

# **CONSOLIDATED ACTIVITY REPORT**

For the fourth quarter  
of 2022



**TCHAIKAPHARMA**  
**HIGH QUALITY MEDICINES**

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

27.02.2023

## **General information about Tchaikapharma High Quality Medicines Inc.-Group**

### **1. 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.

### **2. 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.

"Tchaikapharma High Quality Medicines" Inc. is a public company according to the Public Offering of Securities Act of 21.05.2015.

### **3. Controlled companies**

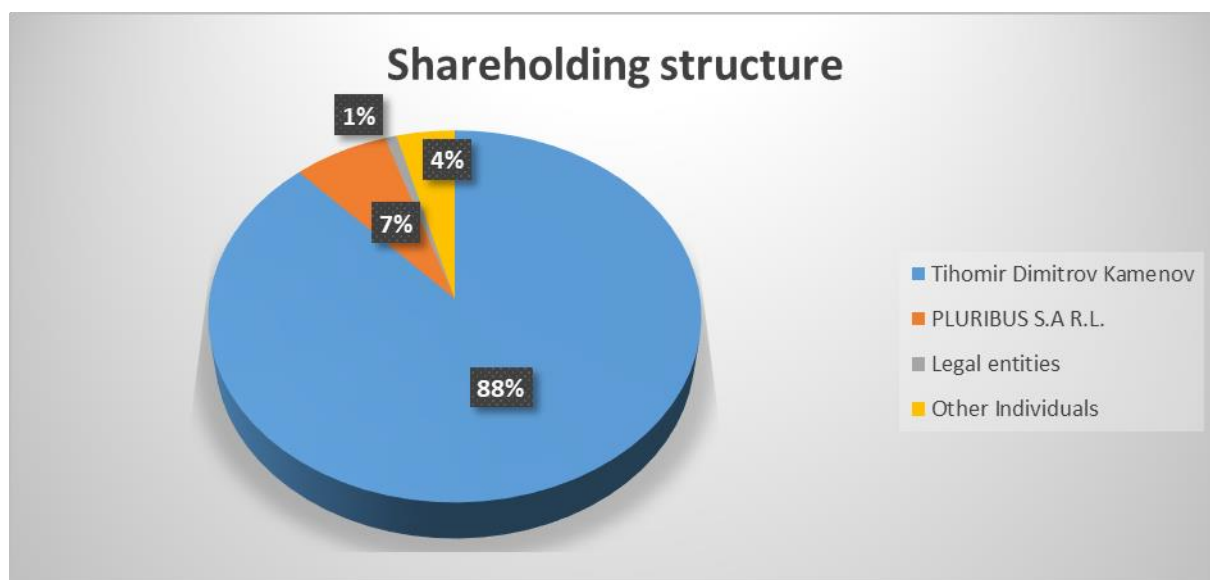
As of 31.12.2022 it has one wholly-owned subsidiary: SWYSSI S.R.L. registered in the Republic of Romania.

### **4. Board of Directors**

Tchaikapharma High Quality Medicines Inc. has a one-tier management system with a Board of Directors of three members. The management of the parent company in the person of the Board of Directors as of 31.12.2022 is composed of:

Biser Rosenov Georgiev	Chairman
Sylvia Slavcheva Patrikova	Member
Radka Alexandrova Tsenova	Member

## 5. Shareholding structure 31.12.2022.



## 6. Employees

As of 31.12.2022, the average number of employees in Tchaikapharma High Quality Medicines Inc. Group is 163 people, who are entirely in the parent company.

## II. Development of the activity

### Investments

#### Major investments in the fourth quarter of 2022.

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

<b>Investments for the period</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Tchaikapharma High Quality Medicines Inc.</b>			
I. Fixed tangible assets	13,861	4,630	964
1. Land and buildings	13,042		
2. Property and equipment	667	4,596	957
3. Other fixed assets	152	34	7
II. Fixed intangible assets	1,152	375	417
1. Industrial property rights	919	307	417
2. Software	9	49	
3. Patents and licenses	224	19	
<b>Total amount of acquisition of fixed tangible and intangible assets</b>	<b>15,013</b>	<b>5,005</b>	<b>1,381</b>

### Major investments in progress

In the fourth quarter of 2022, the tablet workshop at the Plovdiv plant was finally completed. The new granulation equipment: mixer-granulator, vortex dryer and regranulator was commissioned.

### KEY FINANCIAL INDICATORS

<b>Indicators</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Sales revenue	42,959	42,431
Earnings before interest, taxes and depreciation (EBITDA)	6,630	5,254
Net profit	2,901	1,396
	<b>01-12/2022</b>	<b>01-12/2021</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Non-current assets	44,357	46,798
Current assets	75,317	70,659
Equity	119,674	117,457
Non-current liabilities	2,460	2,898
Current liabilities	15,494	15,740
	<b>01-12/2022</b>	<b>01-12/2021</b>

EBITDA/Sales revenue	15%	12%
Net profit/Sales revenue	7%	3%

## 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	01-12/2022 BGN '000	01-12/2021 BGN '000
Tablets	35,983	33,280
Ampules	215	1,054
Vials	6,705	8,070
<b>Total:</b>	<b>42,903</b>	<b>42,404</b>

Revenue by therapeutic groups	01-12/2022 BGN '000	01-12/2021 BGN '000
Cardiovascular system	30,111	27,036
Musculoskeletal system and connective tissue	114	88
Respiratory system and antibiotics	4,998	7,325
Nervous system	1,467	1,564
Endocrine system	4,043	2,947
Other products	964	1,357

Digestive system and metabolism	1,206	1,530
Oncology	-	555
<b>Total:</b>	<b>42,903</b>	<b>42,404</b>
<b>Changes in the inventories of products and work in progress</b>	<b>1,895</b>	<b>1,020</b>

<b>Other operating income</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	27	27
Services	29	-
Other income	721	124
<b>Total:</b>	<b>777</b>	<b>151</b>

<b>Financial income</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest	468	457
Income from exchange rate differences	96	20
Other financial income	10	30
<b>Total:</b>	<b>574</b>	<b>507</b>

## Core activity expenses

<b>Operating expenses</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	752	1,105
Materials	13,954	15,583
External services	17,913	15,095
Salaries	4,825	4,833
Social security costs	945	847
Depreciation costs	3,568	3,877
Other	448	776
<b>Total:</b>	<b>42,405</b>	<b>42,116</b>

<b>Cost of materials</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	11,663	14,011
Electricity	1,668	806
Fuels and lubricants	119	92
Spare parts and laboratory materials	109	218
Water	17	23
Other materials	378	433

<b>Total:</b>	<b>13,954</b>	<b>15,583</b>
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<b>Costs of external services</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>

Security	453	452
Insurance	24	25
Telephone and postage expenses	27	24
Equipment maintenance and subscription	204	186
Fees	386	492
Transport costs	47	32
Other costs for external services	16,772	13,884
<b>Total:</b>	<b>17,913</b>	<b>15,095</b>

<b>Financial expenses</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>

Interest expenses	279	270
Expenses from exchange rate differences	162	82
Other financial expenses	52	47
<b>Total:</b>	<b>493</b>	<b>399</b>

## Assets

	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>

### Non-current assets

Property, plant and equipment	35,267	38,071
Intangible assets	3,814	3,451
Trade receivables	5,276	5,276
<b>Total non-current assets</b>	<b>44,357</b>	<b>46,798</b>

### Current assets

Inventories	13,493	11,342
Trade and other receivables	61,681	59,220
Current corporate income tax	-	40
Cash and cash equivalents	143	57
<b>Total current assets</b>	<b>75,317</b>	<b>70,659</b>

<b>Total Assets</b>	<b>119,674</b>	<b>117,457</b>
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	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>

### Property, plant and equipment

Land and buildings	24,493	25,187
Machinery and equipment	10,073	11,450
Other	232	295

In the process of acquisition	469	1,139
	<b>35,267</b>	<b>38,071</b>

<b>Inventories</b>	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Materials	10,985	10,480
Production	2,033	162
Goods	475	131
Work in progress	-	569
<b>Total:</b>	<b>13,493</b>	<b>11,342</b>

## Equity and liabilities

	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	84,500	84,500
Statutory reserve	12,522	12,382
Undistributed profit	4,698	1,937
<b>Total Equity</b>	<b>101,720</b>	<b>98,819</b>

## Liabilities

	<b>01-12/2022</b>	<b>01-12/2021</b>
	<i>BGN '000</i>	<i>BGN '000</i>
<b>Non-current liabilities</b>		
Long-term loans	1,281	1,717
Deferred tax liabilities	1,030	1,030
Liabilities to employees on retirement	149	151
<b>Total non-current liabilities</b>	<b>2,460</b>	<b>2,898</b>

## Current liabilities

Trade and other liabilities	4,812	4,721
Short term loans	9,785	9,781
Current part of long-term loans	738	990
Current corporate income tax	-	125
Other tax liabilities	159	123
<b>Total current liabilities</b>	<b>15,494</b>	<b>15,740</b>
<b>Total liabilities</b>	<b>17,954</b>	<b>18,638</b>
<b>Total equity and liabilities</b>	<b>119,674</b>	<b>117,457</b>

## Financial indicators

	<b>01-12/2022</b>	<b>01-12/2021</b>
Leverage ratio	0.18	0.19
Financial autonomy ratio	5.67	5.30



## Information on the shares of Tchaikapharma High Quality Medicines Inc.-Group

The total amount of shares issued as of 31.12.2022 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.-Group

	<b>1-12/2022</b>	<b>1-12/2021</b>
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	16.10	14.90
Market capitalization at the end of the period in BGN	1,360,450,000	1,259,050,000

Biser Georgiev

/Executive Director/

