

VIET NAM MEDICINAL MATERIALS
JOINT STOCK COMPANY

THE SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom –Happiness

No: 01/2025/DLVN-BCTN

Phu Tho, April 17th, 2025

Ref: Disclosing the 2024 Annual Report

Respectfully to: Hanoi Stock Exchange

Organization name : Viet Nam Medicinal Materials Joint Stock Company
Stock code/Broker code : DVM
Headquarter : Area 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province, Vietnam
Tel : (84-24) 3984 1255
Submitted by : Vu Thanh Trung
Information disclosure type : ☐ 24 hours ☐ On demand ☐ Extraordinary ☒ Periodic

Content of information disclosure:

Viet Nam Medicinal Materials Joint Stock Company respectfully announce the 2024 Annual Report.

This information was published on the Company's website on 17/04 as in the link <https://duoclieuvietnam.com.vn/en/download/>

We hereby certify that the information provided is true and correct and we bear the full responsibility to the law.

Attached documents:

The 2024 Annual Report

Recipients:

- As above.
- Archives: VT, PC.

REPRESENTATIVE OF VIET NAM MEDICINAL MATERIALS JSC

PERSON AUTHORIZED TO DISCLOSE INFORMATION

GENERAL DIRECTOR



Vu Thanh Trung



VIETNAM PHARMACEUTICAL JOINT STOCK COMPANY

ANNUAL REPORT 2024

2024





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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders, partners, customers, and all employees!

The pharmaceutical industry is facing slow economic growth in 2024.

Looking back at 2024, the first six months saw the majority of pharmaceutical companies struggling to overcome a period of hardship. While revenues were generated, profits were modest and lacked momentum for a breakthrough. Although some companies temporarily emerged from negative territory, many industry giants still reported losses due to increased operating expenses. Fluctuations in input material prices, a decline in purchasing power limited by consumers' tightening spending habits, slow-moving anti-epidemic support products, and intensifying competition contributed to a less favorable overall market in the early months.

On the other hand, JobsGO's (Vietnam's leading recruitment platform) Q2/2024 Employment Market Report recorded significant job growth across various sectors. Notably, the Pharmaceutical industry ranked second with a 142% increase compared to the same period last year. The healthcare sector also achieved an

impressive 59%, indicating a growing demand for human resources in the healthcare field.

The third and fourth quarters witnessed a recovery and profit differentiation among pharmaceutical companies. VietstockFinance statistics show that among the 31 listed pharmaceutical companies that released their Q3/2024 financial statements, 19 achieved profit growth (including 2 companies that turned a loss into profit); 12 units experienced a decrease in profit, and only 1 company reported a loss.

The drug distribution channel in hospitals (ETC), which traditionally dominated industry revenue, is expected to continue to maintain and experience growth thanks to the national health insurance policy and the easing and streamlining of hospital drug bidding regulations, along with the increasing demand for specialized pharmaceutical products, especially rare drugs, biologics, and drugs for treating critical illnesses. Meanwhile, the distribution channel through pharmacies (OTC), despite not showing particularly impressive revenue growth in the past 10 months, is expected by most companies to see more positive developments in 2025.

20 years OF HEALTHCARE DEDICATION

Potential Mixed with Difficulties

The pharmaceutical industry is still assessed as having growth potential. IQVIA, one of the world's largest pharmaceutical data providers, forecasts an industry growth rate with a CAGR of 6–8% during the 2023–2028 period.

According to the General Statistics Office, Vietnam will enter an aging population phase by 2036, with people over 65 years old potentially accounting for 14% of the total population. In the long term, this implies an increased demand for healthcare services and pharmaceuticals, which is a favorable factor for the pharmaceutical industry in general.

Vietnam Pharmaceutical Joint Stock Company achieved encouraging results in 2024

- **Net Revenue: VND 1,579.97 billion**
- **After-tax Profit: VND 49.74 billion**
- **Basic Earnings Per Share: (Note: The EPS value is missing in the provided text)**

The road ahead is long and full of challenges. However, with shared development, sound business strategies and decisions, timely and innovative solutions from the Board of Directors, the consensus of shareholders, and the solidarity of all employees, we believe that Vietnam Pharmaceutical Joint Stock Company will develop sustainably in the Vietnamese market and expand internationally, preserve capital for the Company's shareholders, and successfully complete the business plan targets for 2025–2026 and subsequent years. On behalf of the Board of Directors, I would like to express my sincere gratitude for the trust and support of our esteemed shareholders, and thank our customers, partners, and all employees for their active cooperation and dedication in helping us complete the plan in the past year of 2024.

ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN

NGUYEN VAN CAI


PART I

GENERAL INFORMATION



1. GENERAL INFORMATION

COMPANY INFORMATION

Company Name	VIETNAM PHARMACEUTICAL JOINT STOCK COMPANY
International Trading Name	VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
Abbreviations	VIETMEC., JSC
Business Registration Certificate	0105196582
Charter capital	VND 427,799,160,000
Owner's investment capital	VND 427,799,160,000
Head Office Address	Zone 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province, Vietnam
Representative Office Address	No. 139 Hong Tien Street, Bo De Ward, Long Bien District, Hanoi
Phone Number	(84-24) 3984 1255
Fax	(84-24) 3668 6891
Website	www.duoclieuvietnam.com.vn
Logo	
Stock Code	DVM
Exchanges	Hanoi Stock Exchange (HNX)

CORE VALUES

“ VIETMEC has established for itself 5 principles that never change, which are the guiding principles for all actions of the Company and call them "5 core values". ”



CUSTOMER FOCUS

As a company operating in the field of human health care, for VietMec, all activities of the Company as well as its employees are for the mission of "Bringing health to everyone".



HARMONY OF INTERESTS

The benefits of VietMec are also the benefits of customers, company employees, partners and the state.



NATIONAL PRIDE

VietMec products all carry Vietnamese values with patriotism and strong belief in reaching out to the ocean.



INNOVATION AND QUALITY

Continuously improve knowledge and invest in research activities to create new products that are highly effective in human health care.



RESPECT FOR PEOPLE

All regulations and behavioral decisions of VietMec are aimed at building a fair, democratic, and human-respecting working environment, in order to promote trust and solidarity among employees towards the Company.

VISION

“ Become a company specializing in manufacturing health care products from precious domestic raw materials; Successfully build the famous and trustworthy VIETMEC brand, ensuring the sustainable development of the Company. ”

MISSION

“ Bringing health to everyone. Preserving and conserving the value of traditional medicine, combining traditional quintessence with modern science and technology for human health. ”

FORMATION AND DEVELOPMENT PROCESS

In 2011, the Vietnam Pharmaceutical Joint Stock Company (formerly known as the Dong Han Pharmaceutical Joint Stock Company) was officially established under Business Registration Certificate No. 0105196582 issued by the Hanoi Department of Planning and Investment for the first time on March 16, 2011, with a charter capital of 3,100,000,000 VND (three billion one hundred million Vietnamese dong), with its main activities being the wholesale of medical equipment; wholesale of perfumes, cosmetics and toiletries; wholesale of machinery and medical equipment; cultivation of spices, medicinal plants and wholesale of medicines. This was the result of many years of contemplation and dedication to the aspiration of creating healthcare products made from precious domestic medicinal sources, bearing the Vietnamese brand and achieving international quality, affirming the belief in Vietnamese medicine in the community, and promoting the major policy of "Vietnamese people use Vietnamese medicine."

In 2018, after 02 years of construction, the Company's medicinal herb and traditional medicine factory officially began operations and quickly achieved GMP-WHO certification in 2019. This is one of the pioneering factories in Vietnam specializing in processing and preparing medicinal herbs into traditional medicine ingredients (a new and most modern form of traditional medicine ingredient preparation, replacing the commonly used sliced form). The processing is carried out by extraction, reduced pressure concentration, and spray drying on an integrated system of modern equipment and the most advanced technological processes. The factory has researched, announced and produced over 300 types of soluble powders of traditional medicine ingredients and is the first unit to submit 29 sets of dossiers for traditional medicine ingredient granules to the Department of Traditional Medicine Administration - Ministry of Health, opening up a completely new direction in Vietnam for the use of traditional medicine in modern medicine. The advantages of this traditional medicine in granular form are clear: it is convenient to use, without the need to decoct medicine, both at home and in hospitals; the quality is guaranteed to be the same as the raw materials due to optimal production technology, and it is packaged in unit doses for easy use, preservation and transportation; it is absorbed quickly, the dosage can be easily adjusted, improving treatment effectiveness, with a usage and preservation time of over 3 years, suitable for today's developed industrial economy.

On January 21, 2020, the Company established a branch of the Vietnam Pharmaceutical Joint Stock Company in Hanoi.

- On March 18, 2022, the Company was granted a license by the State Securities Commission to offer shares to the public for the first time, according to the Certificate of Registration for Initial Public Offering No. 58/GCN-UBCK. On May 9, 2022, the Company completed its public offering with a successful offering of 8,650,000 shares (100% of the expected offering quantity) at a price of 18,000 VND/share, raising the Company's charter capital to 365,500,000,000 VND.
- On May 18, 2022, the Company officially became a public company according to Official Letter No. 2912/UBCK-QLCB of the State Securities Commission.
- On June 17, 2022, the Company was approved by the Vietnam Securities Depository (VSD) to register its shares with the stock code DVM.
- On July 19, 2022, DVM shares were officially listed on the Hanoi Stock Exchange.
- On September 23, 2022, branches of the Vietnam Pharmaceutical Joint Stock Company were established in Hai Phong and Ho Chi Minh City.
- In November 2022, the pharmacy brand "VIETMEC Pharmacy" was inaugurated at 139 Hong Tien, Bo De, Long Bien, Hanoi, marking the launch of the pharmacy brand "VIETMEC Pharmacy."

In 2024, the Company issued 7,129,916 shares to pay dividends for 2022.

In 2021, the Company invested in a production line for liquid medicine with a capacity of 682,000 liters/year and soft capsules with a capacity of 40.9 million capsules/year. Currently, these production lines are installed at the factory in Phu Tho, on a floor area of 1,000m². The investment completed the GMP-WHO appraisal at the end of 2021 and officially started operations in February 2022.

- In October 2023, the Company was honored to receive a nomination for the "Asia Pacific Enterprise Awards (APEA)" in the "Fast Enterprise Award" category.
- On October 13, 2023, the Company was awarded a certificate of merit by the Phu Tho Provincial People's Committee as a "Typical enterprise in the manufacturing sector contributing to the transformation of the industrial structure, increasing the value of export goods and increasing the province's budget revenue."
- On December 9, 2023, the Company opened its next new pharmacy in its managed pharmacy system at 86 Lo Van Gia, Chieng Le Ward, Son La City.
- On December 16, 2023, the Company was honored to be one of 60 enterprises awarded a certificate of merit by Vice President Vo Thi Xuan Anh for its contributions to supporting children in special circumstances, and was one of the 5 typical enterprises with the most and highest contributions to children's activities.
- In 2023, the Company welcomed many delegations of foreign partners such as Japan (Okinawa Pharmaceutical Company), Korea (Okchungdang Pharmaceutical Company), Germany (Elcom Pharmaceutical Company), China (Heibei Pharmaceutical Company, Pingcun ZhongYing Pharmaceutical Co., Ltd.), the Taiwan Ministry of Health, Canada (KC Brothers International Trading Pharmaceutical Company), and also had the opportunity to attend 2 of the world's largest pharmaceutical exhibitions in India and Japan. This opened up opportunities for the Company to access medical technology and developed healthcare markets around the world in order to further increase the Company's list and quality of pharmaceutical products.

In 2016, the Company moved its head office to Phu Tho and therefore transferred its management from the Hanoi Department of Planning and Investment to the Phu Tho Department of Planning and Investment, according to the Business Registration Certificate No. 0105196582 issued by the Phu Tho Department of Planning and Investment, 14th revised edition dated October 19, 2016. Following the direction of investing in modern technology and developing the production of high-tech traditional medicine products to meet sustainable development goals, the Company invested in the construction of a traditional medicine production factory certified with GLP-GSP-GMP by the Drug Administration of Vietnam - Ministry of Health and GMP-HS good manufacturing practices for health protection foods, covering an area of over 3,200m² in Phu Ninh Commune, Phu Ninh District, Phu Tho Province.

In 2019, the Company inaugurated and put into operation a transaction office in Hanoi, with 7 floors and a floor area of 1500m², on Hong Tien Street, Long Bien District, Hanoi, to complete its facilities and modernize its management and administration activities, in line with the new development stage in production and business operations.

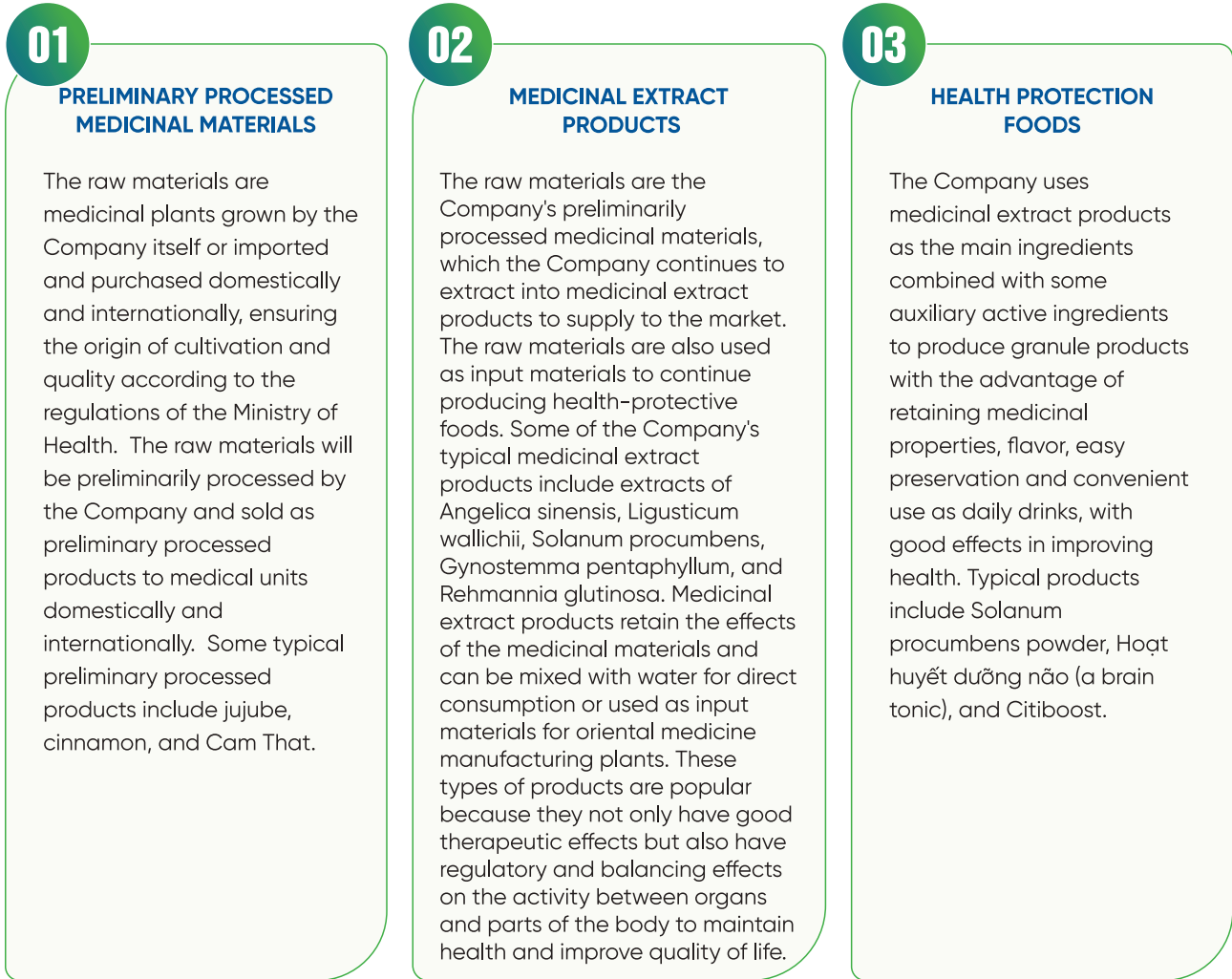
2. BUSINESS LINES AND AREAS

THE COMPANY'S MAIN BUSINESS LINES INCLUDE:



TRADING IN MEDICINAL PRODUCTS MANUFACTURED BY THE COMPANY

Medicinal products manufactured by the Company itself can be divided into 03 main product groups: (01) preliminary processed medicinal materials, (2) medicinal extract products, and (3) health protection foods.



PROCESSING SERVICES FOR MEDICINAL EXTRACTS AND HEALTH PROTECTION FOODS

The Company provides processing services for the extraction of medicinal herbs and health protection products for other units. Depending on the ordering needs of each customer, the Company will use its own raw materials or raw materials provided by the customers themselves, and carry out production on existing lines and technologies to create products that meet customer requirements while complying with the Company's production processes.



TRADING IN PHARMACEUTICALS, MEDICAL EQUIPMENT, AND CONSUMABLES IN THE MEDICAL INDUSTRY

In addition to its core products made from medicinal herbs, the Company also promotes import activities and seeks to purchase pharmaceuticals, medical equipment, and consumables in the medical industry from partners with quality products that meet standards to serve the commercial purposes of the Company's distribution channels.



BUSINESS LINES

Business areas: Vietnam Pharmaceutical Joint Stock Company is headquartered in Zone 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province; and has built a widespread sales system across the North, Central and South with 03 branches in Hanoi, Hai Phong, and Ho Chi Minh City. The Company has been implementing a sales system including bidding channels, pharmacy channels, and OTC channels with pharmaceutical representatives and affiliated partners present in many provinces and cities across the country.

As of the end of 2024, the Company's distribution system includes 19 pharmacies, supplying pharmaceutical products and medicines to well-known hospitals such as Phu Tho General Hospital.

03 BRANCH

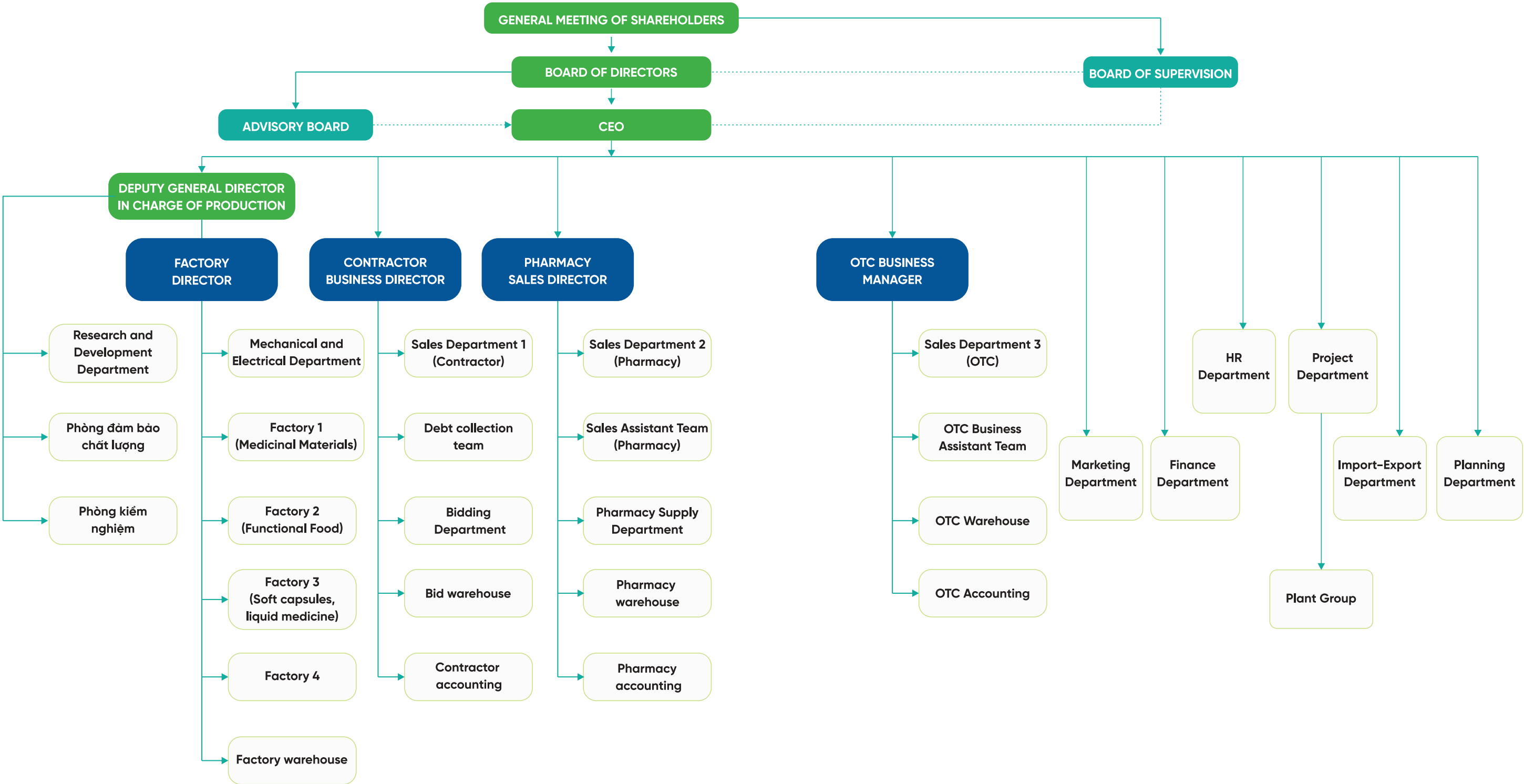
- HA NOI
- HAI PHONG
- HO CHI MINH

NORTH
CENTRAL
SOUTH

19 PHARMACY

3. ORGANIZATIONAL CHART

GOVERNANCE MODEL



LEADERSHIP INTRODUCTION

BOARD OF DIRECTORS



MR. NGUYEN VAN CAI

Chairman of the Board of Directors
cum Deputy General Directors

Qualifications:
Bachelor of Laws/College Pharmacist

Current position:
Chairman of the Board of Directors

Positions held at other organizations:
None

Number of shares held:
None

WORKING EXPERIENCE:

1979 – 1990
Employees at Cuu Long Pharmaceutical Factory

1991 – 1994
Staff at Cuu Long Pharmaceutical and Medical Supplies
Company Branch in Hanoi

1994 – 1997
Deputy Director at Cuu Long Pharmaceutical and Medical
Supplies Company Branch in Hanoi

1998 – 2020
Director at Cuu Long Pharmaceutical and Medical Supplies
Company Branch in Hanoi

01/2021 – 06/2021
Deputy General Director at Vietnam Pharmaceutical
Joint Stock Company

07/2021 – now
Chairman of the Board of Directors at Vietnam Pharmaceutical
Joint Stock Company



MR. VU THANH TRUNG

Member of the Board of Directors cum
General Director

Qualifications:
Bachelor of Economics

Current position:
Member of the Board of Directors cum General Director

Positions held at other organizations:
None

Number of shares held:
8,580,000 shares (20.06% shares)

WORK EXPERIENCE:

2004 – 2014
Sales staff at Mediplantex Central Pharmaceutical
Joint Stock Company

2011 – 2014
Director at Vietnam Pharmaceutical Joint Stock Company

2015 – 06/2021
Chairman of the Board of Directors cum General Director at
Vietnam Pharmaceutical Joint Stock Company

07/2021 – now
Member of the Board of Directors cum General Director of
Vietnam Pharmaceutical Joint Stock Company



MS. NGUYEN THI HA

Independent Member of the Board of Directors

Qualifications:
Bachelor of Banking and Finance

Current position:
Independent Member of the Board of Directors

Positions held at other organizations:
Member of the Board of Directors of Amera Medicinal Extracts
Joint Stock Company

Number of shares held:
50,000 shares (0.14%)

WORK EXPERIENCE:

07/2020 – now
Amara Medicinal Extracts Joint Stock Company

03/2022 – now
Viet Dragon Securities Joint Stock Company – Hanoi Branch

05/2024 – now
Independent Member of the Board of Directors at Vietnam
Pharmaceutical Joint Stock Company

SUPERVISORY BOARD


MS. NGUYEN DIEP KHANH LINH
Head of the Supervisory Board

Qualifications: Bachelor of Economics and Law

Current position: Head of the Supervisory Board

Positions held at other organizations: None

Number of shares held: 0 shares (0% shares)

WORK EXPERIENCE:**2019 – 2021**

Customer Relations Specialist at Tien Phong Commercial Joint Stock Bank

2021 – 2023

Investment Specialist at Casla Joint Stock Company

2023 – 2024

Shareholder Relations Specialist at Vietnam Pharmaceutical Joint Stock Company

05/2024 – now

Head of the Supervisory Board of Vietnam Pharmaceutical Joint Stock Company


MR. BUI CONG TUAN
Member of the Supervisory Board

Qualifications: University Pharmacist

Current position: Member of the Supervisory Board

Positions held at other organizations: None

Number of shares held: 109 shares (0.0003% stake)

WORK EXPERIENCE:**03/2019 – 05/2024**

Deputy Head of Research & Development Department of Vietnam Pharmaceutical Joint Stock Company

05/2024 – now

Member of the Supervisory Board of Vietnam Pharmaceutical Joint Stock Company


MS. DANG THI KHANH NGAN
Member of the Supervisory Board

Qualifications: University Pharmacist

Current position: Member of the Supervisory Board

Positions held at other organizations: None

Number of shares held: 0 shares (0% shares)

WORK EXPERIENCE:**02/2014 – 06/2019**

Pharmacist Viet Duc Medical Center Joint Stock Company

08/2019 – 08/2020

Staff of Thien Phu Construction and Trading Joint Stock Company

09/2020 – 05/2024

Employee at Vietnam Pharmaceutical Joint Stock Company

05/2024 – now

Member of the Supervisory Board of Vietnam Pharmaceutical Joint Stock Company

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT


MR. VU THANH TRUNG
Member of the Board of Directors cum General Director

Qualifications: Bachelor of Economics

Current position: Member of the Board of Directors cum General Director

Positions held at other organizations: None

Number of shares held: 8,580,000 shares (20.06% shares)

WORK EXPERIENCE:**2004 – 2014**

Sales staff at Mediplantex Central Pharmaceutical Joint Stock Company

2011 – 2014

Director at Vietnam Pharmaceutical Joint Stock Company

2015 – 06/2021

Chairman of the Board of Directors cum General Director at Vietnam Pharmaceutical Joint Stock Company

07/2021 – now

Member of the Board of Directors cum General Director of Vietnam Pharmaceutical Joint Stock Company


MR. NGUYEN MANH THANG
Chief Accountant

Qualifications: Bachelor of Banking and Finance

Current position: Chief Accountant

Positions held at other organizations: None

Number of shares held: 0 shares (0% shares)

WORK EXPERIENCE:**2023–now**

Chief Accountant at Vietnam Pharmaceutical Joint Stock Company

2022–2023

Timelaw Law Firm

2021–2022

Sales Director – Kim Nam Group

2020–2021

Shinhan Finance Specialist

2018–2020

Finance Director of Hai Loi Trading and Service Investment Joint Stock Company

2006–2018

Agribank Staff

SUBSIDIARIES AND AFFILIATED COMPANY

Currently, Vietnam Pharmaceutical Joint Stock Company has no subsidiaries and has 01 affiliated company with the following information:

COMPANY NAME	ADDRESS	MAIN BUSINESS ACTIVITIES	CHARTER CAPITAL (VND)	OWNERSHIP RATE OF DVM
VIBFA Joint Stock Company	Hanoi	Product distribution	50,000,000,000	40.00%

4. DEVELOPMENT ORIENTATION

THE MAIN GOALS OF THE COMPANY

To become one of the comprehensively strong and sustainably developing companies in the Pharmaceutical sector and to be among the top 10 reputable pharmaceutical manufacturers in Vietnam in the future.

To become a leading company in the field of Traditional Medicine (in the form of traditional medicine granules) covered by Vietnam's Health Insurance system.

To research and develop high-quality products that meet the needs of both domestic and international markets.

To enhance production capacity and optimize the operational efficiency of GMP-WHO certified factory production lines: the traditional medicine granule production line; the suppository production line; the liquid medicine and soft capsule production lines; and new production lines that the company is investing in and putting into operation.

To invest in and develop the Vietmec Pharmacy brand to be strong and cover the entire market of 63 provinces and cities in Vietnam.

To recruit highly qualified personnel and provide training for talent development.

To ensure that the results of production, business operations, investment, and finance are publicly disclosed and transparent.

SUSTAINABLE DEVELOPMENT GOALS

To continuously improve and innovate production techniques, strengthen management and business administration capabilities, and build a risk management system to enhance competitiveness and development in the market.

To expand production and business activities, contributing to the creation of more jobs for local workers.

To participate in community activities in the local area: donating to and sponsoring programs and charitable activities to build a civilized and prosperous society.

To use energy sources such as electricity, water, and fuel economically and efficiently in the process of operating production and business activities.

To strictly comply with regulations on environmental protection, fire prevention and fighting, and landscape preservation inside and outside the company.

MEDIUM- AND LONG-TERM DEVELOPMENT STRATEGY

To improve production processes and implement strict quality control and inspection procedures in accordance with the company's regulations and the standards of the Ministry of Health, enhance the skills and qualifications of employees to improve product quality, reduce costs, and increase profits.

To focus on researching and successfully registering traditional medicine granule products, as well as studying relevant legal policies and regulations to include traditional medicine granules in the healthcare system of Vietnamese hospitals and clinics, recognized within the health insurance system.

To focus on investing in production lines for cancer treatment drugs and infusion solutions, and to research specialized drug products to ensure high efficiency of the production lines once licensed and operational.

To develop GACP-compliant medicinal herb cultivation areas, expand the network of domestic and international partners to proactively secure raw material sources, ensure uninterrupted supply, and develop an export network to foreign countries.

To significantly develop the domestic sales network and expand into foreign markets.

To research and launch strategic VIETMEC products to achieve market coverage and establish the VIETMEC brand.

To train and develop a highly skilled and technical workforce.

To utilize system software for enterprise management.

To always be mindful of "For the health of consumers."



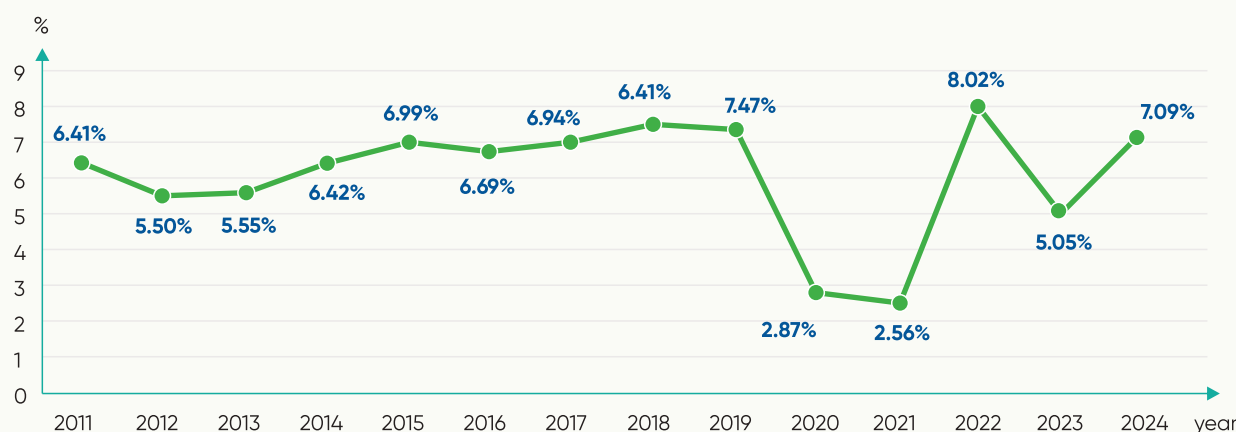
5. RISKS

RISK REGARDING THE PACE OF ECONOMIC GROWTH

In 2024, the Vietnamese economy continued to face numerous challenges due to inflationary pressures, a decline in aggregate demand, and global economic uncertainties. However, according to data from the General Statistics Office, Vietnam's GDP in 2024 was estimated to reach 476.3 billion USD, a growth of 7.09% compared to 2023, exceeding the 6.5-7% target set by the National Assembly. The average GDP per capita in 2024 was estimated at 4,622.5 USD per person. This growth rate is higher than that of many countries in the region and worldwide, reflecting the strong recovery of the Vietnamese economy after global challenges.

For a healthcare pharmaceutical manufacturing company, changes in consumer behavior and customer financial capacity will significantly impact business performance. Additionally, fluctuations in the global supply chain and raw material costs are potential risks that could put pressure on profits and competitiveness. To address these challenges, the company needs to continuously monitor macroeconomic factors, analyze potential impacts, and develop flexible strategies to ensure long-term stability and sustainable development.

GDP GROWTH RATE IN 2011 - 2024

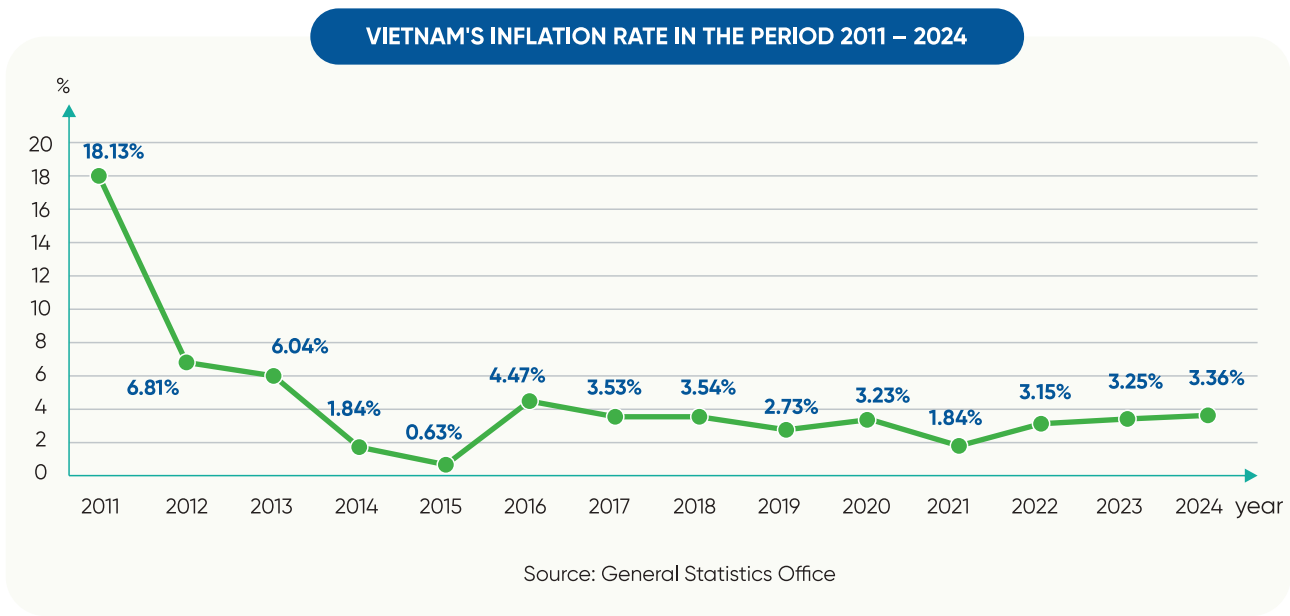


Source: General Statistics Office



INFLATION RISK

The year 2024 is forecast to continue to be a challenging year as global political instability risks remain. The potential for many major central banks to lower interest rates too early poses a risk of increasing inflation worldwide.



In Vietnam, despite the government's efforts to control inflation in 2024, inflation pressure is forecast to increase in 2025, affecting production costs and commodity prices. Particularly for the pharmaceutical industry, the dependence on approximately 90% of raw materials imported makes production costs susceptible to fluctuations in raw material prices on the international market.

This could increase the production cost per unit of the Company's output products, thereby affecting its competitiveness in the market. At the same time, when domestic inflation rises sharply, consumers tend to tighten spending, especially on non-essential products such as healthcare pharmaceuticals. This decline in demand will put significant pressure on the Company's revenue and profits.

Therefore, inflation continues to be a macroeconomic indicator that the Company needs to monitor closely. Making timely adjustments in production operations, cost management, and business strategy will play an important role in responding to these challenges and ensuring stability and development in a difficult economic environment.



INTEREST RATE RISK

Interest rates are a sensitive economic variable, and changes in interest rates can significantly impact society's production and consumption behavior. For businesses, interest rate risk arises when borrowing costs exceed the ability to generate profits, and the level of this risk depends on the debt structure of each industry. In 2024, although the State Bank of Vietnam may maintain a supportive monetary policy to promote economic growth, global inflationary pressures and economic uncertainties could lead to the risk of interest rates rising again.

For a pharmaceutical company, access to loan capital at reasonable interest rates remains crucial for implementing production expansion and distribution channel development projects. However, interest rate volatility can increase financial costs, putting pressure on the Company's profits. Therefore, to mitigate interest rate risk, the management is exploring alternative financing options, such as issuing shares or strategic investment partnerships, to ensure financial stability and sustainable growth.

LEGAL RISKS

This refers to the risks associated with changes in the legal framework that directly or indirectly regulate the Company's operations. All business activities of a pharmaceutical company are governed by laws such as the Enterprise Law, the Pharmacy Law, the Securities Law, the Tax Law, and regulations related to product safety and quality. In 2024, the legal framework is expected to continue to undergo adjustments to meet the development of the economy and the healthcare industry, which may create challenges in ensuring the Company's compliance.

Failure to promptly update or adequately prepare to adapt to legal changes could affect the Company's production, distribution, and investment projects. To mitigate this risk, the Company maintains a dedicated legal department to monitor, update, and assess legal changes. In addition, the Company focuses on training its personnel to be knowledgeable about the law and collaborates with professional legal consulting units to ensure that corporate governance and investment projects always comply with legal regulations, contributing to maintaining stability and sustainable development.



INDUSTRY-SPECIFIC RISKS

RISK OF FLUCTUATIONS IN RAW MATERIAL PRICES

Raw materials, especially medicinal herbs, account for a large proportion of the Company's product cost structure. Therefore, fluctuations in raw material prices will directly affect profits when product selling prices cannot be adjusted in a timely manner. In the pharmaceutical industry, raw material costs account for about 70%-80% of total costs and about 60% of revenue. Currently, the Company is still heavily dependent on raw materials imported from China, leading to significant risks when prices fluctuate due to the global economic situation, inflation, and exchange rate volatility in 2024. Meanwhile, the selling prices of medicinal herb products and health protection foods are often constrained by price stabilization policies and social objectives, making it difficult to adjust selling prices according to production costs, which can affect the Company's revenue and profits.



RISK OF COUNTERFEIT AND LOW-QUALITY GOODS

The prevalence of counterfeit and poor-quality goods, as well as intellectual property infringement, is increasing in the pharmaceutical sector. Some of the Company's products, after years of building reputation in the market, have become targets for formula copying and the production of counterfeit goods. This issue can damage the brand, reputation, and consumer trust, thereby negatively impacting revenue. To mitigate this risk, the Company has strengthened the registration of intellectual property rights for its products and implemented the use of anti-counterfeit stamps on all product lines, contributing to the protection of the brand and customers.

RAW MATERIAL SUPPLY AND QUALITY RISKS

The supply of medicinal materials is a core factor for the Company's production and business operations. Imported raw materials need to have certificates of origin and quality (CO and CQ), but risks from import-export policies, local legal regulations, or changes from suppliers can disrupt the supply chain. For domestic raw materials, factors such as seasonality, climatic conditions, and cultivation and processing methods also create risks of supply chain disruption. This forces the Company to increase its dependence on imported raw materials, which often come with the risk of significant price volatility.



OTHER RISKS

Some force majeure risks such as natural disasters (drought, storms, earthquakes, etc.), large-scale epidemics, although having a low probability of occurrence, would seriously affect the Company's business operations if they occur. These phenomena can disrupt the supply chain, affecting product production and distribution. To minimize the impact of these risks, the Company closely monitors weather and epidemic conditions and promptly implements preventive measures when necessary. At the same time, the Company has purchased insurance coverage for all machinery and fixed assets at the pharmaceutical production plants to minimize financial losses in the event of force majeure.



RISK MANAGEMENT

The Company's risk management policy is designed to support the achievement of strategic objectives while ensuring that all business activities are conducted effectively and sustainably. The Board of Directors plays a key role in developing and overseeing risk management policies, and provides guidance to specialized departments to properly fulfill their responsibilities in identifying, assessing, and responding to risks.

In 2024, the Company continued to maintain and enhance the role of specialized departments in collecting data, analyzing information, and assessing risks in each aspect of operations. Effective and timely risk prevention measures were proposed to minimize negative impacts on business activities. The Company also focused on organizing regular training sessions to raise awareness and skills in risk management for all employees, ensuring strict compliance throughout the organization.

The Board of Directors is committed to regularly updating and adjusting the risk management policy to suit market conditions and legal requirements. In addition to monitoring daily operations, the Board of Directors also implements remedial measures and strict sanctions for violations, especially in key stages such as production. This is to minimize potential risks from incidents such as fires, equipment failures, or supply chain disruptions, ensuring the stability of the Company's production and business operations.



PART II

OPERATIONAL SITUATION IN 2024



1. PRODUCTION AND BUSINESS ACTIVITIES

PRODUCTION AND BUSINESS RESULTS IN THE YEAR

INDICATORS	UNIT	YEAR 2023	IN 2024	
			VALUE	CHANGE (%)
Total assets	Billion VND	1,532.92	1,634.570	6.63%
Owners' Equity	Billion VND	688.67	736.55	6.95%
Net sales	Billion VND	1,481.72	1,579.97	6.63%
Profit after tax	Billion VND	43.16	47.88	10.92%
EPS	VND/share	1,211	1,119	-

By the end of 2024, the Company's total assets and equity recorded growth rates of 6.63% and 6.95%, respectively. The Company's net revenue also recovered steadily, reaching 1,57997 billion VND in 2024, an increase of 6.63% compared to 2023. Accordingly, the Company's after-tax profit increased sharply, reaching 47.88 billion VND, an increase of 10.92% compared to 2023. This was due to the Company's increased sales of inventory and restructuring of the sales mechanism in 2024, which helped to minimize various selling expenses.

PRODUCTION ACTIVITIES

The work of inspecting and evaluating product quality is carried out regularly and continuously: 100% of raw materials upon entering the warehouse are sampled and inspected, and only raw materials that meet standards are considered for warehousing and use in production; 100% of finished products are quality-controlled according to registered standards, and only those with satisfactory quality inspection results are allowed to leave the factory.

In 2024, the GMP WHO certified factory preliminarily processed 2,300 tons of medicinal materials; extracted 110.2 tons of concentrated extracts; and produced 7 million sachets of traditional medicine granules... This demonstrates the large production capacity that the factory of Vietnam Pharmaceutical Joint Stock Company (VIETMEC) can meet annually and can further increase according to customer requirements.

Jobs for workers at the factory are arranged reasonably, and production workshops organize overtime work depending on the actual production situation at each time to meet the demand for goods for business;

The factory also arranges for workers to fully participate in GMP training, SOPs, and training on occupational safety and health, and fire prevention and fighting; with particular emphasis on equipment operation training for workers in production positions to ensure sufficient replacement personnel when employees leave.



PRODUCT RESEARCH AND DEVELOPMENT ACTIVITIES

Research, development, and product registration have always been top priorities for the Company, with the aim of continuous improvement, capacity enhancement, and the provision of the highest quality products to the market.

In addition, regarding dossiers for health protection food products and traditional medicine products under processing contracts with partner units, the Company has successfully researched 646 products including dry extracts, medicinal granules, herbal medicines, traditional medicines, traditional medicine ingredients, milk, etc. At the Phu Tho Department of Health, the Company has self-declared and declared for 337 products. At the Food Safety Department; the Department of Traditional Medicine Administration; and the Drug Administration of Vietnam, the Company has registered 563 products and has currently received approval for 265 products, with the remaining products undergoing the completion of registration procedures.

No.	PRODUCT TYPE	DECLARATION AT PHU THO DEPARTMENT OF HEALTH			REGISTRATION AT DEPARTMENTS				
		SELF-DECLARATION	DECLARATION	TOTAL	DECLARATION				APPROVE
					Department of Food Safety	Department of YDCT	Department of Pharmacy Management	Total	
1	Traditional Medicine					208		208	163
2	Dry Extracts	170		170			15	15	-
3	Traditional Medicine Granules	150		150		189		189	4
4	Health Protection Foods				95			95	93
5	Herbal Medicines (Traditional Medicine)						19	19	-
6	Traditional medicine						37	37	5
7	Milk		5	5					
8	Food	12		12					
		332	5	337	95	397	71	563	265



Some scientific research topics that the Company's Research and Development Department has been conducting in 2024:

"Open-label, observational study with a control group to evaluate the effectiveness and safety of applying traditional medicine granules in the treatment of patients using prescribed traditional medicine formulas"

Coordinating unit
National Institute of Traditional Medicine

"Project: production of capsules containing collagen from fish scales and omega-3,6,9 rich oil from sachi seeds (plukenetia volubilis)"

Coordinating unit
Institute of Tropical Technology (VIETNAM ACADEMY OF SCIENCE AND TECHNOLOGY)

BUSINESS RESULTS COMPARED TO PLAN

No.	INDICATORS	UNIT	YEAR 2024	ACTUAL 2024	ACTUAL VS PLAN (%)
1	Net sales	Billion VND	1,200	1,579.97	131.66%
2	Profit before tax	Billion VND	59.7	55.40	92.80%
3	Profit after tax	Billion VND	49.5	47.88	96.73%

Compared to the 2024 plan with a revenue target of 1,200 billion VND and an after-tax profit target of 49.5 billion VND, by the end of 2024, the Company had exceeded the revenue plan by 131.66% and achieved 96.73% of the planned profit. The main reason is that the company restructured its sales mechanism, leading to a sharp decrease in total sales expenses from 25.67 billion in 2023 to 11.25 billion in 2024, equivalent to a 56.17% decrease. In addition, effective management of loans also contributed to a 20.6% reduction in the Company's financial expenses in 2024 compared to 2023.



2. ORGANIZATION AND PERSONNEL

BOARD OF MANAGEMENT LIST

The Company's Board of Management consists of 03 members, including 01 General Director, 01 Deputy General Director and 01 Chief Accountant, performing the daily production and business operations of the Company.

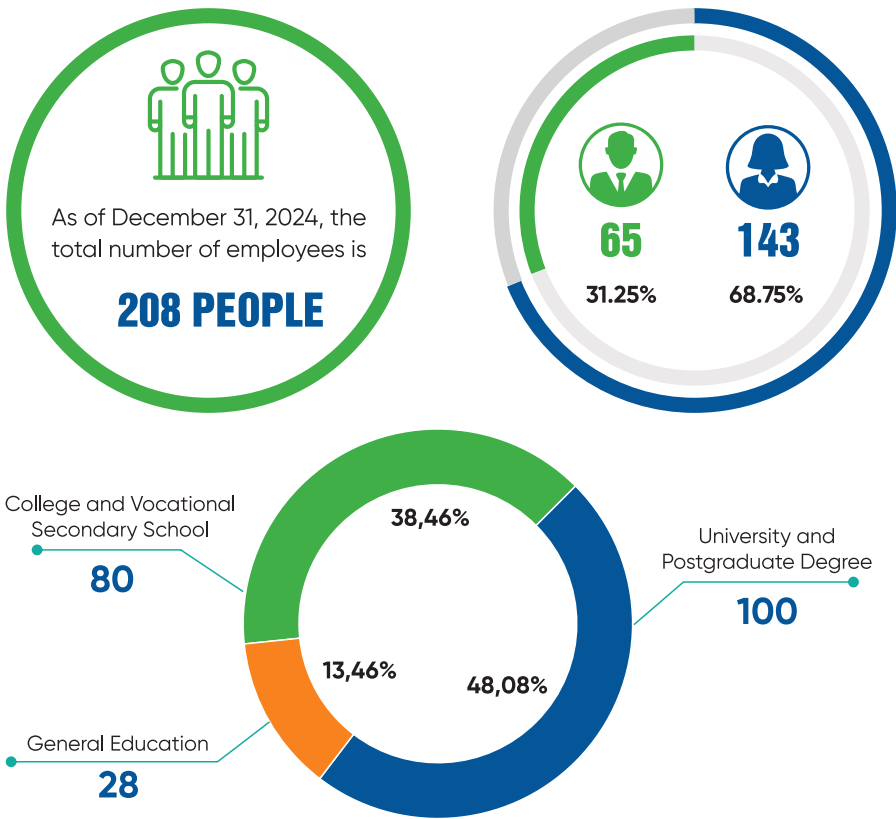
STT	FULL NAME	POSITION
1	Vu Thanh Trung	Member of the Board of Directors cum General Director
2	Nguyen Manh Thang	Chief Accountant

CHANGES IN THE BOARD OF MANAGEMENT

STT	FULL NAME	DATE OF BIRTH	QUALIFICATIONS	DATE OF APPOINTMENT / DISMISSAL OF MEMBERS OF THE BOARD OF MANAGEMENT
1	Ms. Doan Thi Thu Hoai	01/11/1980	Bachelor of Economics	Dismissed on 10/05/2024
2	Mr. Tran Binh Duyen		Pharmacist CK II	Dismissed on 10/05/2024

PERSONNEL STRUCTURE

(Source: Vietnam Pharmaceutical Joint Stock Company)



POLICIES FOR EMPLOYEES:

WORKING
REGIME

The company organizes an 8-hour workday and 48-hour workweek, with a 1-hour lunch break, for regular employees.

For workers directly involved in production at the factory, a 3-shift workday system is organized, with each shift lasting a maximum of 8 hours and a minimum break of 12 hours.

The company organizes 3 full shifts or reduces the number of work shifts depending on the actual situation at each time, while adhering to the state's regulations on working hours and rest periods for employees working in heavy, hazardous, and toxic conditions.

Time off for illness, maternity leave, personal leave, and holidays is ensured in accordance with the Labor Code.

Employees are fully equipped with the means to work, such as protective equipment, machinery, and equipment.

RECRUITMENT AND
TRAINING POLICIES

The company has a separate recruitment policy for employees in each field (office staff, direct production workers, management staff...).

During their work, employees receive professional training to improve their skills.

New personnel are trained in company culture, occupational safety and health, fire prevention and fighting, and GMP (for workers) before starting work.

The company also regularly coordinates enrollment and recruitment in various fields through scholarships for students; cooperates with universities and colleges to carry out scientific research projects and technology transfer to find high-quality personnel.

SALARY, BONUS,
WELFARE AND SOCIAL
INSURANCE POLICIES

The company has a suitable system of salary, bonuses, social insurance contributions, welfare, and benefits for employees; in accordance with current state regulations, linked to transparent and public performance evaluation criteria.

Employees are evaluated and classified quarterly for timely rewards; employees receive bonuses on holidays and Tet depending on the business situation at each time. At the end of the year, a reward council is established to implement the annual bonus policy according to the A+, A, B, C voting criteria, ensuring fairness for employees.

3. INVESTMENT SITUATION, IMPLEMENTATION OF PROJECTS
MAJOR INVESTMENTS

MEDICINAL MATERIAL PRODUCTION PLANT



Factory information	: GMP-WHO VIETMEC
Address	: Zone 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province
Scale	: 3 ha
Total investment	: 550 billion VND
Timeline	: Completed phases 1, 2 and 3
Project progress	: Phase 4 is under investment

MEDICINAL HERB CULTIVATION FARM

The goal of developing medicinal plant growing areas is to ensure the stability of the supply of raw materials in terms of price, quality and quantity. In addition to the growing area in Phu Tho province, the Company plans to test the effectiveness and develop other growing areas in neighboring regions.

Project information	: Growing medicinal plants under the forest canopy in Phu Tho
Address	: Phu Tho
Scale	: 86Ha
Total investment	: 100 Billion
Timeline	: Expected completion in 2026
Project progress	: Currently in the completion phase

MAJOR INVESTMENTS TO BE
MADE IN 2024

In 2024, the Company completed the construction of the entire infrastructure system of the medicinal material production plant in Phu Tho with a total investment of over 400 billion VND. In addition, the project of growing medicinal plants under the forest canopy in Phu Tho is gradually being completed and is expected to be put into operation in 2026.



SITUATION OF THE OPERATION OF THE AFFILIATED COMPANY

AFFILIATED COMPANY:
VIBFA JOINT STOCK COMPANY

Revenue
134,508,524,933

Profit after tax
332,040,917



4. FINANCIAL SITUATION

FINANCIAL SITUATION

INDICATORS	UNIT	YEAR 2023	YEAR 2024	CHANGE (%)
Total Asset	Billion VND	1,532.92	1,634.570	6.63%
Net sales	Billion VND	1,481.72	1,579.97	6.63%
Net profit from business activities	Billion VND	48.99	57.82	18.01%
Other Profits (Losses)	Billion VND	0.50	(2.414)	-
Profit before tax	Billion VND	49.50	55.40	11.93%
Profit after tax	Billion VND	43.16	47.88	10.92%
Dividend payout rate (%)	Billion VND	10%	00	-

The Company's total assets in 2024 increased by 6.63% compared to the previous year, mainly due to an increase in short-term receivables, intangible fixed assets, and short-term financial investments. Short-term receivables include debts from institutional customers such as businesses and hospitals placing orders with the Company. Due to the industry's specifics, these units will make payments in installments.

The year 2024 witnessed positive growth in net revenue, with this item increasing by 6.63% compared to the previous year, reaching 1,579.97 billion VND. Accordingly, profit from business operations improved significantly, increasing by 18.01% compared to 2023, reaching nearly 57.82 billion VND in 2024. This was due to a sharp decrease in the Company's financial expenses and selling expenses in 2024.

Consequently, after-tax profit in 2024 also increased by 10.92%, reaching over 47.88 billion VND.



MAJOR FINANCIAL INDICATORS

LIQUIDITY RATIOS

RATIOS	UNIT	YEAR 2023	YEAR 2024
Current ratio	number	1.03	1.08
Quick ratio	number	0.74	0.81

DVM's solvency slightly increased compared to 2023, reaching 1.08 times, ensuring safety as the current ratio remained above 1, indicating that the Company can still adequately cover its short-term liabilities. The increase in both solvency ratios is mainly due to the rise in short-term receivables, from nearly 390.4 billion VND in 2023 to 498.3 billion VND in 2024. These are all short-term receivables from banks and financial leasing institutions for the purpose of financing the Company's working capital during the year.



CAPITAL STRUCTURE RATIO

RATIOS	UNIT	YEAR 2023	YEAR 2024
Total Debt/Total Assets	Times	0.55	0.55
Total Debt/Owers' Equity	Times	1.23	1.22

In 2024, the Company's Total Debt/Total Assets ratio remained stable at 0.55, and the Total Debt/Equity ratio slightly decreased to 1.22, indicating a relatively safe capital structure for DVM compared to other businesses in the same industry. Maintaining debt at a relatively stable and safe level helps DVM effectively access other capital sources to finance its long-term medicinal herb cultivation projects.



EFFICIENCY RATIOS

INDICATORS	UNIT	YEAR 2023	YEAR 2024
Inventory Turnover	ring	5.09	6.14
Total Asset Turnover	ring	1.02	1.00

Although DVM's total asset turnover in 2024 slightly decreased from 1.02 times to 1.00 times, inventory turnover still showed a clear increase from 5.09 times to 6.14 times. The growth in inventory turnover reflects a relatively good improvement in the pharmaceutical business operations, as goods are sold quickly and less capital is tied up in inventory. For a direct pharmaceutical manufacturing and distribution company like DVM, the improvement of these indicators is considered a positive sign in inventory management and the company's sales ability.



PROFITABILITY RATIO

INDICATORS	UNIT	YEAR 2023	YEAR 2024
Profit after tax / Net sales (ROS)	%	2.91	3.03
Profit after tax / Average owners' equity (ROE)	%	6.46	6.72
Profit after tax / Average total assets (ROA)	%	2.98	3.02
Profit from business activities/ Net Sales	%	3.31	3.66

In 2024, the Company restructured its sales system and optimized financial management, leading to a significant reduction in DVM's selling expenses and financial expenses, which in turn increased after-tax profit and improved profitability indicators. Accordingly, DVM's ROS, ROE, and ROA in 2024 recovered, reaching 3.03%, 6.72%, and 3.02%, respectively. DVM has a medium and long-term strategy to be self-sufficient in the supply of raw medicinal materials to minimize the impact of input price fluctuations. Coupled with the expectation that the economy will enter a new growth cycle, DVM anticipates that the company's profitability will continue to improve in the coming years and ensure good long-term growth potential.



5. SHAREHOLDER STRUCTURE, CHANGE OF OWNER'S INVESTMENT CAPITAL

SHARES

Total number of shares	42,779,916 shares
Total number of outstanding shares	42,779,916 shares
Freely transferable shares	42,779,916 shares
Restrictedly transferable shares	0 (zero) shares
Par value per share	10,000 VND/share
Type of shares	Common shares

SHAREHOLDER STRUCTURE

SHAREHOLDER STRUCTURE AS OF 14/10/2024
(LATEST SHAREHOLDER RECORD DATE)

No.	SHAREHOLDER GROUP	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE (%)
I	State Shareholders	0	0	0
II	Founding shareholders/FDI shareholders	1	8,579,972	20%
III	Domestic shareholders	3,013	34,199,944	80%
	- Institutional shareholders	4	134,130	1%
	- Individual shareholders	3,009	34,065,814	79%
IV	Foreign shareholders	0	0	0
	- Institutional shareholders	0	0	0
	- Individual shareholders	0	0	0
	Total	3,014	42,779,916	100%

OWNERSHIP STRUCTURE OF MAJOR SHAREHOLDERS

MR. VU THANH TRUNG
Number of shares held: 8,579,972
Percentage: 20%

MAXIMUM FOREIGN OWNERSHIP RATIO

According to Official Letter No. 3167/UBCK-PTTT dated May 27, 2022, of the State Securities Commission, the maximum foreign ownership ratio of Vietnam Pharmaceutical Joint Stock Company under the provisions of law is 0%.

CHANGES IN THE OWNER'S INVESTMENT CAPITAL

CHANGES IN THE OWNER'S INVESTMENT CAPITAL AS OF 31/12/2024

Unit: billion VND

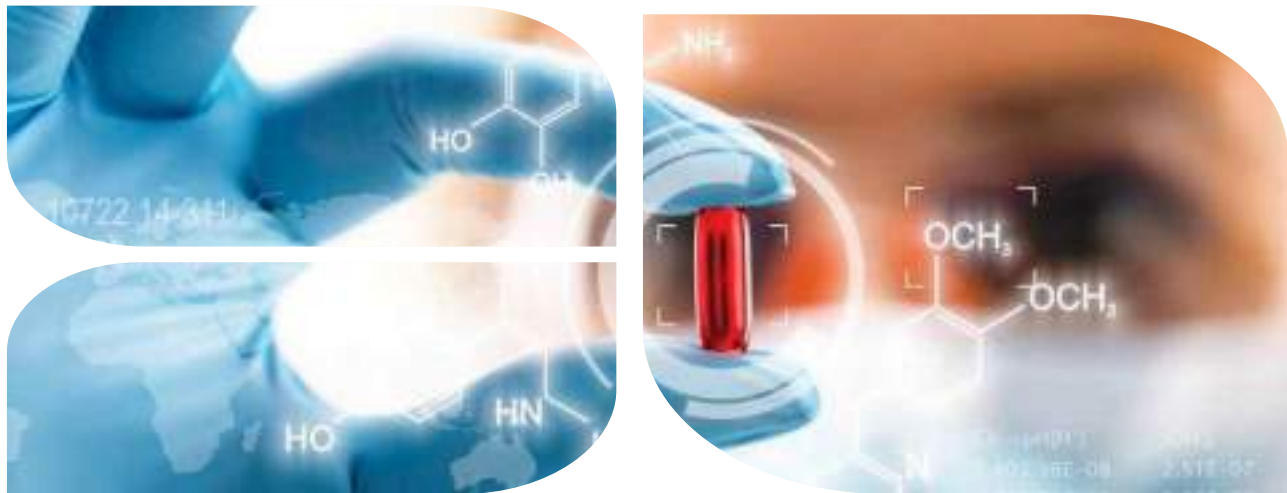
TIME	INCREASE/DECREASE IN CAPITAL VALUE	CHARTER CAPITAL AFTER INCREASE/DECREASE	FORM OF ISSUANCE
March 2021	-	3.1	Capital contribution of founding shareholders
July 2014	12.9	16	Additional share offering to existing shareholders
August 2016	4	20	Additional share offering to existing shareholders
December 2016	16	36	Capital increase to receive merger of 01 company (Mepha Pharmaceutical JSC- Business Code 2600348402)
August 2017	14	50	Additional share offering to existing shareholders
March 2019	40	90	Additional share offering to existing shareholders
January 2020	60	150	Additional share offering to existing shareholders and private placement to other investors
June 2021	120	270	Additional share offering to existing shareholders and private placement to other investors
May 2022	86.5	356.5	Initial public offering
July 2024	71.299	427.799	Share issuance for dividend payment

TREASURY STOCK TRANSACTION

As of December 31, 2024, the Company does not have any treasury stock.
In 2024, the Company did not conduct any treasury stock transactions.

OTHER SECURITIES

Vietnam Pharmaceutical Joint Stock Company does not own any other securities.



PART III

REPORT AND EVALUATION
OF THE BOARD
OF MANAGEMENT



1. EVALUATION OF PRODUCTION AND BUSINESS RESULTS

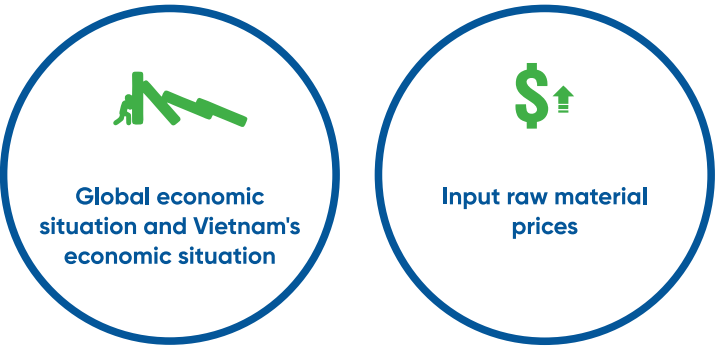
In 2024, the input material prices for the pharmaceutical industry in Vietnam experienced significant fluctuations. According to the General Statistics Office, the price index of raw materials used for the manufacturing industry, including the pharmaceutical industry, increased by 3.79% compared to 2023. As a pharmaceutical company, DVM operates with inherently thin profit margins on equity and net revenue, mainly due to the high costs associated with self-producing medicinal materials. Therefore, the Company constantly strives to improve operational efficiency and manage costs effectively. Accordingly, DVM's ROS, ROE and ROA in 2024 are gradually improving, reaching 3.15%, 6.97% and 3.14% respectively, showing that DVM has made positive progress in improving business performance, optimizing costs and gradually adapting to fluctuations in input material prices. In 2024, DVM continued to promote the goal of self-sufficiency in raw medicinal materials, enhancing stability in production and minimizing the impact of fluctuations in input material prices.

No.	INDICATORS	UNIT	PLAN 2024	ACTUAL 2024	ACTUAL VS PLAN 2024
1	Revenue (billion VND)	Billion VND	1,200	1,579.97	131.66%
2	Profit before tax (billion VND)	Billion VND	59,7	55.40	92.80%
3	Profit after tax (billion VND)	Billion VND	49,5	47.88	96.73%

PROGRESS THE COMPANY HAS MADE IN THE PAST YEAR:



MAIN FACTORS NEGATIVELY AFFECTING PRODUCTION AND BUSINESS ACTIVITIES:



2. FINANCIAL SITUATION

ASSET SITUATION

No.	ASSETS	UNITS	31/12/2023	31/12/2024
I	Short-term assets	VND	823,096,744,588	940,864,723,951
1	Cash and cash equivalents	VND	104,847,984,669	85,716,381,492
2	Short-term financial investments	VND	94,772,592,688	118,906,968,745
3	Short-term receivables	VND	390,417,788,408	497,612,779,269
4	Inventory	VND	230,958,857,434	238,256,494,183
5	Other short-term assets	VND	2,099,521,389	372,100,262
II	Long-term assets	VND	709,823,774,029	693,705,321,666
1	Long-term receivables	VND	85,559,448,274	93,577,326,528
2	Fixed assets	VND	337,035,999,196	369,926,562,095
3	Long-term assets in progress	VND	264,582,844,889	207,741,675,127
4	Long-term financial investments	VND	20,000,000,000	20,000,000,000
5	Other long-term assets	VND	2,645,481,670	2,459,757,916
	Total assets	VND	1,532,920,518,617	1,634,570,045,617

(Source: Audited financial statements for 2024 of Vietnam Pharmaceutical Joint Stock Company)

Total assets as of the end of 2024 increased by 6.63% compared to the end of 2023, from more than 1,532.92 billion VND to 1,634,570 billion VND. The company's assets are mainly concentrated in fixed assets, long-term assets in progress (which are the Company's pharmaceutical production plants), short-term receivables and inventory. Among these, short-term receivables account for the largest proportion, more than 497.612 billion VND. These are all receivables from institutional customers such as businesses and hospitals that place orders with the Company. Due to the nature of the industry, ordering units will make payments in installments. The company assesses that these are all recoverable receivables.



LIABILITIES

No.	INDICATORS	UNITS	31/12/2023	31/12/2024
I	Short-term liabilities	VND	799,144,132,464	869,787,379,806
1	Short-term payables to suppliers	VND	94,164,743,608	92,564,402,663
2	Short-term advances from customers	VND	452,739,347	67,689,020
3	Taxes and payables to the State	VND	10,875,617,933	5,735,111,838
4	Payables to employees	VND	2,083,967,591	2,981,715,656
5	Short-term accrued expenses	VND	1,371,080,529	961,039,745
6	Short-term unearned revenue	VND	4,775,314,745	2,791,437,590
7	Other short-term payables	VND	505,312,702	20,119,620,050
8	Short-term borrowings & finance lease liabilities	VND	679,477,174,315	740,666,281,550
9	Bonus and welfare fund	VND	5,438,181,694	3,900,081,694
II	Long-term liabilities	VND	45,104,263,682	28,235,658,684
1	Other long-term payables	VND	42,480,951,782	2,349,412,900
2	Long-term borrowings and finance lease liabilities	VND	2,623,311,900	25,886,245,784
	Total	VND	844,248,396,146	898,023,038,490

(Source: Audited 2024 financial statements of Vietnam Pharmaceutical Joint Stock Company)

In the Company's liability structure, loans and finance lease liabilities account for the largest proportion. At the end of 2024, the Company's total outstanding loan balance is nearly 740.66 billion VND, accounting for 82.47% of the Company's total liabilities. These are all loans of the Company from banks to finance working capital and capital to invest in the Company's medicinal herb farm projects for the purpose of expanding business operations. The Company always focuses on managing cash flow from business activities to repay loans. To date, the Company has no overdue payables and ensures that the Company's payment ratios are maintained at a healthy level.

Currently, the Company does not have any foreign currency loans, so the impact of exchange rate fluctuations on DVM's borrowing costs is non-existent. In addition, fluctuations in domestic lending rates also affect the Company's costs, as the Company's interest expense in 2024 is nearly 47.70 billion VND. Managing the risk of fluctuating lending rates is a priority of the Company's Management Board, which regularly monitors, evaluates and seeks access to appropriate loan capital in line with the Company's operating context during the year.



3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, AND MANAGEMENT

Planning and perfecting the Company's organizational structure with full departments/functional units to operate the system methodically and professionally. Driven by the increasing need to expand production and business operations & the growing number of projects, VIETMEC continuously recruits talent for new positions to undertake important work in the Company. Personnel are assigned to manage the sales system under the pharmacy business and OTC business divisions with the aim of helping the business team develop capacity, ensuring a stable and sustainable workforce, and completing the business targets set by the Management team.

Enhancing personnel management through digital transformation with Base.vn software: After 12 months of implementation, the Company has digitized all data, shaped and established the system, and trained 100% of office staff, factory staff, and business staff to become familiar with the Base platform.

THE EFFECTIVENESS OF DIGITAL TRANSFORMATION



4. FUTURE DEVELOPMENT PLANS

Based on the achievements of 2024, given the forecast of volatility in the Vietnamese and global economies, along with the Company's human capacity, brand, and reputation, the Board of Directors has set out the following specific goals for the 2025 plan:



In order to achieve the above plan, the Company plans to focus on: The company focuses on selling manufactured goods through the pharmacy system and bidding; completing the production line project to put it into operation.

5. EXPLANATION OF THE BOARD OF MANAGEMENT FOR THE AUDIT OPINION

The Board of Management has no explanatory comments. (In the financial statements for the fiscal year ended December 31, 2024, the audit opinion is an unqualified opinion).



PART IV

EVALUATION OF THE BOARD OF DIRECTORS OF THE COMPANY'S ACTIVITIES



1. EVALUATION OF THE BOARD OF DIRECTORS OF THE COMPANY'S ACTIVITIES

Based on the assessment of advantages and difficulties, as well as the actual situation, the Board of Directors and the General Director promptly reached a consensus and formulated the operational and business plan. In 2024, the Company nearly completed the planned targets set by the Annual General Meeting of Shareholders as follows:



Accordingly, the Board of Directors, the Supervisory Board, and the General Director have coordinated to perform their duties in accordance with the Company's Charter and Internal Governance Regulations in a smooth and effective manner, ensuring that the General Director's production and business operations are not hindered, and that the supervision of the Board of Directors and the Supervisory Board is maintained regularly and closely, ensuring that the Company's activities are carried out in accordance with regulations.

SALES ACTIVITIES

The year 2024 also marked the Company's continued strengthening of advertising channels; active engagement in product distribution and consumption, achieving encouraging results (both revenue and profit increased compared to the previous year, fulfilling 100% of the sales and service revenue plan, and achieving 92.80% of the pre-tax profit plan).



PRODUCT RESEARCH ACTIVITIES

As of December 31, 2024, the Research and Development Department had researched and completed dossiers for submission to various departments, boards, and agencies with the specific quantities as follows:

No.	PRODUCT TYPE	DECLARATION AT PHU THO DEPARTMENT OF HEALTH			REGISTRATION AT DEPARTMENTS				
		Self-De claration	Decla ration	Total	DECLARATION				APPROVE
					DEPARTMENT OF FOOD SAFETY	DEPARTMENT OF YDCT	DEPARTMENT OF PHARMACY MANAGEMENT	TOTAL	
1	Traditional Medicine					208		208	172
2	Dry Extracts	170		170			15	15	-
3	Traditional Medicine Granules	150		150		189		189	5
4	Health Protection Foods				95			95	93
5	Herbal Medicines (Traditional Medicine)						19	19	-
6	Traditional medicine						37	37	5
7	Milk		5	5					
8	Food	12		12					
	Total	162	5	167	95	189	56	340	103

SCIENTIFIC TOPICS

“

Open-label, observational study with a control group to evaluate the efficacy and safety of using herbal medicine granules in treating patients with traditional medicine prescriptions

National Institute of
Traditional Medicine

“

"PROJECT: PRODUCTION OF CAPSULES CONTAINING COLLAGEN FROM FISH SCALES AND OMEGA-3,6,9 RICH OIL FROM SACHI SEEDS (PLUKENETIA VOLUBILIS)"

Institute of Tropical Technology
(VIETNAM ACADEMY OF SCIENCE AND TECHNOLOGY)



PRODUCTION ACTIVITIES AT THE FACTORY

Inspection of 100% raw materials, goods entering the warehouse, and finished products leaving the factory are made; Strict and full the production process is implemented along with regular monitoring to consistently pursue the strategy of producing and consuming high-quality products with clear origin of raw materials and reasonable prices, building trust with customers.

FINANCIAL PERFORMANCE

Accounting work is always ensured to be timely and accurate, serving as the basis for preparing management reports to assist the General Director in making appropriate decisions for effective production and business management.

The Company strictly adheres to the State's regulations on the applied accounting system and fully implements audits of the semi-annual and annual financial statements, and promptly reports to management agencies as required and in accordance with the resolutions of the General Meeting of Shareholders.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Vietnam Pharmaceutical Joint Stock Company has effectively implemented environmental protection in its production and business operations; Regularly conducts environmental monitoring and proactively reports and submits to relevant authorities as required; Waste is classified and treated appropriately.

The Company always upholds the spirit of mutual support, helping people in difficult circumstances, and contributes to community development through practical activities such as giving gifts to poor patients, providing financial support to disadvantaged children, awarding scholarships to pharmacy students, and supporting the construction of martyr cemeteries.

In 2024, Vietnam Pharmaceutical Joint Stock Company was one of the 5 enterprises with the most positive contributions and the highest sponsorship for the 18th "Spring for Children" program, with a sponsorship of 5 billion VND. In 2024, Vietmec was also one of the exemplary enterprises with positive contributions to activities for children. On the afternoon of February 19, 2024, company representatives and representatives of exemplary enterprises participated in the "Gratitude to Golden Hearts" program at the Presidential Palace and were awarded certificates of merit.

INVESTMENT AND PROJECTS IMPLEMENTATION

Investment activities and project implementation are fully carried out by the Company, ensuring progress and compliance with regulations; completing the construction... to support enhancing the effectiveness of sales activities.

RECRUITMENT AND LABOR POLICIES

Recruitment, training, and personnel management always closely follow the actual situation to meet the requirements of production and business activities.

Policies for employees (salary, bonuses, benefits, working hours, professional training, occupational safety, etc.) are always fully implemented in accordance with the provisions of the labor law and current legislation.



2. EVALUATION OF THE BOARD OF DIRECTORS ON THE ACTIVITIES OF THE BOARD OF MANAGEMENT

In 2024, the General Director has fully fulfilled the responsibility of reporting, explaining, and disclosing information in accordance with the provisions of the law. The Board of Management has assigned specific tasks to each member, ensuring good coordination and unity in administration, working towards the common goals set by the Board of Directors.

The Board of Management has regularly and proactively reported on the situation of production and business activities, as well as the difficulties and obstacles in the operation process. It has coordinated with the Board of Directors to discuss and propose plans to resolve difficulties quickly, flexibly, and promptly, in line with the business context of the pharmaceutical industry. At the same time, the Board of Management has strictly

implemented the Resolutions of the General Meeting of Shareholders and of the Board of Directors, continuing to play a leading role in urging staff to overcome challenges, implement the 2024 production and business plan, develop the market, ensure jobs for employees, and increase revenue and profits for the Company.

The General Director has introduced various improvements in administration, issuing regulations on the management and use of human resources, work performance reports, the application of information technology in production organization, operational administration, and professional sales system management, as well as ensuring a transparent and efficient financial and accounting system.



JAPANESE DELEGATION



RECEPTION OF KOREA DELEGATION



GERMAN DELEGATION



CHINESE DELEGATION



TAIWAN DELEGATION



SCIENTIFIC SEMINAR



ATTEND WORLD PHARMACEUTICAL EXHIBITION



AWARDS-CHARITY

3. PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS

To continue the journey of sustainable and in-depth development in 2024, the Board of Directors will focus on accelerating the progress of investment projects serving production, expanding the distribution network, and improving product quality. The Board of Directors strives to achieve the following planned targets for 2025:



To achieve the above production and business targets as well as implement the long-term development plan, the Board of Directors and the Board of Management have identified the following specific orientations in 2024:

<p>Continue to improve management and administration, develop human resources, and build a reputable and transparent brand image; build a strong internal system to enhance the operational efficiency of each member.</p>	<p>Continue to implement effective investment projects to enhance the Company's production capacity; improve labor productivity and effectively manage inventory.</p>	<p>Increase investment in research into strategic products with high potential and value, strengthen the Company's position in the domestic market, and promote export activities to new markets.</p>	<p>Closely monitor and promptly direct the activities of the Executive Management Board, maintain a healthy financial situation, and research and apply financial risk management tools.</p>
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PART V

CORPORATE GOVERNANCE



1. BOARD OF DIRECTORS

MEMBERS AND STRUCTURE OF THE BOARD OF DIRECTORS

The Company's Board of Directors consists of 06 members, with each term lasting 05 years as approved by the General Meeting of Shareholders through voting. The Chairman of the Board of Directors is elected by the Board of Directors. The list of the Board of Directors includes:

No.	FULL NAME	POSITION	DATE OF APPOINTMENT / DISMISSAL	OWNERSHIP RATE
1	Mr. Nguyen Van Cai	Chairman of the Board of Directors	Appointed on 10/05/2024	0%
2	Mr. Vu Thanh Trung	Member of the Board of Directors	Appointed on 19/07/2021	20.06%
3	Ms. Nguyen Thi Ha	Independent Member of the Board of Directors	Appointed on 31/05/2024	0.14%
4	Mr. Tran Binh Duyen	Member of the Board of Directors	Dismissed on 31/05/2024	0.45%
5	Mr. Pham Hoang Linh	Independent Member of the Board of Directors	Dismissed on 31/05/2024	0%
6	Ms. Doan Thi Thu Hoai	Member of the Board of Directors	Dismissed on 31/05/2024	12%

SUBCOMMITTEES OF THE BOARD OF DIRECTORS

The company does not establish subcommittees under the Board of Directors because each member of the Board of Directors is assigned to be responsible for a specific specialized area.

ACTIVITIES OF THE BOARD OF DIRECTORS

Implementing the regulations of the Enterprise Law, the Company's Charter, the Internal Governance Regulations, and the Operating Regulations of the Board of Directors, in 2024, the Board of Directors held 34 meetings with high consensus, issuing 37 Resolutions to focus on resolving issues within the authority of the Board of Directors. The Resolutions were issued promptly based on close adherence to the actual situation, ensuring the Company's development in the right direction and striving to complete the planned targets approved by the General Meeting of Shareholders.

The attendance rate of the Board of Directors members for the 2021-2026 term in the meetings during 2024 is as follows:

NO.	MEMBER OF THE BOARD OF DIRECTORS	NUMBER OF MEETINGS ATTENDED BY THE BOARD OF DIRECTORS	MEETING ATTENDANCE RATE	REASONS FOR NOT ATTENDING THE MEETING
1	Mr. Nguyen Van Cai	33/33	100%	
2	Mr. Vu Thanh Trung	33/33	100%	
3	Ms. Nguyen Thi Ha	29/33	88%	Attend meetings after being appointed on 31/05/2024
4	Mr. Tran Binh Duyen	05/33	15%	Not attending meetings after being dismissed on 31/05/2024
5	Mr. Pham Hoang Linh	05/33	15%	
6	Ms. Doan Thi Thu Hoai	05/33	15%	

THE CONTENT AND RESULTS OF THE MEETINGS ARE AS FOLLOWS:

NO.	NUMBER OF RESOLUTIONS/ DECISIONS	DATE	CONTENT AND RESULTS
1	01/2024/NQ-HĐQT/DLVN	03/04/2024	Resolution approving the extension of the time for holding the 2024 Annual General Meeting of Shareholders.
2	02/2024/NQ-HĐQT/DLVN	17/04/2024	Resolution approving the compilation of the list of shareholders and the organization of the 2024 Annual General Meeting of Shareholders.
3	02A/2024/NQ-HĐQT/DLVN	10/05/2024	Resolution approving the dismissal of the Deputy Director in charge of finance.
4	03/2024/NQ-HĐQT/DLVN	10/05/2024	Resolution approving the dismissal of the Deputy Director in charge of production and technology.
5	04/2024/NQ-HĐQT/DLVN	10/05/2024	Resolution approving the dismissal of the position of Chairman of the Board of Directors.
6	05/2024/NQ-HĐQT/DLVN	10/05/2024	Resolution approving the Election of the Board of Directors
7	06/2024/NQ-HĐQT/DLVN	30/05/2024	Resolution approving the list of candidates to nominate the Board of Directors and the Supervisory Board
8	07/2024/NQ-HĐQT/DLVN	07/06/2024	Resolution approving the promulgation of the charter and approving the implementation of the plan to issue shares to pay dividends in 2022
9	08/2024/NQ-HĐQT/DLVN	18/06/2024	Resolution approving the internal audit 2024-2025
10	09/2024/NQ-HĐQT/DLVN	24/06/2024	Resolution approving the plan to mortgage assets at BIDV Commercial Joint Stock Bank – Hanoi Branch
11	10/2024/NQ-HĐQT/DLVN	24/06/2024	Resolution approving the dismissal of internal administrators
12	11/2024/NQ-HĐQT/DLVN	24/062024	Resolution approving the appointment of the person in charge of corporate governance
13	12/2024/NQ-HĐQT/DLVN	26/062024	Resolution approving the policy of establishing a branch of Vietnam Pharmaceutical Joint Stock Company in Thanh Hoa
14	13/NQ HĐQT/DLVN	08/07/2024	Resolution approving the last registration date for the issuance of shares to pay dividends in 2022
15	14/NQ HĐQT/DLVN	12/07/2024	Resolution approving the re-issuance of short-term credit lines at BIDV Commercial Joint Stock Bank
16	15/NQ HĐQT/DLVN	24/07/2024	Resolution approving the use of the following assets to secure all obligations of the Company at Joint Stock Commercial Bank for Investment and Development of Vietnam – Hanoi Branch
17	16/NQ HĐQT/DLVN	25/07/2024	Resolution approving the results of the issuance of shares to pay dividends in 2022
18	17/NQ HĐQT/DLVN	31/07/2024	Resolution approving the signing of the overdraft limit contract at Prosperity and Development Joint Stock Commercial Bank – Khanh Hoa Branch
19	18/NQ HĐQT/DLVN	02/08/2024	Resolution approving the plan to receive credit extension and issues related to receiving credit from Vietnam Prosperity Joint Stock Commercial Bank (VPBank)
20	19/NQ HĐQT/DLVN	13/08/2024	Resolution approving the plan to receive credit extension and issues related to receiving credit from An Binh Commercial Joint Stock Bank – Hanoi Branch

No.	NUMBER OF RESOLUTION DECISIONS	DATE	CONTENT AND RESULTS
21	20/NQ HĐQT/DLVN	14/08/2024	Resolution approving the plan to mortgage assets at BIDV Commercial Joint Stock Bank – Hanoi Branch
22	21/NQ HĐQT/DLVN	14/08/2024	Resolution approving the plan to receive credit extension and issues related to receiving credit from BIDV Bank
23	22/NQ HĐQT/DLVN	18/08/2024	Resolution approving the receipt of credit from VPBank
24	23/NQ HĐQT/DLVN	18/08/2024	Resolution approving credit transactions at INDOVINA Bank Limited
25	24/NQ HĐQT/DLVN	20/08/2024	Resolution approving the signing of the limit loan contract between the Company and the Joint Stock Commercial Bank for Industry and Trade of Vietnam – Luu Xa Branch
26	25/NQ HĐQT/DLVN	16/08/2024	Resolution to approve credit extension at HDBank Commercial Joint Stock Bank
27	26/NQ HĐQT/DLVN	23/08/2024	Resolution approving the mortgage of collateral for debt repayment obligations
28	27/NQ HĐQT/DLVN	30/08/2024	Resolution on Approval of Credit Extension at Hdbank Commercial Joint Stock Bank
29	28/NQ HĐQT/DLVN	16/09/2024	Resolution approving the amendment of the company's charter
30	29/NQ HĐQT/DLVN	23/09/2024	Resolution approving the mortgage of collateral for debt repayment obligations at INDOVINA Bank
31	30/NQ HĐQT/DLVN	25/09/2024	Resolution approving the mortgage of collateral for BIDV's debt repayment obligation
32	31/NQ HĐQT/DLVN	27/09/2024	Resolution approving the agreement on the withdrawal of assets that are deposit contracts at the Joint Stock Commercial Bank for Investment and Development of Vietnam – Hanoi Branch and used to repay loans at the Joint Stock Commercial Bank for Investment and Development of Vietnam – Hanoi Branch
33	32/NQ HĐQT/DLVN	26/11/2024	Resolution approving the increase in credit limit and issuance of new medium- and long-term loans by INDOVINA Bank
34	34/NQ HĐQT/DLVN	03/12/2024	Resolution approving investment cooperation in the project "Investment and support for the development of precious medicinal plant growing areas" in Bac Ai district, in Ninh Thuan province
35	35/NQ HĐQT/DLVN	17/12/2024	Resolution approving the receipt of credit extension and issues related to receiving credit from VP Bank
36	36/NQ HĐQT/DLVN	18/12/2024	Resolution approving the receipt of the deposit for the transfer of land use rights of the Company
37	37/NQ HĐQT/DLVN	30/12/2024	Resolution approving the withdrawal of assets at BIDV Commercial Joint Stock Bank

The Board of Directors has regularly monitored the situation, urged the implementation of the Board of Directors' resolutions, and promptly coordinated with the Executive Management Board to take measures appropriate to production and business operations.

In addition, the Board of Directors also cooperated with the Company's Supervisory Board to strengthen the supervisory and management functions, directing compliance with the provisions of law and the Company's charter.

ACTIVITIES OF MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors members were assigned specific tasks according to each field to appraise the contents under the Board of Directors' authority, and at the same time, supervise, direct and urge the General Director to implement the resolutions in their respective assigned areas.

In 2024, the Board of Directors members fully participated in the Board of Directors meetings with a high sense of responsibility, integrity, diligence, and promoted leadership capacity for the benefit of shareholders and the sustainable development of the Company. The Chairman of the Board of Directors has completed the tasks of the Chairman of the Board of Directors in accordance with the enterprise law, securities law, charter and operating regulations of the Board of Directors in establishing and implementing the annual work program, assigning tasks among the Board of Directors members, organizing meetings, taking written opinions, and issuing resolutions and announcements of the Board of Directors.

Independent Board of Directors members have made positive contributions in the process of improving the Company's internal governance system, together with the Board of Directors, managing and supervising business operations.

The Board of Directors members assigned to be in charge of the Company's business activities have also strived to successfully complete the assigned tasks.



A. LIST OF BOARD OF DIRECTORS MEMBERS WHO HAVE PARTICIPATED IN CORPORATE GOVERNANCE TRAINING PROGRAMS AND HAVE CORPORATE GOVERNANCE TRAINING CERTIFICATES

The company regularly updates legal documents and regulations related to corporate governance, with the active involvement of the Board of Directors, including independent members.



2. SUPERVISORY BOARD/ AUDIT COMMITTEE

MEMBERS AND STRUCTURE OF THE SUPERVISORY BOARD

The Supervisory Board includes 03 members elected by the General Meeting of Shareholders through voting. The Head of the Board is elected by the Supervisory Board members, specifically as follows:

NO.	FULL NAME	POSITION	START DATE/END DATE OF MEMBERSHIP IN THE SUPERVISORY BOARD	SHARE OWNERSHIP RATIO
1	Nguyen Thi Tuyet Mai	Head of the Supervisory Board	Dismissed 31/05/2024	0%
2	Duong Thi Ngoc	Members of the Supervisory Board	Dismissed 31/05/2024	0.0001%
3	Tran Thi Thanh Tam	Members of the Supervisory Board	Dismissed 31/05/2024	0.001%
4	Nguyen Diep Khanh Linh	Head of the Supervisory Board	Appointed 31/05/2024	0%
5	Bui Cong Tuan	Members of the Supervisory Board	Appointed 31/05/2024	0.0003%
6	Dang Thi Khanh Ngan	Members of the Supervisory Board	Appointed 31/05/2024	0%

ACTIVITIES OF THE SUPERVISORY BOARD

The attendance rate of members of the Supervisory Board in 2024 is as follows:

NO.	MEMBER	NUMBER OF SUPERVISORY BOARD MEETINGS ATTENDED	MEETING ATTENDANCE RATE	REASONS FOR NOT ATTENDING THE MEETING
1	Nguyen Diep Khanh Linh	5/7	72%	Attended meetings after appointment on 31/05/2024
2	Bui Cong Tuan	5/7	72%	
3	Dang Thi Khanh Ngan	5/7	72%	
4	Nguyen Thi Tuyet Mai	2/7	28%	Did not attend meetings after resignation on 31/05/2024.
5	Duong Thi Ngoc	2/7	28%	
6	Tran Thi Thanh Tam	2/7	28%	

Representatives of the Supervisory Board fully attended the Board of Directors meetings and as required to monitor the Company's operations. The Supervisory Board performed:

- Supervising and examining the reasonableness, legality, truthfulness, and prudence in the management and operation business operations of the Company.
- Participating in commenting and supervising the issuance and implementation of the company's management regulations in accordance with the company's Charter and current laws.
- Promoting the supervision of the Board of Directors' activities in complying with the Charter, resolutions of the General Meeting of Shareholders, as well as the provisions of current laws.
- Monitoring and inspecting the implementation of issued regulations.
- Participating in reviewing the Company's dossier for listing the company's shares on the Hanoi Stock Exchange.

- Participating with the Board of Management to inspect a number of activities at the Phu Tho factory and to supervise the organization and implementation of the Company's investment projects (developing cultivation areas, production lines for cancer treatment drugs, etc.).
- Coordinating with functional departments in developing human resources, tightening labor discipline, and promoting sales of products manufactured by the company.

In 2024, the Supervisory Board received close coordination from the Board of Directors through being fully and clearly provided with information related to business activities as well as corporate governance in Board of Directors meetings. Through meetings with the Board of Directors, the Supervisory Board has contributed opinions to jointly analyze, evaluate and make the most optimal decisions that both comply with current legal regulations and optimize the benefits for all stakeholders. In addition, in the process of supervising the implementation of the Company's activities, the Board of Management and managers have enthusiastically provided information as requested, creating all favorable conditions for the Supervisory Board to complete its tasks.

3. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND SUPERVISORY BOARD

SALARIES, BONUSES, REMUNERATION, BENEFITS

The remuneration of the Board of Directors and the Supervisory Board in 2024, which has been paid, is 418 million VND. The remuneration of the Board of Management in 2024 is 1,358,694,778 VND.

No.	FULL NAME	POSITION	SALARY (VND)
1	Vu Thanh Trung	General Director (Appointed on 19/07/2021)	692,926,750
2	Tran Binh Duyen	Deputy General Director (Dismissed on 10/05/2024)	45,603,810
3	Doan Thi Thu Hoai	Deputy General Director (Dismissed on 10/05/2024)	222,204,218
4	Nguyen Manh Thang	Chief Accountant (Appointed on 29/05/2023)	397,960,000

INSIDER SHARE TRANSACTIONS

None

CONTRACTS OR TRANSACTIONS WITH INSIDE

None.

TRANSACTIONS BETWEEN COMPANY INSIDERS, RELATED PARTIES OF INSIDERS WITH SUBSIDIARIES, COMPANIES CONTROLLED BY COMPANY INSIDERS

None



4. EVALUATION OF THE IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

In 2024, all departments performed well in the Company's governance in accordance with the law. Specifically, as follows:

COMPLIANCE WITH REGULATIONS ON INFORMATION DISCLOSURE ON THE STOCK MARKET:

The Department in charge of information disclosure of DVM regularly updates information and effectively implements the regulations on information disclosure for public companies as specified in the Law on Securities, Decree 155/2020/ND-CP, Circular 96/2020/TT-BTC, and other relevant legal documents.

The company consistently discloses complete and timely information, including audited annual financial statements, quarterly financial statements, annual reports, disclosures related to the organization of the General Meeting of Shareholders, Board of Directors' resolutions, and other required information. Throughout the year, the company was not sanctioned for any violations related to information disclosure in the stock market.

INVESTOR RELATIONS (IR) ACTIVITIES

The Company's Board of Management always focuses on transparency in operations for investors as a way to promote the company's image as well as build trust from the community. The company is promoting contact with investors through many sources, from direct to indirect through websites, press releases, publications, etc.



IMPROVE CORPORATE GOVERNANCE EFFICIENCY

The company focused on building, perfecting and promulgating a digital transformation roadmap, applying technology to the control and operation of daily business activities of enterprises. With a business model that includes both production and direct distribution through multiple channels, the Company's Board of Management is well aware of the importance of applying an information technology management system to synchronize data analysis, operational risk control, and agility for decision-making.

In addition, human resource management is also of interest to the Company because the human factor is the determining factor for the success or failure of a business. The Company's Board of Management has set out plans to develop high-quality human resources to serve the company's long-term goals. The company constantly cooperates with reputable pharmacist training organizations, combined with transparent remuneration policies to attract talents. Policies on human resource development and encouraging internal innovation are gradually being perfected and implemented by the Company.

STUDY PLAN, CORPORATE MANAGEMENT TRAINING

Members of the Board of Directors, the Supervisory Board and the Board of Management are required to regularly update documents and regulations of the law on corporate governance, participate in seminars on corporate governance organized by the Hanoi Stock Exchange and the State Securities Commission (if any). Ensuring compliance with the law on public company governance is considered a top priority in the management of business activities of The Company's Executive Board.

PART VI

SUSTAINABILITY REPORT



1. SUSTAINABLE DEVELOPMENT ORIENTATION

The company always integrates the sustainable development strategy into the general development strategy of the business to ensure long-term growth. The company wishes to create more value for society, the environment and ensure the interests of stakeholders. The Board of Directors plays the role of the agency that sets out the general sustainable development orientation and policies of the entire Company, and directs to ensure that sustainable development is linked to the interests of the Company's shareholders. The Board of General Directors and functional departments of the Company are responsible for evaluating, implementing, and reporting to the Board of Directors on compliance with the sustainable development policy set out by the Board of Directors during the year.

CUSTOMERS – PARTNERS

For customers:

- DVM prioritizes product reputation and quality, providing customers with the best healthcare products with the desire for their lives to always be healthy and happy.
- Customer feedback on product quality and service quality is recorded by the Company and prioritized by the Board of Management for inspection, resolution, and the development of change plans.

For partners:

- DVM aims for trust, reputation, and respect for mutual benefits to jointly bring benefits to society.
- Issues arising during cooperation are addressed by the Company with goodwill, ensuring the rights of suppliers or partner hospitals.

EMPLOYEES

Develop a transparent and fair remuneration policy for all employees, including the production and office sectors.

Regularly organize events for the purpose of connecting the spirit of life of employees, focusing on employee satisfaction in building a healthy corporate culture.

Develop support policies for officials and employees with difficult family circumstances, creating conditions for them to work with peace of mind.



SHAREHOLDER

Develop and maintain transparent and effective management policies

Disclose information completely, accurately, and comply with the provisions of law.

The dividend policy has been maintained stably by the Company over the years to strengthen shareholders' confidence in the profitability of the Company's business activities.

COMMUNITY

Associating the development of the Company with the development of localities where the Company has production and business activities.

Participating actively in volunteer programs to help communities in difficult circumstances in life.

Fulfilling tax obligations and contributions to the State Budget responsibly.

ENVIRONMENT

The Company always complies with environmental laws and regulations, especially for production activities at the Company's factory.

The Company has policies in place to ensure the efficient use and conservation of resources.



2. SUSTAINABLE DEVELOPMENT TARGETS

ENVIRONMENTAL INDICATORS

Recognizing the role of the environment in production activities, the Company continuously introduces policies to assess and control emissions (both factory and office) for the surrounding environment. In 2024, the Company always complies with the law on environmental protection:

+Number of times sanctioned for non-compliance with laws and environmental regulations: No

+Total amount of penalties for non-compliance with laws and environmental regulations: No



MATERIAL RESOURCE MANAGEMENT

The company's main source of raw materials is medicinal plants imported from China, ensuring to fully meet the safety regulations of the Ministry of Health.

In addition, the Company has production processes and regulations to minimize damaged materials during the production process, avoid waste and destruction affecting the environment.



ENERGY CONSUMPTION

The company mainly uses electricity for the production of medicinal herbs at the factory.

For the factory: The company always has guidelines and sanctions for violations related to not saving electricity, causing electrical incidents to cause unsafety, etc.

For office blocks: The company always encourages its employees to strictly implement energy-saving measures such as: turning off electrical equipment when not in use, using air conditioners reasonably, prioritizing the use of LED bulbs to save electricity, etc. As a result, the Company can minimize costs and contribute to minimizing harmful impacts on the environment

Information about the company's electricity consumption in 2024 is as follows:			
In 2023	In 2024		
2.05 (kwh)	3 (kwh)		
% Increase/decrease		Electricity consumption in 2024	
46.3%		1.6 billion	

WATER CONSUMPTION

The management of clean water consumption is also focused by the Company as well as electricity consumption management. In 2024, the Company regularly urges employees of the office and production sectors to voluntarily save water, have activities to check water leakage and reuse water for factory activities.

COMPANY'S WATER CONSUMPTION IN 2024		
In 2023	In 2024	
41m³/Day	43m³/Day	
% Increase/Decrease		4.87%

POLICIES FOR EMPLOYEES

All company employees are guaranteed to have 100% of their health insurance and social insurance paid, ensuring compliance with the provisions of the law.

Once a year, the Company organizes health check-ups for employees; organizes sightseeing tours; organizes sports festivals to create a healthy and useful playground for employees to have the opportunity to exchange, practice physical exercise, and nâng cao team spirit; expresses the spirit of "work well, play hard" of VIETMEC employees; organizes Pfire protection professional training; labor safety training; food safety and hygiene training, annual electrical safety training for employees.. In addition, the leadership pays great attention to strengthening other welfare policies to help employees yên tâm work and gắn bó with the Company.

Average training hours per year, by employee and by employee classification: Employees are trained at the workplace; centralized training in courses organized by the Company; sent to participate in courses outside the Company. Professionals/Employees are trained in a centralized/on-the-job manner according to the plan (all modules such as orientation training, professional training, leadership capacity, cultural training, training on new issues of the Company...) for a minimum of 02 hours/month. Management staff (middle and senior level) in the Business and Factory Blocks are responsible for teaching lower-level employees/teaching professional skills for a minimum of 08 hours/month; the remaining departments for a minimum of 02 hours/month.

Skill development and continuous learning programs to support employees to ensure employment and career development: Employees are trained in leadership capacity, management capacity based on the list of courses established by the HR department to register for courses suitable for each position. Professionals/Employees are trained in professional capacity and necessary skills according to job requirements and participate in exams/tests to determine professional capacity and skill level, induction training, company regulation training, soft skills training, sales staff training on sales skills, product knowledge, In addition, the Company also plans and develops a team of successor personnel for key positions to ensure stable human resources, create opportunities for employees to develop their careers and gắn bó long-term with the Company.

RESPONSIBILITY TO LOCAL COMMUNITIES

Responding to the call for support from local authorities & organizations, the Company has had activities with the goal of contributing to community development. In 2024, Vietnam Pharmaceutical Joint Stock Company was one of the 5 enterprises with the most positive contributions and the highest sponsorship for the 18th "Spring for Children" program with a sponsorship amount of 5 billion VND. In 2024, Vietmec was also one of the exemplary enterprises with positive contributions to activities for children. On the afternoon of February 19, 2024, company representatives and representatives of exemplary enterprises participated in the "Gratitude to Golden Hearts" program at the Presidential Palace and were awarded certificates of merit.



PART VII

FINANCIAL STATEMENTS



**VIET NAM MEDICINAL MATERIALS JOINT
STOCK COMPANY**

Audited financial statements
For the fiscal year ended 31st December 2024

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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Director of Viet Nam Medicinal Materials Joint Stock Company (hereinafter called "the Company") presents this report together with the financial statements of the Company for the fiscal year ended 31 December 2024.

GENERAL INFORMATION

Viet Nam Medicinal Materials Joint Stock Company (hereinafter referred to as "the Company") is a Joint Stock Company established and operating in Vietnam under the Certificate of Business Registration No.0105196582 for the first time on 16th March 2011, and the 27th amendment dated 20th September 2024 issued by the Phu Tho Department of Planning and Investment.

THE MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF SUPERVISORS, AND THE BOARD OF GENERAL MANAGEMENT

The members of the Board of Directors, the Board of Supervisors, and the Board of General Management of the Company during the year and to the date of this statement are as follows:

The Board of Directors

<u>Full name</u>	<u>Position</u>	<u>Date of appointment/Dismissal</u>
Mr. Nguyen Van Cai	Chairman	Appointed on 10/05/2024
Mr. Tran Binh Duyen	Chairman	Dismissed on 10/05/2024
Mr. Vu Thanh Trung	Member	
Mr. Pham Hoang Linh	Member	Dismissed on 31/05/2024
Ms. Doan Thi Thu Hoai	Member	Dismissed on 31/05/2024
Ms. Nguyen Thi Ha	Independent member	Appointed on 31/05/2024

The Board of Supervisors

<u>Full name</u>	<u>Position</u>	<u>Date of appointment/Dismissal</u>
Ms. Nguyen Diep Khanh Linh	Head of Supervisor	Appointed on 31/05/2024
Ms. Nguyen Thi Tuyet Mai	Head of Supervisor	Dismissed on 31/05/2024
Mr. Bui Cong Tuan	Member	Appointed on 31/05/2024
Ms. Dang Thi Khanh Ngan	Member	Appointed on 31/05/2024
Ms. Tran Thi Thanh Tam	Member	Dismissed on 31/05/2024
Ms. Duong Thi Ngoc	Member	Dismissed on 31/05/2024

The Board General Management

<u>Full name</u>	<u>Position</u>	<u>Date of appointment/Dismissal</u>
Mr. Vu Thanh Trung	General Director	
Mr. Tran Binh Duyen	Deputy General Director	Appointed on 09/05/2024
Ms. Nguyen Thi Thu Hoai	Deputy General Director	Appointed on 09/05/2024

Legal representatives

The legal representative of the Company during the year and to the date of this statement is Mr. Vu Thanh Trung- The General Director.

EVENTS ARISING AFTER THE END OF THE YEAR

There are no significant events occurring after the year ended 31 December 2024, which needs to be adjusted or presented in these financial statements.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

AUDITORS

International Auditing and Valuation Company Limited has been appointed to audit the financial statements of the Company for the year ended 31st December 2024.

DISCLOSURE OF THE BOARD OF GENERAL DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of General Director of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31st December 2024, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, The Board of General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Board of General Director of the Company is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Director confirms that the Company has complied with the above requirements in preparing these financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The Board of General Directors approves the attached financial statements. The financial statements reflected truly and fairly the Company's financial position as at 31st December 2024, as well as the financial performance and cash flows for the year ended 31st December 2024, in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

COMMITMENT ON INFORMATION DISCLOSURE

The Board of General Director confirms to have complied with Decree 155/2020/ND-CP dated 31st December 2020 elaborating some articles of the Law on Securities and the Company does not violate the obligation to disclose information under Circular No. 96/2020/TT-BTC dated 16 November 2020 of the Ministry of Finance guiding some articles on disclosure of information on the securities market.

Done on behalf of the Board of General Directors,



Mr. VU THANH TRUNG
General Director
Phu Tho, 31st March 2025

No: 1106/2024/BCTC/IAV

INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors, the Board of Supervisors, and the Board of General Directors
of Viet Nam Medicinal Materials Joint Stock Company**

We have audited the accompanying financial statements of Viet Nam Medicinal Materials Joint Stock Company (hereinafter called "the Company"), prepared on 31st March 2025, as set out from page 06 to page 49, which comprise the statement of financial position as at 31st December 2024, the statement of income, and statement of cash flows for the year then ended, and the notes to the financial statements.

The Board of General Director's Responsibility

The Board of General Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as The Board of General Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of General Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31st December 2024, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



NGUYEN HUU HOAN

Director

Audit Practising Registration Certificate
No. 2417-2023-283-1

A blue ink signature of the auditor, Duong Van Thieu.

DUONG VAN THIEU

Auditor

Audit Practising Registration Certificate
No. 5353-2020-283-1

INTERNATIONAL AUDITING AND VALUATION COMPANY LIMITED

Hanoi, 31st, March 2025

STATEMENT OF FINANCIAL POSITION

As at 31st December 2024


ASSETS	Code	Note	Closing balance VND	Opening balance VND
A. SHORT-TERM ASSETS	100		940,864,723,951	823,096,744,588
I. Cash and cash equivalents	110	4.1	85,716,381,492	104,847,984,669
1. Cash	111		50,049,634,000	48,481,761,070
2. Cash equivalents	112		35,666,747,492	56,366,223,599
II. Short-term investments	120		118,906,968,745	94,772,592,688
1. Held-to-maturity investments	123	4.2	118,906,968,745	94,772,592,688
III. Short-term receivables	130		497,612,779,269	390,417,788,408
1. Short-term trade receivables	131	4.3	434,649,297,670	318,909,257,763
2. Short-term advances to suppliers	132	4.4	57,012,618,899	71,447,037,558
3. Other short-term receivables	136	4.5	8,647,804,687	2,873,965,729
4. Short-term allowance for doubtful debts	137	4.6	(2,696,941,987)	(2,812,472,642)
IV. Inventories	140	4.7	238,256,494,183	230,958,857,434
1. Inventories	141		238,256,494,183	230,958,857,434
V. Other short-term assets	150		372,100,262	2,099,521,389
1. Short-term prepaid expenses	151	4.8	372,100,262	427,403,281
2. Taxes and other receivables from the State budget	153	4.9	-	1,672,118,108
B. LONG-TERM ASSETS	200		693,705,321,666	709,823,774,029
I. Long-term receivables	210		93,577,326,528	85,559,448,274
1. Other long-term receivables	216	4.5	93,577,326,528	85,559,448,274
II. Fixed assets	220		369,926,562,095	337,035,999,196
1. Tangible fixed assets	221	4.10	137,783,362,447	153,064,091,477
- Cost	222		210,955,566,678	209,256,510,267
- Accumulated depreciation	223		(73,172,204,231)	(56,192,418,790)
2. Finance lease assets	224	4.11	25,151,899,997	26,115,600,252
- Cost	225		42,326,474,802	35,238,581,023
- Accumulated depreciation	226		(17,174,574,805)	(9,122,980,771)
3. Intangible fixed assets	227	4.12	206,991,299,651	157,856,307,467
- Cost	228		210,320,174,528	159,846,362,528
- Accumulated amortisation	229		(3,328,874,877)	(1,990,055,061)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		207,741,675,127	264,582,844,889
1. Construction in progress	242	4.13	207,741,675,127	264,582,844,889
V. Long-term financial investments	250	4.14	20,000,000,000	20,000,000,000
1. Investments in joint-ventures, associates	252		20,000,000,000	20,000,000,000
VI. Other long-term assets	260		2,459,757,916	2,645,481,670
1. Long-term prepaid expenses	261	4.8	2,459,757,916	2,645,481,670
TOTAL ASSETS (270 = 100 + 200)	270		1,634,570,045,617	1,532,920,518,617


STATEMENT OF FINANCIAL POSITION (Continued)

As at 31st December 2024

RESOURCES	Code	Note	Closing balance VND	Opening balance VND
C. LIABILITIES	300		898,023,038,490	844,248,396,146
I. Short-term liabilities	310		869,787,379,806	799,144,132,464
1. Short-term trade payables	311	4.15	92,564,402,663	94,164,743,608
2. Short-term advances from customers	312	4.16	67,689,020	452,739,347
3. Taxes and amounts payable to the State budget	313	4.9	5,735,111,838	10,875,617,933
4. Payables to employees	314		2,981,715,656	2,083,967,591
5. Short-term accrued expenses	315	4.17	961,039,745	1,371,080,529
6. Short-term unearned revenue	318	4.18	2,791,437,590	4,775,314,745
7. Other short-term payables	319	4.19	20,119,620,050	505,312,702
8. Short-term borrowings and finance lease liabilities	320	4.20	740,666,281,550	679,477,174,315
9. Bonus and welfare fund	322		3,900,081,694	5,438,181,694
II. Long-term liabilities	330		28,235,658,684	45,104,263,682
1. Other long-term payables	337	4.19	2,349,412,900	2,623,311,900
2. Long-term borrowings and finance lease liabilities	338	4.20	25,886,245,784	42,480,951,782
D. EQUITY	400		736,547,007,127	688,672,122,471
I. Owner's equity	410	4.21	736,547,007,127	688,672,122,471
1. Owner's contributed capital	411		427,799,160,000	356,500,000,000
- Ordinary shares with voting rights	411a		427,799,160,000	356,500,000,000
2. Share premium	412		159,200,000,000	159,200,000,000
3. Investment and development fund	418		44,680,804,805	12,607,975,389
4. Retained earnings	421		104,867,042,322	160,364,147,082
- Retained earnings accumulated to the prior year end	421a		56,992,157,666	117,201,798,247
- Retained earnings of the current year	421b		47,874,884,656	43,162,348,835
II. Other resources and funds	430		-	-
TOTAL RESOURCES (440=300+400)	440		1,634,570,045,617	1,532,920,518,617


Preparer
NGUYEN THI HUONG


Chief Accountant
NGUYEN MANH THANG


General Director
VU THANH TRUNG
Phu Tho, Viet Nam
31st March 2025



STATEMENT OF INCOME

For the fiscal year ended 31 December 2024

ITEMS	Code	Note	Current year VND	Prior year VND
1. Gross revenue from goods sold and services rendered	01	5.1	1,580,015,291,142	1,482,341,922,333
2. Deductions	02	5.2	46,032,000	622,238,801
3. Net revenue from goods sold and services rendered (10 = 01 - 02)	10		1,579,969,259,142	1,481,719,683,532
4. Cost of goods sold and services rendered	11	5.3	1,439,371,590,106	1,323,480,020,325
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		140,597,669,036	158,239,663,207
6. Financial income	21	5.4	4,592,777,323	6,130,105,302
7. Financial expenses	22	5.5	47,700,455,832	58,874,378,815
In which: Interest expense	23		47,700,455,832	58,596,999,362
8. Selling expenses	25	5.6	11,254,728,685	25,672,546,257
9. General and administration expenses	26	5.7	28,419,639,298	30,829,595,637
10. Net operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		57,815,622,544	48,993,247,800
11. Other income	31	5.8	764,986,315	655,912,019
12. Other expenses	32	5.9	3,179,149,538	152,891,592
13. Other profit/ (losses) (40 = 31 - 32)	40		(2,414,163,223)	503,020,427
14. Accounting profit before tax (50 = 30 + 40)	50		55,401,459,321	49,496,268,227
15. Current corporate income tax expense	51	5.10	7,526,574,665	6,333,919,392
16. Deferred corporate tax expense	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		47,874,884,656	43,162,348,835
18. Basic earnings per share	70	5.11	1,119	1,211
19. Diluted earnings per share	71	5.11	1,119	1,009

Preparer
NGUYEN THI HUONG

Chief Accountant
NGUYEN MANH THANG



General Director
VU THANH TRUNG
Phu Tho, Viet Nam
31st March 2025

STATEMENT OF CASH FLOWS
For the fiscal year ended 31st December 2024
(Direct method)

ITEMS	Note	Current year VND	Prior year VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Proceeds from goods sold, services rendered and other	01	1,543,989,423,007	1,528,527,030,398
2. Expenditures paid to suppliers	02	(1,490,181,136,832)	(1,262,823,691,484)
3. Expenditures paid to employees	03	(40,379,537,699)	(38,697,029,950)
4. Interest paid	04	(47,722,447,139)	(60,291,932,678)
5. Corporate income tax paid	05	(821,533,514)	(16,913,867,803)
6. Other cash inflows from operating activities	06	27,866,622,877	4,578,289,194
7. Other cash outflows on operating activities	07	(62,732,426,449)	(90,208,746,705)
Net cash flows from operating activities	20	(69,981,035,749)	64,170,050,972
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(14,021,420,864)	(103,054,718,743)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	250,000,000
3. Cash outflow for lending, buying debt instruments of	23	(21,100,000,000)	(115,072,592,688)
4. Cash recovered from lending, selling debt instruments	24	39,770,420,337	50,000,000,000
5. Equity investments in other entities	25	-	(20,000,000,000)
6. Interest earned, dividends and profits received	27	2,620,403,844	4,965,820,304
Net cash flows from investing activities	30	7,269,403,317	(182,911,491,127)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,260,961,313,711	1,238,830,472,170
2. Repayment of borrowings	34	-	-
3. Repayment of obligations under finance leases	35	(13,534,998,964)	(21,912,971,600)
Net cash flows from financing activities	40	43,580,029,255	95,984,578,262
Net increase/(decrease) in cash for the year (50=20+30+40)	50	(19,131,603,177)	(22,756,861,893)
Cash and cash equivalents at the beginning of the	60	104,847,984,669	127,602,817,725
Effects of changes in foreign exchange rates	61	-	2,028,837
Cash and cash equivalents at the end of the year (70=50+60+61)	70	85,716,381,492	104,847,984,669

Preparer
NGUYEN THI HUONG

Chief Accountant
NGUYEN MANH THANG



General Director
VU THANH TRUNG
Phu Tho, Viet Nam
31st March 2025

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31st December 2024

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

1.1. Structure of ownership

Viet Nam Medicinal Materials Joint Stock Company (hereinafter referred to as "the Company") is a Joint Stock Company established and operating in Vietnam under the Certificate of Business Registration No.0105196582 for the first time on 16th March 2011, and the 27th amendment dated 20th September 2024 issued by the Phu Tho Department of Planning and Investment.

The Company's charter capital is 427,799,160,000,000 VND (In words: Four hundred twenty- seven trillion, seven hundred ninety-nine billion, one hundred sixty million VND). The total number of shares is 42,779,916 shares.

The list of shareholders as at 31 December 2024 is as follows:

No	Name of shareholder	Amount of capital contribution	Number of shares	Ratio
		VND	Shares	%
1.	Mr. Vu Thanh Trung	85,800,000,000	8,580,000	20.06%
3.	Other shareholders	341,999,160,000	34,199,916	79.94%
		427,799,160,000	42,779,916	100.00%

The number of employees as at 31 December 2024 was 212 people (31 December 2023: 229 people).

1.2. Business area

The Company's main business area are the production and wholesale of medicinal herbs.

1.3. Business activities

During the year, the Company's main business activities are Brokerage, auction goods (Details: Sales agent for goods; Brokerage for buying and selling goods); Wholesale of raw agricultural and forestry products (excluding wood, bamboo, rattan) and live animals (excluding those prohibited by the government); Wholesale of food products (Details: Trading in functional foods; Wholesale of sugar, milk and dairy products, confectionery, and products made from cereals, flour, starch); Wholesale of beverages; Wholesale of other household goods (Details: Wholesale of medical equipment; Wholesale of perfumes, cosmetics, and hygiene products; Wholesale of medicines (not operating at the main office); Wholesale of medicinal herbs, traditional medicines, and herbal medicines); Wholesale of machinery, equipment, and other spare parts (Details: Wholesale of medical machinery and equipment); Wholesale of other specialized goods not yet classified (Details: Wholesale of industrial chemicals such as essential oils, dyes, perfumes, and flavoring agents, soda, industrial salts; Wholesale of pharmaceuticals (modern medicines, vaccines, medical biological products); Cultivation of spices, medicinal plants, and aromatic plants; Cultivation of other perennial plants; Breeding and care of annual plant seeds; Agricultural services; Animal husbandry services; Post-harvest services; Seed processing for propagation. Organization of trade promotion and introduction (excluding press conferences); Other business support services not yet classified (Details: Import and export of goods traded by the company); Other education services not yet classified; Educational support services; Real estate business, land use rights owned, leased, or rented (Details: Real estate business); Consulting, brokerage, and auctioning real estate, land use rights (Details: Real estate consulting and brokerage); Scientific research and technological development in natural sciences; Scientific research and technological development in engineering and technology; Scientific research and technological development in agricultural sciences; Advertising (excluding tobacco advertising); Other professional, scientific, and technological activities not yet classified (Details: Technology transfer consulting); Retail of foodstuffs, beverages, tobacco, and other tobacco products in large stores; Retail of beverages in specialized stores; Production of dairy products and dairy derivatives; Manufacturing of other chemical

products not yet classified (Details: Manufacturing of natural essential oils); Manufacture of pharmaceutical products, chemicals, and medicinal materials (Details: Pharmaceutical production; Manufacturing of raw materials for modern medicine; Production of vaccines and medical biological products (Biological preparations for human use); Road freight transport; Warehousing and goods storage (excluding real estate business); Retail of medicines, medical equipment, cosmetics, and hygiene products in specialized stores (Details: Retail of traditional medicines, herbal products; Retail of medical equipment, cosmetics, and hygiene products in specialized stores).

1.4. Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months.

1.5. The Company's structure

The Company has only one dependent unit without legal status.

	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
Joint-ventures, associates				
VIBFA Joint Stock Company	Ha Noi	40.00%	40.00%	Product distribution

Subordinate units do not have dependent accounting legal status

Unit name	Address
Vietnam Pharmaceutical Joint Stock Company headquarters	Area 8, Phu Ninh commune, Phu Ninh district, Phu Tho province
Vietnam Pharmaceutical Joint Stock Company Branch in Hanoi	House No. 139, Hong Tien Street, Bo De Ward, Long Bien District, Hanoi City
Vietnam Pharmaceutical Joint Stock Company Branch in Hai Phong	No. SB.02 Cau Rao 2 Urban Area, Vinh Niem Ward, Le Chan District, Hai Phong City
Vietnam Pharmaceutical Joint Stock Company Branch in Ho Chi Minh	D9-04, D9 Street, Manhattan Vinhomes Grand Park Townhouse Area, Long Binh Ward, Thu Duc City, Ho Chi Minh City

1.6. Disclosure of information comparability in the financial statements

The data presented in the financial statements for the year ended 31st December, 2024 are comparable to the corresponding figures of the prior year.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

2.1. Accounting convention

The accompanying financial statements, expressed in Vietnamese Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2.2. Going concern assumption

There have been no events that cast significant doubt on its ability to continue as a going concern. The company neither intends nor is forced to cease operations, or significantly scale back its operations

2.3. Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires The Board of General Director to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year (reporting period). Although these accounting estimates are based on The Board of General Director's best knowledge, actual results may differ from those estimates.

3.2. Transactions in foreign currencies

Transactions arising in currencies other than the Company's accounting currency (USD) are accounted for at the actual exchange rate on the date of the transaction according to the following principles:

- Operations giving rise to receivables are accounted for at the buying exchange rate of the commercial bank where the Company appoints customers to pay;
- Operations giving rise to payables are accounted for at the selling exchange rate of the commercial bank where the Company plans to transact; and
- For purchases of assets or expenses to be paid immediately in foreign currency (not using accounts payable): purchasing foreign exchange rate of commercial banks where the company makes the payment.

Foreign exchange rate used to reassess the balance of monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are determined according to the following principles:

- For monetary items denominated in foreign currencies are classified as other assets: purchasing foreign exchange rate of the Bank company regularly traded; and
- For monetary items denominated in foreign currencies are classified as liabilities: selling foreign exchange rate of Bank company regularly traded.

All actual exchange rate differences arising during the year and differences due to reassessment of foreign currency balances at the end of the period are accounted for in the results of operations.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.4. Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the

issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less allowance for doubtful debts.

Allowance for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

3.5. Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less allowance for doubtful debts.

Allowance for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

3.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

G Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary allowance for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the statement of financial position date.

3.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs (if applicable)

	Current year [Years]	Prior year [Years]
Buildings and structures	05 - 25	05 - 25
Machinery and equipment	03 - 10	03 - 10
Office equipment	04 - 07	04 - 07
Motor vehicles	04 - 06	04 - 06
Others	03 - 15	03 - 15

3.8. Leasing

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The

corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	<u>Years</u>
Machinery, equipment	05 – 10

3.9. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of intangible fixed assets comprises all the expenses incurred to obtain this asset put into use. Costs incurred after the initial recognition are recognized to increase the cost of intangible fixed assets if these costs certainly increase economic benefits in the future due to using this asset.

When intangible fixed assets are sold or retired, their cost and accumulated amortisation are removed from the statement of financial position and any profit or loss resulting from its disposal is included in the income or expense in the year.

The Company's intangible fixed assets include:

Land use rights

The land use right reflects all the actual expenses related to the used land such as expenses to obtain the land use right, expenses for house removal and land clearance, expenses on ground levelling, registration fees, etc

The Company's land use rights are amortized as follows: Land use rights allocated by the State with land use fees collected: amortized according to the straight-line method based on the land allocation period (581 months), land use rights with indefinite term are not depreciated.

Computer software

The buying expenses of computer software which are not an integral part of related hardware are capitalized. Initial cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is amortized in line with the straight-line method in years,

3.10. Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

3.11. Business Cooperation Contract

Jointly controlled assets

The company recognized in the financial statements of the business cooperation contract in the form of assets as follows:

- The Company's share in jointly controlled assets is classified according to the nature of the assets.
- The appropriate liabilities incurred by the Company.
- The generally liabilities arising have divided with each other parties of the joint ventures from the operation of the joint venture.
- Income from the sale or use of the product / service is divided from the joint venture and with the incurred costs from operations divided by the joint venture.
- Expenses incurred by the Company related to joint ventures.

The fixed assets, real estate which contribute to the capital of the business cooperation contracts and have no transfer of ownership to joint ownership of the joint ventures are not decreased the assets. If the Company receives contributed assets to the joint venture shall be monitored as assets on behave of keeping, not recorded as an increase in asset and capital.

The fixed assets, real estate which contributed to capital of the business cooperation contract with the transfer of ownership and is in the process of construction of the jointly controlled assets are decreased the assets in the accounting books and record in cost of construction in progress. After jointly controlled assets are completed and put into use, based on the value of assets is divided, the Company record an increase its assets matching its using purposes.

Jointly controlled business

The Company recognized in the financial statements of the business cooperation contract in the form of business activities under the joint control as follows:

- The value of assets that the company owns.
- The incurred liabilities that the Company have to pay.
- Revenue from selling goods or supplying service of joint venture.
- Incurred expenses.

3.12. Prepaid expenses

Prepaid expenses are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepaid expenses of the Company include the following expenses:

Pre-operating expenses

Pre-operating expenses include training costs, advertising and promotion before the company started its operations. These costs are amortized to expense under the straight-line method in 36 months since the company started its operations.

Tools and equipment

The tools and equipment have been put into use and are amortized to expense under the straight-line method to time allocation not too 36 months.

Repair costs of fixed assets

Repair costs of fixed assets incurred once to have a large value are amortized to expense under the straight-line method in 36 months.

Prepaid land rental

Prepaid land rental represents an amount paid for the land which the company is using. Prepaid land rental is amortized on a straight-line basis to the lease term respectively.

3.13. Accounts payable and accrued expenses

Payables and accrued expenses are recognized as the amount of money to be paid in the future related to the goods and services received. Payable expenses are recognized based on a reasonable estimate of the payable.

Payables are classified as payable to suppliers, accrued expenses, and other payables according to the following principles:

- Payables to suppliers reflect the trade payables arising from commercial transactions between the Company and the seller, which is an independent entity of the Company, including the number of payables on imports through trustees.
- Accrued expenses reflect the payables for goods and services received from the seller or provided for the buyer, for which no invoices have yet been received from suppliers. Those payables also reflect the number of payables to employees on vacation wages, production, and business costs that must accrue.
- Internal payables reflect the payable between superior and subordinate units have no legal with dependent accounting.
- Other payables reflect non-commercial receivables, not related to the purchase and sale transactions.

3.14. Borrowings and finance lease liabilities

Borrowings are tracked according to each object, each contract and the repayment term. In case of borrowings in foreign currency, detailed tracking is done in the original currency.

3.15. Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

3.16. Unearned revenue

Unearned revenue is defined as revenue that is received ahead of schedule for one or more accounting periods. This primarily consists of client prepayments for lengthy asset rentals. The Company records unearned revenues corresponding to the obligations that the Company will have to perform in the future. When the conditions for revenue recognition are satisfied, unearned revenue will be shown in the statement of income for the year that corresponds to the portion that satisfies the requirements for revenue recognition.

3.17. Owner's equity

Capital is recorded according to the amount actually invested by shareholders.

3.18. Distribution of net profits

Profit after tax is distributed to shareholders after an appropriation of funds under the Charter of the Company as same as the law and is approved by the General Meeting of Shareholders.

The distribution of profits to shareholders is considered to non-cash items in undistributed profit may affect cash flow and ability to pay dividends as profit from revaluation of assets contributed as capital, interest due to the revaluation of monetary items, the financial instruments and other non-cash items.

Dividends are recognized as liabilities when approved by the General Meeting of Shareholders [or Dividends are recorded as a payable at the shareholder's rights date].

4.18 Revenue and earnings

Revenue from sales of finished goods and merchandise goods

Revenue from sales of finished goods and merchandise goods is recorded when simultaneously satisfy the following conditions:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with; ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company; and.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service rendered

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenues from sales of processing service

Sale from processing service are recorded when the processed goods are completed and are accepted by customers. Sale from processing service will not be recorded in case that there are material uncertain factors related to payments or additional costs.

Financial income

Interest

Interest is recognized on an accrual basis, are determined on the balance of cash in bank and the actual interest rate for each period.

3.19. Cost of goods sold and service rendered

Cost of goods sold includes the cost of products, goods and service rendered during the year and is recorded in accordance with revenue during the year. The cost of direct raw materials consumed in excess of normal levels, labor costs, and fixed general production costs that are not allocated to the

value of warehoused products must be immediately calculated into the cost of goods sold (after minus compensation, if any) even when the products and goods have not been determined to be consumed.

3.20. Selling expenses

Selling expenses reflect the actual expenses in the process of sales of goods and services rendered. Mainly includes sales staff salaries, sales promotion expenses, product introduction expenses, advertising expenses and sales commissions.

3.21. General and administration expenses

General and administration expenses reflect actual expenses incurred during the general management of the Company, mainly including expenses for labour of management department salaries; social insurance, health insurance, trade union fees, unemployment insurance for labour; office equipment expenses; depreciation and amortisation; provision expenses; outside services and other expenses.

3.22. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

3.23. Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash, cash equivalents, trade and other receivables, deposits, financial investments and derivative financial instruments.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade and other payables, accrued expenses, obligations under finance leases, borrowings and derivative financial instruments.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

3.24. Related parties

The parties are considered to be related if that party has the ability to control or significantly influence the other party in making decisions on financial policies and operations. Parties are considered a related party of the Company in case that party is able to control the company or to cause material effects on the financial decisions.

In considering the relationship of the parties involved, the nature of the relationship is more emphasized than the legal form of the relationship.

4. ADDITIONAL INFORMATION ON THE PRESENTED SECTIONS ON THE STATEMENT OF FINANCIAL POSITION

4.1. Cash and cash equivalents

	Closing balance VND	Opening balance VND
Cash	4,806,201,036	5,870,552,873
Demand deposits in banks	45,243,432,964	42,611,208,197
Cash equivalents	35,666,747,492	56,366,223,599
	85,716,381,492	104,847,984,669

4.2. Financial investments

4.2.1. Held-to-maturity investments

	Closing balance		Opening balance	
	Cost VND	Book value VND	Cost VND	Book value VND
Short-term	118,906,968,745	118,906,968,745	94,772,592,688	94,772,592,688
Term deposits (i)	118,906,968,745	118,906,968,745	94,772,592,688	94,772,592,688
Long-term	-	-	-	-
	118,906,968,745	118,906,968,745	94,772,592,688	94,772,592,688

(i) Deposits at commercial banks and foreign bank branches in Vietnam with term from 3 to 6 months, interest rates from 1.75% per year to 6.7% per year.

4.3. Short-term trade receivables

	Closing balance VND	Opening balance VND
Ha Noi Pharma Joint Stock Company	6,184,307,597	34,661,136,845
Traditional Medicine Hospital (Ho Chi Minh City)	949,443,600	12,498,298,360
Phu Tho General Hospital	15,825,677,084	32,012,799,910
VITAMEC Joint Stock Company	26,122,076,635	22,131,184,427
DP EUPHAR Joint Stock Company	8,060,656,290	11,060,656,290
Bac Lieu 333 Joint Stock Company	45,876,419,693	20,358,841,235
Expos Joint Stock Company	39,501,416,797	19,074,640,651
Romas Joint Stock Company	53,779,839,068	6,125,353,966
UNESFA Joint Stock Company	42,660,512,694	-
TW9 Joint Stock Company	40,958,721,906	-
5th Central Joint Stock Company	39,073,907,418	9,299,566,000
Receivables from other customers	115,656,318,888	151,686,780,079
	434,649,297,670	318,909,257,763

4.4. Short-term advances to suppliers

	Closing balance VND	Opening balance VND
Saigonfa Joint Stock Company	3,738,385,509	10,584,381,546
B.PHARMA Company Limited (i)	48,565,345,525	48,565,345,525
Pearl of Duy Phu Tho Company Limited	2,405,906,860	2,405,906,860
Others	2,302,981,005	9,891,403,627
	57,012,618,899	71,447,037,558

(i) According to contract number VM10 between Vietnam Medicinal Materials Joint Stock Company (the buyer) and B.Pharma Limited Company (the seller), signed on May 10, 2021, regarding the purchase and sale of machinery and equipment for the production of products.

4.5. Other receivables

4.5.1. Short-term other receivables

	Closing balance		Opening balance	
	Value VND	Allowance VND	Value VND	Allowance VND
Advance	-	-	214,097,016	-
Deposit, deposit	2,450,745	-	-	-
Deposit interest receivable	788,731,065	-	1,126,013,552	-
Must collect personal income tax from employees	856,622,877	-	1,523,755,151	-
Household expenses	7,000,000,000	-	-	-
Other receivables	-	-	10,100,010	-
	8,647,804,687	-	2,873,965,729	-

4.5.2. Long-term other receivables

	Closing balance		Opening balance	
	Value VND	Allowance VND	Value VND	Allowance VND
Deposits and mortgages	2,257,076,528	-	4,239,198,274	-
Govamec Central Pharmaceutical Joint Stock Company (i)	40,665,250,000	-	40,665,250,000	-
Tuyen Quang Biological Joint Stock Company (ii)	40,655,000,000	-	40,655,000,000	-
Minh Khang Pharmaceutical and Herbal Joint Stock Company (iii)	10,000,000,000	-	-	-
	93,577,326,528	-	85,559,448,274	-

(i) Receivables from Investment Cooperation Contract No. 26/2023/HDHT/VIETMEC-GOVAMEC dated 26th November 2023 between Vietnam Pharmaceutical Materials Joint Stock Company and Govamec Central Pharmaceutical Materials Joint Stock Company on investment cooperation for the Investment Project, supporting the development of precious medicinal material areas in Sapa town, Lao Cai province; The capital for participating in the cooperation is VND 81,330,500,000, accounting for 35% of the total investment of the project; Method of dividing profits after tax.

(ii) Receivables from Investment Cooperation Contract No. 25/2023/HDHT/VM-SHTQ dated 25th October, 2023 between Vietnam Pharmaceutical Materials Joint Stock Company and Tuyen Quang Biological Joint Stock Company on investment cooperation for the Investment Project, supporting the development of precious medicinal material areas in Na Hang district, Tuyen Quang province; The capital for cooperation is 81,310,000,000 VND, accounting for 35% of the total project investment; Method of dividing profit after tax

(iii) According to the investment cooperation contract No. 0312/2024/HDDT/DLVN.MK for the project "Investment and Support for the Development of Precious Medicinal Plant Cultivation Areas" in Bac Ai District, Ninh Thuan Province, signed on 3rd December 2024, between Vietnam Medicinal Materials Joint Stock Company (VIETMEC) (Party A) and Minh Khang Pharmaceutical and Herbal Joint Stock Company (Party B):

- General Objective: Establishing a value chain system for the development of precious medicinal plants; fostering the awareness of cultivating medicinal plants according to the value chain and preserving the genetic resources of medicinal plants while ensuring quality management processes and standards; combining the protection and sustainable development of forests.
- Project Location: The project is allocated across various communes, including Phuoc Tien, Phuoc Tan, Phuoc Binh, and Phuoc Hoa Commune. These areas will be invested in and rehabilitated to produce precious medicinal plants as part of the project.
- Project Implementation Duration: 25 years, starting from the time of acceptance and use of the project (investment implementation time: January 2025; expected operational start: April 2025).
- Total Investment Capital: 250,000,000,000 VND (Two hundred fifty billion VND).
- Capital Contribution Ratio: Party A invests 50,000,000,000 VND (Fifty billion VND), equivalent to 27% of the total project capital; party B invests 132,000,000,000 VND (One hundred thirty-two billion VND), equivalent to 73% of the total project capital.

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

4.6. Bad debts

Bad debts	Closing balance			Opening balance		
	Overdue	Book value VND	Recoverable amount VND	Overdue	Book value VND	Recoverable amount VND
Bad debts of other Companies or Individuals						
Quang Nam Medical College General Hospital	Over 3 years	916,989,150	(916,989,150)	Under 3 years	916,989,150	(641,892,405)
Huong Khe District General Hospital	Over 3 years	306,218,650	(306,218,650)	Under 3 years	306,218,650	(213,458,455)
Blm Son Town General Hospital	Over 3 years	375,879,000	(375,879,000)	Under 3 years	375,879,000	(263,115,300)
Thu Duc City Hospital	Over 3 years	203,733,600	(203,733,600)	Under 3 years	203,733,600	(142,613,520)
Que Son District Medical Center	Over 3 years	221,851,350	(221,851,350)	Under 3 years	161,221,620	(112,855,134)
Quang Nam Provincial General Hospital	Over 3 years	516,108,130	(344,764,930)	Under 3 years	618,465,280	(407,807,176)
Pacific General Hospital Company Limited - Tien Phuoc	Over 3 years	358,621,200	(2,268,000)	Under 3 years	454,707,750	(278,339,355)
Thanh Hoa General Hospital Joint Stock Company	Over 3 years	359,276,400	-	Under 3 years	303,918,930	(91,175,679)
Others	Over 1 years	1,127,455,893	(325,237,307)	Under 3 years	1,044,999,393	(661,215,618)
		4,386,133,373	(2,696,941,987)		4,386,133,373	(2,812,472,642)

4.7. Inventories

	Closing balance		Opening balance	
	Value VND	Allowance VND	Value VND	Allowance VND
Raw materials	114,612,902,897	-	157,093,354,783	-
Work in progress	9,227,046,875	-	5,236,069,256	-
Finished goods	84,864,073,866	-	8,703,837,781	-
Merchandise	29,552,470,545	-	59,862,078,937	-
Goods on consignment	-	-	63,516,677	-
	238,256,494,183	-	230,958,857,434	-

4.8. Prepaid expenses

4.8.1. Short-term prepaid expenses

	Closing balance VND	Opening balance VND
Tools and equipment for use	714,587	116,479,287
Cost of buying insurance	136,109,163	148,280,875
Other prepaid expenses	235,276,512	162,643,119
	372,100,262	427,403,281

4.8.2. Long-term prepaid expenses

	Closing balance VND	Opening balance VND
Tools and equipment for use	1,091,620,763	1,315,779,575
Cost of buying insurance	59,794,564	89,691,844
Land rental expenses	371,821,477	420,209,702
Other prepaid expenses	936,521,112	819,800,549
	2,459,757,916	2,645,481,670

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

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4.9. Taxes and other payables to the State

	Opening balance		Movement in the year		Closing balance	
	Taxes Payable VND	Taxes Receivable VND	Amount payable VND	Paid VND	Taxes Payable VND	Taxes Receivable VND
VAT on domestic sales	10,400,432,006	-	80,888,489,409	91,084,395,928	204,525,487	-
Value added tax on imports	-	-	2,220,275,592	2,220,275,592	-	-
Corporate income tax	-	1,672,118,108	7,526,574,865	821,533,514	5,032,923,043	-
Personal income tax	475,185,927	-	939,885,522	917,408,141	497,663,308	-
Land and housing tax	-	-	4,958,200	4,958,200	-	-
Fees, charges and other payables	-	-	13,000,000	13,000,000	-	-
	10,875,617,933	1,672,118,108	91,593,183,388	95,061,571,375	5,735,111,838	-

Note: The Company is entitled to corporate income tax incentives from implementing new projects in areas with difficult socio-economic conditions at a tax rate of 17% for a period of 10 years from the first year the Company has taxable income from the new investment project. The Company is exempted from corporate income tax for 02 years, and is entitled to a 50% reduction in corporate income tax for the next 04 years for taxable income arising from new investment projects in areas with difficult socio-economic conditions. Fiscal year 2024 is the 5th year (year) of income arising from the new investment project.

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

4.10. Increases, decreases in tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	107,066,114,168	76,533,666,487	10,495,018,300	7,342,305,393	7,819,405,919	209,258,510,267
Increase in the year	-	393,812,000	-	1,305,244,411	-	1,699,056,411
- <i>Transfer from construction in progress</i>	-	-	-	1,120,062,593	-	1,120,062,593
- <i>Purchase in the year</i>	-	393,812,000	-	185,181,818	-	578,993,818
Decrease in the year	-	-	-	-	-	-
Closing balance	107,066,114,168	76,927,478,487	10,495,018,300	8,647,549,804	7,819,405,919	210,955,586,678
ACCUMULATED DEPRECIATION						
Opening balance	21,840,125,343	24,687,852,189	3,434,010,103	4,043,942,580	2,186,488,575	56,192,418,790
Increase in the year	5,209,451,138	8,349,345,588	1,612,801,327	1,009,124,050	799,063,338	16,979,785,441
- <i>Depreciation charged</i>	5,209,451,138	8,349,345,588	1,612,801,327	1,009,124,050	799,063,338	16,979,785,441
Decrease in the year	-	-	-	-	-	-
Closing balance	27,049,576,481	33,037,197,777	5,046,811,430	5,053,066,630	2,985,551,913	73,172,204,231
NET BOOK VALUE						
- Opening balance	85,225,988,825	51,845,814,298	7,061,008,197	3,298,362,813	5,632,917,344	153,064,091,477
- Closing balance	80,016,537,687	43,890,280,710	5,448,206,870	3,594,483,174	4,833,854,006	137,783,362,447
Cost of tangible fixed assets that have been fully depreciated but are still in use:						
- Opening balance	3,605,548,427	2,250,790,500	372,932,845	39,090,908	769,970,681	7,038,333,362
- Closing balance	3,605,548,427	2,250,790,500	372,932,845	39,090,909	769,970,681	7,038,333,362
Net book value at the end of the period of tangible fixed assets used to mortgage or pledge to secure the loan:						
- Opening balance	85,225,988,825	42,438,628,359	6,408,200,000	-	-	134,073,817,184
- Closing balance	80,016,537,687	43,890,280,710	5,448,206,870	-	-	129,355,025,267

4.11. Increases, decreases in finance lease assets

	Machinery and equipment VND	Total VND
COST		
Opening balance	35,238,581,023	35,238,581,023
Increase in the year	7,087,893,779	7,087,893,779
- <i>Finance lease assets in the year</i>	7,087,893,779	7,087,893,779
Decrease in the year	-	-
Closing balance	42,326,474,802	42,326,474,802
ACCUMULATED DEPRECIATION		
Opening balance	9,122,980,771	9,122,980,771
Increase in the year	8,051,594,034	8,051,594,034
- <i>Depreciation charged</i>	8,051,594,034	8,051,594,034
Decrease in the year	-	-
Closing balance	17,174,574,805	17,174,574,805
NET BOOK VALUE		
- Opening balance	26,115,600,252	26,115,600,252
- Closing balance	25,151,899,997	25,151,899,997

4.12. Increases, decreases in intangible fixed assets

	Land use rights VND	Others VND	Total VND
COST			
Opening balance	159,667,682,528	178,680,000	159,846,362,528
Increase in the year	50,473,812,000	-	50,473,812,000
- <i>Purchase in the year</i>	50,473,812,000	-	50,473,812,000
Decrease in the year	-	-	-
Closing balance	210,141,494,528	178,680,000	210,320,174,528
ACCUMULATED DEPRECIATION			
Opening balance	1,882,409,652	107,645,409	1,990,055,061
Increase in the year	1,279,259,820	59,559,996	1,338,819,816
- <i>Depreciation charged</i>	1,279,259,820	59,559,996	1,338,819,816
Decrease in the year	-	-	-
Closing balance	3,161,669,472	167,205,405	3,328,874,877
NET BOOK VALUE			
- Opening balance	157,785,272,876	71,034,591	157,856,307,467
- Closing balance	206,979,825,056	11,474,595	206,991,299,651

4.13. Construction in progress

	Closing balance VND	Opening balance VND
Machinery, equipment and system of cancer treatment drug production workshop	79,275,269,136	79,275,269,136
Machinery, equipment, research and testing systems	9,408,670,786	9,022,226,690
Exhaust system for 5th floor at Phu Tho factory	602,742,536	602,742,536
Cost for the Project of Center for Precious Medicinal Herbs Conservation and Medicinal Herbs Development under Forest Canopy (i)	88,000,000,000	88,000,000,000
IPO project investment costs	13,982,407,027	13,601,005,583
Cost of Ngo Gia Tu Pharmacy	424,468,000	424,468,000
Landfill costs at Phu Tho Factory	6,954,850,000	6,954,850,000
Cost of buying land to open a branch in Hai Phong	-	15,394,000,000
Cost of buying land to open a branch in Da Nang	-	50,473,812,000
Other construction in progress	9,093,267,642	834,470,944
	207,741,675,127	264,582,844,889

(i) According to Resolution No. 05A/2022/NQ-HDQT/DLVN dated 13th May, 2022 of the Board of Directors of Vietnam Pharmaceutical Joint Stock Company on approving the Project to establish a Center for preserving precious medicinal herbs and developing medicinal herbs under the forest in Yen Son commune, Thanh Son district, Phu Tho province, the Company has purchased 02 plots of land with a total area of 571,000 m² in the commune. Yen Son, Thanh Son district, Phu Tho province with transfer price of 88,000,000,000 VND; Purpose of use: RTs; Usage term: By 2054, the Company is converting the land use term to 50 years

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

4.14. Investments in other joint ventures

	Closing balance			Opening balance		
	Cost VND	Allowance VND	Fair value VND	Cost VND	Allowance VND	Fair value VND
<i>Investments in subsidiaries</i>	-	-	-	-	-	-
<i>Investments in joint ventures, associates</i>	20,000,000,000	-	-	20,000,000,000	-	-
VIBFA Joint Stock Company	20,000,000,000	-	(i)	20,000,000,000	-	(i)
<i>Investments in others entities</i>	-	-	-	-	-	-
	-	-	-	-	-	-

(i) The Company has not determined the fair value of investments that do not have a listed value because there is no specific guidance on determining fair value

4.15. Short-term trade payables

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Hai Minh Pharmacy Company Limited	2,687,697,268	2,687,697,268	2,848,467,270	2,848,467,270
Benovas Pharmaceuyrical Joint Stock Company	4,054,183,839	4,054,183,839	4,093,285,581	4,093,285,581
Company	15,235,699,387	15,235,699,387	16,740,190,228	16,740,190,228
Ms. Pham Thi Duong	3,248,491,802	3,248,491,802	1,803,455,950	1,803,455,950
Nhat Minh Pharma Joint Stock Company	10,496,455,900	10,496,455,900	-	-
Fisamec Central Joint Stock Company	4,350,691,776	4,350,691,776	9,737,184,624	9,737,184,624
Other	52,491,182,691	52,491,182,691	58,942,159,955	58,942,159,955
	92,564,402,663	92,564,402,663	94,164,743,608	94,164,743,608

4.16. Short-term advances from customers

	Closing balance VND	Opening balance VND
No.1 Central Pharmaceutical Joint Stock Company	-	244,545,000
Other objects	67,689,020	208,194,347
	<u>67,689,020</u>	<u>452,739,347</u>

4.17. Short-term accrued expenses

	Closing balance VND	Opening balance VND
Advance deduction of interest expenses	961,039,745	1,371,080,529
	<u>961,039,745</u>	<u>1,371,080,529</u>

4.18. Short-term unearned revenue

	Closing balance VND	Opening balance VND
Revenue received in advance	2,791,437,590	4,706,314,745
Revenue from traditional customer programs	-	69,000,000
	<u>2,791,437,590</u>	<u>4,775,314,745</u>

4.19. Other payables

4.19.1. Short-term other payables

	Closing balance VND	Opening balance VND
Union funds	119,620,050	119,017,250
Must return equitization	-	86,575,452
Must pay for medical examination and treatment	-	250,000,000
Ms. Pham Thu Trang - Receive deposits for land sale (1)	20,000,000,000	-
Other payables and payables	-	49,720,000
	<u>20,119,620,050</u>	<u>505,312,702</u>

(1) The deposit between Ms. Pham Thu Trang and Vietnam Pharmaceutical Joint Stock Company to ensure the transfer of land plot No. 89; map sheet No. 32 at Group 10, Bo De ward, Long Bien district, Hanoi city.

4.19.2. Long-term other payables

	Closing balance VND	Opening balance VND
Payable to collect money to buy shares of officers and employees	1,133,042,000	1,133,042,000
Payable to collect money to bind the responsibility of officers and employees	1,216,370,900	1,490,269,900
	<u>2,349,412,900</u>	<u>2,623,311,900</u>

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4.20. Borrowings and finance lease liabilities 4.20.1. Short-term borrowings and finance lease liabilities	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term borrowings	658,203,577,065	658,203,577,065	1,252,473,419,932	1,187,586,553,771	723,090,443,226	723,090,443,226
Vietnam Prosperity Joint Stock Company (1)	50,370,597,071	50,370,597,071	185,281,787,837	147,950,764,590	67,701,620,318	67,701,620,318
Vietnam Joint Stock Commercial Bank For Industry and Trade (2)	-	-	42,041,700,891	2,050,000,000	39,991,700,891	39,991,700,891
Joint Stock Commercial Bank for Investment and Development of Vietnam (3)	409,535,963,114	409,535,963,114	544,063,727,726	597,938,740,544	355,650,950,296	355,650,950,296
Prosperity And Growth Commercial Joint Stock Bank (4)	-	-	8,000,000,000	-	8,000,000,000	8,000,000,000
INDOVINA Bank Limited (5)	-	-	56,795,646,257	-	56,795,646,257	56,795,646,257
Vietnam Technological and Commercial Joint Stock Bank (6)	13,907,775,707	13,907,775,707	-	13,907,775,707	-	-
Bank Sinopac (7)	69,748,839,194	69,748,839,194	107,653,880,122	132,529,523,110	44,873,196,206	44,873,196,206
Woori Bank Vietnam Limited (8)	39,951,078,318	39,951,078,318	79,576,863,772	79,644,837,665	39,883,104,425	39,883,104,425
Hong Leong Bank Vietnam Limited (9)	69,956,399,977	69,956,399,977	79,261,907,116	119,917,036,595	29,301,270,498	29,301,270,498
Modern Bank of Vietnam Limited (10)	4,732,923,684	4,732,923,684	152,016,644,650	83,767,968,560	72,981,599,774	72,981,599,774
Ho Chi Minh City Development Joint Stock Commercial Bank (11)	-	-	7,901,354,561	-	7,901,354,561	7,901,354,561
Ms. Do Thi Nhung	-	-	9,879,907,000	9,879,907,000	-	-
Current Portion of Long-Term Debt	11,364,596,916	11,364,596,916	10,923,076,920	11,364,596,916	10,923,076,920	10,923,076,920
Long-Term financial lease debt due	9,909,000,334	9,909,000,334	12,759,522,857	16,015,761,787	6,652,761,404	6,652,761,404
Short-term borrowings and finance lease liabilities	679,477,174,315	679,477,174,315	1,276,156,019,709	1,214,966,912,474	740,666,281,550	740,666,281,550

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(1) Firstly, there are short-term loans from Vietnam Prosperity Joint Stock Commercial Bank – Thang Long Branch under the Credit Limit Agreement No. CLC-27890-01 signed on October 1, 2024, with a credit limit of VND 190,000,000,000 and a 12-month credit term. The loan is intended to supplement working capital, issue guarantees, issue Letters of Credit (L/C), and provide guarantees (for tendering, contract performance, advances, payment guarantees) for the operation of business in pharmaceuticals, medical equipment, and functional foods. The loan term and interest rate are specified in each debt agreement. The loan is secured by:

- Ownership of the house and other assets attached to the land with the land number DP 999201, the certificate number VP 02700 issued by the Hanoi Land Registration Office on August 13, 2024, at Address: TB-25, Business Villa Area, An Khanh Commune, Hoai Duc District, Hanoi City; to an area of 297m² equivalent to 24,971,274,252 VND.
- Ownership of the house and other assets attached to the land with the land number CO 250935, the certificate number VP 2872 issued by the People's Committee of Viet Tri City on May 9, 2019; October 19, 2020; Plot No. 122, Map No. 14, Address: Zone 9, Gia Cam Ward, Viet Tri City, Phu Tho Province, with an area of 91.4m², equivalent to 2,700,555,000 VND.
- Ownership of land and ownership of the house and other assets attached to the land with the land number CX 432394, the certificate number CT16020 issued by the Department of Natural Resources and Environment of Hai Phong City.

Secondly, there are short-term loans from Vietnam Prosperity Joint Stock Commercial Bank – Thang Long Branch under the Credit Limit Agreement No. 020823-2751778-01-SME signed on August 7, 2023, with a credit limit of 100,000,000,000 VND and a 12-month credit term. The loan is intended to supplement working capital, issue guarantees, and issue Letters of Credit (L/C) to serve the business operations in pharmaceuticals, medical equipment, and functional foods. The loan term and interest rate are specified in each debt agreement. The loan is secured by:

- The right to use land and assets attached to the land with the land number CX 432394, certificate number CT16020 issued by the Department of Natural Resources and Environment of Hai Phong City on January 13, 2021, at SB 02 Vinhomes Marina Urban Area, Hai Phong City, belonging to Mr. Vu Thanh Trung (CEO of the Company).
- One Honda City car, license plate number 19A-383-66, frame number RLHGN2685MY003704, engine number L15ZC1005499 owned by the Company.
- The term deposit contracts of the Company at Vietnam Prosperity Joint Stock Commercial Bank – Thang Long Branch.

(2) The Loan Agreement No. 01/2024-HDCVHM/NHCT224-VIETMEC signed on 23rd August 2024, between Vietnam Joint Stock Commercial Bank for Industry and Trade – Luu Xa Branch is intended to supplement working capital for production and business operations. The loan term is 12 months, and the interest rate is specified in each debt agreement. The loan is secured by the right to use land and all other assets attached to the land at Plot No. 10, Map No. 39, Address: No. 324 Minh Khai Street, Group 30A, Minh Khai Ward, Hai Ba Trung District, Hanoi City, with an area of 102.6m² according to the Certificate of Land Use Rights and Other Assets Attached to Land No. DB513041, certificate number CS-HBT 14117 issued by the Department of Natural Resources and Environment of Hanoi City 17th February 2022, with a value of 37,570,000,000 VND at the time of collateral.

(3) There are short-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam – Hanoi Branch under Credit Agreement No. 01/2023/3990765/HDT0 signed on 8th August 2023, with the purpose of supplementing working capital, issuing guarantees, and opening Letters of Credit (L/C) for business operations. The credit limit is 450,000,000,000 VND. The loan term and interest rate are specified in each debt agreement. This loan is secured by:

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- Real estate at Plot No. 1(6), Map No. 03, located at Group 10, Bo De Ward, Long Bien District, Hanoi City, with an area of 142.0m², registered in the land use rights certificate No. CN 999011, certificate number CT-DA 01480 issued by the Department of Natural Resources and Environment of Hanoi City in July 25th, 2018, for Vietnam Medicinal Materials Joint Stock Company.
- Real estate at Plot No. 1(7), Map No. 03, located at Group 10, Bo De Ward, Long Bien District, Hanoi City, with an area of 136.0m², registered in the land use rights certificate No. CN 999012, certificate number CT-DA 01481 issued by the Department of Natural Resources and Environment of Hanoi City in July 25th, 2018, for Vietnam Medicinal Materials Joint Stock Company.

(4) This refers to the overdraft agreement No. 04 71/2024/HĐHMTCT/PGB dated July 31st, 2024, between Vietnam Prosperity Joint Stock Commercial Bank and Viet Nam Medicinal Materials Joint Stock Company, with an overdraft limit of 8,000,000,000 VND, and a term of 6 months, with an interest rate of 12.4% per year. The purpose of the overdraft is to facilitate payment services on the payment account for business production and operations.

(5) This refers to short-term loans from Indovina Bank according to each debt commitment agreement with a credit limit of 100,000,000,000 VND and a loan term of no more than 8 months. The loan aims to finance working capital, issue guarantees, and open Letters of Credit for the Borrower. The loan is secured by the following assets:

- The right to use land for Plot No. 451, Map No. 33, located in Trung Chanh Commune, Hoc Mon District, Ho Chi Minh City, according to the "Land Use Rights Certificate, Ownership of Housing and Other Assets Attached to Land" No. BE 711913, certificate number CH 00740 issued by the People's Committee of Hoc Mon District, Ho Chi Minh City on November 11, 2011, transferred to Mr. Vu Huang Anh, confirmed by the Hoc Mon District Land Registration Office in January 27th, 2022, valued at 56,602,000,000 VND (Fifty-six billion six hundred two million VND), as per the asset valuation report dated August 14, 2024, established by the Mortgage Contract No. 011517, Register No. 08/2024 TP/CC-SCC/HDGD dated August 20th, 2024, along with annexes, amended mortgage contracts, and other related documents.
 - The asset rights of Viet Nam Medicinal Materials Joint Stock Company arising from the Purchase Contract of Residential Property No. D9-04/VHGP/HDMBNO dated August 7th, 2020, signed between the Buyer Ms. Bui Thi My Duyen and the Seller, Vietnam Green City Development Joint Stock Company (the "Investor"). The Transfer Agreement of the Residential Property Purchase Contract between Ms. Bui Thi My Duyen (the transferor) and Ms. Nguyen Thi Hai (the transferee), notarized by the Asia Notary Office in Ho Chi Minh City in October 27th, 2020, with notarization No. 26120, Register No. 10 TP/CC-SCC/HDGD, and the Investor's confirmation on November 17th, 2020. The Transfer Agreement of the Residential Property Purchase Contract between Ms. Nguyen Thi Hai (the transferor) and Viet Nam Medicinal Materials Joint Stock Company (the transferee), notarized by the Asia Notary Office in Ho Chi Minh City in July 11th, 2022, with notarization No. 015956, Register No. 7/2022 TP/CC-SCC/HDGD, with the Investor's confirmation in July 26th, 2022, valued at 17,617,000,000 VND.
 - Term deposits at Indovina Bank - Hanoi Branch.
- (6) These are short-term loans from Vietnam Technology and Commercial Joint Stock Bank under the credit agreement No. DDA20231309798/HDTD dated October 24th, 2023, intended to supplement working capital for the business to purchase raw materials, drugs, medical equipment, and to finance international payment activities. The credit limit is 80,000,000,000 VND. The loan term and interest rate are specified in each debt agreement. The loan is secured by:
- The Residential Purchase Contract No. D9-04/VHGP/HDMBNO dated August 7th, 2020, the Transfer Agreement of the Residential Property Purchase Contract notarized with No. 026120, Register No. 20 TP/CC-SCC/HDGD dated October 22nd, 2020, and the Transfer Agreement of the Residential Property Purchase

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Contract notarized with No. 015956, Register No. 7/2022 TP/CC-SCC/HDGD dated July 11th, 2022, for the commercial housing property No. D09-04, Long Binh Ward, District 9, Hanoi City, under the Vinhomes Grand Park Project.

(7) Short-term loans at Bank Sinopac - Ho Chi Minh City Branch under short-term credit contract No. 221035 dated October 17th, 2022 and amendment to short-term credit contract No. 221035-SDBS1 dated November 6th, 2023 on extending the credit period to October 31, 2024 and the credit limit is 4,000,000 USD or equivalent amounts in Vietnamese Dong for the purpose of supplementing working capital for purchasing raw materials/medicines and medical equipment and financing international payment activities. The loan term and interest rate are specified in each debt agreement, this loan is secured by the Company's term deposit contract at Bank Sinopac - Ho Chi Minh City Branch.

(8) Short-term loans at Woori Bank Vietnam Limited - Hoan Kiem Branch under the credit limit contract No. VN123002314-001/2023-HDCVHM/WBVN101 dated March 31 for the purpose of supplementing working capital for purchasing raw materials/medicines and medical equipment and financing international payment activities. The credit limit is VND 40 billion. The loan term and interest rate are specified in each debt acknowledgment contract, this loan is secured by the Company's term deposit contract at Woori Bank Vietnam Limited - Hoan Kiem Branch.

(9) Short-term loans at Hong Leong Bank Limited - Hanoi Branch under credit contract No. HN/2023/04/BCB/HDTD dated May 5th, 2023 for the purpose of supplementing working capital for purchasing raw materials/medicines and medical equipment and financing international payment activities. The credit limit is 70,000,000,000 VND. The loan term and interest rate are specified in each debt acknowledgment contract, this loan is secured by the Company's term deposit contract at Hong Leong Bank Limited - Hanoi Branch.

(10) Short-term loans at Hua Nan Commercial Bank, Ltd - Ho Chi Minh Branch under credit contract No. HNHCMCFL-S/76/2023 dated October 23rd, 2023 for the purpose of supplementing working capital for purchasing raw materials/medicines and medical equipment and financing international payment activities. The credit limit is 3,000,000 USD. The loan term and interest rate are specified in each debt agreement. This loan is secured by the Company's term deposit contract at Hua Nan Commercial Bank, Ltd - Ho Chi Minh City Branch.

- 11) Credit limit contract No. 27016/24MB/HDTD dated September 11th 2024 between Ho Chi Minh City Development Joint Stock Commercial Bank, Ba Dinh branch with a credit limit of: 30,000,000,000 VND (Thirty billion VND) with a loan term of 12 months for the purpose of supplementing working capital to pay salaries to officers and employees through HDBank.



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4.20.2. Long-term borrowings and finance lease liabilities

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term borrowings	46,634,259,555	46,634,259,555	1,400,000,000	13,920,626,982	34,113,632,573	34,113,632,573
Joint Stock Commercial Bank for Investment and Development of Vietnam (1)	45,039,452,884	45,039,452,884	-	12,358,106,982	32,680,345,902	32,680,345,902
Vietnam Prosperity Joint Stock Company (2)	1,594,806,671	1,594,806,671	1,400,000,000	1,561,520,000	1,433,286,671	1,433,286,671
Long-term finance lease liabilities	17,120,289,477	17,120,289,477	7,087,893,779	14,859,731,721	9,348,451,535	9,348,451,535
BIDV - Sumi Trust Leasing Company, LTD (3)	2,228,821,832	2,228,821,632	-	2,228,821,632	-	-
Challase International Leasing Company Limited (4)	14,891,467,845	14,891,467,845	7,087,893,779	12,630,910,089	9,348,451,535	9,348,451,535
In which:	-	-	-	-	-	-
Amount due for settlement within 12 months:	21,273,597,250	21,273,597,250			17,575,838,324	17,575,838,324
Long-term borrowings	11,364,596,916	11,364,596,916			10,923,076,920	10,923,076,920
Long-term finance lease liabilities	9,909,000,334	9,909,000,334			6,652,761,404	6,652,761,404
Bonds issued	-	-			-	-
Long-term borrowings and finance lease liabilities	42,480,951,782	42,480,951,782			25,886,245,784	25,886,245,784

(1) These are long-term loans from Vietnam Joint Stock Commercial Bank for Investment and Development – Hanoi Branch under Credit Agreement No. 02/2020/3990765/HBTD dated December 15th 2020, intended for payment of reasonable costs to invest in the "GMP-WHO Pharmaceutical and Medical Products Manufacturing Plant" project in Phase 2 at Area 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province. The loan term is 84 months, and the interest rate is based on the personal savings interest rate plus 3% per year after 24 months, adjusted every 6 months. The loan is secured by:

- All the shares and all rights arising from the owned shares, including the right to receive dividends in cash or shares, the right to purchase additional shares at a preferential price, and other rights, with a total of 950,000 shares held by Mr. Vu Thanh Trung (CEO of the company).

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- All machinery and equipment that will be developed in the future for the "Investment in GMP-WHO Pharmaceutical and Medical Products Manufacturing Plant, Phase 2, in Phu Ninh Commune, Phu Tho Province" project of Vietnam Medicinal Materials Joint Stock Company.
- (2) These are long-term loans from Vietnam Prosperity Joint Stock Commercial Bank – Thang Long Branch:
- Under loan agreement No. 140720-2751778-01-SME signed in July 15th, 2020, aimed at partially paying for the purchase of one car. The loan term is 78 months, with an interest rate of 8.8% per year at the time of disbursement, adjusted quarterly. The loan is secured by a Vinfast car, Lux SA model, license plate 30G-444.36 owned by the Company.
 - Under loan agreement No. CLC-7758-01 signed in November 29th, 2023, aimed at partially paying for the purchase of one car. The loan term is 60 months, with an interest rate of 9.8% per year at the time of disbursement, adjusted quarterly. The loan is secured by a Kia car, Carnival KA4 23.5 AFH7 model, license plate 30K-718.25 owned by the Company.
- (3) These are financial lease debts of the Company with BIDV – Sumi Trust Finance Leasing Company Limited – Hanoi Branch under the following contracts:
- Financial lease agreement No. 21719000172/HDCCTC dated July 31st, 2019, with a lease term of 48 months, with a fixed interest rate of 8.5% per year for the first 3 months of the lease term. From the 4th month, the lease interest rate will be the reference rate plus 1.8% per year.
 - Financial lease agreement No. 21719000173/HDCCTC dated July 31st, 2019, with a lease term of 48 months, with a fixed interest rate of 8.5% per year for the first 3 months of the lease term. From the 4th month, the lease interest rate will be the reference rate plus 1.8% per year.
- (4) These are financial lease debts of the Company with Chaillease International Finance Leasing Company Limited – Hanoi Branch under the following contracts:
- Financial lease agreement No. C210323912 dated March 18th, 2021, with a lease term of 44 months, with a lease interest rate of 9.83% per year.
 - Financial lease agreement No. C210723012 dated July 26th, 2021, with a lease term of 42 months, with a lease interest rate of 9.8% per year.
 - Financial lease agreement No. C210725512 dated October 7th, 2021, with a lease term of 42 months, with a lease interest rate of 9.83% per year.
 - Financial lease agreement No. C211235212 dated December 28th, 2021, with a lease term of 42 months, with a lease interest rate of 12.17% per year.

4.20.2. Long-term borrowings and finance lease liabilities (Continue)

Long-term borrowings are repayable as follows:

	Closing balance VND	Opening balance VND
On demand or within one year	10,923,076,920	11,364,596,916
In the second year	11,364,596,916	10,187,930,249
In the third to fifth year inclusive	11,825,958,737	25,081,732,390
After five years	-	-
	34,113,632,573	46,634,259,555
Less: Amount due for settlement within 12 months (shown under short-term borrowings)	10,923,076,920	11,364,596,916
Amount due for settlement after 12 months	23,190,555,653	35,269,662,639

Details of long-term obligations under finance lease are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	Closing balance VND	Opening VND	Closing balance VND	Opening VND
Amounts payable under finance leases:				
- Within one year	6,652,761,404	9,909,000,334	6,652,761,404	9,909,000,334
- In the second to fifth year inclusive	2,695,690,131	7,211,289,143	2,695,690,131	7,211,289,143
	9,348,451,535	17,120,289,477	9,348,451,535	17,120,289,477
Less: Future finance charges			-	-
Present value of lease obligations			9,348,451,535	17,120,289,477
Less: Amount due for settlement within 12 months			6,652,761,404	9,909,000,334
Amount due for settlement after 12 months			2,695,690,131	7,211,289,143

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4.21. Owner's equity
4.21.1. Reconciliation table of equity

	Owner's contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	356,500,000,000	159,200,000,000	7,166,452,294	125,364,082,889	648,230,535,183
Increase in the year	-	-	5,441,523,095	43,162,348,835	48,603,871,930
- Profit for the year	-	-	-	43,162,348,835	43,162,348,835
- Distribution of profits in the previous year	-	-	5,441,523,095	-	5,441,523,095
- Decrease in previous year	-	-	-	(8,162,284,642)	(8,162,284,642)
- Appropriation to development investment fund	-	-	-	(5,441,523,095)	(5,441,523,095)
- Deduction to bonus and welfare fund	-	-	-	(2,720,761,547)	(2,720,761,547)
Prior year's closing balance	356,500,000,000	159,200,000,000	12,607,975,389	160,364,147,082	688,672,122,471
Current year's opening balance	356,500,000,000	159,200,000,000	12,607,975,389	160,364,147,082	688,672,122,471
Increase in the year	71,299,160,000	-	32,072,829,416	47,874,884,656	79,947,714,072
- Capital increase in the year	71,299,160,000	-	-	-	71,299,160,000
- Profit for the year	-	-	-	47,874,884,656	47,874,884,656
- Distribution of profits in the year	-	-	32,072,829,416	-	32,072,829,416
- Decrease in the year	-	-	-	(103,371,989,416)	(103,371,989,416)
- Appropriation to development investment fund	-	-	-	(32,072,829,416)	(32,072,829,416)
- Dividends paid shares	-	-	-	(71,299,160,000)	(71,299,160,000)
Current year's closing balance	427,799,160,000	159,200,000,000	44,680,804,805	104,867,042,322	736,547,007,127

4.21.2. Details of owner's investment capital

	Closing balance		Opening balance	
	Actual contributed capital VND	Ratio %	Actual contributed capital VND	Ratio %
Mr. Vu Thanh Trung	85,800,000,000	20.06%	71,500,000,000	20.06%
Other shareholders	341,999,160,000	79.94%	285,000,000,000	79.94%
	427,799,160,000	100.00%	356,500,000,000	100.00%

4.21.3. Capital transactions with owners and dividend distribution, profit sharing

	Current year VND	Prior year VND
Owner's invested equity	-	-
Capital contribution at the beginning of the year	356,500,000,000	270,000,000,000
Contributed capital increased during the year	71,299,160,000	86,500,000,000
Contributed capital decreased during the year	-	-
Capital contribution at the end of the year	427,799,160,000	356,500,000,000
Dividends and distributed profits	-	-

4.21.4. Shares

	Closing balance VND	Opening balance VND
- Number of shares registered for issuance	42,779,916	35,650,000
- Number of shares issued to the public	42,779,916	35,650,000
+ Ordinary shares	42,779,916	35,650,000
+ Preference shares	-	-
- Number of shares repurchased	-	-
+ Ordinary shares	-	-
+ Preference shares	-	-
- Number of outstanding shares in circulation	42,779,916	35,650,000
+ Ordinary shares	42,779,916	35,650,000
+ Preference shares	-	-

An ordinary share has par value of 10,000 VND/share.

4.21.5. Profits distribution

	Current year VND	Prior year VND
Undistributed profit at the beginning of the year	160,364,147,082	125,364,082,889
Profit from business activities in the year	47,874,884,656	43,162,348,835
Other adjustments to increase profit	-	-
Other items adjusted to increase profits	-	-
Dividends or distributed profits to funds during the year	208,239,031,738	168,526,431,724
Distribution of funds and dividends, including:	(103,371,989,416)	(8,162,284,642)
- Appropriation for development investment fund	(32,072,829,416)	(5,441,523,095)
- Appropriation for bonus and welfare funds	-	(2,720,761,547)
- Appropriation for executive board's bonus fund	(71,299,160,000)	-
Remaining undistributed profit	104,867,042,322	160,364,147,082

The Company distributes profits according to Resolution No. 01/2024/NQ-DHĐCĐ/DLVN dated May 31, 2024 of the General Meeting of Shareholders of Vietnam Pharmaceutical Joint Stock Company on the undistributed after-tax profits of 2023, specifically as follows:

- Development Investment Fund (20%): 32,072,829,416 VND
- Dividends paid by shares: 71,300,000,000 VND

5. ADDITIONAL INFORMATION ON THE PRESENTED SECTIONS ON THE STATEMENT OF INCOME

5.1. Revenue from goods sold and services rendered

	Current year VND	Prior year VND
Revenue from sale of goods	1,491,547,994,994	811,322,634,419
Revenue from sales of finished products	88,467,296,148	671,019,287,914
	1,580,015,291,142	1,482,341,922,333

5.2. Deductions

	Current year VND	Prior year VND
Sales allowances	-	323,628,175
Sales discounts	46,032,000	298,610,626
	46,032,000	622,238,801

5.3. Cost of goods sold and services rendered

	Current year VND	Prior year VND
Cost of goods sold	1,372,613,961,292	754,144,547,783
Cost finished goods, processed goods sold	66,757,628,814	569,335,472,542
	1,439,371,590,106	1,323,480,020,325

5.4. Financial income

	Current year VND	Prior year VND
Bank and loan interest	4,592,777,323	5,709,940,411
Exchange rate difference interest incurred during the year	-	420,164,891
	<u>4,592,777,323</u>	<u>6,130,105,302</u>

5.5. Financial expenses

	Current year VND	Prior year VND
Interest expense	47,700,455,832	58,596,999,362
Exchange rate difference losses incurred during the year	-	277,379,453
	<u>47,700,455,832</u>	<u>58,874,378,815</u>

5.6. Selling expenses

	Current year VND	Prior year VND
Staff costs	7,773,980,575	20,300,568,825
The cost of raw materials, packaging	100,236,374	512,195,856
The cost of tools, tools, utensils	155,836,430	182,642,028
Depreciation expense of fixed assets	1,242,999,209	1,023,496,478
Cost of outsourced services	1,440,799,170	2,599,274,213
Others	540,876,927	1,054,368,857
	<u>11,254,728,685</u>	<u>25,672,546,257</u>

5.7. General and administration expenses

	Current year VND	Prior year VND
Management staff costs	14,178,030,712	12,599,004,990
Cost of materials management	127,792,759	73,588,692
Cost of tools, instruments and supplies	870,739,003	1,055,720,488
Fixed asset depreciation expense	2,176,365,561	3,831,843,840
Taxes, charges and fees	47,775,512	120,621,484
Cost of outsourced services	5,428,572,458	5,412,837,572
Others	5,580,363,293	4,923,505,929
Provision for losses of bad receivables	-	2,812,472,642
	<u>28,419,639,298</u>	<u>30,829,595,637</u>

5.8. Other income

	Current year VND	Prior year VND
Income from liquidation of fixed assets	140,550,248	168,269,532
Others	624,436,067	487,642,487
	<u>764,986,315</u>	<u>655,912,019</u>

5.9. Other expenses

	Current year VND	Prior year VND
Cost of liquidating of fixed assets	2,575,467,394	12,952,084
Fines for administrative violations and late payment	351,448,476	107,394,129
Other costs	252,233,668	32,545,379
	3,179,149,538	152,891,592

5.10. Corporate income tax expense

	Current year VND	Prior year VND
Corporate income tax expense based on taxable profit in the current year (i)	7,526,574,665	6,333,919,392
Total current corporate income tax expense	7,526,574,665	6,333,919,392

(i) The current corporate income tax expense for the year was computed as follows:

	Current year VND	Prior year VND
Profit/(Loss) before tax	55,401,459,321	49,496,268,227
- Adjustments increase	2,990,938,515	542,108,293
+) Expenses are not deductible	2,990,938,515	542,108,293
- Adjustments decrease	-	-
+) Other amounts	-	-
Profits subject to corporate income tax	58,392,397,836	50,038,376,520
Income from business activities is entitled to a preferential tax rate of 17%	36,103,520,887	31,945,703,591
Income from business activities is subject to a tax rate of 20%	22,288,876,949	18,092,672,929
Estimated corporate income tax payable	-	-
Corporate income tax expenses from business activities are preferential (17% tax rate) and reduce 50%.	3,068,799,275	2,715,384,805
Corporate income tax expenses from business activities are subject to a tax rate of 20%	4,457,775,390	3,618,534,587
Corporate income tax expense based on taxable profit in the current year	7,526,574,665	6,333,919,392

5.11. Basic earnings per share and Diluted earnings per share

	Current year	Prior year
a) Basic earnings per share	-	-
Accounting profit after corporate income tax (VND)	47,874,884,656	43,162,348,835
Increasing or decreasing adjustments to accounting profit to determine profit or loss attributable to ordinary shareholders:	-	-
Profit or loss attributable to ordinary shareholders (VND)	47,874,884,656	43,162,348,835
Average ordinary shares in circulation for the year (shares)	42,779,916	35,650,000
Basic earnings per share (VND/Share)	1,119	1,211
b) Diluted earnings per share		
Number of additional shares expected to be issued (shares)	-	7,130,000
Diluted earnings per share (VND/Share)	1,119	1,009

Basic earnings per share and diluted earnings per share are affected by the Company's profit distribution in accordance with Resolution No. 01/2024/NQ-ĐHĐCĐ/DLVN dated May 31st, 2024 of the General Meeting of Shareholders of Vietnam Pharmaceutical Joint Stock Company on undistributed accumulated profit after tax in 2023.

5.12. Production cost by nature

	Current year VND	Prior year VND
Raw materials and consumables	670,833,167,518	547,957,221,476
Labour	34,149,748,861	41,094,517,065
Cost of tools, instruments and supplies	1,940,612,341	3,422,167,269
Depreciation and amortisation	24,790,285,112	25,973,381,329
Taxes, charges and fees	47,775,512	33,773,206
Cost of outsourced services	8,499,332,924	12,211,140,649
Others	6,139,730,220	3,972,508,296
	746,400,652,488	634,664,709,290

6. ADDITIONAL INFORMATION ON THE PRESENTED SECTIONS ON THE STATEMENT OF CASH FLOWS

6.1. Actual amounts of borrowings received during the year

	Current year VND	Prior year VND
Proceeds from borrowings under normal contracts	1,260,961,313,711	1,238,830,472,170
	1,260,961,313,711	1,238,830,472,170

6.2. Actual amounts of principal paid during the year

	Current year VND	Prior year VND
Repayment of borrowings under normal contracts	1,203,846,285,492	1,142,845,893,908
	1,203,846,285,492	1,142,845,893,908

7. FINANCIAL INSTRUMENTS

7.1. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to owners [shareholders] through the optimisation of the debt and equity balance.

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	Current year VND	Prior year VND
Borrowings	766,552,527,334	721,958,126,097
Less: Cash and cash equivalents	85,716,381,492	104,847,984,669
Net debt	680,836,145,842	617,110,141,428
Equity	736,547,007,127	688,672,122,471
Net debt to equity ratio	0,92	0,9

7.2. Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets financial liabilities.

7.3. Categories of financial instruments

	Carrying amounts	
	Closing balance VND	Opening balance VND
Financial assets		
Cash and cash equivalents	85,716,381,492	104,847,984,669
Trade and other receivables	539,571,370,872	410,155,144,408
Short-term financial investments	118,906,968,745	94,772,592,688
Long-term financial investments	20,000,000,000	20,000,000,000
	764,194,721,109	629,775,721,765

	Carrying amounts	
	Closing balance VND	Opening balance VND
Financial liabilities		
Trade payables, Other payables	115,033,435,613	97,293,368,210
Accrued expenses	961,039,745	1,371,080,529
Borrowings and lease	766,552,527,334	721,958,126,097
	882,547,002,692	820,622,574,836

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

7.4. Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Commodity price risk management

The Company purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Company is exposed to the risk of changes in selling prices of materials, commodities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners [shareholders] to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Từ 01 năm trở xuống VND	Trên 01 năm đến 05 năm VND	Trên 05 năm VND	Tổng VND
Opening balance				
Cash and cash equivalents	104,847,984,669	-	-	104,847,984,669
Trade and other receivables	318,970,750,850	85,559,448,274	-	404,530,199,124
Short-term financial investments	94,772,592,688	-	-	94,772,592,688
Long-term financial investments	-	-	20,000,000,000	20,000,000,000
	518,591,328,207	85,559,448,274	20,000,000,000	624,150,776,481
	Less than 1 year VND	From 1 - 5 years VND	More than 5 years VND	Total VND
Closing balance				
Cash and cash equivalents	85,716,381,492	-	-	85,716,381,492
Trade and other receivables	440,600,160,370	93,577,326,528	-	534,177,486,898
Short-term financial investments	118,906,968,745	-	-	118,906,968,745
Long-term financial investments	-	-	20,000,000,000	20,000,000,000
	645,223,510,607	93,577,326,528	20,000,000,000	758,800,837,135
	Less than 1 year VND	From 1 - 5 years VND	Sau 05 năm VND	Tổng VND
Opening balance				
Trade payables, Other payables	94,670,056,310	-	-	94,670,056,310
Accrued expenses	1,371,080,529	-	-	1,371,080,529
Borrowings and lease	679,477,174,315	42,480,951,782	2,623,311,900	724,581,437,997
	775,518,311,154	42,480,951,782	2,623,311,900	820,622,574,836
	Less than 1 year VND	From 1 - 5 years VND	Sau 05 năm VND	Tổng VND
Closing balance				
Trade payables, Other payables	112,684,022,713	2,349,412,900	-	115,033,435,613
Accrued expenses	961,039,745	-	-	961,039,745
Borrowings and lease	740,666,281,550	25,886,245,784	-	766,552,527,334
	854,311,344,008	28,235,658,684	-	882,547,002,692

The management assessed the liquidity risk at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due .

8. OTHER INFORMATION

8.1. Events arising after the end of the period

The Board of Management of the Company affirms that, in the identity of the Board of Management, in terms of material aspects, no unusual events occurred after the end of the fiscal year that would affect the financial situation and The Company's activities need to be adjusted or presented in these financial statements.

8.2. Transactions and balances with related parties

The related parties with the Company include key management members, the individuals involved with key management members and other related parties.

8.2.1. Transactions and balances with key management members, the individuals involved with key management members.

Key management members include members of the Board of Directors, the Board of Supervisors, and the Executive Board (The Board of General Management / The Board of Management / General Director, Chief Financial Officer, Chief Accountant). Individuals associated with key management members are close members in the family of key management members.

Income of key management members:

Remuneration paid to the Company's General Director and General Management during the year was as follows:

	Content	Current year VND	Prior year VND
The Board of Directors			
Mr. Tran Binh Duyen	Chairman	-	50,000,000
Mr. Vu Thanh Trung	Member	16,000,000	40,000,000
Mr. Nguyen Van Cai	Member	20,000,000	40,000,000
Ms. Pham Hoang Linh	Member	-	40,000,000
Mr. Le Cao Hoang	Member	23,200,000	-
Ms. Doan Thi Thu Hoai	Member	-	40,000,000
The Board of Supervisors			
Ms. Ngu Thi Thu Trang	Head of BOS	-	20,000,000
Ms. Nguyen Thi Tuyet Mai	Head of BOS	-	-
Ms. Duong Thi Ngoc	Member	-	10,000,000
Ms. Tran Thi Thanh Tam	Member	-	10,000,000
Ms. Nguyen Thi Ha	Member	16,000,000	-
Ms. Nguyen Diep Khanh Linh	Member	16,000,000	-
Ms. Dinh Thi Khanh Ngan	Member	10,000,000	-
Mr. Bui Cong Tuan	Member	10,000,000	-
The Board of Management			
Mr. Vu Thanh Trung	General Director	659,491,750	690,855,785
Mr. Tran Binh Duyen	Deputy General Director	145,603,810	509,386,174
Mr. Nguyen Van Cai	Deputy General Director	230,200,000	-
Ms. Doan Thi Thu Hoai	Chief Accountant	186,404,218	437,944,137
Ms. Doan Thi Thu Hoai	Chief Accountant	-	248,365,082
Mr. Nguyen Manh Thang	Chief Accountant	409,289,000	229,135,764
		1,742,188,778	2,365,686,942

Transactions with key members of management and individuals related to key members of management.

The Company does not have transactions related to sales and provision of services to key management members and individuals related to key management members.

Balances with key management members and individuals associated with key management members.

At the end of the year, the Company had no balances with key management members and individuals related to key management members.

8.2.2. Transactions and balances with other related parties

Other related parties to the Company include subsidiaries, joint-ventures, associates controlled businesses, individuals with direct or indirect voting rights at the Company and intimately members within their families, businesses run by key management employees and individuals with direct or indirect voting rights of the Company and intimately members of their families.

List of other related parties

Other related parties	Location	Relationship
VIBFA Joint Stock Company	Ha Noi	Associated Company

Transactions with other related parties

During this fiscal year, the company had transactions with related parties

Balance of accounts receivable/(payable) with other related parties

The Company has no receivable or payable balances with related parties in fiscal year 2024.

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

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8.3. Information of Department

According to Circular 20/2006/TT-BTC dated March 20, 2006 of the Ministry of Finance on guiding the implementation of six (06) accounting standards issued under Decision No. 12/2005/QĐ-BTC dated February 15, 2005 of the Ministry of Finance. The company's management decisions are mainly based on the types of products and services that the company provides, not on the geographical areas where the company provides products and services. Therefore, the Company's main report is by business sector.

Prior Year

Items	Pharmaceutical and medical supplies business	Production and trading of pharmaceutical materials	New service development	Other activities	Total
	VND	VND	VND	VND	VND
Net external sales	810,905,415,465	562,435,003,171	114,509,370,198	1,487,849,788,834	1,487,849,788,834
Net inter-segment sales	-	-	-	-	-
Net inter-segment sales	784,203,197,096	543,914,640,639	110,738,703,299	1,438,856,541,034	1,438,856,541,034
Operating profit	26,702,218,369	18,520,362,532	3,770,666,899	48,993,247,800	48,993,247,800
Total expenditures on acquisition of fixed assets	133,351,691,562	92,491,254,402	18,830,825,306	244,673,771,290	244,673,771,290
Segment assets	748,447,975,020	519,115,215,136	105,689,645,933	1,373,252,836,089	1,373,252,836,089
Unallocated assets	-	-	-	159,667,682,528	159,667,682,528
Total assets	748,447,975,020	519,115,215,136	105,689,645,933	1,532,920,518,617	1,532,920,518,617
Segment liabilities	457,166,946,927	317,085,924,376	64,557,343,149	838,810,214,452	838,810,214,452
Unallocated liabilities	-	-	-	5,438,181,694	5,438,181,694
Total liabilities	457,166,946,927	317,085,924,376	64,557,343,149	844,248,396,146	844,248,396,146

VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continue)

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Current year	Items	Pharmaceutical and medical supplies business	Production and trading of pharmaceutical materials	New service development	Other activities	Total
		VND	VND	VND	VND	VND
	Net external sales	88,421,264,148	1,491,547,994,994	5,357,763,638	1,585,327,022,780	1,585,327,022,780
	Net inter-segment sales	-	-	-	-	-
	Net inter-segment sales	85,153,943,642	1,436,432,685,387	5,159,784,892	1,526,746,413,921	1,526,746,413,921
	Operating profit	3,267,320,506	55,115,309,607	197,978,746	58,580,608,859	58,580,608,859
	Total expenditures on acquisition	14,136,715,695	238,467,411,140	856,594,644	253,460,721,479	253,460,721,479
	Segment assets	79,447,187,467	1,340,167,371,691	4,813,991,931	1,424,428,551,089	1,424,428,551,089
	Unallocated assets	-	-	-	210,141,494,528	210,141,494,528
	Total assets	79,447,187,467	1,340,167,371,691	4,813,991,931	1,634,570,045,617	1,634,570,045,617
	Segment liabilities	49,869,510,207	841,231,672,913	3,021,773,676	894,122,956,796	894,122,956,796
	Unallocated liabilities	-	-	-	3,900,081,694	3,900,081,694
	Total liabilities	49,869,510,207	841,231,672,913	3,021,773,676	898,023,038,490	898,023,038,490

8.4. Comparative figures

The comparative figures are data on the financial statements 2023 of the Company audited by InterCapital Accounting and Valuation Company Limited.

Preparer
NGUYEN THI HUONG

Chief Accountant
NGUYEN MANH THANG



General Director
VU THANH TRUNG
Phu Tho, Vietnam
31st March 2025



20 *years* OF HEALTHCARE DEDICATION

VIETNAM PHARMACEUTICAL JOINT STOCK COMPANY

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