

ACTIVITY REPORT

For the third quarter
of 2024



TCHAIKAPHARMA
HIGH QUALITY MEDICINES

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

23.10.2024

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 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.
- By Decision of the General Assembly of 25.06.2024 the accumulated retained profit in the amount of BGN 7,707,502.56 (Seven million seven hundred and seven thousand five hundred and two levs and 56 st.) shall be distributed as follows: BGN 7,300,000 (Seven million and three hundred thousand levs) shall go for capital increase, reserves shall be set aside BGN 339,950.56 (Three hundred and thirty-nine thousand and nine hundred and fifty levs and 56 st.) and additional reserves BGN 7,552.30 (Seven thousand five hundred and fifty-two leva and 30 st.), BGN 60,000 (Sixty thousand leva) remains retained earnings.
- The current capital of the Company is BGN 91,800,000 distributed in 91,800,000 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:

Edoxaban-Tchaikapharma 30 mg; 60 mg film-coated tablets- IAL-35859/14-08-2024; IAL-35861/14-08-2024

Submitted Renewals:

Morivid 200 mg film-coated tablets - IAL-38788/03-09-2024

Submitted variations:

Reverantza 20 mg/5 mg; 40 mg/5 mg film-coated tablets -Type IAin - IAL-29116/02-07-2024

LanzAcid 30 mg gastro-resistant capsules, hard - group IA; IAin; IB - IAL-32123/23-07-2024

Morivid 200 mg film-coated tablets - Type IB - IAL-31259/16-07-2024

Fluidoro 10 mg film-coated tablet - group var IA;IAin;IA - IAL-37585/26-08-2024

PlaquEx Combi 75 mg/75 mg hard capsules – Type IA - IAL-36264/16-08-2024

Klacar XL 500 mg prolonged-release tablets – group II; II - IAL-40281/13.09.2024

Tamayra Plus 5mg/5mg/12,5mg; 5mg/5mg/25mg; 10mg/5mg/25mg – Type IAin - IAL-40282/13.09.2024

Methylprednisolone-Tchaikapharma 40 mg, powder and solvent for solution for injection - Type IAin – IAL-41204/20-09-2024

Cardifriend 5 mg; 10 mg tablets - notif. Art 61 (3) - IAL-41247/20-09-2024; IAL-41248/20-09-2024

Bilamcar 8 mg/5 mg;16 mg/5 mg capsules, hard - notif. Art 61 (3) - IAL-41244/20-09-2024; IAL-41246/20-09-2024

Clopassa 0,5 mg tablets - notif. Art 61 (3) - IAL-41243/20-09-2024

Metformin-Tchaikapharma 850 mg film-coated tablets - notif. Art 61 (3) - IAL-41239/20-09-2024

CentroQueen 100 mg; 200 mg film-coated tablets - notif. Art 61 (3) - IAL-41235/20-09-2024; IAL-41236/20-09-2024

Pisizif SR 1,5 mg prolonged release tablets - notif. Art 61 (3) - IAL-41233/20-09-2024

Pretimectal 35 mg modified-release tablets - notif. Art 61 (3) - IAL-41232/20-09-2024

Betablockade 50 mg prolonged-release tablets - notif. Art 61 (3) - IAL-41230/20-09-2024

Nordipine 5 mg; 10 mg tablets - notif. Art 61 (3) - IAL-41226/20-09-2024; IAL-41229/20-09-2024

Amarhyton 50 mg; 100 mg; 150 mg prolonged-release capsules, hard - notif. Art 61 (3) - IAL-41219/20-09-2024; IAL-41221/20-09-2024; IAL-41223/20-09-2024

PlaquEx 75 mg film-coated tablets - notif. Art 61 (3) - IAL-41217/20-09-2024

Akinestat 2 mg tablets - notif. Art 61 (3) - IAL-41215/20-09-2024

Alonet 400 mg film-coated tablets - notif. Art 61 (3) - IAL-41203/20-09-2024

Cardifriend-Co 5 mg/12,5 mg tablets - notif. Art 61 (3) - IAL-41201/20-09-2024

Irbesso 150 mg; 300 mg film-coated tablets - notif. Art 61 (3) - IAL-41195/20-09-2024; IAL-41197/20-09-2024

Bravylol 5 mg tablets - notif. Art 61 (3) - IAL-41193/20-09-2024

Diclofenac-Tchaikapharma 50 mg gastro-resistant tablets - Type IB - IAL-41238/20-09-2024

Remifentanil-Tchaikapharma 5 mg sol. for injection/infusion - Type IA - IAL-41206/20-09-2024

Klacar 500 mg film-coated tablets - group IA;IA - IAL-41963/26-09-2024

Общо: 27 бр.

Approved MA's from BDA:

Approved MA's for new products:

Approved Renewals:

Approved variations:

LanzAcid 30 mg gastro-resistant capsules, hard - group var. IA; IA; IA - IAL- IAL-32918/29-07-2024

Aroba 100 mg tablets - notif. Art 61 (3) - IAL-35222/12-08-2024

LanzAcid 30 mg gastro-resistant capsules, hard - group var 14 x IA - Update gelatin CEPs - IAL-38417/30-08-2024

Telmira 60mg; 90mg film-coated tablets – Type IB - BG/MA/MP-66319/15.08.2024;
BG/MA/MP-66320/15.08.2024

Levor 5 mg/ml solution for infusion – Type IAin - BG/MA/MP-66387/27-08-2024

Levor 500 mg film-coated tablets – Type IAin - BG/MA/MP-66386/27-08-2024

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg film-coated tablets – Type IB - BG/MA/MP-66367/22-08-2024; BG/MA/MP-66368/22-08-2024

Nordipine 5 mg; 10 mg tablets - group II; II; II - IAL-37965/28-08-2024; IAL-37966/28-08-2024

TromBye 100 mg tablets – Type IAin - IAL-37968/28-08-2024

Dexketoprofen-Tchaikapharma 50mg/2ml sol. for inj. or concentrate for solution for inf. – Type II - IAL-36870/20-08-2024

Fluidoro 10 mg film-coated tablets – Type IB - IAL-36814/20-08-2024

ToraFlora 5 mg; 10 mg tablets - notif. Art 61 (3) - IAL-35311/12-08-2024; IAL-35313/12-08-2024

Klacar 500 mg film-coated tablets – Type IB - BG/MA/MP-66321/20-08-2024

Bravylol 5 mg tablets - Type IB - BG/MA/MP-66355/21-08-2024

Dexketoprofen-Tchaikapharma 50mg/2ml sol. for inj. or concentrate for solution for inf. - group II; II - IAL-35059/09-08-2024

Co-Telsart 80 mg/12,5 mg; 80 mg/25 mg tablets – Type IB - IAL-32768/26-07-2024; IAL-32769/26-07-2024

Furoser 10 mg/ml solution for injection - Type IAin - IAL-30985/12-07-2024

Pretimectal 35 mg modified-release tablets - Type IAin - BG/MA/MP-66026/17-07-2024

PlaquEx 75 mg film-coated tablets - group IB; IA - IAL-32808 /26-07-2024

Metlinka 50 mg/850 mg; 50 mg/1000 mg film-coated tablets - Type IA - IAL-31135/15-07-2024; IAL- 31136/15-07-2024

CentroQueen 100 mg; 200 mg film-coated tablets - Type IAin - BG/MA/MP-65984/10-07-2024; BG/MA/MP-65985/10-07-2024

Buto-Asma 0,1 mg/dose pressurised, suspension - Type IA - IAL-30984/12-07-2024

Methylprednisolone-Tchaikapharma 40 mg powder and solvent for solution for injection - group IAin; IA - IAL-34050/05-08-2024

Cefotaxime - Tchaikapharma 1 g powder for solution for injection - Type IB; IB - BG/MA/MP-66356/21-08-2024

Rossta 10 mg; 20 mg - notif. Art 61 (3) - IAL-36349/16-08-2024; IAL-36344/16-08-2024

Spirolacton-Tchaikapharma 25 mg; 50 mg; 100 mg film-coated tablets - notif. Art 61 (3) - IAL-35257/12-08-2024; IAL-35259/12-08-2024; IAL-35261/12-08-2024

Zornichka 12,5 mg; 25 mg tablets - notif. Art 61 (3) - IAL-35238/12-08-2024; IAL-35239/12-08-2024

Doxazosin-Tchaikapharma 2 mg; 4 mg tablets - notif. Art 61 (3) - IAL-36316/16-08-2024; IAL-36312/16-08-2024

Reverantza 20 mg/5 mg; 40 mg/5 mg film-coated tablets - notif. Art 61 (3) - IAL-35277/12-08-2024; IAL-35272/12-08-2024

Co-Irbesso 150 mg/12,5 mg; 300 mg/12,5 mg film-coated tablets - notif. Art 61 (3) - IAL-35256/12-08-2024; IAL-35225/12-08-2024

Tamayra 5 mg/5 mg; 10 mg/5 mg hard capsules - notif. Art 61 (3) - IAL-36360/16-08-2024; IAL-36355/16-08-2024

Bisor 5 mg; 10 mg tablets - notif. Art 61 (3) - IAL-36330/16-08-2024; IAL-36323/16-08-2024

Diab MR 30 mg modified-release tablets - notif. Art 61 (3) - IAL-35235/12-08-2024

Diab 80 mg tablets - notif. Art 61 (3) - IAL-35258/12-08-2024

Aroba 100 mg tablets - notif. Art 61 (3) - IAL-35222/12-08-2024

Zornichka 12,5 mg tablets - Type IB; IA - IAL-32953/29-07-2024

Morivid 200 mg film-coated tablets – Type IB - BG/MA/MP-66486/10-09-2024

Prostanorm 6 mg/0,4 mg modified-release tablets – Type IAin - IAL-39655/10-09-2024

Klacar 500 mg film-coated tablets – Type IB – BG/MA/MP-66587/19-09-2024

PlaquEx Combi 75 mg/75 mg hard capsules – Type IA - IAL-39603/10-09-2024

Total: 40

Employees

As of 30.09.2024 the average number of employees in Tchaikapharma High Quality Medicines Inc. was 204 (191 as of 31.12.2023). In the table below detailed information about the employees in the company is provided

	30.09.2024	Share
Number of employees as of 30.09.2024	204	100%
Higher education	129	63%
Secondary education	73	36%
Primary education	2	1%
Employees under 30 years	71	34%
Employees 31 - 40 years	75	37%
Employees 41 - 50 years.	50	25%
Employees 51 - 60 years.	8	4%
Employees 60+ years	0	0%
Women	98	48%
Men	106	52%

Significant events since the beginning of the year until 30.09.2024

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

Key financial indicators

Indicators	01-09/2024	01-09/2023	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%
Sales revenue	40 414	39 076	3.42%
Earnings before interest, taxes and depreciation (EBITDA)	7 086	7 343	-3.50%
Net profit	4 344	4 404	-1.36%
	01-09/2024	01-12/2023	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%
Non-current assets	43 079	41 640	3.46%
Current assets	82 158	80 865	1.60%
Equity	125 237	122 505	2.23%
Non-current liabilities	1 945	2 189	-11.15%
Current liabilities	13 941	15 309	-8.94%
	01-09/2024	01-09/2023	
EBITDA/Sales revenue	18%	19%	
Net profit/Sales revenue	11%	11%	

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	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Tablets	32 527	33 759
Ampules	1 124	531
Vials	6 648	4 760
Total:	40 299	39 050

Revenue by therapeutic groups	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Cardiovascular system	27 276	27 984
Musculoskeletal system and connective tissue	54	52
Respiratory system and antibiotics	4 357	2 943
Nervous system	526	1 456
Endocrine system	2 914	2 477
Other products	3 337	2 119

Digestive system and metabolism	1 575	1 762
Oncology	259	258
Total:	40 299	39 050

Changes in the inventories of products and work in progress	(318)	509
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Other operating income	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	50	21
Other income	193	39
Total:	243	60

Financial income	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest		
Income from exchange rate differences	40	46
Incomes from financing for fixed assets	54	30
Total:	94	76

Core activity expenses

Operating expenses	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	1 953	775
Materials	9 500	8 971
External services	15 212	15 951
Salaries	5 594	4 005
Social security costs	1 070	768
Depreciation costs	1 877	2 198
Other	434	775
Total:	35 640	33 443

Cost of materials	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	8 471	7 901
Electricity	583	624
Fuels and lubricants	100	61
Spare parts and laboratory materials	135	128
Water	17	16
Other materials	194	241
Total:	9 500	8 971

Costs of external services	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Security	474	474
Insurance	22	17
Telephone and postage expenses	23	23
Equipment maintenance and subscription	177	147
Fees	290	253
Transport costs	32	54
Other costs for external services	14 194	14 983
Total:	15 212	15 951

Financial expenses	01-09/2024	01-09/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	445	391
Expenses from exchange rate differences	85	70
Other financial expenses	20	19
Total:	550	480

Assets

	01-09/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets		
Property, plant and equipment	34 465	33 083
Intangible assets	3 567	3 560
Investments with minority interest	69	19
Trade receivables	4 978	4 978
Total non-current assets	43 079	41 640

Current assets		
Inventories	15 298	14 303
Trade and other receivables	66 749	66 490
Treasury shares redeemed	-	12
Cash and cash equivalents	111	60
Total current assets	82 158	80 865
Total Assets	125 237	122 505

	01-09/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Property, plant and equipment		
Land and buildings	23 463	23 954
Machinery and equipment	8 485	9 045
Other	8	13
In the process of acquisition	2 509	71
	34 465	33 083

Inventories	01-09/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Materials	14 715	13 103
Production	219	423
Goods	364	777
Total:	15 298	14 303

Equity and liabilities

	01-09/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	91 800	84 500
Statutory reserve	13 147	12 800
Undistributed profit	4 404	7 707
Total Equity	109 351	105 007

Liabilities

	01-09/2024	01-12/2023
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current liabilities		
Long-term loans	659	879
Deferred tax liabilities	1 113	1 113
Liabilities to employees on retirement	173	197
Total non-current liabilities	1 945	2 189
Current liabilities		
Trade and other liabilities	3 456	4 768
Short term loans	9 783	9 791
Current part of long-term loans	282	507
Other tax liabilities	420	243
Total current liabilities	13 941	15 309
Total liabilities	15 886	17 498
Total equity and liabilities	125 237	122 505

Financial indicators

	01-09/2024	01-09/2023
Leverage ratio	0.15	0.17
Financial autonomy ratio	6.88	6.00

Information on the shares of Tchaikapharma High Quality Medicines Inc.

The total amount of shares issued as of 30.09.2024 was 91,800,000 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.

	1-09/2024	1-12/2023
Total number of issued shares	91 800 000	84 500 000
Number of shares in circulation at end of period	91 800 000	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	1 588 140 000	1 436 500 000

Biser Georgiev

/Executive Director/

