

ACTIVITY REPORT

For the third quarter
of 2022



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

26.10.2022

General information about Tchaikapharma High Quality Medicines Inc.

History and development of Tchaikapharma High Quality Medicines Inc.

Legal and commercial name

The legal and commercial name of the company is Tchaikapharma High Quality Medicines Inc.

Location and registration. Unique Identification Code (UIC)

The Company was listed in the Commercial Registry by Decision from 14.03.2000 on the company case 1096/2000 of the Varna District Court as a joint stock company named TCHAIKA PHARMA INC.

By decision of the General Meeting of Shareholders from 04.07.2003, entered by Decision from 30.07.2003 on the company case 1096/2000 of the Varna District Court, the name was changed to TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

The Company is listed in the Commercial Register of the Registry Agency at the Ministry of Justice with **UIC 103524525**. With registered office. 1 G. M. Dimitrov Bld .

Foundation date and duration in time

The Company was founded and entered in the Commercial Registry by Decision from 14.03.2000 on the company case 1096/2000 of the Varna District Court as a joint stock company. The duration of the Company is not limited in time.

Country of Company registration, headquarters and address pursuant to the Statute; legal form; legislation under which the Company operates

Tchaikapharma High Quality Medicines Inc. is a joint stock company which operates in compliance with the legislation of the Republic of Bulgaria.

The Company was incorporated in the Republic of Bulgaria.

The headquarters and registered office of the Company:

Republic of Bulgaria, 1172 Sofia, 1 G.M. Dimitrov Blvd.

Contact Address: 1172 Sofia, 1 G.M. Dimitrov Blvd.

Telephone: (359 2) 402 64 82

Internet site: www.tchaikapharma.com

Important events in the development of the business of the Company

Important events in the development of the Issuer for the last three years:

- Tchaikapharma High Quality Medicines Inc. was not transformed.
- Tchaikapharma High Quality Medicines Inc. was not transferred or pledged.
- There were no significant changes in the scope of activity of Tchaikapharma High Quality Medicines Inc.
- There were no filed claims for opening of insolvency proceedings.
- By Decision of the General Meeting of 22.06.2020 the capital was increased from BGN 82,200,000 to BGN 84,500,000, by issuing BGN 2,300,000 (two million and three hundred) new ordinary shares with a nominal value of BGN 1 (one). The increase of the capital has not yet been entered in the Commercial Register, and therefore is not reflected in current reports.
- By Decision of the General Assembly of 14.06.2021 the profit of 2020 in the amount of BGN 603,702.40. (62,377.07 (Sixty-two thousand three hundred and seventy-seven levs and 07 st.) to be allocated to reserves and BGN 541,325.33 (Five hundred and forty-one thousand three hundred and twenty-five levs and 33 st.) to be allocated to the Retained Earnings Fund. On 21.07.2021 the capital increase of Tchaikapharma High Quality Medicines Inc. was registered.
- By Decision of the General Assembly of 20.06.2022 the profit of 2021 in the amount of BGN 1,399,422.40. (One million three hundred and ninety-nine thousand four hundred and twenty-two leva and 24 st.) shall be allocated as follows BGN 139,942.22 (One Hundred and Thirty Nine Thousand Nine Hundred and Forty Two Levs and 22 Sts.) to be allocated to reserves and BGN 1,259,480.02 (One Million Two Hundred and Fifty Nine Thousand Four Hundred and Eighty Levs and 02 Sts.) to be allocated to Retained Earnings.
- The current capital of the Company is BGN 84,500,000 distributed in 84,500,000 ordinary dematerialized voting shares with a par value of BGN 1 (one) each.

Tchaikapharma High Quality Medicines Inc. is one of the fastest growing Bulgarian company specialized in manufacturing high quality and affordable generic and original medicines. The production facilities of the company are built in accordance with European requirements. The company is focused of quality and safety of the production of medicinal products for human medicine. In the years in which the company has been on the market it has proved its honesty and patient care.

Its main goal is the renewal of current trends in the worldwide drug therapy. The main priority for the company are medicinal products for the treatment of diabetes, diseases of the central nervous system, cancers and it is mainly focused on medications associated with the treatment of cardiovascular diseases.

Investments

Major investments for each of the following financial years: 2019, 2020 and 2021.

Overview of the investments in fixed assets by type and year is presented in the following table.

Investments for the period	2019	2020	2021
Tchaikapharma High Quality Medicines Inc.			
I. Fixed tangible assets	2 715	13 861	4 630
1. Land and buildings		13 042	
2. Property and equipment	2 617	667	4 596
3. Other fixed assets	98	152	34
II. Fixed intangible assets	661	939	375
1. Industrial property rights	637	919	307
2. Software	10	9	49
3. Patents and licenses	14	224	19
Total amount of acquisition of fixed tangible and intangible assets	3 376	14 800	5 005

Major investments in progress

The installed new granulation equipment - mixer-granulator, vortex dryer and regranulator - has started to work, but still at a very slow pace.

Economic activity

The entered in the Commercial Register activity of the Company is: purchase of substances and formulations for the production and sale of pharmaceuticals in finished or processed form, (after Marketing Authorisation); primary and secondary packaging of formulations (after Marketing Authorisation); import, export, re-export and merchandising in original or processed form; barter transactions and commissions; commercial representation of foreign and domestic individuals and legal entities at home and abroad; industrial and commercial management; consulting, marketing, brokerage, leasing, licensing, entrepreneurship, transport and shipping, research and development activities.

Currently the main scope of activity of the Company can be summarized as follows:

- Production
- Packaging (primary and secondary)

- Marketing and promotion of medicines
- Research and Development

Tchaikapharma High Quality Medicines Inc. continuously maintains its production facilities in accordance with the contemporary European requirements for Good Manufacturing Practice in the production of medicines. At present, more than 150 medicinal products are produced in the company's factories. The premises and the equipment of the factories are executed in full compliance with the European requirements for the production of medicines and for the plant in Varna – also for sterile medicinal products.

Submitted documentation to BDA (Bulgarian Drug Agency):

Submitted applications for MA for new products:

Telmira 60 mg; 90 mg film-coated tablets – IAL-34430/09-08-2022; IAL-34431/09-08-2022

Submitted renewals:

Pizona Combi 15 mg/850 mg film-coated tablets – IAL-29937/08-07-2022

Submitted variations:

AllDone 100 mg effervescent tablets – gr. var. Type IAin; IB – IAL-28966/04-07-2022

Bilamcar 8mg/5mg; 8mg/10mg; 16mg/5mg; 16mg/10mg hard capsules (DCP) – var. Type IAin – IAL-28963/04-07-2022

Tamayra 5mg/5mg; 10mg/5mg hard capsules (DCP) – var. Type IAin – IAL-28956/04-07-2022

Furoser 10 mg/ml sol for inj. – notif. Art. 61(3) – IAL-29935/08.07.2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IB – IAL-29934/08-07-2022

Pretimectal 35 mg modified-release tablets – gr. var. Type IB; IB; IB – IAL-30802/14-07-2022

Pizona Combi 15 mg/850 mg film-coated tablets – var. Type IA – IAL-31899/22-07-2022

Lifurox 1.5 g powder for solution for injection/infusion – var. Type II – IAL-31895-22-07-2022

Tamayra 5mg/5mg; 10mg/5mg hard capsules (DCP) – var. Type IB – IAL-32336/26-07-2022

Vancocin CP 1 g powder for solution for infusion – gr. var. Type IA; IA; IA – IAL-32897/29-07-2022

MoriVid 200mg film-coated tablets – var. Type IA – IAL-34807/11-08-2022

Betablockade 50 mg; 100 mg prolonged-release tablets – var. Type IA – IAL-34809/11-08-2022

Pizona Combi 15 mg/850 mg film-coated tablets – var. Type IB – IAL-34811/11-08-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – notif. Art. 61(3) – IAL-36540/23.08.2022

Methylprednisolone-Tchaikapharma 40 mg powder and solvent for solution for injection – notif. Art. 61(3) – IAL-36541/23.08.2022

AllDone 100 mg effervescent tablets – var. Type IAin – IAL-37165/25-08-2022

MoriVid 200 mg film-coated tablets – var. Type IA – IAL-38587/02-09-2022

Peximyr 0.7 mg; 0.18 mg tablets – var. Type IA – IAL-38586/02-09-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – var. Type IB – IAL-38583/02-09-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IB – IAL-38582/02-09-2022

Diclofenac-Tchakapharma 50 mg gastro-resistant tablets – var. Type IB – IAL-39892/14-09-2022

AllDone 100 mg effervescent tablets – var. Type IB – IAL-40059/15-09-2022

LanzAcid 30 mg gastro-resistant capsules, hard – var. Type IA – IAL-41085/21-09-2022

Total: 23

Approved MA's from BDA:

Approved MA's of new products:

Approved renewals:

Approved variations:

Bilamcar 8mg/5mg; 8mg/10mg; 16mg/5mg; 16mg/10mg hard capsules (DCP) – gr. var. Type IA; IB – IAL-29503/06.07.2022; IAL-29504/06.07.2022; IAL-29505/06.07.2022; IAL-29506/06.07.2022

Lifurox 1.5 g powder for solution for injection/infusion – gr. var. Type IB; IB; IB; IA – IAL-31485/20-07-2022

Irbesso 150 mg; 300mg film-coated tablets – var. Type IB – BG/MA/MP-59482/06-07-2022; BG/MA/MP-59481/06-07-2022

Co-Irbesso 150/12,5 mg; 300/12,5 mg film-coated tablets – gr. var. Type IA; IB; IA – IAL-29030/04-07-2022; IAL-29033/04-07-2022

Methylprednisolone-Tchaikapharma 40 mg powder and solvent for solution for injection – var. Type IAin – IAL-29041/04.07.2022

Cordacare 10mg; 20mg tablets – var. Type IB – IAL-31713/20-07-2022; IAL-31714/20-07-2022

Pizona 15mg; 30mg; 45mg tablets – var. Type IA – IAL-29173/05.07.2022; IAL-29174/05.07.2022; IAL-29175/05.07.2022

Tamayra Plus 5/5/12.5mg; 5/5/25mg; 10/5/25mg hard capsules – var. Type IAin – BG/MA/MP-59556/14-07-2022; BG/MA/MP-59557/14-07-2022; BG/MA/MP/59558-14-07-2022

Nordipin 5 mg; 10 mg tablets – var. Type IAin – BG/MA/MP-59567/14-07-2022; BG/MA/MP-59568/14-07-2022

AllDone 100 mg effervescent tablets – var. Type IAin – IAL-31570/20-07-2022

AllDone 100 mg effervescent tablets – gr. var. Type IAin; IB – IAL-31582/20-07-2022

Bilamcar 8mg/5mg; 8mg/10mg; 16mg/5mg; 16mg/10mg hard capsules (DCP) – var. Type IAin – BG/MA/MP-59944/18-08-2022; BG/MA/MP-59945/18-08-2022; BG/MA/MP-59946/18-08-2022; BG/MA/MP-59947/18-08-2022

Tamayra 5mg/5mg; 10mg/5mg hard capsules (DCP) – var. Type IAin – BG/MA/MP-59948/18-08-2022; BG/MA/MP-59949/18-08-2022

Furoser 10 mg/ml sol for inj. – notif. Art. 61(3) – IAL-32247/26-07-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IB – BG/MA/MP-59747/28-07-2022

Pretimectal 35 mg modified-release tablets – gr. var. Type IB; IB; IB – IAL-33367/01-08-2022

Pizona Combi 15 mg/850 mg film-coated tablets – var. Type IA – IAL-33649/03-08-2022

Tamayra 5mg/5mg; 10mg/5mg hard capsules (DCP) – var. Type IB – IAL-40126/15-09-2022; IAL-40127/15-09-2022

Tamayra 5mg/5mg; 10mg/5mg hard capsules (DCP) – var. Type IA – IAL-37030/25-08-2022; IAL-37032/25-08-2022

Vancocin CP 1 g powder for solution for infusion – gr. var. Type IA; IA; IA – IAL-35947/18-08-2022

MoriVid 200mg film-coated tablets – var. Type IA – IAL-37795/30-08-2022

Betablockade 50 mg; 100 mg prolonged-release tablets – var. Type IA – IAL-37220/25-08-2022; IAL-37222/25-08-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – notif. Art. 61(3) – IAL-40059/15-09-2022

AllDone 100 mg effervescent tablets – var. Type IAin – IAL-40675/20-09-2022

Pizona Combi 15 mg/850 mg film-coated tablets – var. Type IB – IAL-41248/23-09-2022

MoriVid 200 mg film-coated tablets – var. Type IA – IAL-41598/26-09-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – var. Type IB – IAL-41599/26-09-2022; IAL-41600/26-09-2022

Total: 27

Kosovo

Submitted applications of MA's for new products:

Approved MA's for new products:

Submitted renewals:

Approved renewals:

Co-Telsart 80 mg/12,5 mg tablets – RMA 2966/12/09/2022

Diab MR 30 mg modified-release tablets – RMA 2965/12/09/2022

Submitted variations:

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg – var. Type IAin – 13.09.2022

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg – var. Type IAin – 13.09.2022

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg – var. Type IAin – 13.09.2022

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg – var. Type IB – 13.09.2022

Irbesso 150 mg; 300 mg film-coated tablets – var. Type IAin – 15.09.2022

Irbesso 150 mg; 300 mg film-coated tablets – var. Type IAin – 15.09.2022

Irbesso 150 mg; 300 mg film-coated tablets – var. Type IB – 15.09.2022

PlaquEx 75 mg film-coated tablets – var. Type IB – 12.08.2022

Total: 8

Approved variations:

Aroba 100 mg tablets – var. Type IAin – 01.08.2022

Aroba 100 mg tablets – var. Type IAin – 01.08.2022

Aroba 100 mg tablets – var. Type IAin – 01.08.2022

Aroba 100 mg tablets – var. Type IB – 01.08.2022

Aroba 100 mg tablets – var. Type IB – 25.08.2022

Aroba 100 mg tablets – var. Type IB – 25.08.2022

Co-Telsart 80/12,5 mg tablets – var. Type IAin – 01.08.2022

Diab MR 30 mg modified-release tablets – var. Type IAin – 01.08.2022

Diab MR 30 mg modified-release tablets – var. Type IB – 01.08.2022

Diab MR 30 mg modified-release tablets – var. Type IB – 01.08.2022

Pizona 15 mg; 30 mg tablets – var. Type IA – 01.09.2022

Pizona 15 mg; 30 mg tablets – var. Type IA – 01.09.2022

Pizona 15 mg; 30 mg tablets – var. Type IAin – 01.09.2022

Rossta 10 mg; 20 mg; 40 mg film-coated tablets – var. Type IA – 01.09.2022

Rossta 10 mg; 20 mg; 40 mg film-coated tablets – var. Type IAin – 01.09.2022

Rossta 10 mg; 20 mg; 40 mg film-coated tablets – var. Type IAin – 01.09.2022

Rossta 40 mg film-coated tablets – var. Type IA – 20.09.2022

Total: 17

Employees

As of 30.09.2022 the average number of employees in Tchaikapharma High Quality Medicines Inc. was 162 (164 as of 31.12.2021). In the table below detailed information about the employees in the company is provided

	30.09.2022	Share
Number of employees as of 30.09.2022	162	100%
Higher education	104	65%
Secondary education	58	34%
Primary education	1	1%
Employees under 30 years	58	36%
Employees 31 - 40 years	64	40%

Employees 41 - 50 years.	39	24%
Employees 51 - 60 years.	1	1%
Employees 60+ years	0	0%
Women	74	46%
Men	88	54%

Significant events since the beginning of the year until 30.09.2022

In the third quarter of 2022 there were no significant events.

Key financial indicators

Indicators	01-09/2022 <i>BGN '000</i>	01-09/2021 <i>BGN '000</i>	Change %
Sales revenue	32 572	34 901	-6.67%
Earnings before interest, taxes and depreciation (EBITDA)	6 278	6 863	-8.52%
Net profit	3 128	3 517	-11.05%
	01-09/2022 <i>BGN '000</i>	01-12/2021 <i>BGN '000</i>	Change %
Non-current assets	44 902	46 817	-4.10%
Current assets	75 712	70 642	7.18%
Equity	120 614	117 459	2.68%
Non-current liabilities	2 569	2 898	-11.35%
Current liabilities	16 095	15 739	-2.24%
	01-09/2022	01-09/2021	
EBITDA/Sales revenue	19%	20%	
Net profit/Sales revenue	10%	10%	

Review of the risk factors

- The Company's activities could be affected by any change in the regulatory requirements for the production of pharmaceutical products.
- Changes to the legislation regulating the Company's business are possible, and these can potentially increase the costs of compliance or have another effect on its operations.
- The production processes of the Company are subject to stringent requirements and approvals by regulatory authorities which may delay or interrupt the operations of the Company.
- The ability of the Company to pay dividends depends on a number of factors and there is no guarantee that in a year it will be able to pay dividends in accordance with its dividend policy.

- The Company is exposed to operational risk, which is inherent in its business activities.
- The Company is subject to multitude laws and regulations in the field of environmental protection and health and safety conditions and is exposed to potential liabilities related to the environment.
- The Company is exposed to strong competition.
- The Company operates in active exchange with foreign suppliers and customers. It is therefore exposed to currency risk, mainly against the US dollar. Currency risk is related to the adverse movement in the exchange rate of the US dollar against the Bulgarian lev in future business operations, recognized foreign currency assets and liabilities. The rest of the company's operations are usually denominated in Bulgarian lev and/or in euros.

Sales by types of dosage forms

Revenue by dosage forms	01-09/2022 BGN '000	01-09/2021 BGN '000
Tablets	26 896	28 190
Ampules	181	567
Vials	5 446	6 124
Total:	32 523	34 881

Revenue by therapeutic groups	01-09/2022 BGN '000	01-09/2021 BGN '000
Cardiovascular system	22 311	22 987
Musculoskeletal system and connective tissue	96	62
Respiratory system and antibiotics	3 517	5 273
Nervous system	1 032	1 298
Endocrine system	2 952	2 461
Other products	1 407	1 185
Digestive system and metabolism	1 208	1 414
Oncology	-	202
Total:	32 523	34 881

Changes in the inventories of products and work in progress	(276)	(135)
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Other operating income	01-09/2022 BGN '000	01-09/2021 BGN '000
Income from rent	23	20
Other income	132	22
Total:	155	42

Financial income	01-09/2022	01-09/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest		-
Income from exchange rate differences	23	14
Incomes from financing for fixed assets	470	-
Total:	493	14
Core activity expenses		
Operating expenses	01-09/2022	01-09/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	614	912
Materials	10 984	11 614
External services	10 942	11 181
Salaries	3 456	3 448
Social security costs	688	611
Depreciation costs	2 691	2 960
Other	320	360
Total:	29 695	31 086
Cost of materials	01-09/2022	01-09/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	9 356	10 601
Electricity	1 200	467
Fuels and lubricants	73	63
Spare parts and laboratory materials	84	148
Water	12	18
Other materials	259	317
Total:	10 984	11 614
Costs of external services	01-09/2022	01-09/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Security	339	339
Insurance	17	18
Telephone and postage expenses	17	17
Equipment maintenance and subscription	163	149
Fees	307	333
Transport costs	34	26
Other costs for external services	10 065	10 299
Total:	10 942	11 181
Financial expenses	01-09/2022	01-09/2021
	<i>BGN '000</i>	<i>BGN '000</i>

Interest expenses	189	206
Expenses from exchange rate differences	149	63
Other financial expenses	16	20
Total:	354	289

Assets

01-09/2022 **01-12/2021**

BGN '000 *BGN '000*

Non-current assets

Property, plant and equipment	36 250	38 071
Intangible assets	3 357	3 451
Investments with minority interest	19	19
Trade receivables	5 276	5 276
Total non-current assets	44 902	46 817

Current assets

Inventories	10 173	11 342
Trade and other receivables	65 521	59 220
Treasury shares redeemed		40
Cash and cash equivalents	18	40
Total current assets	75 712	70 642
Total Assets	120 614	117 459

01-09/2022 **01-12/2021**

BGN '000 *BGN '000*

Property, plant and equipment

Land and buildings	24 666	25 187
Machinery and equipment	10 537	11 450
Other	247	295
In the process of acquisition	800	1 139
	36 250	38 071

Inventories

01-09/2022 **01-12/2021**

BGN '000 *BGN '000*

Materials	9 305	10 480
Production	786	162
Goods	82	131
Work in progress	-	569
Total:	10 173	11 342

Equity and liabilities

01-09/2022 **01-12/2021**

BGN '000 *BGN '000*

Registered capital	84 500	84 500
Statutory reserve	12 522	12 382

Undistributed profit	4 928	1 940
Total Equity	101 950	98 822

Liabilities	01-09/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current liabilities		
Long-term loans	1 390	1 717
Deferred tax liabilities	1 030	1 030
Liabilities to employees on retirement	149	151
Total non-current liabilities	2 569	2 898
Current liabilities		
Trade and other liabilities	4 931	4 720
Short term loans	9 783	9 781
Current part of long-term loans	802	990
Current corporate income tax	-	125
Other tax liabilities	579	123
Total current liabilities	16 095	15 739
Total liabilities	18 664	18 637
Total equity and liabilities	120 614	117 459

Financial indicators

	01-09/2022	01-12/2021
Leverage ratio	0.18	0.19
Financial autonomy ratio	5.46	5.30

Information on the shares of Tchaikapharma High Quality Medicines Inc.

The total amount of shares issued as of 30.09.2022 was 84,500,000 with a nominal value of BGN 1 per share. All issued shares are registered, dematerialized, ordinary and indivisible under the Statute of the Company. All issued shares are of the same type. Each share gives equal rights to its owner in proportion to the nominal value of the share. The shares of Tchaikapharma High Quality Medicines Inc. are traded on the official market of the Bulgarian Stock Exchange-Sofia.

Essential information on the shares of Tchaikapharma High Quality Medicines Inc.

	1-09/2022	1-12/2021
Total number of issued shares	84 500 000	84 500 000

Number of shares in circulation at end of period	84 500 000	84 500 000
Price per share at the end of the period in BGN	15.30	14.90
Market capitalization at the end of the period in BGN	1 292 850 000	1 259 050 000



Biser Georgiev

/Executive Director/