

CONSOLIDATED ACTIVITY REPORT

For the first quarter
of 2024



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

10.05.2024

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

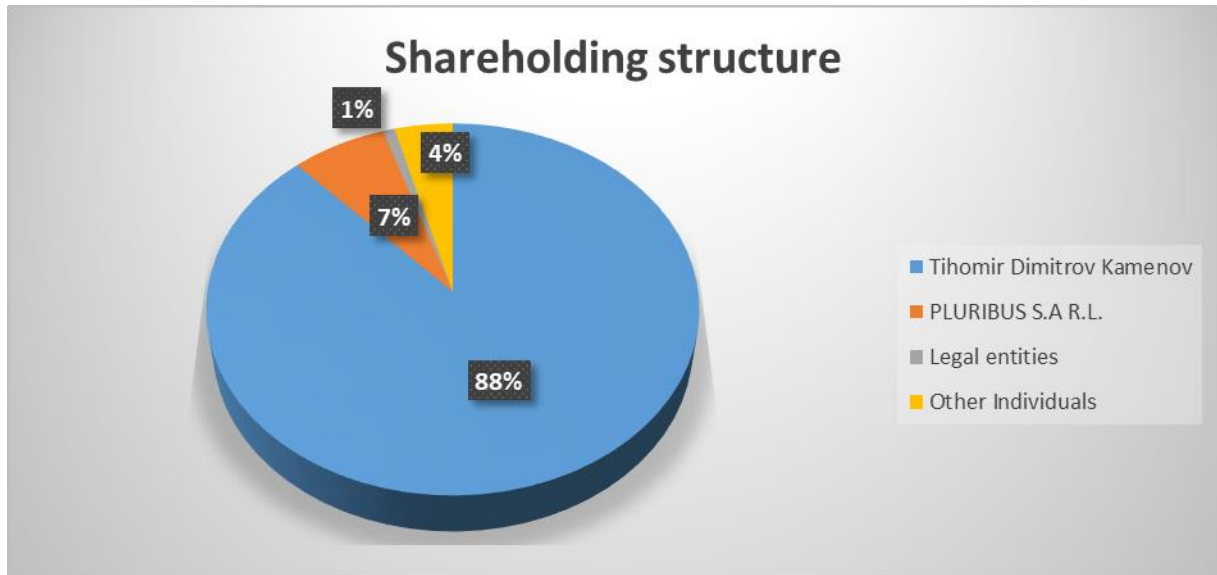
As of 31.03.2024 it has one wholly-owned subsidiary: SWYSSI S.R.L. registered in the Republic of Romania and on 21.02.2024 registered a second subsidiary, PERPETEL EAD.

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 31.03.2024 is composed of:

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

5. Shareholding structure 31.03.2024.



6. Employees

As of 31.03.2024, the average number of employees in Tchaikapharma High Quality Medicines Inc. Group is 199 people, who are entirely in the parent company.

II. Development of the activity

Investments

Major investments in the first quarter of 2024.

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

In the first quarter of 2024, the groupe 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.

KEY FINANCIAL INDICATORS

Indicators	01-03/2024	01-03/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenue	13,361	13,610
Earnings before interest, taxes and depreciation (EBITDA)	2,399	3,060
Net profit	1,466	1,939
	01-03/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	42,175	41,621
Current assets	81,117	80,878
Equity	123,292	122,499
Non-current liabilities	1,976	2,189
Current liabilities	14,849	15,309

	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 BGN '000	01-03/2023 BGN '000
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 BGN '000	01-03/2023 BGN '000
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)

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
Other financial income	-	-
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
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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
Trade receivables	4,978	4,978
Total non-current assets	42,175	41,621

Current assets

Inventories	13,816	14,303
Trade and other receivables	67,158	66,490
Current corporate income tax	12	12
Cash and cash equivalents	131	73
Total current assets	81,117	80,878
Total Assets	123,292	122,499

Property, plant and equipment	01-03/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>

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
Inventories	01-03/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
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
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	84,500	84,500
Statutory reserve	12,800	12,800
Undistributed profit	9,167	7,701
Total Equity	106,467	105,001

Liabilities

	01-03/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
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	4,092	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	14,849	15,309
Total liabilities	16,825	17,498
Total equity and liabilities	123,292	122,499

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.-Group

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.-Group

	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/

