

ACTIVITY REPORT

For the first quarter
of 2024



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

22.04.2024

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 Assembly of 14.06.2021 the profit of 2020 in the amount of BGN 603,702.40. (BGN 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.
- By Decision of the General Assembly of 20.06.2023 the profit of 2022 in the amount of BGN 2,791,019.53. (Two million seven hundred and ninety-one thousand nineteen leva and 53 st.) shall be allocated as follows BGN 271,101.95 (Two hundred and seventy one thousand one hundred and one levs and 95 sts.) to be allocated to reserves and BGN 2,499,194.65 (Two million four hundred and ninety nine thousand one hundred and ninety four levs and 65 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: 2021, 2020 and 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 company invested in the purchase of a machine for visual control of each vial in order to optimize the production process and faster release of the finished product. It is also to be installed in the plant in Varna, where mainly vials are produced.

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:

Reducci 10 mg; 20 mg film-coated tablets - IAL-4193/29-01-2024; IAL-4192/29-01-2024

Submitted Renewals:

Ceftriaxon - Tchaikapharma 2 g powder for solution for injection/infusion - IAL-12127/18-03-2024

Submitted variations:

Ferbessa 8 mg/5 mg tablets; 4 mg/ 5 mg – notif. Art 61 (3)- IAL- 5234/02-02-2024; IAL- 5235/02-02-2024

Cardifriend-Co 5 mg/12,5 mg tablets - Type IB - IAL-9403/29-02-2024

Co-Hypertonic 50 mg/ 12,5 mg film-coated tablets - Type IB - IAL-9400/29-02-2024

HypoDehydra 25 mg tablets - Type IB - IAL-9404/29-02-2024

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg film-coated tablets - Type IB - IAL-9397/29-02-2024

Coolsart 20 mg/12,5 mg; 40 mg/12,5 mg film-coated tablets - Type IB - IAL-9406/29-02-2024

CentroQueen 100 mg; 200 mg film-coated tablets - Type IA - IAL-11920/15-03-2024

Jamax 5 mg tablets - Type IA - IAL-11928/15-03-2024

Dexketoprofen-Tchaikapharma 50 mg/2 ml solution for injection or concentrate for solution for infusion – Type II - IAL-12657/20-03-2024

Pentoxifyllin-Tchaikapharma 400 mg prolonged-release tablets - Type IA - IAL-12659/20-03-2024

Doxazosin-Tchaikapharma 2 mg; 4 mg tablets – Type IA - IAL-12664/20-03-2024

Bravylol 5 mg tablets – Type IA - IAL-12662/20-03-2024

PlaquEx 75 mg film-coated tablets – Type II - IAL-12656/20-03-2024

Total: 13

Approved MA's from BDA:

Approved MA's for new products:

Telmira 60 mg; 90 mg film-coated tablets - BG/MA/MP-64618/09.02.2024; BG/MA/MP-64619/09.02.2024

Approved Renewals:

Approved variations:

Isosorbe 40 mg prolonged-release tablets - group var IB - IAL-5198/02-02-2024

Amarhyton 50 mg; 100 mg; 150 mg prolonged-release capsules, hard - group var IA - IAL-4417/30-01-2024; IAL-4415/30-01-2024; IAL-4414/30-01-2024

Ceftriaxon - Tchaikapharma 2 g powder for solution for injection/infusion - Type IA - IAL-7919/20-02-2024

MoriVid 200 mg film-coated tablets - Type IB - BG/MA/MP-64890/11-03-2024

Co-Enalapril-Tchaikapharma 20 mg/12,5 mg tablets - Type IB - IAL-8298/22-02-2024

Diclofenac-Tchaikapharma 50 mg gastro-resistant tablets - Type IB - IAL-11051/11-03-2024

PlaquEx Combi 75 mg/75 mg hard capsules - Type IA - IAL-10218/06-03-2024

Remifentanil-Tch 5 mg powder for conc. for sol. for injection/infusion - Type Iain - IAL-11985/15-03-2024

Vorifungal 200 mg powder for solution for infusion - Type IB - IAL-13299/25-03-2024

Cordacare Plus 10 mg.12,5 mg; 20 mg/12,5 mg tablets - Type IB - IAL-12667/20-03-2024; IAL-12669/20-03-2024

Total: 10

Kosovo

Submitted applications of MA's for new products:

Approved MA's for new products:

Submitted Renewals:

Approved Renewals:

Submitted variations:

Approved variations:

Co-Irbesso 150/12,5 mg; 300/12,5 mg - var. Type IB - 20.02.2024

Tamayra 5/5 mg; 10/5 mg hard capsules - var. Type IA - 09.01.2024

Tamayra 5/5 mg; 10/5 mg hard capsules - var. Type IB – 16.01.2024

Employees

As of 31.03.2024 the average number of employees in Tchaikapharma High Quality Medicines Inc. was 199 (191 as of 31.12.2023). In the table below detailed information about the employees in the company is provided

	31.03.2024	Share
Number of employees as of 31.03.2024	199	100%
Higher education	125	63%
Secondary education	72	36%
Primary education	2	1%
Employees under 30 years	65	33%
Employees 31 - 40 years	76	38%
Employees 41 - 50 years.	50	25%
Employees 51 - 60 years.	8	4%
Employees 60+ years	0	0%
Women	96	48%
Men	103	52%

Significant events since the beginning of the year until 31.03.2024

In the first quarter of 2024 there were no significant events.

Key financial indicators

Indicators	01-03/2024	01-03/2023	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%

Sales revenue	13 361	13 610	-1.83%
Earnings before interest, taxes and depreciation (EBITDA)	2 399	3 060	-21.60%
Net profit	1 466	1 939	-24.39%
	01-03/2024	01-12/2023	Change
	BGN '000	BGN '000	%
Non-current assets	42 244	41 640	1.45%
Current assets	81 051	80 865	0.23%
Equity	123 295	122 505	0.65%
Non-current liabilities	1 976	2 189	-9.73%
Current liabilities	14 846	15 309	-3.02%

	01-03/2024	01-03/2023
EBITDA/Sales revenue	18%	22%
Net profit/Sales revenue	11%	14%

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	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Tablets	11 354	10 089
Ampules	182	918
Vials	1 808	2 594
Total:	13 344	13 601

Revenue by therapeutic groups	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Cardiovascular system	9 070	11 197
Musculoskeletal system and connective tissue	-	-
Respiratory system and antibiotics	1 426	13
Nervous system	79	688
Endocrine system	1 002	702
Other products	733	75
Digestive system and metabolism	777	621
Oncology	257	305
Total:	13 344	13 601

Changes in the inventories of products and work in progress	341	(257)
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Other operating income	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	17	9
Other income	-	30
Total:	17	39

Financial income	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest		
Income from exchange rate differences	4	27
Incomes from financing for fixed assets	-	-
Total:	4	27

Core activity expenses

Operating expenses	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	609	709
Materials	3 234	3 189
External services	5 021	4 384
Salaries	1 909	1 311
Social security costs	361	256

Depreciation costs	622	867
Other	136	468
Total:	11 892	11 184

Cost of materials	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	2 986	2 799
Electricity	145	220
Fuels and lubricants	18	23
Spare parts and laboratory materials	37	60
Water	4	5
Other materials	44	82
Total:	3 234	3 189

Costs of external services	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Security	158	158
Insurance	6	6
Telephone and postage expenses	6	7
Equipment maintenance and subscription	91	66
Fees	89	46
Transport costs	10	28
Other costs for external services	4 661	4 073
Total:	5 021	4 384

Financial expenses	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	151	114
Expenses from exchange rate differences	30	26
Other financial expenses	7	7
Total:	188	147

Assets

	01-03/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets		
Property, plant and equipment	33 721	33 083
Intangible assets	3 476	3 560
Investments with minority interest	69	19
Trade receivables	4 978	4 978
Total non-current assets	42 244	41 640

Current assets

Inventories	13 816	14 303
Trade and other receivables	67 158	66 490
Treasury shares redeemed	12	12
Cash and cash equivalents	65	60
Total current assets	81 051	80 865
Total Assets	123 295	122 505

	01-03/2024	01-12/2023
	BGN '000	BGN '000
Property, plant and equipment		
Land and buildings	23 778	23 954
Machinery and equipment	8 779	9 045
Other	11	13
In the process of acquisition	1 153	71
	33 721	33 083

	01-03/2024	01-12/2023
	BGN '000	BGN '000
Inventories		
Materials	12 490	13 103
Production	692	423
Goods	634	777
Total:	13 816	14 303

Equity and liabilities

	01-03/2024	01-12/2023
	BGN '000	BGN '000
Registered capital	84 500	84 500
Statutory reserve	12 800	12 800
Undistributed profit	9 173	7 707
Total Equity	106 473	105 007

Liabilities

	01-03/2024	01-12/2023
	BGN '000	BGN '000
Non-current liabilities		
Long-term loans	686	879
Deferred tax liabilities	1 113	1 113
Liabilities to employees on retirement	177	197
Total non-current liabilities	1 976	2 189

Current liabilities

Trade and other liabilities	4 089	4 768
Short term loans	9 789	9 791
Current part of long-term loans	451	507
Other tax liabilities	517	243
Total current liabilities	14 846	15 309

Total liabilities	16 822	17 498
Total equity and liabilities	123 295	122 505

Financial indicators

01-03/2024 01-03/2023

Leverage ratio	0.16	0.17
Financial autonomy ratio	6.33	6.05

Information on the shares of Tchaikapharma High Quality Medicines Inc.

The total amount of shares issued as of 31.03.2024 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.

	1-03/2024	1-12/2023
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	17.30	17.00
Market capitalization at the end of the period in BGN	1 461 850 000	1 360 450 000

Biser Georgiev

/Executive Director/

