

# ACTIVITY REPORT

For the first quarter  
of 2023



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

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

26.04.2023

## **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](http://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 leva and 07 st.) to be allocated to reserves and BGN 541,325.33 (Five hundred and forty-one thousand three hundred and twenty-five leva 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 Leva 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 Leva 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 on 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.

<b>Investments for the period</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Tchaikapharma High Quality Medicines Inc.</b>			
<b>I. Fixed tangible assets</b>	<b>13 861</b>	<b>4 630</b>	<b>964</b>
1. Land and buildings	13 042		
2. Property and equipment	667	4 596	957
3. Other fixed assets	152	34	7
<b>II. Fixed intangible assets</b>	<b>939</b>	<b>375</b>	<b>417</b>
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>14 800</b>	<b>5 005</b>	<b>1 381</b>

### 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:*

*Submitted renewals:*

*Submitted variations:*

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg film-coated tablets – var. Type II - IAL-0688/06-01-2023  
 PlaquEx 75 mg film-coated tablets – var. Type IB – IAL-2903/20-01-2023  
 PlaquEx Combi 75 mg/75 mg hard capsules – var. Type IB – IAL-2908/20-01-2023  
 ContaMedia Ioh 350 mg I/ml solution for injection – var. Type IB – IAL-2905/20-01-2023  
 Sinepar 200 mg/50 mg prolonged-release tablets – var. Type IA – IAL-2907/20-01-2023  
 Letrofemin 2,5 mg film-coated tablets – notif. Art. 61(3) – IAL-2901/20-01-2023  
 Ivabonor 5 mg; 7,5 mg film-coated tablets – var. Type II – IAL-4449/30-01-2023  
 Bilamcar 8mg/5mg; 16mg/5mg hard capsules (DCP) – gr. var. Type IB; IA – IAL-4447/30-01-2023  
 Zornichka 12,5mg; 25mg tablets – var. Type IAin – IAL-4697/31-01-2023  
 Ivabonor 5 mg; 7,5 mg film-coated tablets – var. Type IB – IAL-4701/31-01-2023  
 Rossta 10mg; 20mg film-coated tablets (DCP) – var. Type IAin – IAL-5984/08-02-2023  
 Lifurox 500 mg film-coated tablets – var. Type IAin – IAL-6970/14-02-2023  
 Lifurox 750 mg; 1.5 g powder for sol. for inj./inf – var. Type IAin – IAL-6974/14-02-2023  
 Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – notif. Art. 61(3) – IAL-6973/14-02-2023  
 Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – notif. Art. 61(3) – IAL-6971/14-02-2023  
 Buto-Asma 0,1 mg/dose pressurised inhalation, suspension – gr. var. Type IA; IA – IAL-9604/01-03-2023  
 Buto-Asma 0,1 mg/dose pressurised inhalation, suspension – gr. var. Type IB; IB; IA; IB; IB; IA; IA – IAL-9603/01-03-2023  
 Pentoxifyllin-Tchaikapharma 400 mg prolonged-release tablets – gr. Var. type IA; IA – IAL-9605/01-03-2023  
 Aroba 100 mg tablets – notif. Art. 61(3) – IAL-9606/01-03-2023  
 Betablockade 50mg; 100mg prolonged-release tablets – var. Type IA – IAL-12497/17-03-2023  
 PlaquEx 75 mg film-coated tablets – var. Type IB – IAL-12499/17-03-2023  
 PlaquEx Combi 75 mg/75 mg hard capsules – var. Type IB – IAL-12501/17-03-2023  
 Pizona Combi 15 mg/850 mg film-coated tablets – gr. var. Type IB; IA – IAL-14366/30-03-2023

**Approved MA's from BDA:**

*Approved MA's of new products:*

Prostanorm 6 mg/0,4 mg modified-release table – BG/MA/MP-61909/17-03-2023

*Approved renewals:*

Pizona Combi 15 mg/850 mg film-coated tablets – BG/MA/MP-61381/17-01-2023

*Approved variations:*

Ivabonor 5 mg; 7,5 mg film-coated tablets – var. Type II – IAL-9125/27-02-2023; IAL-9126/27-03-2023

Klacar XL 500 mg prolonged-release tablets – var. Type IAin – IAL-5104/02-02-2023

Reverantza 20 mg/5 mg; 40 mg/5 mg film-coated tablets (DCP) – var. Type IAin – BG/MA/MP-61675/21-02-2023; BG/MA/MP-61676/21-02-2023

LanzAcid 30 mg gastro-resistant capsules, hard – var. Type IA – IAL-1075/10-01-2023

Levor 5 mg/ml solution for infusion – var. type IB – IAL-0921/09-01-2023

Methylprednisolone Tchaikapharma 40 mg solution for injection – var. Type IA – IAL-1171/10-01-2023

Cardifriend 5 mg tablets; 10 mg tablets – var. Type IA – IAL-0849/09-01-2023; IAL-0850/09-01-2023

ContaMedia Ioh 350 mg I/ml solution for injection – var. Type IB – BG/MA/MP-61573/06-02-2023

Co-Hypertonic 50 mg/12,5 mg film-coated tablets – var. Type IA – IAL-1406/11-01-2023

Apiri 100 mg gastro-resistant tablets – var. Type IA – IAL-0741/06-01-2023

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg film-coated tablets – var. Type II – IAL-8658/23-02-202; IAL-8660/23-02-2023

PlaquEx 75 mg film-coated tablets – var. Type IB – BG/MA/MP-61628/13-02-2023

PlaquEx Combi 75 mg/75 mg hard capsules – var. Type IB – BG/MA/MP-61629/13-02-2023

ContaMedia Ioh 350 mg I/ml solution for injection – var. Type IB – IAL-12138/16-03-2023

Sinepar 200 mg/50 mg prolonged-release tablets – var. Type IA – IAL-8186/22-02-2023

Letrofemin 2,5 mg film-coated tablets – notif. Art. 61(3) – IAL-7315/16-02-2023

Zornichka 12,5mg; 25mg tablets – var. Type IAin – IAL-8456/23-02-2023; IAL-8459/23-02-2023

Lifurox 500 mg film-coated tablets – var. Type IAin – BG/MA/MP-61904/15-03-2023

Lifurox 750 mg; 1.5 g powder for sol. for inj./inf – var. Type IAin – BG/MA/MP-61902/15-03-2023; BG/MA/MP-61903/15-03-2023

Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – notif. Art. 61(3) – IAL-9574/28-02-2023

Pantoprazole-Tchaikapharma 40 mg powder for solution for injection/infusion – notif. Art. 61(3) – IAL-9065/27-02-2023

Buto-Asma 0,1 mg/dose pressurised inhalation, suspension – gr. var. Type IA; IA – IAL-12167/16-03-2023

Pentoxifyllin-Tchaikapharma 400 mg prolonged-release tablets – gr. var Type IA; IA – IAL-11458/13-03-2023

## Submitted

*Submitted applications of MA's for new products:*

*Approved MA's for new products:*

*Submitted renewals:*

*Approved renewals:*

Diab 80 mg tablets – RMA-3282/21/02/2023

*Submitted variations:*

*Approved variations:*

Diab 80 mg tablets – var. Type IB – 24.01.2023

MoriVid 200 mg film-coated tablets – var. Type IB – 28.02.2023

MoriVid 200 mg film-coated tablets – var. Type IAin – 28.02.2023

## Employees

As of 31.03.2023 the average number of employees in Tchaikapharma High Quality Medicines Inc. was 162 (163 as of 31.12.2022). In the table below detailed information about the employees in the company is provided

	<b>31.03.2023</b>	<b>Share</b>
<b>Number of employees as of 31.03.2023</b>	<b>162</b>	<b>100%</b>
Higher education	103	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.	37	23%
Employees 51 - 60 years.	3	2%
Employees 60+ years	0	0%
Women	76	47%
Men	86	53%

## Significant events since the beginning of the year until 31.03.2023

In the first quarter of 2023 there were no significant events.

## Key financial indicators

<b>Indicators</b>	<b>01-03/2023</b>	<b>01-03/2022</b>	<b>Change</b>
	<i>BGN '000</i>	<i>BGN '000</i>	<b>%</b>
Sales revenue	13 610	12 778	6.51%

Earnings before interest, taxes and depreciation (EBITDA)	3 060	2 970	3.03%
Net profit	1 939	1 877	3.30%
	<b>01-03/2023</b>	<b>01-12/2022</b>	<b>Change</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>
Non-current assets	43 623	44 175	-1.37%
Current assets	77 003	75 689	1.74%
Equity	120 626	119 864	0.64%
Non-current liabilities	2 524	2 632	-4.10%
Current liabilities	14 574	15 643	-6.83%

	<b>01-03/2023</b>	<b>01-03/2022</b>
EBITDA/Sales revenue	22%	23%
Net profit/Sales revenue	14%	15%

## 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

**01-03/2023** **01-03/2022**



	<i>BGN '000</i>	<i>BGN '000</i>
Tablets	10 089	10 278
Ampules	918	-
Vials	2 594	2 041
<b>Total:</b>	<b>13 601</b>	<b>12 769</b>

<b>Revenue by therapeutic groups</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Cardiovascular system	11 197	9 445
Musculoskeletal system and connective tissue	-	31
Respiratory system and antibiotics	13	1 683
Nervous system	688	141
Endocrine system	702	1 081
Other products	75	166
Digestive system and metabolism	621	222
Oncology	305	-
<b>Total:</b>	<b>13 601</b>	<b>12 769</b>

<b>Changes in the inventories of products and work in progress</b>	<b>(257)</b>	<b>(560)</b>
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<b>Other operating income</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	9	9
Other income	30	54
<b>Total:</b>	<b>39</b>	<b>63</b>

<b>Financial income</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest		
Income from exchange rate differences	27	5
Incomes from financing for fixed assets	-	-
<b>Total:</b>	<b>27</b>	<b>5</b>

### Core activity expenses

<b>Operating expenses</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	709	102
Materials	3 189	4 397
External services	4 384	3 338
Salaries	1 311	1 135
Social security costs	256	236
Depreciation costs	867	940

Other	468	73
<b>Total:</b>	<b>11 184</b>	<b>10 221</b>
<b>Cost of materials</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	2 799	3 952
Electricity	220	272
Fuels and lubricants	23	21
Spare parts and laboratory materials	60	24
Water	5	13
Other materials	82	115
<b>Total:</b>	<b>3 189</b>	<b>4 397</b>

<b>Costs of external services</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Security	158	113
Insurance	6	6
Telephone and postage expenses	7	5
Equipment maintenance and subscription	66	25
Fees	46	148
Transport costs	28	10
Other costs for external services	4 073	3 031
<b>Total:</b>	<b>4 384</b>	<b>3 338</b>

<b>Financial expenses</b>	<b>01-03/2023</b>	<b>01-03/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	114	63
Expenses from exchange rate differences	26	20
Other financial expenses	7	6
<b>Total:</b>	<b>147</b>	<b>89</b>

## Assets

	<b>01-03/2023</b>	<b>01-12/2022</b>
	<i>BGN '000</i>	<i>BGN '000</i>
<b>Non-current assets</b>		
Property, plant and equipment	34 834	35 319
Intangible assets	3 694	3 761
Investments with minority interest	19	19
Trade receivables	5 076	5 076
<b>Total non-current assets</b>	<b>43 623</b>	<b>44 175</b>
<b>Current assets</b>		
Inventories	12 383	13 480

Trade and other receivables	64 511	62 056
Treasury shares redeemed	27	27
Cash and cash equivalents	82	126
<b>Total current assets</b>	<b>77 003</b>	<b>75 689</b>
<b>Total Assets</b>	<b>120 626</b>	<b>119 864</b>

	01-03/2023	01-12/2022
	BGN '000	BGN '000
<b>Property, plant and equipment</b>		
Land and buildings	24 319	24 493
Machinery and equipment	9 637	10 073
Other	240	232
In the process of acquisition	638	521
	<b>34 834</b>	<b>35 319</b>

	01-03/2023	01-12/2022
	BGN '000	BGN '000
<b>Inventories</b>		
Materials	8 824	10 974
Production	3 421	2 025
Goods	138	481
<b>Total:</b>	<b>12 383</b>	<b>13 480</b>

## Equity and liabilities

	01-03/2023	01-12/2022
	BGN '000	BGN '000
Registered capital	84 500	84 500
Statutory reserve	12 498	12 498
Undistributed profit	6 530	4 591
<b>Total Equity</b>	<b>103 528</b>	<b>101 589</b>

## Liabilities

	01-03/2023	01-12/2022
	BGN '000	BGN '000
<b>Non-current liabilities</b>		
Long-term loans	1 291	1 399
Deferred tax liabilities	1 042	1 042
Liabilities to employees on retirement	191	191
<b>Total non-current liabilities</b>	<b>2 524</b>	<b>2 632</b>

## Current liabilities

Trade and other liabilities	3 773	4 205
Short term loans	9 780	9 785
Current part of long-term loans	554	620
Other tax liabilities	467	159
<b>Total current liabilities</b>	<b>14 574</b>	<b>15 643</b>
<b>Total liabilities</b>	<b>17 098</b>	<b>18 275</b>

<b>Total equity and liabilities</b>	<b>120 626</b>	<b>119 864</b>
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## Financial indicators

**01-03/2023 01-03/2022**

Leverage ratio	0.17	0.18
Financial autonomy ratio	6.05	5.59

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

The total amount of shares issued as of 31.03.2023 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.

	<b>1-03/2023</b>	<b>1-12/2022</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	16.50	14.90
Market capitalization at the end of the period in BGN	1 394 250 000	1 259 050 000

Biser Georgiev

/Executive Director/