

sopharma

MANAGEMENT REPORT
for 2026

“SOPHARMA” AD

29 April 2026

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I. General information about “Sopharma” AD

1. Registration and activity of the Company

“Sopharma” AD (the Company) is a company registered in Bulgaria under the Provisions of the Commercial Law, with its registered office in Sofia, 16, “Iliensko shose” Str.

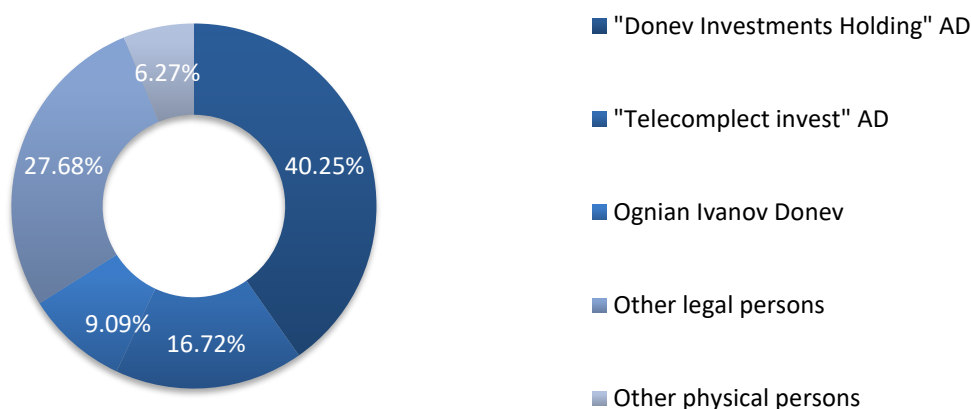
“Sopharma” AD was established in 1933. The court registration of the Company is from 15 November 1991, decision №1/1991 of Sofia City Court. “Sopharma” AD is a public company under the Law on Public Offering of Securities.

The Company conducts the production and marketing of medicinal substances and dosage forms; research, engineering and implementation activities in the field of phytochemistry, chemistry and pharmaceuticals, production of medical products and cosmetics, incl. - plasters, bandages, sanitary-hygiene products, herbal cosmetics, concentrates for hemodialysis and production and trade of veterinary-medicinal products and performance of laboratory services related to the examination of animal blood samples.

The company owns permission for production of medicines/import № BG / MIA - 0525 from 13.08.2025, issued by the Bulgarian Drug Agency (BDA).

The Company owns permission for wholesale with medicinal products № BG / WDAIMP - 0583 from 07.08.2025, issued by the Bulgarian Drug Agency (BDA).

2. Shareholder structure as at 31 March 2026



3. Board of Directors

“Sopharma” AD has a one tier management system with a Board of Directors of five members as follows: Ognian Donev, PhD – Chairman, Vessela Stoeva – Deputy Chairman and members - Bissera Lazarova, Alexandar Tchaoushev and Ivan Badinski. The Company is represented and managed by the Executive Director Ognian Donev, PhD. On the basis of a commercial management contract concluded on June 9, 2020, Simeon Donev is assigned as a procurator of the company.

4. Personnel

The average number of workers and employees for 2026 in “Sopharma” AD is 1 713 (1 758 in 2025).

	Number of workers and employees as at 31.03.2026	rel. share %
	1 667	100%
Higher education	855	51%
College education	26	2%
Secondary education	763	46%
Primary education	23	1%
Employees under 30 years	145	9%
Employees 31 - 40 years	286	18%
Employees 41 - 50 years	431	26%
Employees 51 - 60 years	634	38%
Employees over 60 years	171	10%
Women	1 065	64%
Men	602	36%

5. Production activity

The production activities of the Company are realized and developed in the following areas:

- Substances and preparations based on plant raw materials (phytochemical production);
- Ready-to-use formulations, incl.:
 - Solid forms as tablets, coated tablets, film-coated tablets, capsules;
 - Galenic - suppositories, drops, syrups, ointments;
 - Parenteral - injection solutions, lyophilic powder for injection.
- Medical and cosmetic products, incl.:
 - Plasters;
 - Bandages;
 - Sanitary-hygiene products;
 - Medical cosmetics;
 - Concentrates for hemodialysis;

6. Products

The Company has more than 200 products in its portfolio: incl. nearly 190 medicinal products and 11 groups of medical devices. Medicinal products mainly include generics and 15 traditional products, 12 of which are plant-based. The Company's traditional products (in particular Tabex, Carsil and Tempalgin) make up a major share of its export market revenues, while the company's generic products are of major importance for domestic sales, Analgin being the leader among these products.

The product portfolio of “Sopharma” AD focuses on the following therapeutic areas: cardiology, gastroenterology, pain management, cough and cold, immunology and dermatology, respiratory tract and asthma, neurology and psychiatry, urology and gynecology, nephrology, surgery, orthopedics and traumatology.

The most significant pharmaceutical products in terms of their contribution to the revenues are:

- Carsil - traditional plant-based product used to treat gastroenterology diseases (liver diseases);
- Tempalgin - traditional analgesic (painkiller);
- Tabex - traditional plant-based smoking cessation product;
- Tribestan - traditional plant-based product that stimulates the functions of the sexual system;
- Broncholitin - traditional plant-based product used to suppress cough;
- Analgin - generic analgesic (pain reliever);
- Nivalin - traditional plant-based product used for diseases of the peripheral nervous system;
- Methylprednisolone - generic medicine for cases of severe allergies and certain life-threatening conditions;
- Vitamin C - widely used nutritional supplement;
- Valeriana - generic non-prescription herbal medicine used to reduce stress;
- Medical devices - gauzes, compresses and dressings.

7. Information about the shares and other securities issued by the Company

The total number of shares as of 31 March, 2026 of “Sopharma” AD, is 539 157 603 with a nominal value of EUR 0.51 per share. All issued shares are registered, dematerialized, ordinary and indivisible, according to the Articles of Association of the Company. All issued shares are of one class. Each share gives equal rights to its holder in proportion to the nominal value of the share.

II. Recent development

Key financial indicators

Indicators	31.03.2026 EUR '000	31.03.2025 EUR '000	Change %
Revenues	45 996	36 366	26.5%
EBITDA	22 656	10 243	121.2%
Operating profit	18 934	7 697	146.0%
Net profit	17 290	6 354	172.1%
CAPEX*	2 542	2 525	0.7%
	31.03.2026 EUR '000	31.03.2025 EUR '000	
Non-current assets	364 538	366 886	-0.6%
Current assets	150 983	158 777	-4.9%
Owners' equity	356 767	331 682	7.6%
Non-current liabilities	57 782	60 177	-4.0%
Current liabilities	100 972	133 804	-24.5%

* tangible and intangible fixed assets acquired

Indicators	1-3/2026	1-3/2025
EBITDA/Revenues	49.3%	28.2%
Operating profit/Sales Revenue	41.2%	21.2%
Net profit/Sales Revenue	37.6%	17.5%
	31.03.2026	31.03.2025
Debt/Equity	0.44	0.58
Net debt*/EBITDA on annual basis	2.6x	3.5x

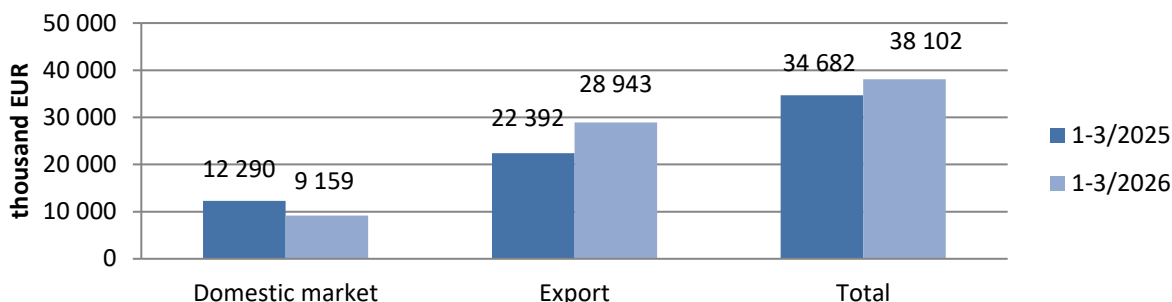
* the net debt comprises the sum of borrowings from banks and lease liabilities less cash and cash equivalents

Operating revenues

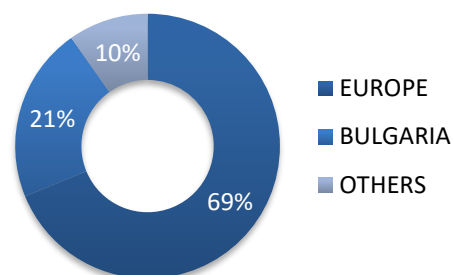
Revenues from contracts with customers are from sales of manufactured medicinal products in 2026 increased by EUR 9.7 million, to EUR 45.7 million, compared to EUR 36 million in 2025. The revenues from contracts with customers include:

- Revenues from sales of manufactured medicinal products;
- Revenues from distribution of medicinal products;

Revenue from sale of medicinal products



Revenues by market	1-3/2026 EUR '000	1-3/2025 EUR '000	change %
EUROPE	26 211	17 417	50.5%
BULGARIA	8 165	12 291	-33.6%
OTHERS	3 726	4 974	-25.1%
Total	38 102	34 682	9.9%



- European market

Sales revenues of manufactured medicinal products for European countries increased by EUR 8.8 million or 50.5% compared to 2025 mainly due to the increase in sales in Russia by 52%, as well as the increase in sales in Ukraine by 76%, in Poland by 72% and in Belarus by 21%. An increase in sales is also registered in the markets of Serbia and Moldova.

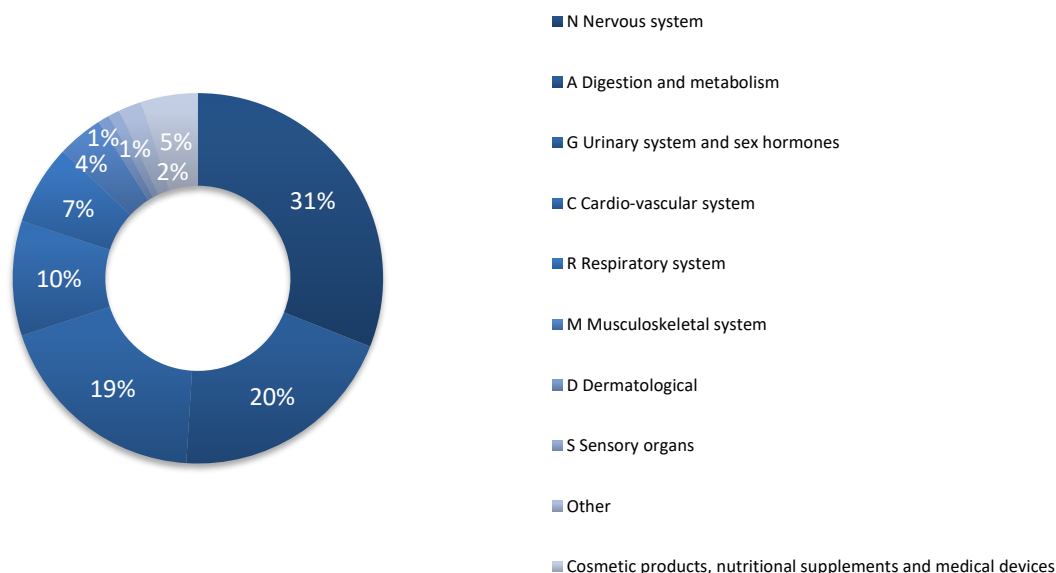
- Bulgarian market

Sales revenues of manufactured medicinal products of “Sopharma” AD on the domestic market decrease by EUR 4.1 million or 33.6% in 2026, to EUR 8.2 million compared to EUR 12.3 million in 2025. According to IQVIA data, at the beginning of 2026 the Company occupies 1.56% (seventeenth position) on the Bulgarian pharmaceutical market in value and 5.64% (second position) of sales in volume. The positions of the main companies operating in the pharmaceutical market on the territory of the country are as follows: Merck Sharp & Dohme – 5.8% (0.10% in volume), AstraZeneca – 5.52% (0.65% in volume), Swixx Biopharma – 4.34% (1.58% in volume), Roche – 4.79% (0.34% in volume), Novartis – 4.18% (1.18% in volume), Abbvie – 4.22% (0.10% in volume), Pfizer – 3.42% (0.60% in volume), Johnson & Johnson – 3.22% (0.77% in volume), Teva – 2.99% (8.12% in volume). Stada – 3.10% (4.88% in volume). The products with the largest share of sales in the country are Analgin, Famotidine, Vitamin C, Buscolysin, Allergosan, Karsil, Vicetin.

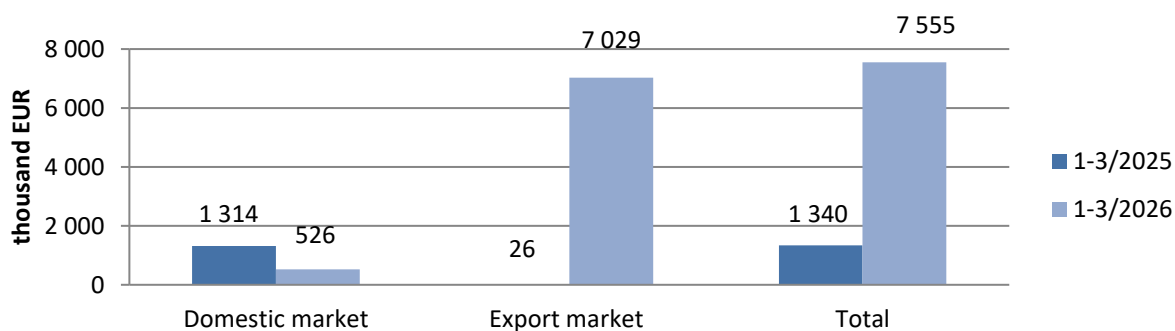
- Other markets

Sales revenues of manufactured medicinal products from other markets in 2026 decreased by EUR 1.2 million or 25.1% compared to 2025 as a result of the decrease in sales in the countries of Uzbekistan, Kazakhstan, Vietnam and the Caucasus region.

Sales by therapeutic group for manufactured medicinal products



Revenues from distribution of medicines



	1-3/2026	1-3/2025	change
	EUR '000	EUR '000	%
BULGARIA	526	1 314	-60%
EUROPE	6 960	-	-
OTHER	69	26	165.4%
Total	7 555	1 340	463.8%

The revenues from distribution of medicines are a result from contracts with European manufacturers.

Operating expenses

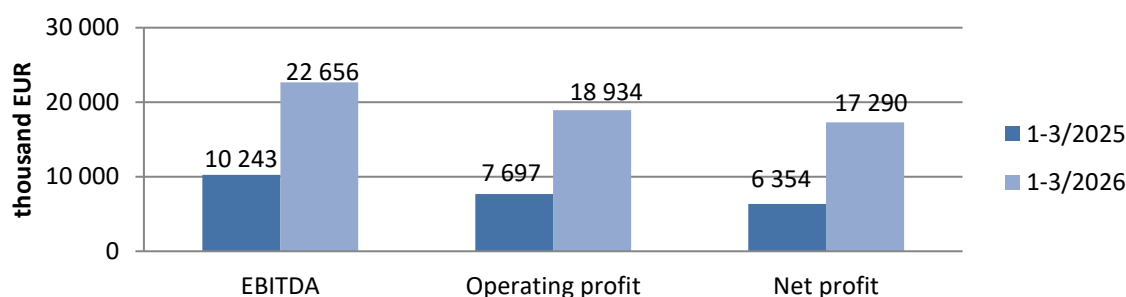
For the current period, the costs for materials decrease by EUR 2.1 million compared to 2025 due to the decrease in the costs of basic materials for production, especially in the substances sector. External service costs increased by EUR 2.1 million due to the increase in the costs of production. Personnel costs increased by EUR 0.8 million, as a result of an increase in current remunerations. Other operating expenses decreased by EUR 0.5 million.

Financial income and expenses

Financial income decreased by EUR 0.1 million to EUR 0.2 million in 2026 due to the increase in income from equity participation.

Financial expenses increased by EUR 0.2 million to EUR 1.1 million in 2026, as a result of the growth of interest costs on loans received.

Financial result of the activity



Profit before interest, taxes, depreciation and amortization (EBITDA) in 2026 increased by EUR 12.4 million or by 121.2% to EUR 22.7 million compared to EUR 10.2 million in 2025. The main factors for the increase are the increase of sales on the European market.

Operating profit in 2026 increased by EUR 11.2 million or by 146% to EUR 18.9 million compared to EUR 7.7 million in 2025.

Net profit for 2026 increased by EUR 10.9 million or by 172.1%, to EUR 17.3 million compared to EUR 6.3 million in 2025.

Assets

Non-current assets at the end of 2025 decreased by EUR 2.3 million, to EUR 364.5 million. Current assets decreased by EUR 7.8 million, to EUR 151 million, mainly as a result of a decrease in cash and equivalents by EUR 10.8 million.

Owners' equity and liabilities

Equity increased by EUR 25.1 million, to EUR 356.8 million, as a result of shares sold and repurchased, the growth in retained earnings, as well as warrants issued.

Non-current liabilities decreased by EUR 2.4 million, to EUR 57.8 million, as a result of a decrease in long-term bank loans.

Current liabilities decreased by EUR 32.8 million, to EUR 101 million, as a result of a decrease in short-term bank loans of EUR 9.4 million. An additional effect was also recorded from the decrease in trade payables and liabilities to related parties.

Cashflow

	1-3/2026 EUR '000	1-3/2025 EUR '000
Net cash flows from operating activities, normalized*	11 680	2 698
Purchases of property, plant and equipment, intangible assets, net	(5 994)	(3 321)
Payments under lease contracts	(446)	(394)
Free cash flow (normalized)	(5 240)	(1 017)

The free cash flow (normalized with the payments under lease contracts and dividends), generated for 2026 is EUR 5.2 million inflow compared to EUR 1 million outflow for 2025.

New developments and products

During the reporting period of January-March, 15 new medicinal products have been authorized (licensed):

During the reporting period January - March 2026, the following activities were carried out in the Development and Regulatory Compliance Department:

- **New registrations and re-registrations/change of medicinal products**
- During the reporting period, **14** new medicinal products have been authorized (licensed):
 - Val dipin (valsartan) 160 mg film-coated tablet (Bulgaria)
 - Val dipin (valsartan) 320 mg film-coated tablet (Bulgaria)
 - Sophedox (edoxaban) 30 mg film-coated tablet (Bulgaria)
 - Sophedox (edoxaban) 60 mg film-coated tablet (Bulgaria)
 - Pixanel (apixaban) 2.5 mg film-coated tablet (Bulgaria)
 - Pixanel (apixaban) 5 mg film-coated tablet (Bulgaria)
 - Buscolysin Forte (butylscopolamine) 10 mg film-coated tablet (Bulgaria)

- Buscolysin Forte (butylscopolamine) 20 mg film-coated tablet (Bulgaria)
- Antitussin (butamirate) 5 mg/ml oral drops, solution (Bulgaria)
- Paracetamol Sopharma 500 mg tablet (Albania)
- Atropine Sopharma 1 mg/ml solution for injection (Albania)
- Analgin (Metamizole sodium) 500 mg/ml solution for injection (Albania)
- Nexopral 20 mg gastro-resistant tablet (Ukraine)
- Nexopral 40 mg gastro-resistant tablet (Ukraine)

- **Documentation for registration of 6 medicinal products has been submitted:**

- Fenalid Duo (phenazone/lidocaine) 40/10 mg ear drops, (MAH Biofarm, Poland)
- Zondaron (ondansetron) 2 mg/ml solution for injection/infusion (Hungary)
- Suxamethonium 10 mg/ml solution for injection (Serbia)
- Suxamethonium 20 mg/ml solution for injection (Serbia)
- Sydnopharm 4 mg tablet (Moldova)
- Revelio 25 mg film-coated tablet (Moldova)

- **Approved EAEU registrations – 3:**

- Indometacin 50 mg and 100 mg suppositories (Belarus)
- Indometacin 25 mg gastro-resistant tablet (Belarus)
- Troxerutin 2% gel (Belarus)

- **Renewed Marketing Authorizations for 8 medicinal products:**

- Ambrolytin (ambroxol) 30 mg/5 ml syrup, (Bulgaria)
- Xabanel (rivaroxaban) 10 mg film-coated tablet (Bulgaria)
- Xabanel (rivaroxaban) 15 mg film-coated tablet (Bulgaria)
- Xabanel (rivaroxaban) 20 mg film-coated tablet (Bulgaria)
- Carsil 22.5 mg coated tablet (Tajikistan)
- Carsil 90 mg capsule (Tajikistan)
- Sydnopharm 2 mg tablet (Azerbaijan)
- Tempalgin (metamizole, triacetoneamine 4-toluenesulfonate) 500/ 20 mg (Albania)

- **Submitted documentation for renewal of Marketing Authorizations for 12 medicinal products**

- **Submitted 50 changes for medicinal products to agencies**

- **Submitted 51 changes for drug products approved by agencies**

- **Rejected 6 changes for medicinal products by agencies (5 IB; 1 II).**

- **Food supplements:**

- Food supplements submitted for registration: 1 pc.
Vitamin C Naturkompleks, tablets (Bulgaria)
- Approved registrations of food supplements: 1 pc.
Enzibalance, gastro-resistant tablets x10 x60 (Bulgaria)

- **Developments**

Pharmaceutical development of 35 new medicinal products/projects is underway:

- Cytisine 3.0 mg tab. – Project with Achieve
- Dexketoprofen 25 mg tab.;
- Xylmetazoline/Dexpanthenol 0.05% nasal spray;
- Xylmetazoline/Dexpanthenol 0.1% nasal spray;
- Molsidomine 4 mg tab.;
- Ketorolac 10 mg tab.;
- Vitamin C 200 mg/mL inj. solution;
- Butamirate Citrate oral drops;
- Butamirate Citrate syrup;
- Ibuprofen 200; 400 and 600 mg film-coated tab.;
- Ibuprofen 100/5 mL and 200 mg/5 mL oral suspension;
- Ibuprofen/Pseudoephedrine 200/30 mg film-coated tab.;
- Metamizole sodium 500 and 1000 mg oblong tablets;
- Tempalgin tb.;
- Tabex 1.5 mg tab.;
- Carsil 22.5 mg film-coated tablets;
- Carsil 35 mg tablets;
- Valerian 250 mg tablets;
- Buscolysin 20 mg tablets;
- Paracetamol suspension;
- Torazemide 5 and 10 mg tablets;
- Erdosteine 300 mg capsules;
- Ursodeoxycholic acid 250 and 500 mg tablets;
- Nicergoline 10 and 30 mg film-coated tablets;
- Oseltamivir 30; 45 and 75 mg capsules;
- Trazodone 75 and 150 mg SR tablets;
- Ademethionine 400 and 500 mg GR tablets;
- Mesalazine 800 mg GR tablets;
- Citicoline 125 and 250 mg/mL inj. solution; 4 mL;
- Midazolam 1 and 5 mg/mL inj./inf. solution;
- Dexmedetomidine 0.1 mg/mL concentrate for solution for inj.;
- Etamsylate 125 mg/mL inj. solution;
- Clindamycin 150 mg/mL inj. solution 2 and 4 mL;
- Thiocolchicoside 2 mg/mL inj. solution 2 mL;
- Vitamin B complex inj. solution 2 mL.

- **API - 3**
 - Dry extract of Elderberry;
 - Dry extract of Milk Thistle fruits;
 - Glaucin Hydrobromide.
- **Prepared documentation for qualification/production:**
 - Documentation for qualification of raw materials for production – 44;
 - Production regulations – 49;
 - Instructions for cleaning control – 14;
 - Documentation for qualification of finished forms – 78.

III. Significant events in 2026 and until the publication of the interim management report

- On 09.01.2026, in accordance with the requirements of Art. 100t of the LPOS and on the basis of Art. 89t of the LPOS, the company notified all shareholders and all interested parties about the launch of an initial public offering of a warrant issue, as follows:
- Prospectus of the issue approved by decision No. 766 – E of 16.12.2025 of the Financial Supervision Commission.

The number of securities offered is 8,985,960 warrants.

The minimum number of warrants that must be subscribed for the issue to be successful is 1,797,192 warrants. For 1 (one) share held by the Issuer's shareholders, 1 (one) right is issued. For every 60 (sixty) rights, the shareholders or third parties who have acquired rights during the transfer period or during the organized public auction, have the right to subscribe for 1 (one) warrant from the current issue, at an issue value of 0.27 BGN (€0.14). Sixty rights entitle the holder to acquire one warrant.

All warrants entitle their holders to subscribe for shares from a future capital increase of Sopharma AD at a currently set exercise price of 3.60 BGN (€1.84). The right to subscribe for shares may be exercised within a period of up to 3 years in accordance with the procedure described in the issue prospectus;

- Prospectus of the issue approved by decision No. 768 – E of 16.12.2025 of the Financial Supervision Commission.

The number of securities offered is 8,985,960 warrants.

The minimum number of warrants that must be subscribed for the issue to be successful is 1,797,192 warrants. For 1 (one) share held by the Issuer's shareholders, 1 (one) right is issued. For every 60 (sixty) rights, the shareholders or third parties who have acquired rights within the period for the transfer of rights or during the organized public auction, have the right to subscribe for 1 (one) warrant from the current issue, at an issue value of BGN 0.27 (€0.14). Sixty rights entitle the holder to acquire one warrant.

All warrants entitle their holders to subscribe for shares from a future capital increase of Sopharma AD at a currently determined exercise price of BGN 4.56 (€2.33). The right to subscribe for shares may be exercised within a period of up to 5 years in accordance with the procedure described in the issue prospectus;

- Prospectus of the issue approved by decision No. 768 – E of 16.12.2025 of the Financial Supervision Commission.

The number of securities offered is 8,985,960 warrants.

The minimum number of warrants that must be subscribed for the issue to be successful is 1,797,192 warrants. For 1 (one) share held by the Issuer's shareholders, 1 (one) right is issued. For every 60 (sixty) rights, the shareholders or third parties who have acquired rights within the period for the transfer of rights or during the organized public auction, have the right to subscribe for 1 (one) warrant from the current issue, at an issue value of BGN 0.27 (€0.14). Sixty rights give the right to acquire one warrant.

All warrants entitle their holders to subscribe for shares from a future capital increase of Sopharma AD at a currently set exercise price of BGN 5.70 (€2.91). The right to subscribe for shares may be exercised within 7 years in accordance with the procedure described in the issue prospectus.

On 26.01.2026, the Company transferred to the Central Depository an amount of BGN 45.465 million (EUR 23.246 million) for payment of the advance dividend from the profit for 2025.

IV. Review of the main risks faced by the Company

Risks related to the Company's business and the industry the Company operates

- The Company faces significant competition;
- The Company is dependent on regulatory approvals;
- Government regulations affecting the Company's business may change, thus possibly increasing compliance costs or otherwise affecting its operations;
- Part of the Company's revenues, in particular in Bulgaria, depends on the inclusion of the Company's medicines in reimbursement lists;
- The Company's production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Company's operations;

- The Company's ability to pay dividends depends on a number of factors and there can be no guarantee that the Company will be able to pay dividends in accordance with its dividend policy;
- The Company is subject to operational risk, which is inherent to its business activities;
- 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;
- Litigations or other out-of-court proceedings or actions may adversely affect the Company's business, financial position and results of operations.

Risks related to Bulgaria and other markets in which the Company operates

- 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 the Ukraine, has a significant effect on the Company's operations and financial position;
- Risks related to the Bulgarian legal system;
- Developing legal frameworks in some countries in which the Company sells its products, in particular Russia and Ukraine, may negatively impact the Company's operations in these countries;
- Risks relating to exchange rates and the Currency Board in Bulgaria;
- The interpretations of tax regulations may be unclear and tax laws and regulations applicable to the Company may change.

Currency risk

The Company performs its activities in active exchange with foreign suppliers and customers. Therefore, it is exposed to currency risk, mainly in respect of USD. The Company supplies part of its main raw materials in EUR. The currency risk is related to the negative movement of the USD exchange rate against the BGN in the future business operations, the recognized foreign currency assets and liabilities and the net investments in foreign companies. The rest of the Company's operations are usually denominated in BGN and / or in EUR. 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 Russia, Ukraine, Kazakhstan and Poland. However, in order to minimize currency risk, the Company conducts through its subsidiaries a monetary policy that includes advance payments and the reduction of deferred payment terms and immediate currency conversion of foreign currency earnings to EUR, as well as applying higher trade mark-ups to offset possible future impairment of the local currency.

In order to control the foreign currency risk in the Company, a system of planning import deliveries, foreign currency sales, as well as procedures for daily monitoring of movements in the dollar exchange rate and control of forthcoming payments, is introduced.

v. Information on related party transactions

Related party transactions are disclosed in the explanatory notes to the preliminary individual financial statements for 2026.