

ACTIVITY REPORT

For the fourth quarter
of 2022



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

27.01.2023

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: 2020, 2021 and 2022.

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

Investments for the period	2020	2021	2022
Tchaikapharma High Quality Medicines Inc.			
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	939	375	417
1. Industrial property rights	919	307	417
2. Software	9	49	
3. Patents and licenses	224	19	
Total amount of acquisition of fixed tangible and intangible assets	14 800	5 005	1 381

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:

Tchadarcho 4 mg/5 mg; 8 mg/5 mg tablets – IAL-51005-23-11-2022; IAL-51007-23-11-2022

Submitted renewals:

Submitted variations:

Zornichka 12,5 mg; 25 mg tablets – var. Type IA – IAL-43224/05-10-2022

Lifurox 1.5 g powder for solution for injection/infusion – var. Type IB – IAL-43222/05-10-2022

Amarhyton 50mg; 100mg; 150mg prolonged-release capsules, hard – var. Type IB – IAL-43222/05-10-2022

Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – gr. var. Type IB; IB; IB – IAL-44268/13-10-2022

Levor 5 mg/ml solution for infusion – var. Type IB – IAL-45804/21-10-2022

Cordacare Plus 10 mg/12,5 mg; 20 mg/12,5 mg tablets – var. Type IAin – IAL-48268-07-11-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IA – IAL-48930-10-11-2022

Jamax 5 mg tablets – var. Type II – IAL-48931-10-11-2022

Co-Telsart 80 mg/12.5 mg; 80 mg/25 mg tablets – var. Type IB – IAL-49044-11-11-2022

LanzAcid 30 mg gastro-resistant capsules, hard – var. Type IAin – IAL-49042-11-11-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – var. Type IA – IAL-50377-18-11-2022

TromBye 100 mg tablets – var. Type IA – IAL-51011-23-11-2022

Methylprednisolone Tchaiuapharma 40 mg solution for injection – var. Type IA – IAL-50998-23-11-2022

Co-Telsart 80 mg/12,5 mg; 80 mg/25 mg tablets – gr. var. Type IA; IA – IAL-50999-23-11-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – notif. Art. 61(3) – IAL-51000-23-11-2022

CentroQueen 100 mg; 200 mg film-coated tablets – notif. Art. 61(3) – IAL-51002-23-11-2022

Bravylol 5 mg tablets – var. Type II – IAL-51009-23-11-2022

Cardifriend-Co 5 mg/12,5 mg tablets – var. Type IA – IAL-52726-05-12-2022

Cardifriend 5 mg tablets; 10 mg tablets – var. Type IA – IAL-52728-05-12-2022

ContaMedia Ioh 350 mg I/ml solution for injection – var. Type IB – IAL-53579-08-12-2022

Co-Hypertonic 50 mg/12,5 mg film-coated tablets – var. Type IA – IAL-54484-14-12-2022

Apiiri 100 mg gastro-resistant tablets – var. Type IA – IAL-54482-14-12-2022

Reverantza 20 mg/5 mg; 40 mg/5 mg film-coated tablets (DCP) – var. type IB – IAL-55496-22-12-2022

Approved MA's from BDA:

Approved MA's of new products:

Semefro 50 mg/850 mg film-coated tablets – BG/MA/MP-60517/11-10-2022

Semefro 50 mg/1000 mg film-coated tablets – BG/MA/MP- 60518/11-10-2022

Clopasa 0,5 mg tablets - BG/MA/MP-60977/24-11-2022

Approved renewals:

Approved variations:

Rossta 10 mg; 20 mg; 40 mg film-coated tablets (DCP) – gr. var. Type IB; IB; IB; IB – BG/MA/MP – 60620/18-10-2022; BG/MA/MP-6621/18-10-2022; BG/MA/MP-60622/18.10.2022

Rossta 10 mg; 20 mg; 40 mg film-coated tablets (DCP) – gr. var. Type IB; IB – BG/MA/MP-60623/18-10-2022; BG/MA/MP-60624/18-10-2022; BG/MA/MP-60625/18-10-2022

Methylprednisolone-Tchaikapharma 40 mg powder and solvent for solution for injection – notif. Art. 61(3) – IAL-44642/14.10.2022

Peximyr 0.7 mg; 0.18 mg tablets – var. Type IA – IAL-44286/13-10-2022; IAL-44284/13-10-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IB – BG/MA/MP-60627/18-10-2022

Diclofenac-Tchakapharma 50 mg gastro-resistant tablets – var. Type IB – BG/MA/MP-60730/31-10-2022

AllDone 100 mg effervescent tablets – var. Type IB – BG/MA/MP-60729/31-10-2022

Zornichka 12,5 mg; 25 mg tablets – var. Type IA – IAL-46499/26-10-2022; IAL-46500/26-10-2022

Lifurox 1.5 g powder for solution for injection/infusion – var. Type IB – IAL-45746/20-10-2022

Amarhyton 50mg; 100mg; 150mg prolonged-release capsules, hard – var. Type IA – IAL-46712/27-10-2022; IAL-46713/27-10-2022; IAL-46714/27-10-2022

Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – gr. var. Type IB; IB; IB – IAL-50591/21.11.2022

Cordacare Plus 10 mg/12,5 mg; 20 mg/12,5 mg tablets – var. Type IAin – IAL-50603/21-11-2022; IAL-50604/21-11-2022

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection/infusion – var. Type IA – IAL-52409/02-12-2022

Jamax 5 mg tablets – var. Type II – IAL-51405/25-11-2022

Co-Telsart 80 mg/12.5 mg; 80 mg/25 mg tablets – var. Type IB – BG/MA/MP-61179/12-12-2022; BG/MA/MP-61178/12-12-2022

LanzAcid 30 mg gastro-resistant capsules, hard – var. Type IAin – BG/MA/MP-60992/24-11-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – var. Type IA – IAL-52909/06-12-2022; IAL-52911/06-12-2022

Lidocaine-Tchaikapharma 10 mg/ml; 20 mg/ml solution for injection – notif. Art. 61(3) – IAL-53580/08-12-2022; IAL-53578/08-12-2022

CentroQueen 100 mg; 200 mg film-coated tablets – notif. Art. 61(3) – IAL-54414/13-12-2022; IAL-54415/13-12-2022

Bravylol 5 mg tablets – var. Type II – IAL-54227/13.12.2022

TromBye 100 mg tablets – var. Type IA – IAL-54915/16.12.2022

Kosovo

Submitted applications of MA's for new products:

Approved MA's for new products:

Submitted renewals:

Approved renewals:

Pizona 15 mg tablets – RMA-3098/07/11/2022

Pizona 30 mg tablets – RMA-3099/07/11/2022

Rossta 10 mg film-coated tablets – RMA-3097/07/11/2022

Rossta 20 mg film-coated tablets – RMA-3096/07/11/2022

Rossta 40 mg film-coated tablets – RMA-3095/07/11/2022

Submitted variations:

Tamayra 5 mg/5 mg; 10 mg/5 mg capsules, hard – var. Type IA – 07.12.2022

Tamayra 5 mg/5 mg; 10 mg/5 mg capsules, hard – var. Type IB – 07.12.2022

Employees

As of 31.12.2022 the average number of employees in Tchaikapharma High Quality Medicines Inc. was 163 (164 as of 31.12.2021). In the table below detailed information about the employees in the company is provided

	31.12.2022	Share
Number of employees as of 31.12.2022	163	100%
Higher education	104	64%
Secondary education	58	35%
Primary education	1	1%
Employees under 30 years	60	37%
Employees 31 - 40 years	62	38%
Employees 41 - 50 years.	39	24%
Employees 51 - 60 years.	2	1%
Employees 60+ years	0	0%
Women	75	46%
Men	88	54%

Significant events since the beginning of the year until 31.12.2022

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

Key financial indicators

Indicators	01-12/2022	01-12/2021	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%
Sales revenue	42 959	42 431	1.24%
Earnings before interest, taxes and depreciation (EBITDA)	6 630	5 257	26.12%
Net profit	2 901	1 399	107.38%
	01-12/2022	01-12/2021	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%
Non-current assets	44 376	46 817	-5.21%
Current assets	75 300	70 642	6.59%
Equity	119 676	117 459	1.89%
Non-current liabilities	2 460	2 898	-15.11%
Current liabilities	15 493	15 739	-1.56%
	01-12/2022	01-12/2021	
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	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Tablets	35 983	33 280
Ampules	215	1 054
Vials	6 705	8 070
Total:	42 903	42 404

Revenue by therapeutic groups	01-12/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
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
Total:	42 903	42 404

Changes in the inventories of products and work in progress	1 895	1 020
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Other operating income	01-12/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	27	27
Income from services	29	-
Other income	721	124
Total:	777	151

Financial income	01-12/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest	468	457
Income from exchange rate differences	96	20
Incomes from financing for fixed assets	10	30

Total:	574	507
Core activity expenses		

Operating expenses	01-12/2022	01-12/2021
	<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
Total:	42 405	42 116

Cost of materials	01-12/2022	01-12/2021
	<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
Total:	13 954	15 583

Costs of external services	01-12/2022	01-12/2021
	<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
Total:	17 913	15 095

Financial expenses	01-12/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	279	270
Expenses from exchange rate differences	162	82
Other financial expenses	52	47
Total:	493	399

Assets

	01-12/2022	01-12/2021
	<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
Investments with minority interest	19	19
Trade receivables	5 276	5 276
Total non-current assets	44 376	46 817
Current assets		
Inventories	13 493	11 342
Trade and other receivables	61 681	59 220
Treasury shares redeemed		40
Cash and cash equivalents	126	40
Total current assets	75 300	70 642
Total Assets	119 676	117 459

	01-12/2022	01-12/2021
	<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
	35 267	38 071

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

Equity and liabilities

	01-12/2022	01-12/2021
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	84 500	84 500
Statutory reserve	12 522	12 382
Undistributed profit	4 701	1 940
Total Equity	101 723	98 822

Liabilities

01-12/2022 01-12/2021

	<i>BGN '000</i>	<i>BGN '000</i>
Non-current liabilities		
Long-term loans	1 281	1 717
Deferred tax liabilities	1 030	1 030
Liabilities to employees on retirement	149	151
Total non-current liabilities	2 460	2 898
Current liabilities		
Trade and other liabilities	4 811	4 720
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
Total current liabilities	15 493	15 739
Total liabilities	17 953	18 637
Total equity and liabilities	119 676	117 459

Financial indicators

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

Leverage ratio	0.18	0.19
Financial autonomy ratio	5.67	5.30

Information on the shares of Tchaikapharma High Quality Medicines Inc.

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.

	1-12/2022	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	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/