

CONSOLIDATED ACTIVITY REPORT

For the fourth quarter
of 2023



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

21.02.2024

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

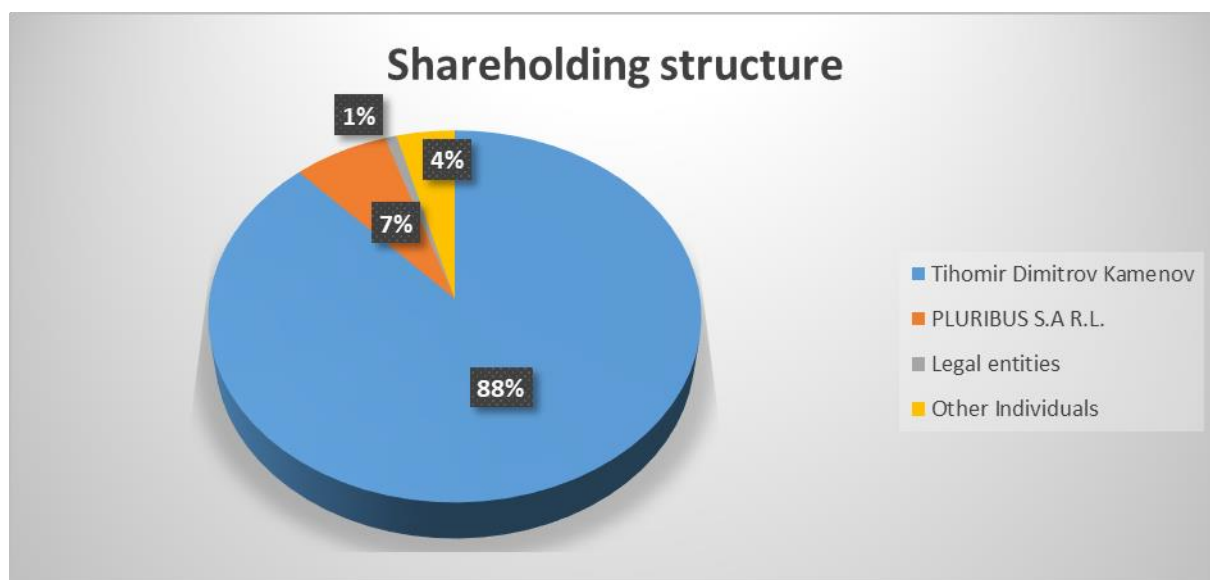
As of 31.12.2023 it has one wholly-owned subsidiary: SWYSSI S.R.L. registered in the Republic of Romania.

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 31.12.2023 is composed of:

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

5. Shareholding structure 31.12.2023.



6. Employees

As of 31.12.2023, the average number of employees in Tchaikapharma High Quality Medicines Inc. Group is 191 people, who are entirely in the parent company.

II. Development of the activity

Investments

Major investments in the fourth quarter of 2023.

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

Investments for the period	2021	2022	2023
Tchaikapharma High Quality Medicines Inc.			
I. Fixed tangible assets	4,630	964	658
1. Land and buildings			158
2. Property and equipment	4,596	957	355
3. Other fixed assets	34	7	145
II. Fixed intangible assets	375	417	86
1. Industrial property rights	307	417	47
2. Software	49		39
3. Patents and licenses	19		
Total amount of acquisition of fixed tangible and intangible assets	5,005	1,381	744

Major investments in progress

The installed new granulation equipment-mixer-granulator, vortex dryer and regranulator is working, now at normal rates.

KEY FINANCIAL INDICATORS

Indicators	01-12/2023	01-12/2022
	BGN '000	BGN '000
Sales revenue	48,512	43,146
Earnings before interest, taxes and depreciation (EBITDA)	7,160	6,513
Net profit	3,851	2,790
	01-12/2023	01-12/2022
	BGN '000	BGN '000
Non-current assets	42,216	44,156
Current assets	80,270	75,705
Equity	122,486	119,861
Non-current liabilities	2,068	2,632
Current liabilities	14,984	15,644
	01-12/2023	01-12/2022
EBITDA/Sales revenue	14%	15%

Net profit/Sales revenue

8%

6%

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	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Tablets	42,635	36,139
Ampules	655	216
Vials	5,154	6,735
Total:	48,444	43,090

Revenue by therapeutic groups	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Cardiovascular system	34,516	30,244
Musculoskeletal system and connective tissue	50	115
Respiratory system and antibiotics	3,802	5,020
Nervous system	1,827	1,473
Endocrine system	4,172	4,060
Other products	1,876	969
Digestive system and metabolism	1,950	1,210

Oncology	252	-
Total:	48,444	43,090

Changes in the inventories of products and work in progress	(231)	1,896
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Other operating income	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	63	27
Income from services	5	29
Other income	67	721
Total:	135	777

Financial income	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest	461	468
Income from exchange rate differences	75	96
Other financial income	-	10
Total:	536	574

Core activity expenses

Operating expenses	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	862	752
Materials	12,170	13,954
External services	20,231	17,964
Salaries	5,861	5,068
Social security costs	1,115	955
Impairment and recovery charges for financial assets	3	8
Depreciation costs	2,809	3,564
Other	896	448
Total:	43,947	42,717

Cost of materials	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	10,731	11,663
Electricity	804	1 668
Fuels and lubricants	92	119
Spare parts and laboratory materials	169	109
Water	20	17
Other materials	354	378

Total:	12,170	13,954
Costs of external services	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Security	632	453
Insurance	24	24
Telephone and postage expenses	35	27
Equipment maintenance and subscription	186	204
Fees	285	386
Transport costs	64	47
Other costs for external services	19,005	16,823
Total:	20,231	17,964
Financial expenses	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	541	281
Expenses from exchange rate differences	83	162
Other financial expenses	44	45
Total:	668	488
Assets	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets		
Property, plant and equipment	33,678	35,319
Intangible assets	3,560	3,761
Trade receivables	4,978	5,076
Total non-current assets	42,235	44,156
Current assets		
Inventories	14,303	13,480
Trade and other receivables	65,895	62,056
Current corporate income tax		27
Cash and cash equivalents	72	142
Total current assets	80,270	75,705
Total Assets	122,486	119,861
	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Property, plant and equipment		
Land and buildings	23,954	24,493
Machinery and equipment	8,831	10,073
Other	227	232
In the process of acquisition	666	521

	33,678	35,319
Inventories	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Materials	13,103	10,974
Production	423	2,025
Goods	777	481
Total:	14,303	13,480

Equity and liabilities

	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	84,500	84,500
Statutory reserve	12,782	12,498
Undistributed profit	8,152	4,587
Total Equity	105,434	101,585

Liabilities

	01-12/2023	01-12/2022
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current liabilities		
Long-term loans	835	1,399
Deferred tax liabilities	1,042	1,042
Liabilities to employees on retirement	191	191
Total non-current liabilities	2,068	2,632
Current liabilities		
Trade and other liabilities	4,469	5,080
Short term loans	9,791	9,785
Current part of long-term loans	481	620
Other tax liabilities	243	159
Total current liabilities	14,984	15,644
Total liabilities	17,052	18,276
Total equity and liabilities	122,486	119,861

Financial indicators

	01-12/2023	01-12/2022
Leverage ratio	0.16	0.18
Financial autonomy ratio	6.18	5.56

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

The total amount of shares issued as of 31.12.2023 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.-Group

	1-12/2023	1-12/2022
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	17.00	16.10
Market capitalization at the end of the period in BGN	1,436,500,000	1,360,450,000

Biser Georgiev

/Executive Director/

