

DECLARATION
for corporate governance
in accordance with Article 40 of the Accounting Act and
Article 100n, paragraph 8 of the PCCC Act
of the TCHAIKAPHARMA GROUP

The undersigned Biser Rosenov Georgiev, in my capacity as Executive Director of "Tchaikapharma High Quality Medicines" Inc. declare the following:

I. Information on compliance as appropriate:

(a) the Corporate Governance Code approved by the Deputy Chairman of the Financial Supervision Commission, or

(b) information on the corporate governance practices applied by Tchaikapharma High Quality Medicines Inc. (the Company) in addition to the code referred to in (a) .

The public companies of the Tchaikapharma Group have adopted and continue to comply with the National Corporate Governance Code (NCGC), established in October 2007 and subsequently amended in 2012 and 2016 and approved by the Deputy Chairman of the Financial Supervision Commission.

Good corporate governance is a set of balanced relationships between the Group's Board of Directors, its shareholders and all its stakeholders- employees, business partners, the Company's creditors, potential and future investors and society at large.

In addition to the principles, which are recommendatory in nature, the Group's public companies have established a set of requirements for good corporate governance practices, compliance with which is mandatory for their boards and which relate to:

- Protection of shareholders' rights;
- Ensuring fair treatment of all shareholders regardless of the number of shares they hold;
- Recognising the rights of stakeholders and promoting cooperation between companies and stakeholders;
- Ensuring timely and accurate disclosure of information on all matters relating to companies, including the financial position, performance, ownership and governance of companies;
- Supporting the strategic management of the companies, oversight of management's activities and accountability to the company and shareholders.
- The Corporate Governance Code is applied on a "comply or explain" basis. This means that its recommendations are complied with, and whether or not there is any deviation from them, the Parent Company's management periodically disclose information on corporate governance.
- The actions of their management are in the direction of promoting the principles of good corporate governance, enhancing the confidence of shareholders, investors and persons interested in the management and operations of the Group.
- The management of the Parent Company complies with the Corporate Governance Programme, which is in line with the applicable regulations, internationally recognised standards of good corporate governance and the National Corporate Governance Code.

1.Management of the parent company "Tchaikapharma " Inc. - Board of Directors

1.1. Functions and duties

The Board of Directors of Tchaikapharma Inc. shall independently and responsibly manage the Company in accordance with the established vision, objectives and strategies of the Company and the interests of the shareholders. The members of the Board of Directors give a guarantee for their management in the amount of their quarterly gross remuneration.

During their term of office, the members of the Board of Directors are guided in their activities by generally accepted principles of integrity, managerial and professional competence.

1.2. Election and dismissal of members of the Board of Directors

The provisions of the Company's Articles of Association concerning the appointment and dismissal of members of the Company's Board of Directors and concerning the making of amendments to the Articles of Association require resolutions to be taken by the General Meeting of Shareholders.

Structure and competence

The number of members and the structure of the Board of Directors are set out in the Articles of Association of the Company, which is managed and represented by a Board of Directors consisting of three natural persons meeting the requirements of Article 234 of the Commercial Companies Code and Article 116a(2) of the Public Offering of Securities Act.

The composition of the Board of Directors elected by the General Meeting is structured in such a way as to ensure the professionalism, impartiality and independence of the decisions and actions of its members in relation to the management of the Group.

The powers, rights and duties of the members of the Board of Directors follow the requirements of the law, the constitutive acts and the standards of good professional and management practice.

1.3. Remuneration of the members of the Board of Directors

The Parent Company's Board of Directors has prepared and implemented a Remuneration Policy which is approved by the General Meeting of Shareholders. The Remuneration Policies have been developed in accordance with Regulation No. 48 dated 20 March 2013 of the Financial Supervision Commission and the Public Offering of Securities Act. The amount and structure of remuneration is determined by the General Meeting of Shareholders.

The disclosure of information on the remuneration of the members of the Board of Directors is in accordance with the legal norms and the articles of association of public companies.

Shareholders have easy access to the company's adopted remuneration policy and the remuneration and bonuses of the members of the Board, as well as to information on the annual remuneration and additional incentives received by them. Information on the remuneration of the members of the Board of Directors is presented in the Annual Financial Report, in the Report on the implementation of the Remuneration Policy of the Board of Directors and is published on the websites of the parent company.

1.4. Conflicts of interest

Board members shall endeavour to avoid and prevent actual or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the articles of association of the companies and in internal documents and rules.

Board members shall endeavour to disclose conflicts of interest promptly and to provide shareholders with access to information about transactions between the company and board members or persons related to them.

Any conflict of interest shall be disclosed to the governing bodies.

A potential conflict of interest exists when the company intends to enter into a transaction with a legal entity in which a member of the governing bodies or persons related (interested) to that

member have a financial interest.

Transactions of a public company involving interested persons, other than those referred to in par. 144 of the Securities Act, shall be subject to prior approval by the management body of the public company.

2. Independent financial audit and internal control

The Audit Committee of Tchaikapharma Inc. and its members, as the persons charged with general management, provide oversight of internal audit activities and monitor the overall relationship with the external auditor, including the nature of non-audit services provided by the Group's auditor.

The management of the Parent Company, assisted by the Audit Committee, shall provide written reasons to the General Meeting for its proposal for the selection of the auditor, guided by established professionalism requirements.

The managements of the companies in the Tchaikapharma Group ensure compliance with the applicable law regarding independent financial auditing, and the public companies also apply the provisions of special laws.

The companies in the Tchaikapharma Group have an established system of internal controls, which, among other things, identifies the risks inherent in their activities and supports their effective management. It ensures the effective functioning of reporting and disclosure systems and its complexity is dictated by the specific nature of the respective company's operations.

3. Protection of shareholders' rights

The managements of the public companies in the Tchaikapharma Group shall ensure the equal treatment of all shareholders, including minority and foreign shareholders, by protecting their rights and facilitating their exercise within the limits permitted by the current legislation and in accordance with the provisions of the Companies' constitutive acts. The directors shall ensure that all shareholders are informed of their rights.

3.1. General meeting of shareholders

Information on the rules under which General Meetings of Shareholders are convened and held, including voting procedures, is available to all shareholders. The managements of the public companies in the Tchaikapharma Group provide sufficient and timely information on the date and place of the General Meetings, as well as full information on the matters to be considered and resolved at the meetings.

All shareholders have the right to participate in the General Meeting of Shareholders of the relevant public company of the Group and to express their opinions:

- Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the company in person or by proxy, as well as by correspondence or electronically;

- The management exercises effective control by making the necessary arrangements for the proxy holders to vote, in accordance with shareholders' instructions or by the means permitted by law;

- Management organizes and conducts the Company's Ordinary and Extraordinary General Meetings of Shareholders in accordance with the procedures established by law, which guarantee equal treatment of all shareholders and the right of each shareholder to express his or her opinion on the items on the agenda of the General Meeting;

- Management shall organise the procedures and arrangements for the General Meeting

of Shareholders in a manner that does not unduly burden or burden the voting process;

- Management shall take action to encourage shareholder participation in the General Meeting of Shareholders, including by enabling remote attendance by technical means (including the internet) where this is possible and necessary and does not contravene the NCGC.

- The management of the Tchaikapharma Group believes that the prerequisites for sufficient transparency in relations with investors, financial media and capital market analysts have been established.

- The processes and procedures for holding General Meetings of Shareholders ensure equal treatment of all shareholders, including minority and foreign shareholders, and protect their interests.

All members of Management endeavour to attend the Company's General Meetings of Shareholders.

3.2. Materials for the General Shareholders' Meeting

The materials relating to the General Shareholders' Meeting are available to shareholders from the day of the announcement of the invitation to convene it in the Commercial Register. They shall be made available to the Financial Supervision Commission and published on the Company's website and in the relevant media at least 30 days before the date of the General Meeting and shall be made available to shareholders free of charge upon request.

The texts in the written materials relating to the agenda of the General Meeting shall be specific and clear and shall not be misleading. All proposals concerning major corporate events are presented as separate items on the agenda of the General Meeting, including the proposal for profit distribution.

3.3. The management of the public company in the Tchaikapharma Group guarantees the shareholders' right to be informed about the decisions taken at the General Meeting of Shareholders.

The minutes of the General Meetings of Shareholders are published within the statutory timeframe, in compliance with the provisions on the requirements for maximum publicity and transparency of the information provided, its simultaneous publication using sufficiently accessible information disclosure platforms, including the companies' own websites. All materials of the general meetings of shareholders shall be kept available to shareholders and all interested parties for a period specified in the Securities Act.

3.4. Equal treatment of shareholders of the same class

All shareholders of a class shall be treated equally. All shares within a class confer the same rights on shareholders of the same class

3.5 The management of a public company in the Tchaikapharma Group shall ensure that sufficient information is provided to investors regarding the rights conferred by all shares of each class prior to their acquisition.

3.6. Remuneration Policy

The Board of Directors of the public company in the Group shall prepare a Report on the implementation of the remuneration policy for the members of the Board of Directors in 2021. The report shall disclose how the Remuneration Policy is applied, with particular focus on avoiding the creation of incentives for excessive risk-taking, conflicts of interest or other conduct leading to

adverse consequences. The amount and structure of remuneration shall be determined by the General Meeting of the Company.

4. Disclosure of information

- Corporate management shall establish the disclosure policy in accordance with legal requirements and the articles of incorporation.

- In accordance with the adopted information disclosure policy, the corporate management shall establish and maintain an information disclosure system.

- The disclosure system ensures equality of information recipients (shareholders, stakeholders, investment community) and prevents insider abuse.

- Corporate management shall ensure that the disclosure system provides complete, timely, accurate and understandable information that enables objective and informed decisions and assessments.

- Corporate management shall establish and monitor compliance with internal rules for the preparation of annual and interim reports and disclosure arrangements in a manner that ensures compliance with paragraph 15.

- As part of the information disclosure system, Tchaikapharma High Quality Medicines Inc. maintains a website of the Parent Company with approved content, scope and frequency of information disclosure. The Company's website is: www.tchaikapharma.com.

- Information disclosed through the Company's website includes:

- basic, Company-identifying business and corporate information;
- up-to-date information on the shareholding structure.
- the Company's constitutive acts and adopted policies relevant to the Company's business and operations.

- information on the structure and composition of the Company's management and supervisory bodies, and basic information on their members, including information on committees.
- financial statements for the last 5 years.
- the materials for the forthcoming general meetings of the Company's shareholders, as well as any additional ones received in accordance with the law.
- Information on resolutions passed at general meetings of shareholders for at least the last three years, including information on dividends distributed by the Company during that period.
- information on the auditors.
- information on forthcoming events.
- information on shares issued and other financial instruments.
- important information relating to the Company's business.
- information on the rights of shareholders, including sufficient information on the right of shareholders to request the inclusion of matters and to propose resolutions on matters already included in the agenda of the General Meeting pursuant to Article 223a of the Companies Act.
- contact information for the Company's Investor Relations Director.

5. Interested parties

Corporate governance ensures effective interaction with stakeholders. This category refers to certain groups of people who are directly affected by the Parent Company and who may in turn influence its activities, including suppliers, customers, employees, creditors, public pressure groups and others. The Parent Company identifies which stakeholders are relevant to its operations based on their degree and spheres of influence, role and relationship to its sustainable development. _____

In its stakeholder policy, corporate management complies with legal requirements and the principles of transparency, accountability and business ethics.

Corporate management maintains effective stakeholder relations. Periodically, in accordance with legal standards and good international practice for disclosure of non-financial information, the Parent Company informs stakeholders about economic, social and environmental issues.

6. An explanation of which parts of the Corporate Governance Code referred to in paragraph 1(a) or (b) of Article 100(n)(8) are not being complied with and the reasons for doing so, respectively, where the issuer has decided not to rely on any of the rules of the Corporate Governance Code - the reasons for doing so

The public companies in the Tchaikapharma Group comply with all parts of the Corporate Governance Code under item 1(a).

7. A description of the main features of the issuer's internal control and risk management systems in relation to the financial reporting process

The internal control system of financial reporting and accountability of the Group companies is a set of behavioural and technical principles, rules, tools, procedures and control actions that are specifically designed and adapted to the specifics of the companies, their activities and reporting system. It is aimed at:

- ensuring ongoing monitoring and targeting of reporting activities against the Group's objectives, the expectations of its various users and achieving their required effectiveness and efficiency, including in the use of the resources employed;
- ensuring the effectiveness and efficiency of the financial and accounting process, including consolidation and documentary substantiation;
- there is a high degree of security in safeguarding and maintaining the assets of the Group companies, including the prevention of fraud and error; and
- there is an assurance of reliable, quality and timely financial and operational information for internal and external users.

The main components of the internal control system on financial reporting and accountability include:

1. adoption and compliance with the ethical principles and rules of conduct that have been adopted by the Code of Conduct for the employees of the Tchaikapharma Group and with respect to financial reporting and accountability and all related processes, procedures and actions of all personnel of the Company;
2. development and definition of an optimal structure of units involved in the processes related to financial reporting, with clearly defined responsibilities and delegations, powers and duties, including through developed written internal documents;
3. developing policies for the selection, training and development of staff involved in accounting and financial reporting processes;
4. development, implementation and maintenance of control procedures and rules for each stage of the accounting, financial reporting and accountability processes, with priority given to the progressive introduction of formalised written procedures;

8. Information pursuant to Article 10(1)(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

8.1. Significant direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;

None.

8.2. Holders of any securities with special control rights and a description of those rights;

There are no securities with special rights in Tchaikapharma Inc. and its subsidiary. Pursuant to the Articles of Association of the Group companies, all shares issued by them are of one class, registered, dematerialised, ordinary and indivisible. Each share entitles the holder to one vote in the General Meeting of Shareholders, the right to a dividend and to a liquidation share proportionate to the nominal value of the share.

8.3. Any restrictions on voting rights, such as limitations on the voting rights of holders of a certain percentage or number of votes, deadlines for the exercise of voting rights or systems whereby, through cooperation with the company, the financial rights attached to the securities are separated from the holding of the securities;

There are no restrictions on voting rights in the Parent Company and for the other public companies in the Group.

8.4. The rules governing the appointment or replacement of board members and the amendment of the articles of incorporation.

Members of the Board of Directors may be natural persons and legal entities meeting the requirements of Article 234 of the Commercial Companies Code and Article 116a, paragraph 2 of the Public Offering of Securities Act.

Where a member of the Board of Directors is a legal entity, it shall appoint representative(s) to perform its duties on the Board. The legal entity shall be jointly and severally liable with the other members of the Board for the obligations arising from the actions of its representative.

The natural persons who represent the legal persons - members of the Board of Directors, must meet the requirements of Article 234, paragraph 2 of the Commercial Companies Code.

Persons who were members of the management or control body of a company dissolved due to insolvency during the last two years preceding the date of the decision declaring the insolvency may not be members of the Board of Directors if there are unsatisfied creditors.

No person shall be a member of the Board who has been a director, member of the management or supervisory body of a company which has been found by a final penalty order to have failed to comply with its obligations to establish and maintain specified levels of reserves under the Petroleum and Petroleum Products Reserves Act.

At least one third of the members of the Board of Directors must be independent persons. The independent member of the Board may not be:

- an employee of the public company;
 - a shareholder who holds, directly or through related parties, at least 25 per cent of the votes in the general meeting or is a person related to the company;
 - a person who has a lasting business relationship with the public company;
 - a member of a management or supervisory body, a procurator or an employee of a commercial company or other legal person.
- a person related to another member of the management or control body of the public company.

Members of the Board of Directors may be re-elected without limitation.

— In the event of changes in legislation, a resolution shall be passed at the next General Meeting

of Shareholders to amend the Articles of Association in order to bring its provisions into line with those of the current regulations. Until such a decision is taken, the affected texts of the Articles of Association shall be interpreted in accordance with the Constitution and the laws of the country.

8.5. The powers of board members, in particular the right to issue or redeem shares.

The powers of the Board of Directors are regulated in the Articles of Association of the Parent Company. Approval to issue bonds is a decision that the Board of Directors may take by a qualified majority of 2/3 of its members.

9. Composition and functioning of the administrative, management and supervisory bodies and their committees

9.1. Members of the Board of Directors of Tchaikapharma Inc:

The Parent Company is managed and represented by a Board of Directors consisting of three natural persons meeting the requirements of Article 234 of the Commercial Companies Code and Article 116a, paragraph 2 of the Public Offering of Securities Act. The composition of the Board of Directors may be changed by the General Meeting at any time.

The composition of the Board of Directors is described in item I. General Information on Tchaikapharma Inc. in the Report on Operations.

Pursuant to Article 116a(2) of the Public Offering of Securities Act, at least one third of the members of the Board of Directors must be independent persons. In this case it is:

Radka Aleksandrova Tsenova

Members of the Board of Directors shall become familiar with the rights and obligations associated with their position.

9.2. Order of business of the Board of Directors

Tchaikapharma Inc. has developed Rules of Procedure for the Board of Directors, which are consistent with and an extension of the principles set out in the Corporate Governance Programme. The Articles of Association of the Company are in compliance with the requirements of the Securities Act, and the shareholders' right to timely notification on various matters is upheld.

The Board of Directors meets in regular meetings at least once a month.

9.3. Minutes

Minutes shall be kept of the decisions of the Board of Directors and shall be signed by all members present at the meeting.

The minutes shall be kept by the Investor Relations Director of the Company in a special register in accordance with the provision of Article 116d, paragraph 1. 3(3) of the Securities Act.

9.4. Liability

The members of the Board of Directors must give a cash bond for their management in an amount to be determined by the General Meeting, but not less than 3 months of their gross

remuneration.

The members of the Board of Directors shall be jointly and severally liable for the damages they have caused to the Company.

Any member of the Board of Directors may be discharged from liability if it is established that he/she is not at fault for the damage caused. The General Meeting may discharge a member of the Board of Directors from liability at an ordinary annual general meeting in the presence of annual accounts for the preceding year and interim accounts for the period from the beginning of the current year to the date of the general meeting certified by a registered auditor.

The Board of Directors shall report on its activities to the General Meeting of Shareholders.

9.5. Role of the Board of Directors in implementing the principles of good corporate governance

The Board of Directors decides on all matters relating to the Parent Company's business, except those which, under the applicable law and the Articles of Association, are the exclusive competence of the General Meeting. According to the structure and composition of the Board of Directors of each of the Group companies, their functions are allocated accordingly to the portfolios that exist within them. The manner in which the management and supervisory bodies function is aimed at aligning the management of each company with the strategic objectives set, both for the company itself and for the Group.

The Board of Directors delegates the execution of its decisions and the performance of the Company's operational management functions to one of its members

/Executive Director/. The Managing Director may be replaced at any time.

9.6. Duty of care. Avoidance of conflict of interest

Members of the Board of Directors shall:

- Perform their functions with the care of a good trader, be loyal to the Company and act in the best interests of its shareholders;

- perform their duties with the skill, diligence and responsibility of a professional and in a manner they reasonably believe to be in the best interests of all shareholders of the Company, using only information they reasonably believe to be reliable, complete and timely;

- to prefer the interest of the Company and the Company's investors to their own interest and not to use for the benefit of themselves or others at the expense of the Company and its shareholders facts and circumstances which they have become aware of in the course of their official and professional duties;

- to avoid direct or indirect conflicts between their own interest and the interest of the Company, and if such conflicts arise, to disclose them promptly and fully and not to participate in or influence other members of the Board in making decisions in such cases;

- not to disclose information about the deliberations and decisions of the Board of Directors' meetings, as well as other non-public information about the Company, including after they cease to be members of the Board of Directors, until the Company publicly discloses the relevant circumstances;

- provide and disclose information to shareholders and investors as required by the Company's regulations and bylaws.

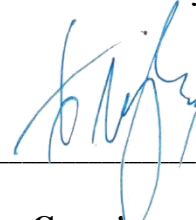
The Board of Directors is assisted by an Audit Committee which, in accordance with the Independent Financial Audit Act and International Standards on Auditing, performs the following functions:

- oversees the financial reporting processes of the entity;

- monitors the effectiveness of the entity's internal control systems;
- monitor the effectiveness of the entity's risk management systems;
- monitor the independent financial audit of the entity;
- review the independence of the entity's registered auditor in accordance with the requirements of the law and the Code of Ethics for Professional Accountants, including overseeing the provision of additional services by the registered auditor to the audited entity.

18.04.2022

Sofia



Biser Georgiev
Executive Director