Bulgarian Pharma Market Overview: Economic Footprint of Wholesale and Retail Market

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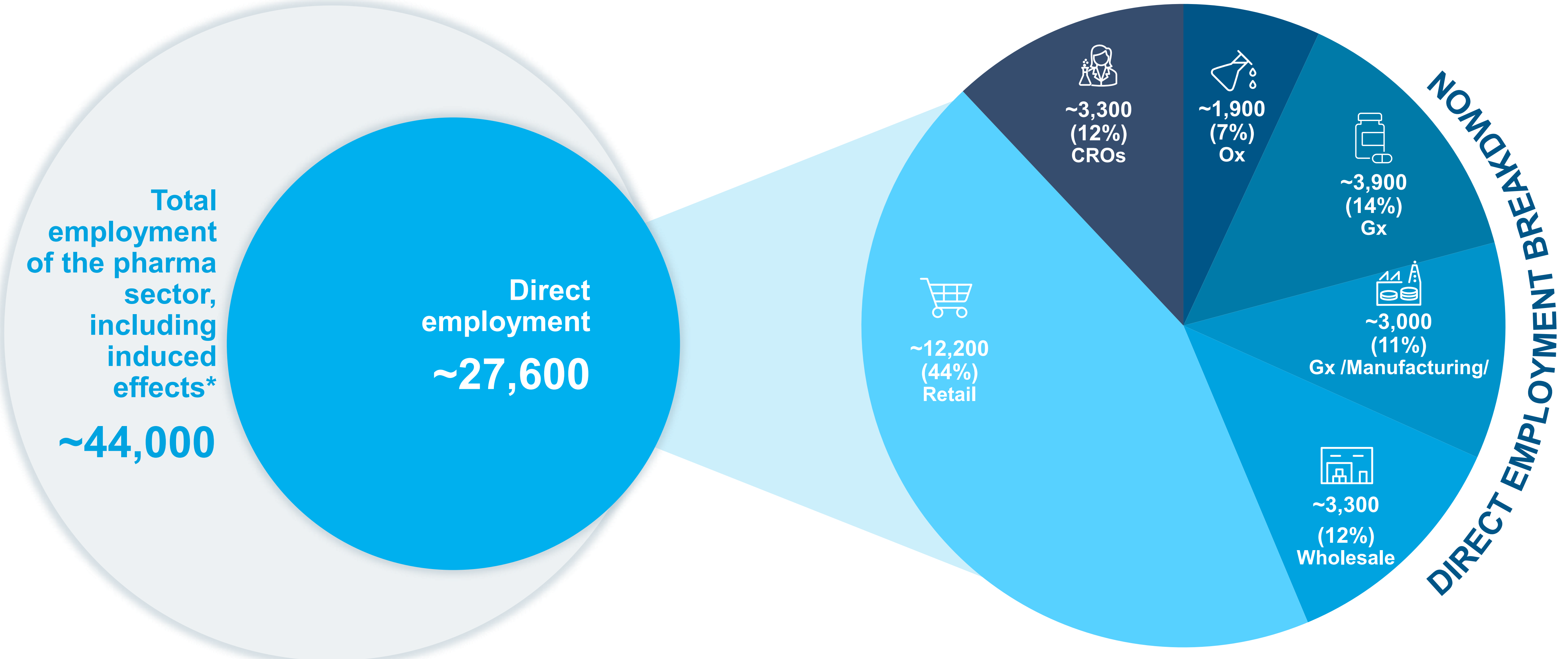
More than 40,000 jobs are created by the pharma sector in Bulgaria. Of those, over 15,000 are in the Wholesale & Retail sub-sectors

Total employment created by the pharmaceutical sector in Bulgaria (direct and induced)



* Total jobs created by the pharmaceutical industry, considering the induced effects as well. Wages received are spent on goods and services that create jobs in other sectors.

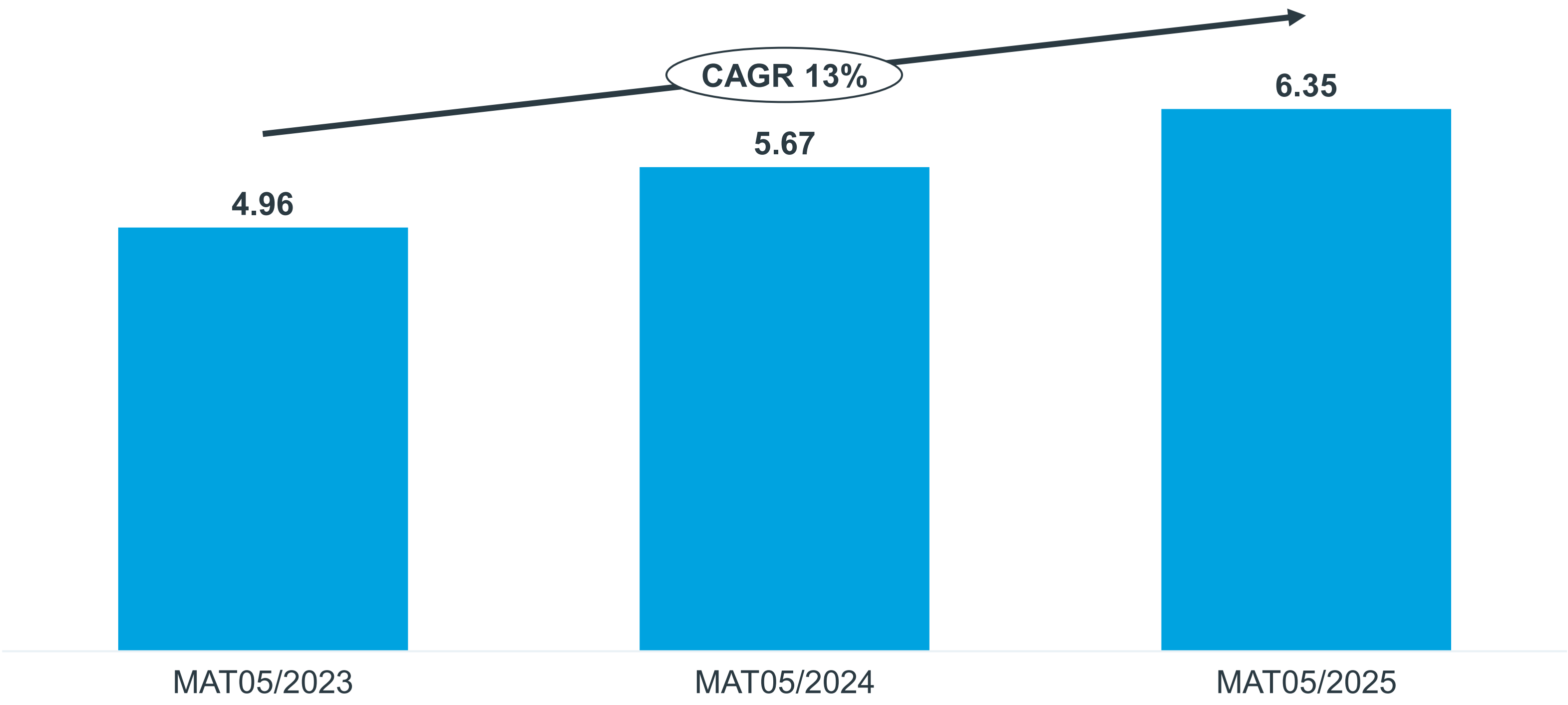
Source: IQVIA calculations based on company annual reports

The Rx + OTC-registered products market in Bulgaria has seen double-digit growth of around 13% CAGR over the past two years

Rx + OTC-registered market value evolution: Bulgaria

Rx + OTC-registered products market value

[MAT05 - 2023 - MAT05 2025, bn BGN, RET Prices]



Comments

- The pharmaceutical market in Bulgaria (defined as prescription medicines and registered over-the-counter medicines) **continues to grow in value by more than 13% annually CAGR**, growing to an estimated **BGN 6.35 billion** as of May 2025
- **The role of wholesale distributors has been essential** for enabling this growth and supporting the development of the ecosystem as a whole, ensuring efficiency and financial sustainability

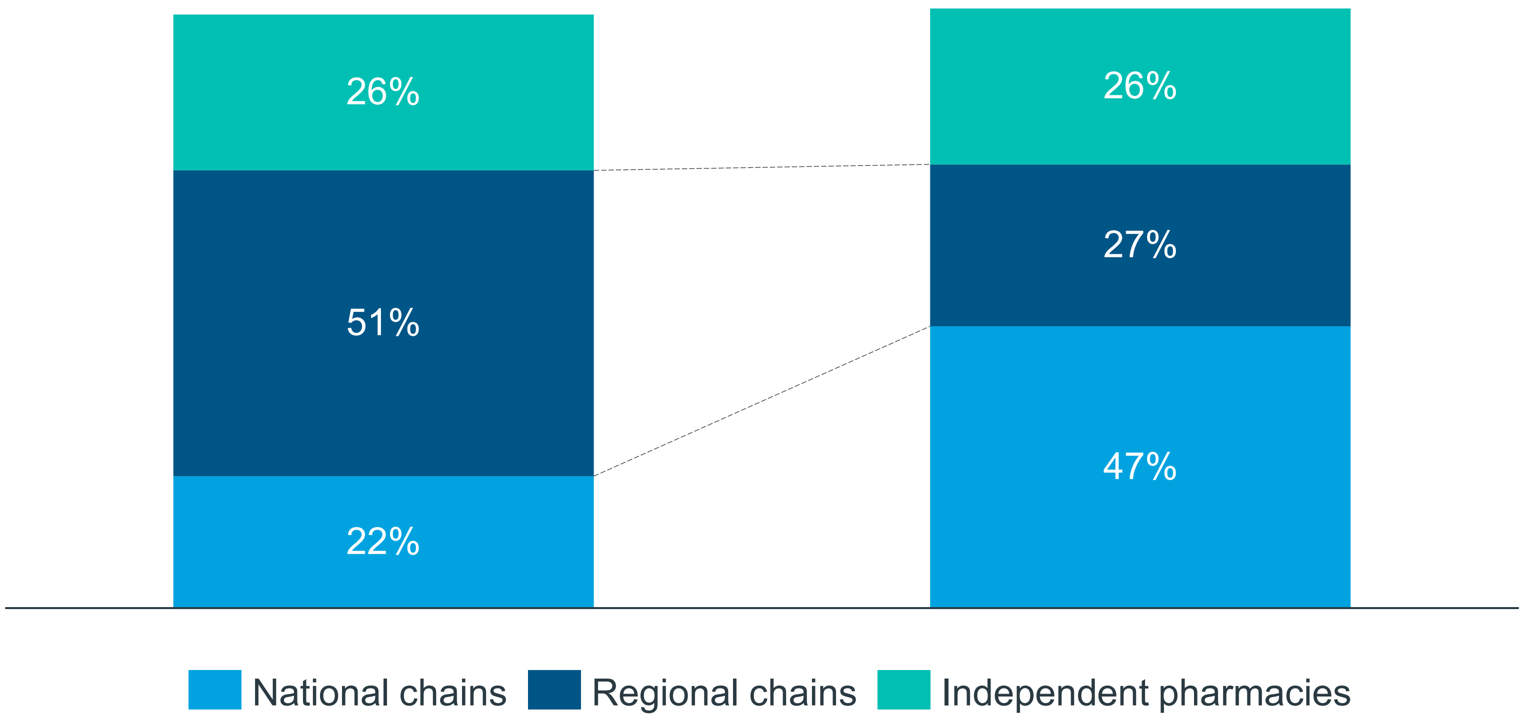
Source: IQVIA Sell-in Data, MAT 05/2025, Ethical market includes Rx products and OTC-reg products

While the presence of regional chains and independent pharmacies is strong, national chains capture 47% of value on the Rx market

Rx market shares by venues and volume: Bulgaria

Market Share by # of Pharmacies
[05/2025, %]

Market Share by Value
[05/2025, %]



Comments

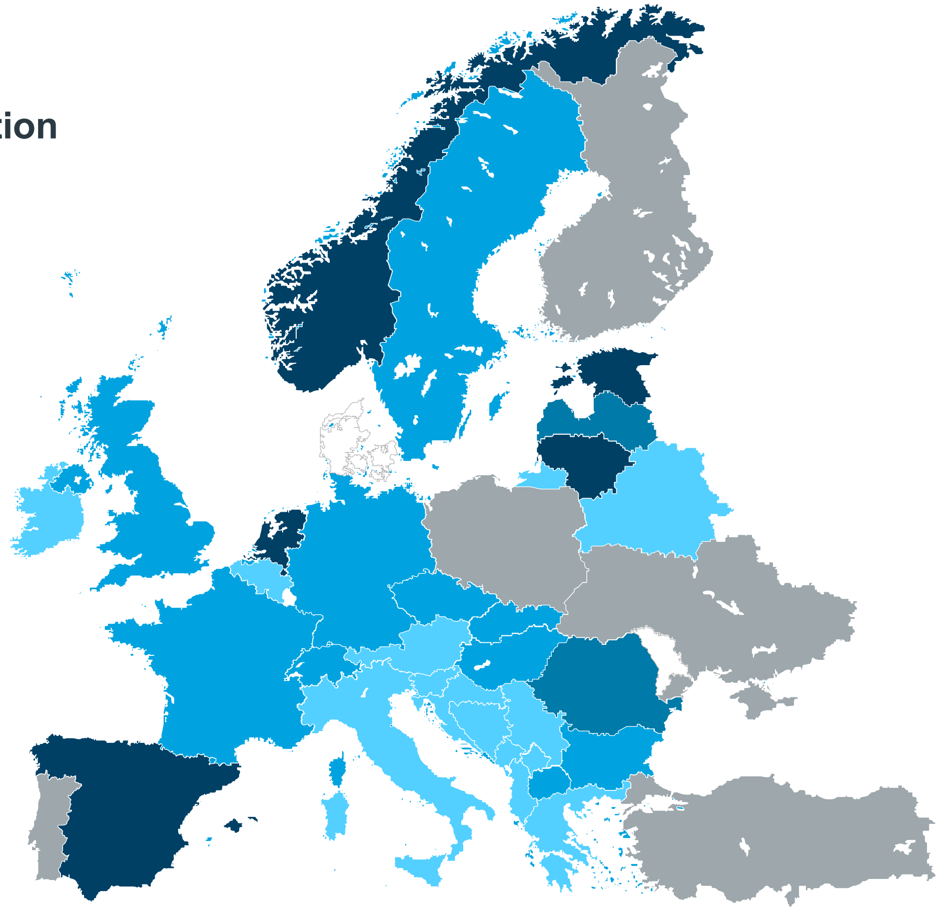
- National chains **account for 22% of the Bulgarian market in terms of locations** but, at the same time, generate than twice more **in terms of value – 47%**
- Bulgaria can be considered a **relatively fragmented market**, with independent pharmacies constituting more than half of all locations, and another quarter belonging to regional chains
- These statistics also **suggest a significant discrepancy between revenues per location** for each pharmacy type

Source: IQVIA sell-in MAT 05/2025, Rx market

Vertical integration between wholesalers and pharmacy chains varies across Europe; Bulgaria is in the middle of the spectrum

Vertical integration levels: Bulgaria vs European countries

Levels of vertical integration between wholesalers and pharmacy chains across Europe



Over 75% | Between 50% и 75% | Between 25% и 50% | Under 25% | Vertical integration not permitted

Comments

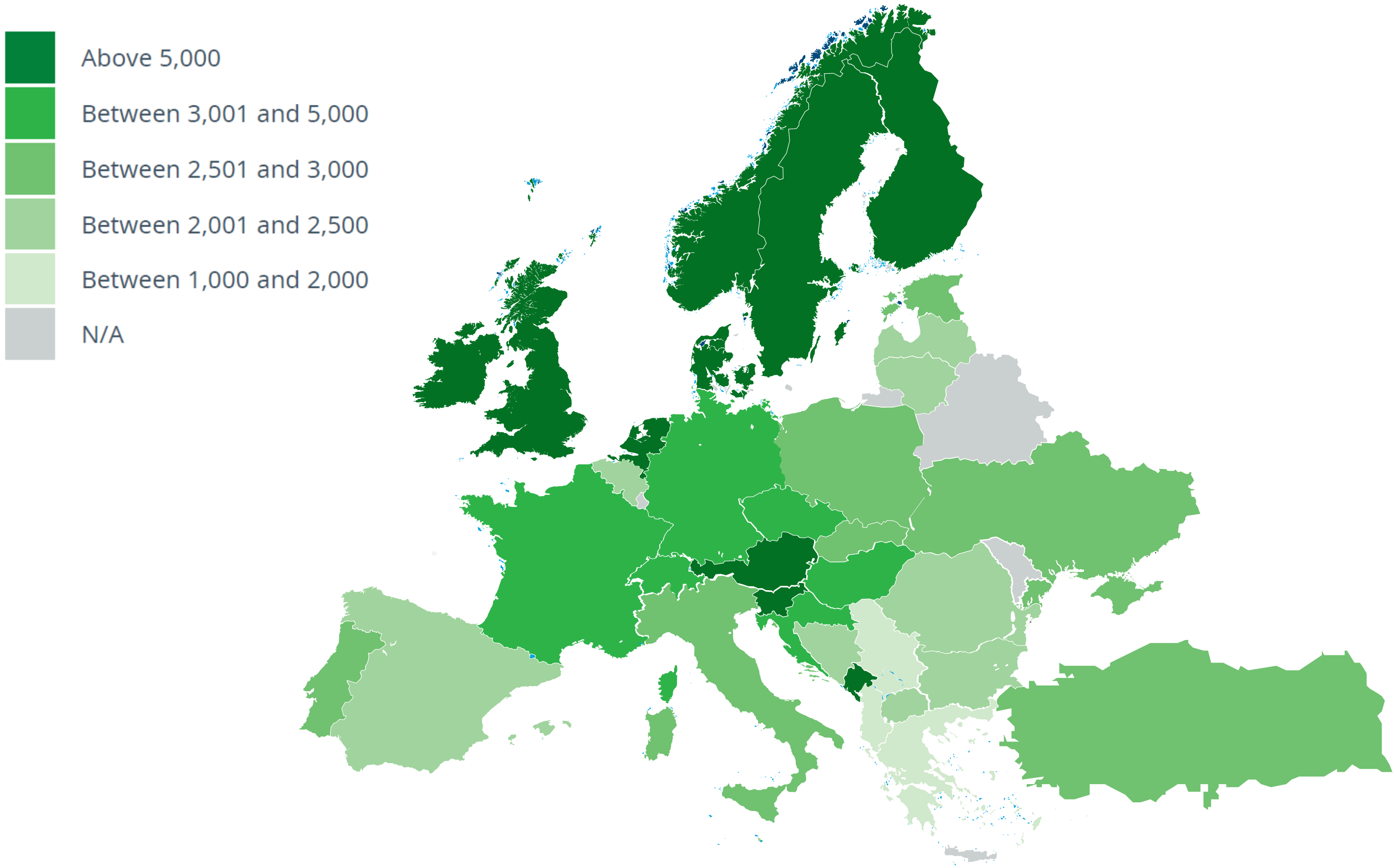
- The majority of countries in Europe show vertical integration accounting for **less than 50% of the pharmaceutical market value, including Bulgaria.**
- **Five countries have vertical integration levels representing more than 75%** of the pharmaceutical market value - Norway, Estonia, Lithuania, the Netherlands, and Spain
- **Vertical integration is prohibited in several countries such as** Finland, Poland, Ukraine, Portugal, and Turkey

Source: IQVIA Analysis

There is considerable variation in the number of inhabitants per pharmacy in Europe, with Bulgaria having a relatively high “density”

Pharmacy coverage and density: Bulgaria vs European countries

Number of inhabitants per pharmacy



Source: Based on 2025 Eurostat data on population size and IQVIA data on number of pharmacies

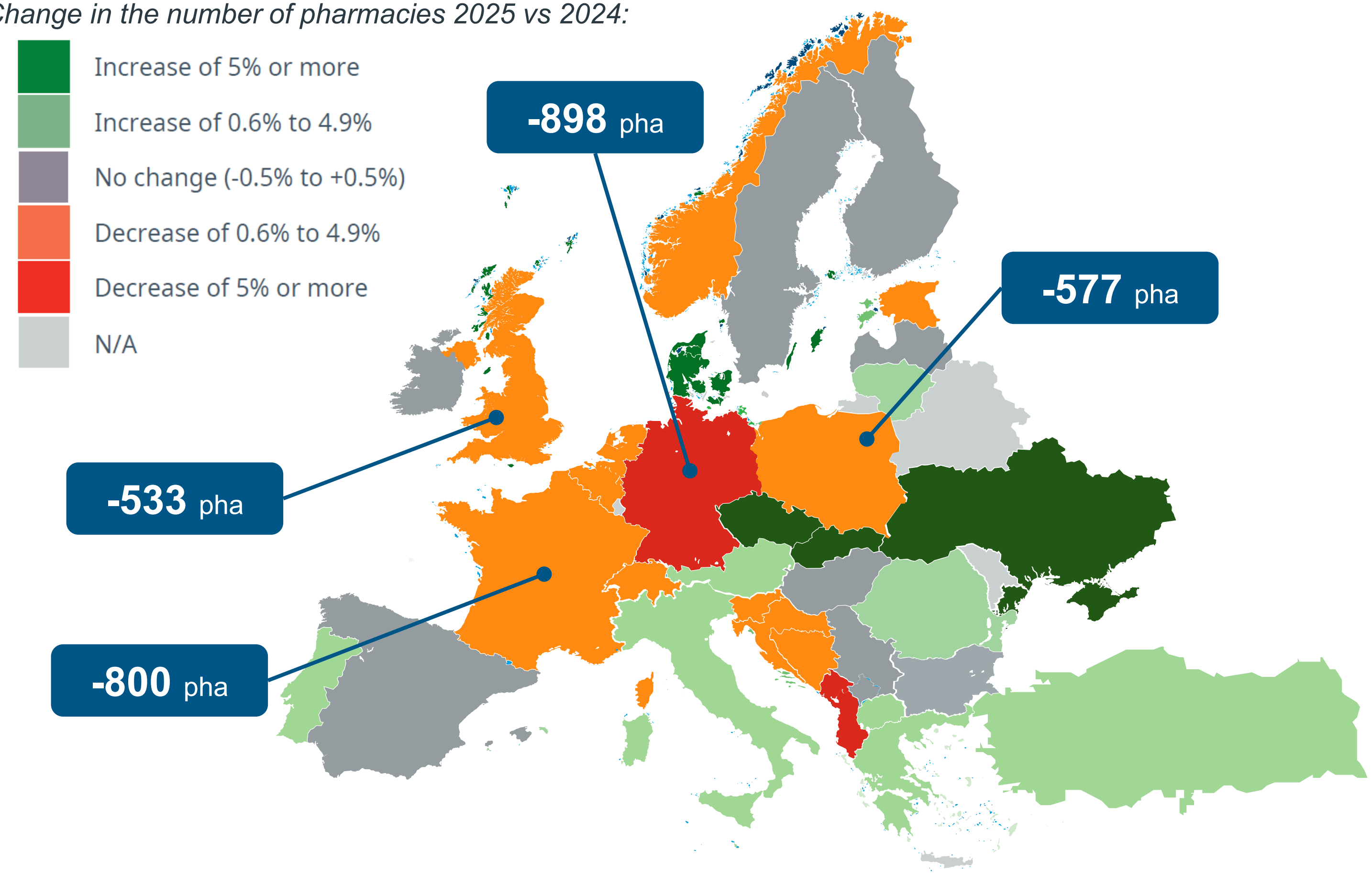
- **Pharmacy availability plays a key role in the healthcare system**, directly affecting patients' access to medicines, healthcare services and information about medicines.
- **Pharmacy availability varies significantly across European countries**, with potential implications for patient outcomes and the overall effectiveness of healthcare delivery.

In most West and Central European countries, there is slight drip in in the number of pharmacies – there are notable exceptions though

Pharmacy coverage and density: Bulgaria vs European countries - trend

Trend in the number of pharmacies

Change in the number of pharmacies 2025 vs 2024:



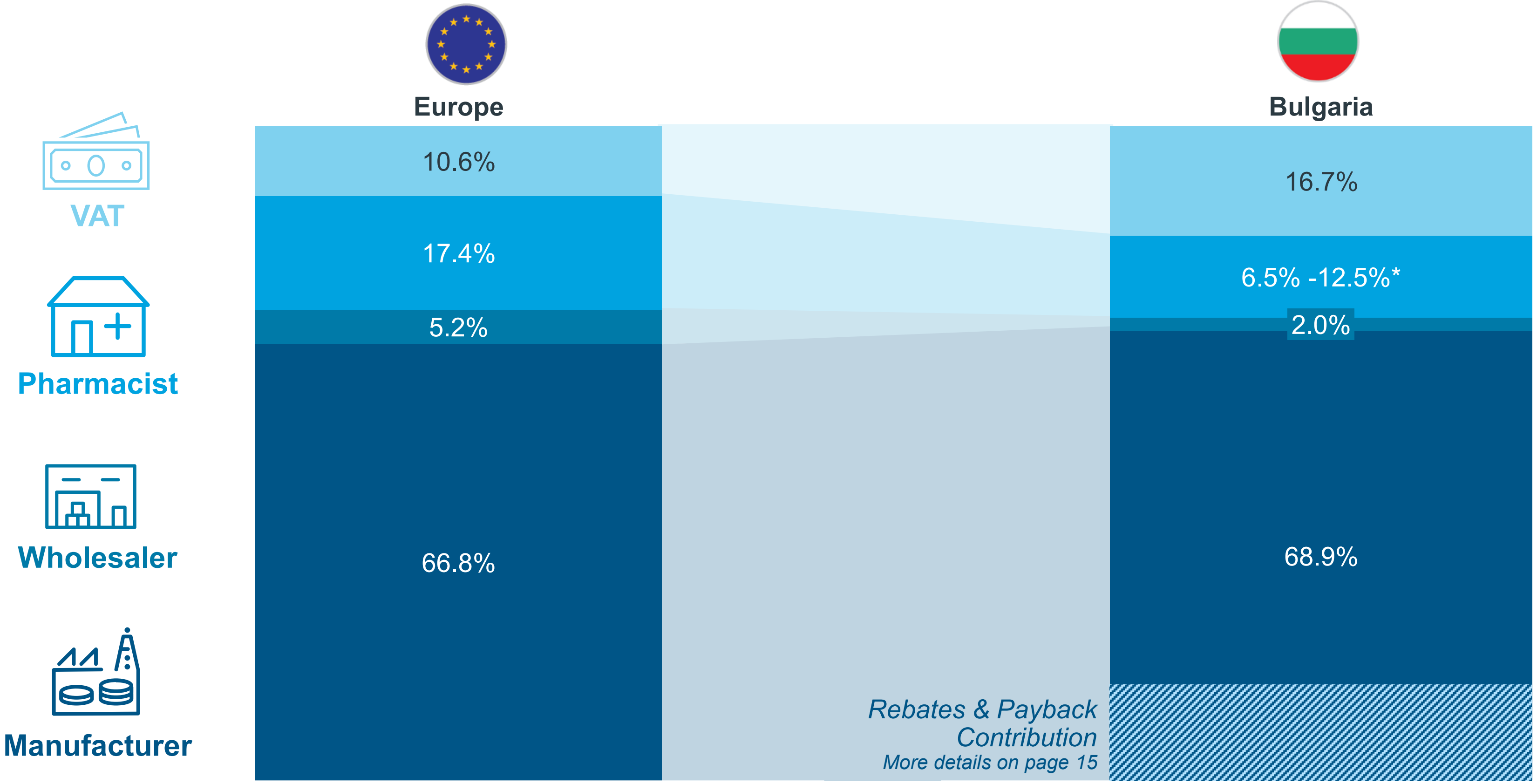
Source: IQVIA Experts and desk research, IQVIA EMEA Thought Leadership

- **In most West and Central European countries, there is slight drip in in the number of pharmacies**
- In **countries such as Germany, UK, France and Poland, the decline in the number of pharmacies is clearly greater than in others**
- **In the four countries highlighted on the map, the number of pharmacies fell by a total of 2808 outlets for one year**

Bulgarian price structure is driven by the higher VAT which limits the pharmacists, wholesalers and manufacturer shares

Retail Price Structure: Europe vs Bulgaria

Breakdown of the retail price of a medicine[1], [Europe vs Bulgaria, 2021[2], %]



Bulgaria has **higher than Europe VAT rate** and **lower than Europe prices which** squeezes the margins of all stakeholders

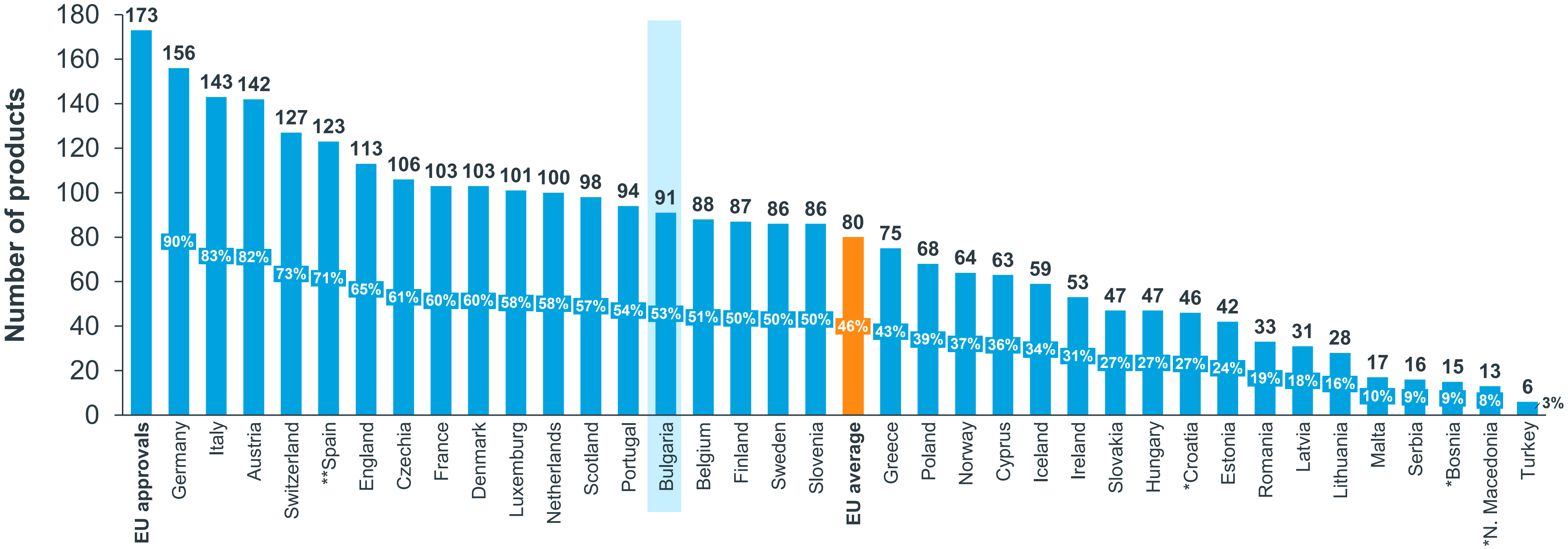
On top of that, manufacturers' share is further affected by the **mandatory and voluntary and payback mechanisms**

Hence, **an improved pricing and mark-up mechanism** is needed to ensure the price structure is sustainable for pharmacies and wholesalers

1. Non-weighted average for Europe (average estimate for 25 countries), EFPIA member associations 2. Data on European level is from 2020, data on Bulgarian level is from 2021
*Pharmacists % presented as a range and dependent on sales of reimbursed products. Additionally, pharmacies receive extra mark up on food supplements and cosmetics and fee per prescription for Rx products

Bulgaria has a good level of access to existing innovative drugs; yet, the time from approval to availability for new ones is lengthy

Rate of availability & WAIT indicator by country



Time from central approval to availability (days)

Germany	Italy	Austria	Switzerland	**Spain	England	Czechia	France	Denmark	Luxemburg	Netherlands	Scotland	Portugal	Bulgaria	Belgium	Finland	Sweden	Slovenia	**EU average**	Greece	Poland	Norway	Cyprus	Iceland	Ireland	Slovakia	Hungary	*Croatia	Estonia	Romania	Latvia	Lithuania	Malta	Serbia	*Bosnia	*N. Macedonia	Turkey
128	439	309	451	616	411	581	597	339	449	459	376	840	768	549	444	361	610	**578**	654	723	524	531	556	645	797	636	549	713	828	642	819	0	799	989	576	981

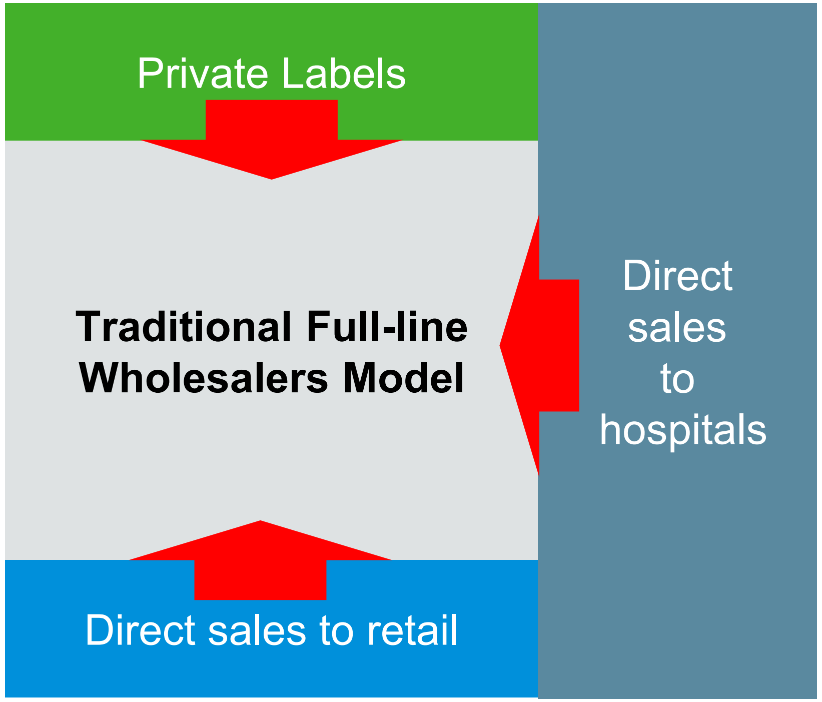
The total availability by approval year is the **number of medicines available to patients** as of 5th Jan 2025 (for most countries is the point at which the product gains access to the reimbursement list), split by the year the product received marketing authorization in Europe.

Source: EFPIA WAIT Indicator (2025). **European Union average: 80 products available (46%)** †Country specific definitions are listed in the appendix. *Countries with asterisks did not complete a full dataset and therefore availability may be unrepresentative. **In Spain, the WAIT analysis does not identify those medicinal products being accessible earlier in conformity with Spain's Royal Decree 1015/2009 relating to Medicines in Special Situations.

To respond to growing pressures, wholesalers are beginning to look into new business models around technology and patient services

Market challenges and opportunities

Pressures on Traditional Wholesaler Model



Business Opportunities for Wholesalers

1. Logistic / Warehouse services
2. Own chains / virtual chains
3. MAH holders / Representative services
4. Marketing Services
5. Outpatient Clinics
6. IT / Reporting services
7. Drugstores
8. White / Private Labels / Manufacturing
9. Telemedicine
10. Clinical Trails

Source: IQVIA Analysis & Research

Factors affecting pharmacies drive developments across care and services, multi & omnichannel, technology and digital

Key influencing factors and development areas for pharmacies

1. Key influencing factors

Industry Trends

- Declining number of pharmacies
- Competition (inc. e-pharmacy)
- Healthcare Digitalization
- Drug shortages
- Shortages of doctors, nurses and other Health Care staff
- Shortages of pharmacists
- Rising prices of drugs

Macro Trends

- Aging population
- Inflation and rising operating costs
- Growing role of e-commerce
- Digital adoption
- ESG
- Automation and robotization
- Increasing role of LLM and AI

Patient

- Rising consumer expectations
- Ease and convenience (CX)
- The need for personalized care
- Help with health care
- Access to medical data history

Regulatory

- Implementation of e-prescription and cross-boarder collaboration
- The increasing role of pharmacists
- Requirements to operate pharmacies
- Restrictions on the supply of medicines

2. Key development areas

Care and Services

Meeting the needs of patients and supporting the regulator in addressing and solving problems in the healthcare system

Multi/Omni Channel

Enabling seamless cross-channel dialogue with the patient - where the patient is and in the way the patient expects

Technology and Digital

Automating back-office functions and integrating digital solutions to improve customer experience and efficiency

Pharmacy of the future

Excelling in each of the key development areas requires market players to develop new competences and construct new solutions

Key development areas for pharmacies: deep-dive

The introduction of **additional pharmaceutical services** and **pharmaceutical care** will require continuous training of pharmacists and the development of their medical competences

Multi/Omnichannel operation of pharmacies means their integration with the **e-commerce**, introduction of various forms **of drug delivery and pick-up**, and **communication with patients**

Technology can, among other things, reduce the need for pharmacists, free up their time, eliminate errors and improve customer experience, but requires investments in **robots and digital solutions**

There is a range of pharmacy services offered across Europe, many of which bringing benefits to both the patient and the ecosystem

Awareness Building (Campaigns & Screening)

Blood pressure and weight measurement, glucose testing, cholesterol testing, eye screening and testing; Campaigns on smoking cessation and responsible antibiotic use

Public Health Services and Minor Ailments Management

Management of minor ailments (e.g., sore throats, earaches, insect bites); out-of-hours and night-time checkup services and consultations

Medication Management & Treatment Adherence

Needle and syringe exchange: Support on medication intake (scheduling, proper dosing, injections support)

Vaccinations

Immunizations against seasonal diseases (e.g. flu), less common diseases (e.g. HPV) or diseases with higher risk of contracting during travel (e.g. rabies, zika, cholera)

Chronic Disease Treatment Management

Support for conditions like diabetes, asthma, COPD, and hypertension, including device usage (e.g. inhalers)

Post-therapeutical support and consultations (on-site and remote)

Post-hospital care for cancer patients, post-surgery recovery support, mental health support

* Please note that the list of pharmacy services provided on this slide is not exhaustive and does not assume any ranking of pharmacy services by order of usage, adoption and/or priority

Source: IQVIA Analysis & Research

Thank you!