under investment purpose loans | | (1 257) | (2 564) |
| Payment of finance lease liabilities | | (2 205) | (1 745) |
| Proceeds from non-controlling interest in the issue of equity in subsidiaries | | 206 | 675 |
| Purchases of treasury shares | | (861) | (17 026) |
| Proceeds from sales of treasury shares | | 11 | 2 526 |
| Dividends paid | | (22 613) | (15 478) |
| Net cash flows from financing activities | | 166 477 | 135 426 |
| Net increase/(decrease) in cash and cash equivalents | | 1 515 | 275 |
| Cash and cash equivalents at 1 January | | 22 614 | 22 339 |
| Cash and cash equivalents at 31 December | 27 | 24 129 | 22 614 |


The accompanying notes on pages 5 to 182 form an integral part of these financial statements.

Executive Director:

Finance Director:

Preparer:


 Ognian Donev, PhD
 Boris Borisov
 Lyudmila Bondzhova



 24.04.2019

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

| Notes | Attributable to equity holders of the parent | | | | | | Translation of foreign operations reserve | Retained earnings | Total | Non-controlling interests | Total equity |
|-------|--|-----------------|--------------------|---|---|---------|---|-------------------|---------|---------------------------|--------------|
| | Share capital | Treasury shares | Statutory reserves | Revaluation reserve - property, plant and equipment | Reserve for financial assets at fair value through other comprehensive income | BGN'000 | | | | | |
| 28 | 134 798 | (19 503) | 47 841 | 32 277 | 2 808 | (717) | 259 984 | 457 490 | 33 733 | 491 223 | |
| | - | (14 935) | - | - | - | - | 479 | (14 456) | (125) | (14 381) | |
| | - | 602 | - | - | - | - | 60 | 662 | (662) | - | |
| | - | - | 3 825 | - | - | - | (16 731) | (12 906) | - | (12 906) | |
| | - | - | 3 825 | - | - | - | (3 825) | - | - | - | |
| | - | - | - | - | - | - | (12 906) | (12 906) | - | (12 906) | |
| | - | - | - | - | - | - | (2 000) | (2 000) | (4 141) | (6 141) | |
| | - | - | - | - | - | - | 1 919 | - | 1 919 | 1 919 | |
| | - | - | - | - | - | - | - | (2 712) | (2 712) | (2 712) | |
| | - | - | - | - | - | - | (1 235) | (1 235) | 5 543 | 4 308 | |
| | - | - | - | - | - | - | (1 041) | (1 041) | (9 120) | (10 161) | |
| | - | - | - | - | - | - | 276 | 276 | 229 | 505 | |
| | - | - | - | (38) | 1 301 | 407 | 39 423 | 41 093 | 4 422 | 45 515 | |
| | - | - | - | (38) | 1 301 | 407 | 39 998 | 39 998 | 5 774 | 45 772 | |
| | - | - | - | (294) | - | - | (575) | 1 095 | (1 352) | (257) | |
| | - | - | - | - | - | - | 294 | - | - | - | |
| 28 | 134 798 | (33 834) | 51 666 | 31 945 | 4 109 | (310) | 281 509 | 469 883 | 33 227 | 503 110 | |
| | 134 798 | (33 834) | 51 666 | 31 945 | 4 109 | (310) | 281 509 | 469 883 | 33 227 | 503 110 | |
| | - | - | - | - | - | - | (2 253) | (2 253) | (695) | (2 948) | |
| | 134 798 | (33 834) | 51 666 | 31 945 | 4 109 | (310) | 279 256 | 467 630 | 39 532 | 500 162 | |
| | - | (850) | - | - | - | - | (1) | (851) | - | (851) | |
| | - | 265 | - | 775 | - | - | (734) | 306 | (306) | - | |
| | - | 1 082 | - | - | - | - | 142 | 1 224 | 1 224 | 1 224 | |
| | - | - | 4 301 | - | - | - | (24 407) | (20 106) | - | (20 106) | |
| | - | - | 4 301 | - | - | - | (4 301) | - | - | - | |
| | - | - | - | - | - | - | (13 822) | (13 822) | - | (13 822) | |
| | - | - | - | - | - | - | (6 284) | (6 284) | - | (6 284) | |
| | - | - | - | - | - | - | (1 279) | (1 279) | (914) | (2 193) | |
| | - | - | - | - | - | - | - | - | 738 | 738 | |
| | - | - | - | - | - | - | - | - | (2 716) | (2 716) | |
| | - | - | - | - | - | - | (1) | (1) | 1 303 | 1 302 | |
| | - | - | - | - | - | - | (1 803) | (1 803) | (385) | (2 188) | |
| | - | - | - | - | - | - | 525 | 525 | 146 | 671 | |
| | - | - | - | - | (792) | 1 144 | 28 284 | 28 636 | 1 657 | 30 293 | |
| | - | - | - | - | - | - | 28 343 | 28 343 | 2 294 | 30 637 | |
| | - | - | - | (3 456) | (384) | 1 144 | (59) | 293 | (637) | (344) | |
| 28 | 134 798 | (33 337) | 55 967 | 29 284 | 2 933 | 834 | 285 101 | 475 560 | 32 969 | 508 529 | |

The accompanying notes on pages 5 to 182 form an integral part of these financial statements.

Orpiana Djuliev, PhD

Iliana Horvath

Ljudmila Boncheva

Finance Director:

Preparer:



Илиана
24.04.2019

*Modified retrospective application of IFRS 9 and IFRS 15 (Note 48)