

## 1. Foundation

In 1925, M. V. Lomonosov Kyiv Chemical Pharmaceutical Plant – being the first in Ukraine – was opened for production of synthetic medicines, which in 1991 became Joint Stock Company “Farmak”, the first plant in the Ukrainian pharmaceutical industry. In 1995, Mrs. Filya Ivanivna Zhebrovska was elected the General Director and Chair of the Board of JSC Farmak.

Since then, the Company has completely reoriented its activity from the production of active pharmaceutical ingredients to the manufacture of finished medicinal products.

In the mid-2000s, Farmak started opening its representative offices in other countries, and carried out large-scale construction projects. The full retrofitting of the production units in Kyiv was completed in 2013.

In 2010, Farmak became a leader in the Ukrainian \* pharmaceutical market.

In 2015, Farmak completed construction and launched production of active pharmaceutical ingredients in Shostka, Sumy Region. Nord Farm, a Polish company, was also purchased.

In 2018, Mr. Volodymyr Kostiuk was appointed CEO.

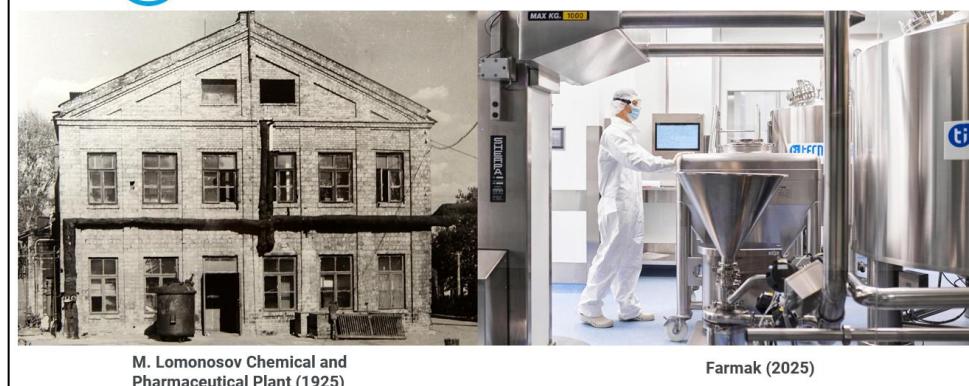
In 2022, the Company started construction of a manufacturing site in Barcelona, Spain.

In 2023, Farmak purchased marketing companies in the Czech Republic and Slovakia, in 2024, it purchased Symphar.

In May 2024, Farmak announced a rebranding. As part of the rebranding, Farmak updated its corporate colours and logo and will use the company name exclusively in Latin script. Farmak also introduced a new slogan: “Driving quality medicines worldwide”.

Note:

\*by sales value according to Proxima Research



## 1.1. Information about the Company

Farmak is a Ukrainian pharmaceutical company, a market leader that complies with the European quality standards.

### Our Mission

We make the treatment with modern effective medicinal products possible, facilitating the people to be healthy and happy

### Our Vision

JSC Farmak is a successful international pharmaceutical company, a leader of the Ukrainian pharmaceutical industry, with constantly growing market share and strong reputation of a responsible business and a reliable partner. Most of Farmak's profits are annually reinvested into its growth and development, which makes it possible to expand the business in Ukraine, complying with European quality standards, and strengthen the positions in the global market.

Farmak is a leader in the Ukrainian pharmaceutical market\*. The Company's product portfolio includes over 450 medicinal products. This includes products in the areas of endocrinology, gastroenterology, cardiology, neurology, gynaecology, ophthalmology, and others.

Farmak has a high-tech manufacture of finished medicinal products in Kyiv and an active pharmaceutical ingredient manufacturing facility in Shostka, Sumy Region.

The manufacturing site in Spain is scheduled to be opened in 2026. Complex generics, including for anaesthesia, antithrombotic medicines, systemic hormones, psycholeptics, cardiovascular, antipsychotic and other medicines, will be manufactured there.

Farmak re-invests up to 90% of profits each year. The Company's manufacturing facilities, laboratories, and technical complexes have passed international certification and comply with the high requirements of European GMP (remark: Good Manufacturing Practice) standards.

The Company's products are exported to about 60 countries of the world. Among them are 15 EU countries, countries in Central and South America, the Middle East, Asia, Africa and Australia.



About 3,000 employees work for the Company in Ukraine. The employees receive competitive and transparent wages and are provided with free health insurance policies.

Farmak is ranked among the top 200 largest companies in Ukraine, and is recognized as the largest taxpayer among Ukrainian pharmaceutical manufacturers and one of the country's best employers.\*\*.

Note:

\* By medicinal product sales value according to Proxima Research, 2024.

\*\* According to the ratings of NV (2025); "Farmak is in the TOP-30 best employers for veterans" by Forbes Ukraine (2025), Focus (2025).



<https://www.youtube.com/watch?v=R5Q8e0v7Dn8>

## 2. Path to Manufacturing Excellence

Farmak is the largest Ukrainian pharmaceutical company, founded in 1991 on the basis of the M. V. Lomonosov Kyiv Chemical Pharmaceutical Plant, the history of which dates back to 1925. Since its foundation, the Company has consistently implemented a strategy of continuous improvement and strives for excellence in all processes.

This commitment to quality and sustainable development is confirmed by numerous international certificates, including ISO9001, ISO13485, ISO22000, GMP, ISO14001, ISO45001, and ISO0001:2011. The Company confirms its status annually by successfully passing over 100 various external and internal audits. This assures the production of the highest quality products and compliance with the most stringent regulatory requirements.

Farmak's path to operational excellence was formalized in 2020 with the launch of the OPEX (Operational Excellence) Strategy and the implementation of Lean Manufacturing.

A logical and strategically important step, which took place in the 3rd quarter of 2022, was the official implementation of Total Productive Maintenance (TPM) and the creation of a single integrated system of continuous improvements.

Farmak views TPM not simply as a set of maintenance methodologies, but as a fundamental management philosophy. This philosophy is aimed at achieving zero losses in all company processes. The main impetus for adopting TPM was driven by the Company's strategic decision to increase operational efficiency, minimize the impact of external crises, increase business resilience, and engage all personnel in an active and proactive culture of continuous improvements.

Thus, TPM is a key driver of the OPEX strategy, ensuring a deep transformation of the manufacturing culture and management systems at Farmak.

Main TPM Goals:



### 3. Achievement

The Company provides employees with stable, competitive wages and social benefits, and supports their professional development through training and career growth opportunities.

All Company employees are provided with health and accident insurance. Farmak has implemented a comprehensive Wellbeing program, which covers five key areas: psychological, physical, social, and financial well-being, as well as professional development.

Employees have access to health insurance, consultations with a psychologist, annual check-ups, seasonal vaccinations, vitamins, and stress reduction programs, including weekly breathing exercises, retreats, corporate exercises, and more. The Company actively supports sports and team initiatives.

For the purpose of personnel development, Farmak provides access to an internal educational online platform and library and offers the opportunity to take external courses and international trainings.

Salaries are reviewed regularly, and a performance-based bonus system rewards employees for achieving key performance indicators (KPIs).

Thanks to the fact that the TPM system is implemented and constantly maintained in our Company, and thanks to the proactive participation of the management and all employees, we manage to improve our results every day:

- Increasing the productivity of our lines and equipment;
- Reducing losses of raw materials and supplies;
- Reducing downtime and equipment stops;
- Creating conditions for the development of personnel and line operators for a deeper understanding of equipment; thanks to this, the personnel improve their ability to find, solve, and reduce problems, contribute to the improvement of activities, and increase the overall efficiency of equipment at all levels of the Company;
- Having created and maintaining a safe, healthy, comfortable, and effective working environment;
- Reducing the prime cost of our products;
- Improving the quality of our processes and the quality of our products;
- Having devised a system for loss reduction and a system of continuous improvements;
- Increasing morale and personnel engagement at all levels of the Company;
- Having devised a system of motivation and development for our personnel;
- And more.

Farmak paid UAH 727 million in taxes and mandatory payments to national and local budgets in the first 6 months of 2025. Over the last 5 years (2020–2024), Farmak's total tax payments amounted to over UAH 4.7 billion.

The Company has received numerous awards in recognition of its activities. In the first half of 2025 alone, the Company was awarded 12 distinctions and awards:

- Mrs. Filya Zhebrovska was included in the NV 2025 “Top 100 Influential People in Ukraine” list.
- Mr. Volodymyr Kostiuk, CEO of Farmak, was named among the best CEOs of Ukraine according to the «TOP-100. Ratings of the Greatest».
- Mr. Serhii Plichko, Chief Financial Officer, was ranked among the Top 30 Best Financial Directors in Ukraine 2025.
- Mrs. Viktoriia Kondrashykhina, HR Director, was named among the Top 30 Best HR Directors in Ukraine 2025.
- Farmak was recognized among the Top 10 Unbreakable Employers in Ukraine.
- Farmak was included in Forbes Ukraine's Top 50 Exporters list..
- Farmak was ranked among the Top 30 Most Digitized Companies in Ukraine.
- Farmak is recognized as the company with the best reputation among Ukrainian medicine manufacturers and importers according to the corporate reputation management quality rating “Reputation ACTIVists”.
- Farmak is the largest taxpayer in the industry, according to the NV rating.

- Farmak and the Zhebrivsky Family Charitable Foundation are in the list of the State's Largest Donors, according to NV.
- Farmak won in the nomination "Support of Veterans" at the contest "Responsible Country 3.0".
- The Zhebrivsky Family Charitable Foundation received a distinction in the National Contest "Charitable Ukraine 2024".

In 2019, Farmak joined the UN Global Compact, which unites companies worldwide to promote the principles of sustainable development and social responsibility.

As a responsible business, Farmak puts all efforts to reduce the environmental impact of its activities. In 2023, the Company launched a social initiative for the collection and disposal of expired medicines from the population, aiming not only to reduce the environmental burden but also to foster a culture of proper handling of expired medicines.

The Company adheres to high ethical standards and ensures transparency and accountability to partners customers. In 2024, Farmak began an ESG audit to analyze its activities in three key areas: environment, social responsibility and management. The aim of the audit is to identify opportunities for further improvement of sustainable development practices and the implementation of new initiatives that will contribute to increasing the efficiency of the Company and its impact on the community and the environment.

#### 4. Key Aspects for Achieving TPM Success at Farmak

The implementation of TPM at Farmak is a long-term strategy aimed at ensuring sustainable development and maintaining leadership positions in the pharmaceutical industry. We have developed a comprehensive TPM system, and our decision to undergo JIPM certification is a key step. Its goal is to obtain independent international verification of our maturity level and confirm the compliance of our TPM journey with the highest global JIPM standards.

The success of TPM at Farmak is based on the synergy of all systems, personnel engagement at all levels, customer orientation, and continuous improvement.

Key factors of our success:

- Synergy of systems: We have successfully combined TPM principles with other management systems, such as Lean, GMP, ISO9001, ISO13485, ISO22000, GMP, ISO14001, ISO45001, ISO0001:2011, and other pharmaceutical industry standards. This allowed us to create an integrated system aimed at the continuous improvement of all aspects of the manufacture.
- Culture of safety and environmental protection: Safety is an integral part of our TPM system. We have implemented a number of measures aimed at preventing incidents, ensuring safe working conditions, and protecting the environment.
- Continuous education and development: We are investing in the training of our employees, providing them with the necessary knowledge and skills to effectively perform their jobs.
- Customer orientation: All our efforts are aimed at satisfying the needs of our customers. We strive to ensure high product quality and on-time deliveries.
- Use of cutting-edge technologies: We actively use latest technologies for data collection and analysis, which allows us to make informed decisions and optimize manufacturing processes.
- Systemic approach: We have developed a detailed system of preventive maintenance, which allows us to timely identify and eliminate potential problems.
- Continuous optimization: We are constantly seeking new opportunities to improve processes. Data analysis and feedback from personnel help us identify bottlenecks and develop effective solutions.
- The heart of the implementation of Total Productive Maintenance at Farmak is our personnel. We are firmly convinced that success on the path to Operational Excellence depends on the engagement and active participation of every employee.

TPM activity has contributed to strengthening cross-functional cooperation and creating a stimulating work environment. Operators, engineering and technical personnel, and management of all levels work together in small groups, applying Jishu-Hozan (Autonomous Maintenance), Focused Improvement, and other TPM pillars to identify and eliminate losses.

This synergy is our greatest intangible advantage, ensuring not only technical efficiency but also high morale and a sense of shared responsibility for the final result.



## 5. Tangible TPM Achievements

The implementation of TPM at our plant has helped improve business results, and TPM has also brought fundamental changes to the work culture. Below are several tangible advantages achieved thanks to the TPM in terms of SEPQCDM.

Category	Index	Unit	2022	2023	2024	2025 6 months
E	Near loss	quantity/year	0	0	0	0
S	Lost time injury frequency rate (LTIFR)	quantity/year	0	0	0	0
P	Productivity for main products	%	4.94	5.57	5.61	5.62
P	OEE of technological equipment	%	60.1	64.1	65.4	65.95
P	Availability	%	80.9	85.5	85.9	86.7
P	Performance rate	%	75.8	76.3	77.5	86.7
P	Quality products rate	%	98.01	98.24	98.39	98.45
P	Number of breakdowns	Breakdowns/year	360	304	175	85
P	MTBF	Hour	738	814	923	587
P	MTTR	Hour	3.1	3.5	3	2.9
Q	PPM (Complaints rate (per million packs))	ppm	448	454	58	6
Q	Reduction of product losses	%	7.9	7.5	7.3	6.73
Q	GMP compliance assessment during external inspections and audits	Number / year	0 critical observations	0 critical observations	0 critical observations	0 critical observations
C	Cost index	UAH/unit	28.6	29.1	28.57	28.52
D	Production lead time	days	9.78	9.45	9.36	9.25
D	DIFOT (category A)	%	92	93	93	93
D	Delivery performance Ukraine	%	100	100	100	100
M	Number of employee suggestions (excluding optimization measures for improvement)	Number/year	606 <sup>1</sup> (932) <sup>2</sup>	869 <sup>1</sup> (2800) <sup>2</sup>	906 <sup>1</sup> (3082) <sup>2</sup>	600 <sup>1</sup> (1251) <sup>2</sup>
Other	1. Do you have a program where all employees can participate in TPM? Yes. Employees participate in the TPM program on a daily basis, for example: • daily meeting at the TPM boards – analysis of efficiency and losses for the reporting period • elimination of losses through participation in focused improvement teams • training and exchange of information between TPM teams • Gemba visits • participation in internal and cross-functional audits to verify the effectiveness of functioning of standards and TPM teams 2. Do you have a program allowing employees to be recognized their achievements? Yes. There is a motivation program in place for personnel for their successes in TPM, monthly, quarterly, and annual winners in various TPM nominations are determined. 3. Are top management involved in the audit/verification of completion of TPM pillar steps? Yes. With the involvement of the top management, a weekly Steering Committee is held, at which TPM activities for the reporting period are analyzed. 4. Are all pillar activity boards displayed and reviewed by top management? Yes. Boards of the structural units' activities are reviewed by the top management when attending meetings at the TPM boards and during Gemba visits.					

Note:

1- Suggestions submitted in the new electronic system megapolis

2- total number of suggestions, optimization measures for improvement