

**PHONG PHU PHARMACEUTICAL  
JOINT STOCK COMPANY**

**Audited financial statements  
for the fiscal year ended 31 December 2024**



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## THE BOARD OF DIRECTORS' REPORT

The Board of Directors of Phong Phu Pharmaceutical Joint Stock Company (briefly called "the Company") has the pleasure in presenting this report and the audited financial statements of the Company for the fiscal year ended 31 December 2024.

### 1. General information

Phong Phu Pharmaceutical Joint Stock Company is a joint stock company, established in Vietnam and operating under the Business Registration Certificate No. 0301427564 first registered on 20 August 2000 issued by the Department of Planning and Investment of Ho Chi Minh City.

During its operation, the Company has been granted the following additional Business Registration Certificates by the Department of Planning and Investment of Ho Chi Minh City:

- 1<sup>st</sup> amendment Business Registration Certificate dated 25 March 2003;
- 2<sup>nd</sup> amendment Business Registration Certificate dated 02 March 2007 to update the Company's name and address;
- 3<sup>rd</sup> amendment Business Registration Certificate dated 25 October 2007 to increase the Company's charter capital from VND 6,000,000,000 VND to VND 22,000,000,000;
- 4<sup>th</sup> amendment Business Registration Certificate dated 13 November 2008 to update the Company's business activities;
- 5<sup>th</sup> amendment Business Registration Certificate dated 16 August 2010 to update the Company's Business Registration Certificate to No. 0301427564;
- 6<sup>th</sup> amendment Business Registration Certificate dated 09 September 2010 to update the Company's Legal Representative from Ms. Nguyen Thi Bich Ngoc to Mr. Ho Vinh Hien;
- 7<sup>th</sup> amendment Business Registration Certificate dated 28 October 2010 to increase the Company's charter capital from VND 22,000,000,000 to VND 23,355,000,000 and update information regarding 83 branches of the Company;
- 8<sup>th</sup> amendment Business Registration Certificate dated 11 February 2011 to decrease 83 branches of the Company to 82 branches;
- 9<sup>th</sup> amendment Business Registration Certificate dated 28 February 2012 to update the Company's business activities, also increase 82 branches of the Company to 83 branches;
- 10<sup>th</sup> amendment Business Registration Certificate dated 18 April 2014 to increase the Company's charter capital from VND 23,355,000,000 to VND 29,799,990,000, also decrease 83 branches of the Company to 69 branches;
- 11<sup>th</sup> amendment Business Registration Certificate dated 18 September 2014 to increase the Company's charter capital from VND 29,799,990,000 to VND 45,000,000,000;
- 12<sup>th</sup> amendment Business Registration Certificate dated 24 December 2015 to dissolve all of the Company's branches;
- 13<sup>th</sup> amendment Business Registration Certificate dated 03 March 2016 to increase the Company's charter capital from VND 45,000,000,000 to VND 60,000,000,000;
- 14<sup>th</sup> amendment Business Registration Certificate dated 19 October 2018 to increase the Company's charter capital from VND 60,000,000,000 to VND 80,000,000,000;
- 15<sup>th</sup> amendment Business Registration Certificate dated 21 August 2019 to increase the Company's charter capital from VND 80,000,000,000 to VND 87,999,910,000;
- 16<sup>th</sup> amendment Business Registration Certificate dated 15 October 2021 to update information of the Company's Legal Representative;

Charter capital of the Company at 31/12/2024 and at 01/01/2024 is VND 87,999,910,000 equivalent with 8,799,991 shares which have par value of VND 10,000/ share.

The Company's shares were accepted for listing on the Hanoi Stock Exchange with the stock code PPP and the first trading day was 18 July 2011.

According to Business registration certificate, the Company's business activities are:

- Wholesale of other household products. Details: Wholesale of pharmaceuticals; medical instruments, medical equipment; cosmetics, perfumeries; antiseptic solutions.
- Other production not elsewhere classified. Details: Tea production;
- Manufacture of dairy products;
- Manufacture of bakery products from flour;



## THE BOARD OF DIRECTORS' REPORT

- Manufacture of macaroni, noodles and similar farinaceous products;
- Manufacture of non-alcoholic beverages, and mineral waters. Details: Production of mineral waters and other bottled waters; manufacture of non-alcoholic beverages;
- Wholesale of food. Details: Wholesale of tea; Wholesale of sugar (not operating at headquarters); milk and dairy products, confectionery and products processed from cereal, flour, starch; wholesale of functional foods;
- Other passenger land transport. Details: Freight transport by special-purpose motor vehicles; other urban and suburban passenger land transport (not operating at headquarters);
- Warehousing and storage of goods. Details: Storage of goods;
- Real estate activities, own or rented property and land use rights. Details: Real estate activities (not operating at headquarters);
- Manufacture of functional foods not elsewhere classified. Details: Manufacture of functional foods (except for fresh food processing);
- Manufacture of pharmaceuticals, medicinal chemical and herbal medicines. Details: Manufacture of pharmaceuticals, herbal medicines, herbal extracts;
- Manufacture of cocoa, chocolate and sugar confectionery;
- Wholesale of beverages. Details: Wholesale of non-alcoholic beverages;
- Manufacture of cosmetics, soap and detergents, cleaning and polishing preparations and toilet preparations. Details: Manufacture of cosmetics, chemicals and antiseptic solutions for household and medical use (except for manufacturing chemicals at headquarters);
- Manufacture of medical and dental, and orthopedic and rehabilitation instruments and supplies. Details: Manufacture of medical instruments and supplies;
- Other professional, scientific and technology activities not elsewhere classified. Details: Technology transfer and technology transfer services in the field of pharmaceuticals and health supplement; Product research and development services in the field of pharmaceuticals and health supplement;
- Growing spices, medicinal plants, perennial aromatic plants. Details: Growing and processing spices, medicinal plants, perennial aromatic plants (not operating at headquarters).

In the year, the Company's principal activities are producing and wholesale of medicine.

The Company's head office:

- Address : Lot No. 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam
- Phone : 028 3754 7999
- Fax : 028 3754 7996

### Branches

The Company has the following affiliated units:

No.	Unit's name	Address
1	Branch of Phong Phu Pharmaceutical Joint Stock Company - Functional Food Production Factory	179 Phong Phu Street, Ward 11, District 8, Ho Chi Minh City, Vietnam
2	Phong Phu Pharmaceutical Joint Stock Company – Usarichpharm Factory Branch	Lot No. 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam

The Company has the following subsidiary:

Name	Address	Main activities	Ownership rate	Voting right rate
USAR Vietnam Company Limited	Lot 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam	Pharmaceutical trading business	100%	100%

## THE BOARD OF DIRECTORS' REPORT

### 2. The members of the Board of Directors, the Board of Supervisors and General Director

The members of the Board of Directors, The General Director and the Board of Supervisors in the fiscal year ended 31 December 2024 and as at the date of this report include:

#### The Board of Directors

Full name	Position
Ms. Le Thanh Truc	Chairwoman
Mr. Thai Nha Ngon	Vice Chairman
Ms. Nguyen Thi Mai Nguyet	Member
Mr. Pho Nghia Van	Member
Ms. Pham Thi Thach Thao	The Company's Administrative Officer

#### The Board of Supervisors

Full name	Position
Ms. Nguyen Hoang Ngoc Chau	Chief Supervisor
Ms. Pham Thi Minh Tam	Member
Mr. Nguyen Van Chac	Member

#### The General Director and Chief Accountant

Full name	Position
Mr. Thai Nha Ngon	General Director
Ms. Nguyen Thi Anh Chi	Chief Accountant

#### Legal Representative

The Legal Representative of the Company during the fiscal year ended at 31 December 2024 and at the date of this report is:

Full name	Nationality	Position
Mr. Thai Nha Ngon	Vietnamese	General Director

### 3. The Company's financial position and operating results

The Company's financial position and its operating result for the fiscal year ended 31 December 2024 are reflected in the accompanying financial statements.

### 4. Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the Notes to the Financial statements.

### 5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to audit the Company's financial statements for the fiscal year ended 31 December 2024.



## THE BOARD OF DIRECTORS' REPORT

### 6. Statement of the General Director' responsibility in respect of the financial statements

The 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 well as of its operation results and its cash flows for the fiscal year ended 31 December 2024. In preparing those financial statements, The 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error to preparation and presentation of the financial statements.

The General Director is responsible for ensuring that the proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the Vietnamese Accounting System. The General Director is also responsible for managing the assets of the Company and therefore has taken the appropriate measures to prevent and detect frauds and other irregularities.

The General Director confirmed that the Company has complied with the above requirements in preparing the accompanying financial statements.

### 7. Approval of the financial statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2024, its operation results and cash flows of the Company for the fiscal year ended 31 December 2024 in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements relating to the preparation and presentation of financial statements.

On behalf of the Board of Directors



LE THANH TRUC  
Chairwoman

Ho Chi Minh City, 27 March 2025





Công ty TNHH Kiểm Toán AFC Việt Nam  
AFC Vietnam Auditing Co., Ltd.

Thành viên tập đoàn PKF Quốc tế  
Member firm of PKF International

No: 210/2025/BCKT-HCM.00623



## INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders, the Board of Directors and The General Director  
Phong Phu Pharmaceutical Joint Stock Company**

We have audited the accompanying financial statements of Phong Phu Pharmaceutical Joint Stock Company ("the Company"), prepared on 27 March 2025, as set out from page 6 to 36, which comprise the Balance sheet as at 31 December 2024, the Income statement, the Cash flow statement for the fiscal year then ended and the Notes to the Financial statements.

### The General Director' responsibility

The General Director of the Company is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as the General Director of the Company determines is necessary to enable the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 auditor involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the General Director, 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 of audit opinion.

### Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of Phong Phu Pharmaceutical Joint Stock Company as at 31 December 2024, and the results of its operations and its cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to the preparation and presentation of the financial statements.



**PHẠM THỊ NGOC LIEN**

**Deputy General Director**

Audit Practicing Registration Certificate  
No. 1180-2023-009-1

**AFC VIETNAM AUDITING COMPANY LIMITED**

Hồ Chí Minh City, 27 March 2025

**LE HUYNH BAO**

**Auditor**

Audit Practicing Registration Certificate  
No. 5449-2021-009-1

**BALANCE SHEET**

As at 31 December 2024

ITEMS	Code	Notes	31/12/2024 VND	01/01/2024 VND
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>87,878,199,272</b>	<b>76,067,838,743</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	5.1	<b>6,757,221,068</b>	<b>5,972,883,702</b>
1. Cash	111		2,757,221,068	1,972,883,702
2. Cash equivalents	112		4,000,000,000	4,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>31,108,072,981</b>	<b>23,562,811,839</b>
1. Trading securities	121		-	-
2. Provision for diminution in value of held for trading securities	122		-	-
3. Held to maturity investments	123	5.2	31,108,072,981	23,562,811,839
<b>III. Short-term receivables</b>	<b>130</b>		<b>20,510,951,034</b>	<b>19,724,762,639</b>
1. Short-term trade receivables	131	5.3	16,609,684,434	17,404,899,185
2. Short-term advances to suppliers	132	5.4	1,916,342,907	778,610,117
3. Short-term inter-company receivables	133		-	-
4. Receivable from construction contracts under percentage of completion method	134		-	-
5. Short-term loan receivables	135		-	-
6. Other short-term receivables	136	5.5	1,984,923,693	1,541,253,337
7. Provision for doubtful debts	137		-	-
8. Deficient assets pending resolution	139		-	-
<b>IV. Inventories</b>	<b>140</b>	5.6	<b>29,117,055,574</b>	<b>26,478,372,689</b>
1. Inventories	141		29,696,350,224	27,330,368,412
2. Provision for devaluation in inventories	149		(579,294,650)	(851,995,723)
<b>V. Other short-term assets</b>	<b>150</b>		<b>384,898,615</b>	<b>329,007,874</b>
1. Short-term prepayments	151	5.7	364,459,152	241,545,558
2. Deductible VAT	152		7,611,281	-
3. Other receivables from State budget	153	5.14	12,828,182	87,462,316
4. Transactions to buy, resell government bonds	154		-	-
5. Other short-term assets	155		-	-



**BALANCE SHEET**

As at 31 December 2024

ITEMS	Code	Notes	31/12/2024 VND	01/01/2024 VND
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>77,539,637,681</b>	<b>82,189,387,919</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>54,968,812</b>	<b>16,306,562</b>
1. Long-term trade receivables	211		-	-
2. Long-term advances to supplies	212		-	-
3. Paid-in capital in wholly-owned subsidiaries	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Long-term loan receivables	215		-	-
6. Other long-term receivables	216	5.5	54,968,812	16,306,562
7. Provision for doubtful long-term debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>74,287,414,969</b>	<b>78,011,831,743</b>
1. Tangible fixed assets	221	5.8	57,436,446,124	60,464,182,918
- Cost	222		111,763,968,297	112,073,709,420
- Accumulated depreciation	223		(54,327,522,173)	(51,609,526,502)
2. Finance leases	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.9	16,850,968,845	17,547,648,825
- Cost	228		24,609,806,901	24,609,806,901
- Accumulated amortization	229		(7,758,838,056)	(7,062,158,076)
<b>III. Investment property</b>	<b>230</b>		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>61,775,000</b>	-
1. Long-term work in progress	241		-	-
2. Construction in progress	242	5.10	61,775,000	-
<b>V. Long-term financial investments</b>	<b>250</b>		<b>2,000,000,000</b>	<b>2,000,000,000</b>
1. Investments in subsidiaries	251	5.2	2,000,000,000	2,000,000,000
2. Investment in Joint-venture and associates	252		-	-
3. Investments in other entities	253		-	-
4. Provision for diminution in value of long-term investments	254		-	-
5. Held to maturity investment	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>1,135,478,900</b>	<b>2,161,249,614</b>
1. Long-term prepayments	261	5.7	1,019,619,969	1,990,850,468
2. Deferred income tax assets	262	5.11	115,858,931	170,399,146
3. Long-term equipment, supplies and spare parts	263		-	-
4. Other non-current assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>165,417,836,953</b>	<b>158,257,226,662</b>

BALANCE SHEET

As at 31 December 2024

ITEMS	Code	Notes	31/12/2024 VND	01/01/2024 VND
RESOURCES				
C - LIABILITIES	300		28,743,565,560	27,327,375,440
I. Current liabilities	310		28,526,565,560	27,102,375,440
1. Trade accounts payable	311	5.12	12,844,130,879	11,327,545,513
2. Advance from customers	312	5.13	4,456,763,014	4,739,956,265
3. Taxes and amounts payable to State budget	313	5.14	1,324,118,597	1,443,782,651
4. Payables to employees	314		2,635,597,223	3,049,250,851
5. Accrued expenses	315	5.15	173,785,656	162,126,475
6. Inter-company payables	316		-	-
7. Construction contract payables based on agreed progress billings	317		-	-
8. Unrealized revenues	318		-	-
9. Other current payables	319	5.16	743,377,897	616,282,311
10. Short-term borrowings and finance lease liabilities	320		-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	5.17	6,348,792,294	5,763,431,374
13. Price Stabilization Fund	323		-	-
14. Transactions to buy, resell government bonds	324		-	-
II. Long-term liabilities	330		217,000,000	225,000,000
1. Long-term trade payables	331		-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Long-term inter-company payables of capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenues	336		-	-
7. Other long-term liabilities	337	5.16	217,000,000	225,000,000
8. Long-term borrowings and finance lease obligations	338		-	-
9. Convertible bond	339		-	-
10. Preferred stock	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Other long-term provisions	342		-	-
13. Scientific and technological development fund	343		-	-



BALANCE SHEET

As at 31 December 2024

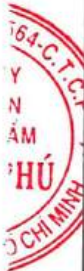
ITEMS	Code	Notes	31/12/2024 VND	01/01/2024 VND
<b>D - EQUITY</b>	<b>400</b>		<b>136,674,271,393</b>	<b>130,929,851,222</b>
<b>I. Owner's equity</b>	<b>410</b>	5.18	<b>136,674,271,393</b>	<b>130,929,851,222</b>
1. Owners' invested equity	411		87,999,910,000	87,999,910,000
- Ordinary shares with voting rights	411a		87,999,910,000	87,999,910,000
- Preference shares	411b		-	-
2. Surplus of stock capital	412		2,205,500,000	2,205,500,000
3. Convertible bonds option	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares	415		-	-
6. Assets revaluation difference	416		-	-
7. Foreign exchange difference	417		-	-
8. Investment and development funds	418		10,260,754,744	9,354,954,223
9. Enterprise reorganization support fund	419		-	-
10. Other owner's funds	420		-	-
11. Undistributed profit after tax	421		36,208,106,649	31,369,486,999
Undistributed profit after tax brought forward	421a		20,809,497,799	14,674,999,783
Undistributed profit after tax for the current year	421b		15,398,608,850	16,694,487,216
12. Construction capital sources	422		-	-
<b>II. Non-business expenditure fund and other funds</b>	<b>430</b>		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>165,417,836,953</b>	<b>158,257,226,662</b>

HO THUY QUYNH NHU  
Preparer

NGUYEN THI ANH CHI  
Chief Accountant



THAI NHA NGON  
General Director  
Ho Chi Minh City, 27 March 2025



## INCOME STATEMENT

For the fiscal year ended 31 December 2024

ITEMS	Code	Notes	2024 VND	2023 VND
1. Revenues from sale of goods and rendering of services	01		118,328,785,536	127,857,991,649
2. Deductions	02		466,111,050	226,799,060
3. Net revenue from sale of goods and rendering of services (10 = 01- 02)	10	6.1	117,862,674,486	127,631,192,589
4. Cost of goods sold	11	6.2	84,041,741,880	91,616,626,811
5. Gross profit from sale of goods and rendering of services (20 = 10 - 11)	20		33,820,932,606	36,014,565,778
6. Financial income	21	6.3	2,667,609,719	2,095,028,390
7. Financial expenses	22	6.4	1,732,800	1,458,000
- In which: loan interest	23		-	-
8. Selling expenses	25	6.5	2,849,284,675	3,224,809,001
9. General and administration expenses	26	6.6	11,392,536,859	11,151,889,599
10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		22,244,987,991	23,731,437,568
11. Other income	31	6.7	195,052,000	173,253,982
12. Other expenses	32	6.8	240,598	84,870,917
13. Profit from other activities (40 = 31 - 32)	40		194,811,402	88,383,065
14. Accounting profit before tax (50 = 30 + 40)	50		22,439,799,393	23,819,820,633
15. Current corporate income tax expense	51	5.14	4,269,248,766	4,148,808,802
16. Deferred corporate income tax expense	52	5.11	54,540,215	30,438,635
17. Net profit after tax (60 = 50 - 51 - 52)	60		18,116,010,412	19,640,573,196

*Signature*

HO THUY QUYNH NHU  
Preparer

*Signature*

NGUYEN THI ANH CHI  
Chief Accountant



THAI NHA NGON  
General Director  
Ho Chi Minh City, 27 March 2025



## CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2024

ITEMS	Code	2024 VND	2023 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Net profit before tax</b>	01	<b>22,439,799,393</b>	<b>23,819,820,633</b>
<b>2. Adjustments for:</b>			
- Depreciation and amortisation	02	4,212,501,914	4,816,035,337
- Provisions	03	(272,701,073)	(152,193,181)
- Foreign exchange (gains)/losses arising from revaluation of monetary accounts	04	-	-
- Profits from investing activities	05	(2,689,194,219)	(2,095,964,390)
- Interest expense	06	-	-
- Other adjustments	07	-	-
<b>3. Operating income before changes in working capital</b>	08	<b>23,690,406,015</b>	<b>26,387,698,399</b>
- (Increase)/decrease in receivables	09	(106,455,241)	1,753,079,411
- (Increase)/decrease in inventories	10	(2,365,981,812)	4,755,323,263
- Increase/(decrease) in payables (exclude loan interest payables, CIT payables)	11	701,305,621	(6,046,854,006)
- (Increase)/decrease in prepaid expenses	12	848,316,905	(793,182,853)
- (Increase)/decrease in business securities	13	-	-
- Interest paid	14	-	-
- Corporate income tax paid	15	(4,257,463,837)	(3,938,016,030)
- Other cash inflow from operating activities	16	-	-
- Other cash outflow from operating activities	17	(1,226,240,121)	(252,082,700)
<b>Net cash flow from operating activities</b>	20	<b>17,283,887,530</b>	<b>21,865,965,484</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(549,860,140)	(4,621,890,947)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	22,354,000	936,000
3. Cash outflow for lending, buying debt instruments of other entities	23	(38,197,673,502)	(29,562,811,839)
4. Cash recovered from lending, selling debt instruments of other entities	24	30,652,412,360	22,000,000,000
5. Investments in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	-
7. Interest earned, dividends and profits received	27	2,015,546,868	1,262,374,966
<b>Net cash flow from investing activities</b>	30	<b>(6,057,220,414)</b>	<b>(10,921,391,820)</b>
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Proceeds from issuing stocks, receiving capital from owners	31	-	-
2. Capital withdrawals, buying treasury shares	32	-	-
3. Proceeds from borrowings	33	-	-
4. Payments to settle loan principals	34	-	-
5. Payments to settle finance lease liabilities	35	-	-
6. Dividends and profits paid	36	(10,442,329,750)	(12,467,631,075)
<b>Net cash flow from financing activities</b>	40	<b>(10,442,329,750)</b>	<b>(12,467,631,075)</b>

CASH FLOW STATEMENT

(Indirect method)  
For the fiscal year ended 31 December 2024

ITEMS	Code	2024 VND	2023 VND
NET CASH FLOWS DURING THE YEAR (50 = 20 + 30 + 40)	50	784,337,366	(1,523,057,411)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	60	5,972,883,702	7,495,941,113
Effect of exchange rate fluctuations on cash and cash equivalents	61	-	-
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (70 = 50 + 60 + 61)	70	6,757,221,068	5,972,883,702

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HO THUY QUYNH NHU  
Preparer

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NGUYEN THI ANH CHI  
Chief Accountant

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THAI NHA NGON  
General Director  
Ho Chi Minh City, 27 March 2025



142756  
CÔNG TY  
CỔ PHẦN  
DƯỢC PHẨM  
PHONG PHU  
Q. BÌNH TÂN - T.P. HỒ CHÍ MINH



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 1. BUSINESS HIGHLIGHTS

#### 1.1 Structure of ownership

Phong Phu Pharmaceutical Joint Stock Company ("the Company") is a joint stock company, established in Vietnam and operating under the Business Registration Certificate No. 0301427564 first registered on 20 August 2000 and the 16<sup>th</sup> amendment Business Registration Certificate dated 15 October 2021 issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Company at 31/12/2024 and at 01/01/2024 is VND 87,999,910,000 equivalent with 8,799,991 shares which have par value of VND 10,000/ share.

The Company's shares were accepted for listing on the Hanoi Stock Exchange with the stock code PPP and the first trading day was 18 July 2011.

The Company's head office is located at Lot No. 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

#### 1.2 Scope of operating activities

The Company operates in the field of production.

#### 1.3 Line of business

According to Business registration certificate, the Company's business activities are:

- Wholesale of other household products. Details: Wholesale of pharmaceuticals; medical instruments, medical equipment; cosmetics, perfumeries; antiseptic solutions.
- Other production not elsewhere classified. Details: Tea production;
- Manufacture of dairy products;
- Manufacture of bakery products from flour;
- Manufacture of macaroni, noodles and similar farinaceous products;
- Manufacture of non-alcoholic beverages, and mineral waters. Details: Production of mineral waters and other bottled waters; manufacture of non-alcoholic beverages;
- Wholesale of food. Details: Wholesale of tea; Wholesale of sugar (not operating at headquarters); milk and dairy products, confectionery and products processed from cereal, flour, starch; wholesale of functional foods;
- Other passenger land transport. Details: Freight transport by special-purpose motor vehicles; other urban and suburban passenger land transport (not operating at headquarters);
- Warehousing and storage of goods. Details: Storage of goods;
- Real estate activities, own or rented property and land use rights. Details: Real estate activities (not operating at headquarters);
- Manufacture of functional foods not elsewhere classified. Details: Manufacture of functional foods (except for fresh food processing);
- Manufacture of pharmaceuticals, medicinal chemical and herbal medicines. Details: Manufacture of pharmaceuticals, herbal medicines, herbal extracts;
- Manufacture of cocoa, chocolate and sugar confectionery;
- Wholesale of beverages. Details: Wholesale of non-alcoholic beverages;
- Manufacture of cosmetics, soap and detergents, cleaning and polishing preparations and toilet preparations. Details: Manufacture of cosmetics, chemicals and antiseptic solutions for household and medical use (except for manufacturing chemicals at headquarters);
- Manufacture of medical and dental, and orthopedic and rehabilitation instruments and supplies. Details: Manufacture of medical instruments and supplies;
- Other professional, scientific and technology activities not elsewhere classified. Details: Technology transfer and technology transfer services in the field of pharmaceuticals and health supplement; Product research and development services in the field of pharmaceuticals and health supplement;
- Growing spices, medicinal plants, perennial aromatic plants. Details: Growing and processing spices, medicinal plants, perennial aromatic plants (not operating at headquarters).

In the year, the Company's principal activities are producing and wholesale of medicine.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 1.4 Normal business cycle

Business cycle of the Company is not exceeding 12 months.

### 1.5 Company structure

The Company has the following affiliated units:

No.	Unit's name	Address
1	Branch of Phong Phu Pharmaceutical Joint Stock Company - Functional Food Production Factory	179 Phong Phu Street, Ward 11, District 8, Ho Chi Minh City, Vietnam
2	Phong Phu Pharmaceutical Joint Stock Company – Usarichpharm Factory Branch	Lot No. 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam

### Subsidiary

The company has the following subsidiary:

Name	Address	Main activities	Ownership rate	Voting right rate
USAR Vietnam Company Limited	Lot 12, No. 8 Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam	Pharmaceutical trading business	100%	100%

### 1.6 Declaration on the comparability of information on the financial statements

The figures presented in the financial statements for the fiscal year ended 31 December 2024 are comparable to the corresponding figures of the previous year.

### 1.7 Employees

As at 31 December 2024, the total number of employees of the Company was 133 (31 December 2023: 131 persons).

## 2. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

### 2.1 Fiscal year

The fiscal year of the Company is from January 01 to December 31 annually.

### 2.2 Accounting currency

The Company maintains its accounting records in Vietnamese dong (VND) due to the collect and spending are made primarily by currency VND.

## 3. ACCOUNTING STANDARDS AND REGULATIONS APPLICATION

### 3.1 Accounting Standards and regulations application

The Company's financial statements are prepared and presented in accordance with Vietnamese Accounting System issued Circular No. 200/2014/TT-BTC on 22 December 2014, the Circular No. 53/2016/TT-BTC on 21 March 2016 issued by the Ministry of Finance guiding the preparation and presentation methods of the financial statements and Vietnam Accounting Standards.

The Company has applied the Vietnamese Accounting Standards, Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC and other circulars guiding the implementation of accounting standards issued by the Ministry of Finance in Vietnam in relating to the preparation and presentation of financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 3.2 Comply with the Vietnamese Accounting Standards and Vietnamese Accounting System

The General Director is ensure that complied with the Vietnamese Accounting Standards, Vietnamese Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC and as well as the guiding implementation of Vietnamese Accounting Standards issued by the Ministry of Finance in relating to the preparation and presentation of financial.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of preparation of the financial statements

The financial statements are prepared on the accrual basis (except for information relating to cash flows).

### 4.2 Foreign currency transactions

In the year, transactions in currencies other than VND during the fiscal year have been translated into VND at exchange rates ruling at the date of the transaction. At the end of the fiscal year, cash in banks, monetary items denominated in foreign currencies are classified as other assets that are converted into VND according to the transfer buying foreign exchange rate of bank prevailing on this date; monetary items denominated in foreign currencies are classified as liabilities that are converted into VND at the selling foreign exchange rate of bank prevailing on this date.

Foreign exchange differences arising during the year from transactions in foreign currencies are recognized in the financial income or expenses. Exchange differences arising from revaluation of monetary items denominated in foreign currencies as at the end of fiscal year after offsetting between increase and decrease difference is recognized in the financial income or expenses.

### 4.3 Cash and cash equivalents

Cash comprises cash on hand, cash in banks (demand deposits) and cash in transit. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value at the report date.

### 4.4 Financial investments

#### Investments in subsidiaries

A subsidiary is an enterprise controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise to obtain benefits from its activities.

Investments in subsidiaries are initially recorded at cost, include the purchase price and costs directly related to the investment. In case of investments in non-monetary assets, the cost of the investment is recorded at the fair value of non-monetary assets at the time they occur.

Dividends and profits from periods prior to the purchase of investment are recorded as a reduction in the value of the investment. Dividends and profits from periods subsequent to the investment being purchased are recorded as revenue. Dividends received in shares are only recorded as the number of shares increased, not the value of the shares received.

Provision for loss of investment in subsidiaries are made when the enterprise receiving the contributed capital suffers a loss leading to the possibility of the Company losing capital or when the value of investments in the subsidiary are depreciated in value. The basis for making provision for investment loss is the financial statement of the investee company.

Increase or decrease in provision for diminution in value of investments in other entities have recorded at the end of the fiscal year, and is recognized in the financial expense.



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 4.5 Receivables

Trade and other receivables are stated at cost less provision for doubtful debts.

The classifications of receivables are trade receivables and other receivables, which complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase - sale between the Company and an independent purchaser.
- Other receivables reflect the nature of the receivables arising from non-commercial transactions, and not to be related to the purchase – sale transactions.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recognised as general and administrative expense in the Income statement

### 4.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined as follows:

- Materials, goods: comprising all costs of purchase and related expenses directly incurred in bringing the inventories to their present location and condition.
- Finished goods: comprising costs of raw materials, direct labor and general production costs directly related to the production process.
- Work-in-process: including raw materials expenses, direct labor and production expenses.

Net realisable value means the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company applies the perpetual inventory method of accounting for inventories and the cost is determined on the weighted average method.

Provision for decline of inventories is made for each inventory with the cost greater than the net realisable value.

Provision for inventories is created for the estimated loss due to the decline in the value of materials, finished goods, and goods owned by the Company that may occur (discounts, deterioration, obsolescence, etc.) based on reasonable evidence of impairment at the end of the fiscal year. Increase or decrease in the balance of provision for decline of inventories should be set aside at the fiscal year end and is recognized in cost of goods sold.

### 4.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Prepaid expenses of the Company include:

#### ***Repairing expenses, tools and equipment***

Tools and equipment's has been put into use are amortised to expense under the straight-line method to amortise time not exceeding 3 years.



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 4.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of tangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs incurred after initial recognition is only recorded as increase in cost of fixed assets if these costs are sure to increase economic benefits in the future by using this assets. The costs incurred are not satisfied conditions are recognized as an expense in the period.

When selling or liquidating assets, their cost and accumulated depreciation of the assets are written off in the financial statements and any gain or loss which are arising from disposal are recorded in the income statement.

Depreciation of tangible fixed assets which is calculated under the straight-line depreciation method with useful time of the asset is estimated as follows:

	Years
Building and structure	06 – 50
Machinery and equipment	03 – 10
Transportation	06 – 10
Office equipment	05
Other fixed assets	04

### 4.9 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of intangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs related to intangible assets incurred after initial recognition are recognized as expenses in the period, unless these costs are associated with an intangible asset and increase economic benefits from these assets.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or losses resulting from their disposal are recognized in other income or other expense.

The Company's intangible fixed assets include:

#### Land use rights

Land use rights are all the actual costs that the Company spent related directly to the land use, includes: money spent to have the right to use land, compensation and site clearance expense, leveling, registration fee,... The land use right of the Company which is calculated under the straight-line depreciation method with land rental time of 40 years.

#### Computer software

The expenses of purchasing computer software, which is not a part associated with the relevant hardware, will be capitalised. The initial cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is amortised according to straight-line method in 3 years.

### 4.10 Accounts payables and accrued expenses

Accounts payable and accrued payable are recognized for amounts to be paid in the future, which are related to the goods and services received. Accrued payables are recorded based on reasonable estimates of the amounts payable.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

The classification of liabilities is trade payable, accrued expenses and other payables are in accordance with the following principles:

- Trade payables reflects the payables occurring from the commercial transactions with purchase of goods, services, property and the seller, which is an independent unit with the Company.
- Accrued payables reflect the amounts payable for goods and services received from the seller or has provided to the buyer but not paid due to no or insufficient billing records, accounting records and payable to employees on sabbatical salary, production costs that must be accrued.
- Other payables reflect the payables from non-commercial payables and not relate to the purchase – sale transactions.

### 4.11 Salary

Salary expenses are determined based on salary, wage and allowances as stated in agreed-upon labor contracts.

### 4.12 Salary deduction

Social insurance is deducted base on salary under labor contract at a cost of 17.5% and deducted from employees' salaries 8%.

Health insurance is deducted base on salary under labor contract at a cost of 3% and deducted from employees' salaries 1.5%.

Unemployment insurance is deducted base on salary under labor contract at a cost of 1% and deducted from employees' salaries 1%

Trade unions fees deducted on salaries to the cost of 2%.

### 4.13 Owners' equity

#### ***Contributed capital of the owner***

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

#### ***Surplus of stock capital***

Surplus of stock capital are recognized at the difference between the issued price and face value of shares when first released, the release added, the difference between the price reissued and the book value of treasury shares and structures the capital of the convertible bond at maturity. Direct expenses related to the issuance of additional shares and treasury shares reissued are reduced Surplus of stock capital.

### 4.14 Profit distribution

Profit after corporate income tax is distributed to shareholders after the deduction of funds under the Charter of the Company and the provisions of the law which were approved by the General Meeting of Shareholders.

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

Dividends are recognized as liabilities when approved by the General Meeting of Shareholders.



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 4.15 Basic earnings per share

Basic earnings per share is calculated by dividing the profit after tax after setting the bonus and welfare fund according to the Company's Charter and law's principals, and approved by the General Meeting of Shareholders to allocate to shareholders owning common shares of the Company by the weighted average number of common shares outstanding during the year.

### 4.16 Revenues

#### Revenues from sales of goods

Revenues from sales shall be recognized if it meets the following five (5) conditions:

- (a) The Company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer;
- (b) The Company no longer holds the right to manage the goods as the goods owner, or the right to control the goods;
- (c) Revenues from sales has been determined with relative certainty;
- (d) The Company has gained or will gain economic benefits from the good sale transaction;
- (e) It is possible to determine the costs related to the goods sale transaction.

#### Revenues from rendering services

The revenue of transaction related to the provision of services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. The result of this transaction can be measured reliably when satisfy all four conditions:

- (a) Revenue can be measured reliably;
- (b) It is possible to obtain economic benefits from the service provision transaction;
- (c) The work volume finished on the date of making the accounting balance sheet can be determined;
- (d) The costs incurred from the service provision transaction and the costs of its completion can be determined.

#### 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.

### 4.17 Loan expenses

Loan expenses are loan interest and other costs incurred in direct relation to loans of an enterprise. Loan expenses are recognised as financial expense for the period except where loan expenses directly related to the construction investment or production of uncompleted assets shall be accounted into the value of such assets (capitalized). The capitalization of loan expenses shall terminate when the major activities necessary to prepare the uncompleted asset for its intended use or sale are completed.

### 4.18 Corporate income tax

Corporate income tax expenses comprises current income tax and deferred income tax.

#### Current income tax

Current income tax is the tax amount is calculated on taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between accounting and tax, non-deductible expenses as well as adjusted income are not taxed and losses be transferred.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### **Deferred income tax**

Deferred income tax is the corporate income tax will pay or will be refunded by the temporary differences between the carrying amounts of assets and liabilities for the purpose of preparing the financial statements and the basis to calculate income tax. Deferred income tax is recognized for all temporary differences tax. Deferred income tax assets are only recognized when the certainty of future get the taxable profits to use those temporary deductible differences.

The carrying amount of deferred tax assets are reconsidered at closing of the financial year and will be reversed to make sure that there is enough taxable profit to allow the benefit of part or all assets to be used. The deferred tax assets did not previously recognize to be reconsidered at closing of the financial year and is recognized when it is sure to enough taxable profit to be able to use this deferred tax assets.

Deferred tax assets and deferred income tax payable is calculated at the estimated tax rates that is applied in the asset is realized or the liability is settled in accordance with the tax rates in effect at closing fiscal year. Deferred income tax is recognized in the income statement and record directly to equity when the tax relates to items directly to equity.

Deferred tax assets and deferred income tax payables are off set as below:

- The Company has a legal right to offset between current income tax assets and current income taxes payable; and
- Deferred tax assets and deferred income tax payables are related to corporate income tax is administered by the same tax authority:
  - For the same taxable Company; or
  - The Company intends to pay current income taxes and deferred tax assets on the basis of net assets or recovered asset at the same with the payment of liabilities for each of periods in future when the materiality of deferred income tax or deferred tax assets to be paid or recovered.

Tax settlement of the Company will be assessed by the Tax Department. Due to the application of laws and regulations on taxes for different incurred transactions which can be explained in many different ways, tax payable presented in the financial statements can be immediately changed according to the decision of the tax authorities.

### **4.19 Segment reporting**

A business segment is a distinguishable component that is engaged in providing a product or service and that has its own risks and returns which are different from those of other business segments.

A geographical segment a distinguishable component that is engaged in providing a product or services in a particular economic environment and that has its own risks and returns which are different from of segment operating in other economic environment.

### **4.20 Financial instrument**

#### **Financial assets**

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets of the Company include cash and cash equivalents, customer receivables and other receivables.

At the time of initial recognition, financial assets are determined at cost plus any costs directly transaction of such financial assets.



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. Financial liabilities of the Company include payable to suppliers, accrued expenses and other payables.

At the time of initial recognition, except for financial liabilities related to financial leasing and convertible bonds are recorded at cost allocation, other financial liabilities are determined at cost plus costs directly transaction of such financial liabilities.

Amortized cost is determined by the value of the initial recognition of financial liabilities minus principal repayments, plus or minus the cumulative amortization of interest calculated at the actual interest rate method of the difference between the value initially recognized and the maturity value, minus deductions (directly or through the use of a provision) by reducing the value or by irrevocable.

The real interest method is a method of calculating the amortized cost of one or a Company of financial liabilities and amortizing the interest income or interest expense in the relevant period. Real interest rate is the interest rate discounting the cash flows estimated to be paid or received in future during the expected lifetime of the financial instrument or a shorter, if necessary, return to the current book value net financial liabilities.

### Owner's equity instruments

Owner's equity instruments are contracts that prove benefits remaining about asset of Company after deducting all of its obligation.

### Offsetting of financial instruments

The financial assets and financial liabilities are offset and the net amount is presented on the balance sheet, and if only:

- The Company has the legal right to offset the values were recognized, and
- It intends to pay on a net basis or recognized assets and paid liabilities at the same time.

### 4.21 Related parties

The parties are related if having the ability to control or significant influence across the decision making of financial policies and operations. Parties are also considered to be related if they are subjected to common control or common significant influences.

The following individuals/ companies are considered as related parties:

Individuals / Company	Location	Relationship
USAR Vietnam Company Limited	Vietnam	Subsidiary
Unite Pharmaceutical Joint Stock Company	Vietnam	Company with same key members
An Medicol Pharma Company Limited	Vietnam	Company with same key members
Minh Luan Precision Mechanical Company Limited	Vietnam	Other related party
Tuyen Hiep Company Limited	Vietnam	Other related party
The Board of Directors, the Board of Supervisors, The General Director		Key members

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 5. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

#### 5.1 Cash and cash equivalents

	31/12/2024 VND	01/01/2024 VND
Cash on hand – VND	99,999,279	71,930,798
Cash in bank – VND	2,657,221,789	1,900,952,904
Cash equivalents	4,000,000,000	4,000,000,000
	<u>6,757,221,068</u>	<u>5,972,883,702</u>

#### 5.2 Financial investments

##### 5.2.1 Short-term financial investments

The Company's short-term financial investments only include held to maturity investments, details are as follows:

	31/12/2024		01/01/2024	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
<b>Short-term</b>				
Term deposit	31,108,072,981	31,108,072,981	23,562,811,839	23,562,811,839
	<u>31,108,072,981</u>	<u>31,108,072,981</u>	<u>23,562,811,839</u>	<u>23,562,811,839</u>

Balance at 31 December 2024 are term deposits at commercial banks with interest rates with 3.4% to 5.6%/year.

##### 5.2.2 Long-term financial investments

The Company's long-term financial investments only include investments in subsidiaries, details are as follows:

	31/12/2024			01/01/2024		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value VND
<b>Investments in subsidiaries</b>						
USAR Vietnam Company Limited (a)	2,000,000,000	-	(*)	2,000,000,000	-	(*)
	<u>2,000,000,000</u>	<u>-</u>		<u>2,000,000,000</u>	<u>-</u>	

(a) As of 31 December 2024, the Company's interest/voting rights ratio at USAR Vietnam Company Limited is 100%.

(\*) At the reporting date, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

#### Subsidiary performance

USAR Vietnam Company was established under Investment Certificate No. 0312559234 dated 22 November 2013 issued the Department of Planning and Investment of Ho Chi Minh City, with the 17<sup>th</sup> amendment on 15 July 2022. The main activity of the subsidiary is pharmaceutical trading



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### Transactions with subsidiaries

Significant transactions between the Company and its subsidiaries are as follows:

		2024 VND	2023 VND
<b>USAR Vietnam Company Limited</b>			
	Sale of goods	52,246,056,130	54,435,590,270
	Return of sold goods	158,089,050	108,968,810
	Profit transferring	1,279,838,526	770,941,593
<b>5.3</b>	<b>Short-term accounts receivables</b>		
		<b>31/12/2024</b>	<b>01/01/2024</b>
		VND	VND
<b>Trade receivables – related parties</b>			
	USAR Vietnam Company Limited	13,537,870,827	12,527,392,007
	An Medical Pharma Company Limited	882,899,817	1,035,850,587
<b>Trade receivables – other parties</b>			
	Dai Quang Pharmaceutical Company Limited	793,027,380	3,164,300,922
	Other customers	1,395,886,410	677,355,669
		<b>16,609,684,434</b>	<b>17,404,899,185</b>
<b>5.4</b>	<b>Short-term advances to suppliers</b>		
		<b>31/12/2024</b>	<b>01/01/2024</b>
		VND	VND
<b>Advances to other suppliers</b>			
	Gold Seal Trading Service Company Limited	896,028,480	219,710,016
	Swati Spentose Pvt, Ltd, Unit-II	901,284,000	-
	Other suppliers	119,030,427	558,900,101
		<b>1,916,342,907</b>	<b>778,610,117</b>
<b>5.5</b>	<b>Other short-term, long-term receivables</b>		
<b>5.5.1</b>	<b>Other short-term receivables</b>		
		<b>31/12/2024</b>	<b>01/01/2024</b>
		<b>Amount</b>	<b>Provision</b>
		VND	VND
<b>Receivables – related parties</b>			
	USAR Vietnam Company Limited – Profit receivable	1,279,838,526	-
<b>Receivables – other parties</b>			
	Deposit interest	586,598,000	-
	Advances	96,590,000	-
	Pledge, mortgage, deposit	11,639,680	-
	Other receivables	10,257,487	-
		<b>1,984,923,693</b>	<b>1,541,253,337</b>
<b>5.5.2</b>	<b>Other long-term receivables</b>		
		<b>31/12/2024</b>	<b>01/01/2024</b>
		<b>Amount</b>	<b>Provision</b>
		VND	VND
<b>Receivables – other parties</b>			
	Pledge, mortgage, deposit	16,232,812	-
	Other receivables	38,736,000	-
		<b>54,968,812</b>	<b>16,306,562</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***5.6 Inventories**

	<b>31/12/2024</b>		<b>01/01/2024</b>	
	<b>Cost</b>	<b>Provision</b>	<b>Cost</b>	<b>Provision</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Raw materials	17,483,558,635	(579,294,650)	14,927,827,487	(851,995,723)
Tools	1,027,454	-	1,219,000	-
Work-in-process	2,593,261,976	-	1,525,598,847	-
Finished goods	9,618,502,159	-	10,875,723,078	-
	<b>29,696,350,224</b>	<b>(579,294,650)</b>	<b>27,330,368,412</b>	<b>(851,995,723)</b>

Increase and decrease in the provision of inventories in year as follow:

	<b>2024</b>	<b>2023</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(851,995,723)	(930,831,054)
Provision in year	(206,578,783)	(104,528,197)
Reversal in year	50,344,312	85,320,778
Inventory disposal	428,935,544	98,042,750
<b>Ending balance</b>	<b>(579,294,650)</b>	<b>(851,995,723)</b>

**5.7 Short-term, long-term prepaid expenses****5.7.1 Short-term prepaid expenses**

	<b>31/12/2024</b>	<b>01/01/2024</b>
	<b>VND</b>	<b>VND</b>
Fire insurance expense	83,232,450	84,020,772
Repair, inspection, other services	117,673,652	94,776,352
Production equipment and tools	100,084,299	47,543,434
Uniform expense	63,468,751	15,205,000
	<b>364,459,152</b>	<b>241,545,558</b>

**5.7.2 Long-term prepaid expenses**

	<b>31/12/2024</b>	<b>01/01/2024</b>
	<b>VND</b>	<b>VND</b>
Repair, maintainance expenses	33,764,635	129,482,086
Filter equipment	16,666,668	-
Production and administration equipment and tools	905,138,015	767,376,727
Landscaping, processing and panel installation expenses	57,808,681	432,140,424
Office repair expense	6,241,970	661,851,231
	<b>1,019,619,969</b>	<b>1,990,850,468</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### 5.8 Increase, decrease of tangible fixed assets

	Building and structure VND	Machinery and equipment VND	Transportation VND	Office equipment VND	Other fixed assets VND	Total VND
<b>HISTORICAL COST</b>						
As at 01/01/2024	67,996,454,436	40,386,750,809	1,730,930,101	1,592,565,909	367,008,165	112,073,709,420
Purchase in year	-	488,085,140	-	-	-	488,085,140
Liquidation	-	(766,326,263)	-	(31,500,000)	-	(797,826,263)
<b>As at 31/12/2024</b>	<b>67,996,454,436</b>	<b>40,108,509,686</b>	<b>1,730,930,101</b>	<b>1,561,065,909</b>	<b>367,008,165</b>	<b>111,763,968,297</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at 01/01/2024	17,198,894,812	32,005,418,778	1,730,930,101	312,089,646	362,193,165	51,609,526,502
Depreciation in year	1,669,119,183	1,655,238,446	-	186,649,305	4,815,000	3,515,821,934
Liquidation	-	(766,326,263)	-	(31,500,000)	-	(797,826,263)
<b>As at 31/12/2024</b>	<b>18,868,013,995</b>	<b>32,894,330,961</b>	<b>1,730,930,101</b>	<b>467,238,951</b>	<b>367,008,165</b>	<b>54,327,522,173</b>
<b>NET BOOK VALUE</b>						
As at 01/01/2024	50,797,559,624	8,381,332,031	-	1,280,476,263	4,815,000	60,464,182,918
<b>As at 31/12/2024</b>	<b>49,128,440,441</b>	<b>7,214,178,725</b>	<b>-</b>	<b>1,093,826,958</b>	<b>-</b>	<b>57,436,446,124</b>

The historical cost of fully depreciated tangible fixed assets but still in use:

As at 01/01/2024	3,163,163,117	24,676,955,502	1,730,930,101	156,500,000	334,908,165	30,062,456,885
<b>As at 31/12/2024</b>	<b>4,268,916,667</b>	<b>24,697,129,239</b>	<b>1,730,930,101</b>	<b>229,818,182</b>	<b>367,008,165</b>	<b>31,293,802,354</b>

### 5.9 Increase, decrease of intangible fixed assets

	Land use right VND	Accounting software VND	Total VND
<b>HISTORICAL COST</b>			
As at 01/01/2024	23,880,406,901	729,400,000	24,609,806,901
<b>As at 31/12/2024</b>	<b>23,880,406,901</b>	<b>729,400,000</b>	<b>24,609,806,901</b>
<b>ACCUMULATED DEPRECIATION</b>			
As at 01/01/2024	6,516,767,607	545,390,469	7,062,158,076
Depreciation in year	596,311,158	100,368,822	696,679,980
<b>As at 31/12/2024</b>	<b>7,113,078,765</b>	<b>645,759,291</b>	<b>7,758,838,056</b>
<b>NET BOOK VALUE</b>			
As at 01/01/2024	17,363,639,294	184,009,531	17,547,648,825
<b>As at 31/12/2024</b>	<b>16,767,328,136</b>	<b>83,640,709</b>	<b>16,850,968,845</b>

### 5.10 Construction in progress

	01/01/2024 VND	Increase in year VND	31/12/2024 VND
Environmental Permit Survey Cost	-	61,775,000	61,775,000
	-	<b>61,775,000</b>	<b>61,775,000</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***5.11 Deferred income tax assets**

	01/01/2024 VND	Recorded in the income statement VND	31/12/2024 VND
Deferred tax assets relating to deductible temporary differences			
- Provision for inventories	170,399,146	(54,540,215)	115,858,931
	<b>170,399,146</b>	<b>(54,540,215)</b>	<b>115,858,931</b>

**5.12 Trade accounts payable**

	31/12/2024		01/01/2024	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
<b>Trade payables - related parties</b>				
Minh Luan Precision Mechanical Company Limited	68,640,000	68,640,000	72,930,000	72,930,000
Tuyen Hiep Company Limited	-	-	15,837,120	15,837,120
<b>Trade payables - other parties</b>				
Phuc Dan International Pharmaceutical Trading Corporation	1,942,729,175	1,942,729,175	-	-
Tan Thanh Packaging Company Limited	1,695,616,077	1,695,616,077	2,167,344,211	2,167,344,211
Branch of Glandcore Company Limited	1,635,842,775	1,635,842,775	432,600,000	432,600,000
Benovas Pharmaceutical Joint Stock Company	607,273,200	607,273,200	1,251,566,640	1,251,566,640
Southern International Pharmaceutical Chemical Joint Stock Company	553,992,300	553,992,300	1,033,487,900	1,033,487,900
Chemico - Pharmaceutical No1 Joint Stock Company	759,345,810	759,345,810	1,108,825,950	1,108,825,950
Other suppliers	5,580,691,542	5,580,691,542	5,244,953,692	5,244,953,692
	<b>12,844,130,879</b>	<b>12,844,130,879</b>	<b>11,327,545,513</b>	<b>11,327,545,513</b>

**5.13 Short-term advance from customers**

	31/12/2024 VND	01/01/2024 VND
<b>Advances from other customers</b>		
Medbolide Pharmaceutical Joint Stock Company	1,320,990,044	2,668,826,970
Thang Long Pharmaceutical Company Limited	1,000,000,000	-
Other customers	2,135,772,970	2,071,129,295
	<b>4,456,763,014</b>	<b>4,739,956,265</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***5.14 Taxes and receivables, payables to State budget**

	01/01/2024		Transaction in year		31/12/2024	
	Payables	Receivables	Payables	Paid/ Deducted	Payables	Receivables
	VND	VND	VND	VND	VND	VND
VAT on domestic goods	131,092,822	-	7,354,167,421	(7,485,260,243)	-	-
VAT on import goods	-	-	586,400,915	(595,238,415)	-	8,837,500
Import tax	-	-	140,713,264	(140,713,264)	-	-
Corporate income tax	1,218,135,447	-	4,269,248,766	(4,257,463,837)	1,229,920,376	-
Personal income tax	94,554,382	-	842,995,206	(843,351,367)	94,198,221	-
Housing tax, land rental	-	87,462,316	296,666,579	(213,194,945)	-	3,990,682
License tax	-	-	5,000,000	(5,000,000)	-	-
	<b>1,443,782,651</b>	<b>87,462,316</b>	<b>13,495,192,151</b>	<b>(13,540,222,071)</b>	<b>1,324,118,597</b>	<b>12,828,182</b>

*Value-added tax*

The Company declares value-added tax by deduction method. VAT rates for domestic goods are 5%, 8% and 10%.

*Corporate income tax*

Corporate income tax ("CIT") payable in year is estimated as follows:

	2024 VND	2023 VND
<b>Accounting profit before tax</b>	<b>22,439,799,393</b>	<b>23,819,820,633</b>
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	219,759	84,870,609
<b>Assessable income</b>	<b>22,440,019,152</b>	<b>23,904,691,242</b>
Non-taxable income	(1,279,838,526)	(770,941,593)
<b>Taxable income</b>	<b>21,160,180,626</b>	<b>23,133,749,649</b>
CIT rate	20%	20%
<b>CIT payable</b>	<b>4,232,036,125</b>	<b>4,626,749,930</b>
Adjustment of CIT from previous years	37,212,641	(477,941,128)
<b>Current CIT expenses</b>	<b>4,269,248,766</b>	<b>4,148,808,802</b>

The Company is obliged to pay tax at the normal rate of 20% of taxable income.

*Other taxes*

The Company declares and pays other taxes in accordance to current regulations.

**5.15 Short-term accrued expenses**

	31/12/2024 VND	01/01/2024 VND
<b>Payables to other parties</b>		
Electricity expense	110,029,442	67,753,867
Toxic allowance	40,020,000	38,431,022
Other accrued expenses	23,736,214	55,941,586
	<b>173,785,656</b>	<b>162,126,475</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***5.16 Other short-term, long-term payables****5.16.1 Other short-term, long-term payables**

	31/12/2024 VND	01/01/2024 VND
<b>Other payables - related parties</b>		
Dividend payables	692,383,111	574,644,461
<b>Other payables - other parties</b>		
Trade union	21,848,786	20,095,850
Consulting contract payables	26,000,000	20,000,000
Other payables	3,146,000	1,542,000
	<b>743,377,897</b>	<b>616,282,311</b>

**5.16.2 Other long-term payables**

	31/12/2024 VND	01/01/2024 VND
<b>Other payables - other parties</b>		
Deposit received	217,000,000	225,000,000
	<b>217,000,000</b>	<b>225,000,000</b>

**5.17 Bonus and welfare funds**

	01/01/2024 VND	Increase in year VND	Paid in year VND	31/12/2024 VND
Bonus and welfare fund	5,763,431,374	1,811,601,041	(1,226,240,121)	6,348,792,294
	<b>5,763,431,374</b>	<b>1,811,601,041</b>	<b>(1,226,240,121)</b>	<b>6,348,792,294</b>

**5.18 Owner's equity****5.18.1 Owner's equity movements**

	Owners' invested capital VND	Capital surplus VND	Investment and development fund VND	Retained earnings VND	Total VND
As at 01/01/2023	87,999,910,000	2,205,500,000	8,372,925,563	26,994,987,183	125,573,322,746
Profit in year	-	-	-	19,640,573,196	19,640,573,196
Deduction for Investment and development fund	-	-	982,028,660	(982,028,660)	-
Deduction for Bonus and welfare funds	-	-	-	(1,964,057,320)	(1,964,057,320)
Dividends distribution	-	-	-	(12,319,987,400)	(12,319,987,400)
<b>As at 31/12/2023</b>	<b>87,999,910,000</b>	<b>2,205,500,000</b>	<b>9,354,954,223</b>	<b>31,369,486,999</b>	<b>130,929,851,222</b>
As at 01/01/2024	87,999,910,000	2,205,500,000	9,354,954,223	31,369,486,999	130,929,851,222
Profit in year	-	-	-	18,116,010,412	18,116,010,412
Deduction for Investment and development fund	-	-	905,800,521	(905,800,521)	-
Deduction for Bonus and welfare funds	-	-	-	(1,811,601,041)	(1,811,601,041)
Dividends distribution	-	-	-	(10,559,989,200)	(10,559,989,200)
<b>As at 31/12/2024</b>	<b>87,999,910,000</b>	<b>2,205,500,000</b>	<b>10,260,754,744</b>	<b>36,208,106,649</b>	<b>136,674,271,393</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***5.18.2 Detail of owner's invested equity**

According to the Company's the Business Registration Certificate (amended), Charter capital of the Company is VND 87,999,910,000. As at 31 December 2024, the Company's Charter capital was fully contributed as follows:

	31/12/2024			01/01/2024		
	Shares	Value VND	Rate %	Shares	Value VND	Rate %
Mr. Thai Nha Ngon	4,044,580	40,445,800,000	45.96	4,044,580	40,445,800,000	45.96
Ms. Le Thanh Truc	1,194,276	11,942,760,000	13.57	1,194,276	11,942,760,000	13.57
Mr. Ho Vinh Hien	270,290	2,702,900,000	3.07	270,290	2,702,900,000	3.07
Other shareholders	3,290,845	32,908,450,000	37.40	3,290,845	32,908,450,000	37.40
	<b>8,799,991</b>	<b>87,999,910,000</b>	<b>100.00</b>	<b>8,799,991</b>	<b>87,999,910,000</b>	<b>100.00</b>

**5.18.3 Shares**

	31/12/2024 Share	01/01/2024 Share
Number of issued registered shares	8,799,991	8,799,991
Number of shares sold to the public	8,799,991	8,799,991
Common shares	8,799,991	8,799,991
Preferred shares	-	-
Number of repurchased shares	-	-
Common shares	-	-
Preferred shares	-	-
Number of shares in circulation	8,799,991	8,799,991
Common shares	8,799,991	8,799,991
Preferred shares	-	-

Par value of shares in circulation: VND 10,000/ share.

**5.18.4 Profit distribution**

In the year, the Company distributed dividends according to the Resolution of the Annual General Meeting of Shareholders No. 01/NQ-DHDCD.PP dated 19 April 2024 with the value of 12% par value.

In addition, the Company temporarily distributed profit of 2024 according to the Resolution of the Annual General Meeting of Shareholders No. 01/NQ-DHDCD.PP dated 19 April 2024 as follows:

	VND
- Deduct 5% from retained earnings of 2024 for Investment and development fund	: 905,800,521
- Deduct 10% from retained earnings of 2024 for Bonus and welfare funds	: 1,811,601,041

**6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT****6.1 Revenues from sale of goods and rendering of services****6.1.1 Net revenues**

	2024 VND	2023 VND
Revenue from sale of goods	118,308,785,536	127,775,439,649
Revenue from providing services	20,000,000	82,552,000
Sale deductions:		
- Sales returns	(466,111,050)	(226,799,060)
<b>Net revenue</b>	<b>117,862,674,486</b>	<b>127,631,192,589</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***6.1.2 Sales of goods and rendering of services to related parties**

Transactions on sales and providing services to subsidiaries are presented in note 5.2.2. Transactions on sales and providing services to related parties that are not subsidiaries, joint ventures or associates are as follows:

	2024 VND	2023 VND
An Medicol Pharma Company Limited	11,067,900,970	13,060,168,150
Unite Pharmaceutical Joint Stock Company	-	557,810,000
Tuyen Hiep Company Limited	3,676,135	-
	<u>11,071,577,105</u>	<u>13,617,978,150</u>

**6.2 Cost of sales**

	2024 VND	2023 VND
Cost of goods sold	83,885,507,409	91,597,419,392
Provision/ (Reverse) for devaluation of inventories	156,234,471	19,207,419
	<u>84,041,741,880</u>	<u>91,616,626,811</u>

**6.3 Financial income**

	2024 VND	2023 VND
Interest from deposit	1,387,001,693	1,324,086,797
Dividends, distributed profit	1,279,838,526	770,941,593
Foreign exchange gain	769,500	-
	<u>2,667,609,719</u>	<u>2,095,028,390</u>

**6.4 Financial expenses**

	2024 VND	2023 VND
Foreign exchange loss	1,732,800	1,458,000
	<u>1,732,800</u>	<u>1,458,000</u>

**6.5 Selling expenses**

	2024 VND	2023 VND
Labor expenses	1,961,762,877	2,183,335,247
Material and packaging expenses	17,716,717	46,318,147
Tools and equipment expenses	12,385,456	33,114,546
Depreciation expenses	55,571,848	80,636,216
Fuel expenses	74,018,748	81,922,598
Transportation expenses	16,889,333	39,535,522
Other selling expenses	710,939,696	759,946,725
	<u>2,849,284,675</u>	<u>3,224,809,001</u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements.***6.6 General and administration expenses**

	2024 VND	2023 VND
Labor expenses	6,555,945,117	6,226,725,401
Tools and equipment expenses	459,871,794	399,199,470
Depreciation expenses	138,526,533	155,704,966
Tax and fees	301,666,581	215,204,258
Security expenses	411,000,000	400,800,000
Gift expenses	119,630,312	132,859,009
Drug registration expenses	250,500,000	259,287,143
Other general and administration expenses	3,155,396,522	3,362,109,352
	<u>11,392,536,859</u>	<u>11,151,889,599</u>

**6.7 Other income**

	2024 VND	2023 VND
Gain from disposal of fixed assets	22,354,000	936,000
Other income	172,698,000	172,317,982
	<u>195,052,000</u>	<u>173,253,982</u>

**6.8 Other expenses**

	2024 VND	2023 VND
Administrative fines, late tax penalty	-	84,870,610
Other expenses	240,598	307
	<u>240,598</u>	<u>84,870,917</u>

**6.9 Basic earnings per share**

The Company did not calculate this item on the separate financial statements as according to Vietnam Accounting Standard No. 30 "Earnings per share", in case the Company must make the separate financial statements and consolidated financial statements, only to present the information about earnings per share under the provisions of this standard on the Consolidated financial statements.

**6.10 Production and business costs by element**

	2024 VND	2023 VND
Material expenses	60,424,260,409	64,694,870,000
Labor expenses	23,266,325,746	23,115,240,852
Depreciation expenses	4,212,501,914	4,816,035,337
External service expenses	3,353,434,281	3,231,381,952
Other expenses	6,487,878,250	6,401,368,452
	<u>97,744,400,600</u>	<u>102,258,896,593</u>

**7. FINANCIAL INSTRUMENTS**

The Company has financial assets such as customer receivables and other receivables, cash and short-term deposits that occur directly from the operations of the Company. Financial liabilities of the Company mainly include loans, payables to suppliers and other payables. The main purpose of these financial liabilities is to mobilize financial resources to serve the activities of the Company.

The Company has market risk, credit risk and liquidity risk.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

Operational risk management is indispensable operations for the entire operations of the Company. The Company has developed control system to ensure balance between the extent reasonable costs incurred when risk and risk management costs. The Company has not implemented measures to prevent this risk due to lack of a market to purchase financial instruments.

The General Director considered and uniformly applies policies to manage each of these risks are summarized below:

### *i. Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk has four types of risk: interest rate risk, currency risk, goods price risk and other price risk, such as equity price risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market risk for changes in interest rates of the Company primarily relating to cash, short term deposits, and loans of the Company.

The Company managing interest rate risk by analyzing the competitive situation in the market to acquire beneficial interest for the purposes of the Company and remain within the limits of their risk management.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Company bears the risk of changes in exchange rates, which are directly related to the business operations of the Company.

#### *Stock price risk*

The shares held by the Company are affected by market risks arising from uncertainty about the future value of the investment shares. The company manages stock price risk by setting investment limits. The General Director also reviews and approves investment decisions in shares. The Company considers the share price risk to be negligible.

### *ii. Credit risk*

Credit risk is the risk that one party of a financial instrument or contract not performing its obligations, resulting in financial losses. The Company has credit risk from its operating activities (primarily for trade receivables account), and from its financial activities, including bank deposits and other financial instruments.

#### *Trade receivables*

The Company regularly monitors the receivables, which is not yet collected. For big customers, the Company considered the decline in the credit quality of each customer at the reporting date. The Company seeks the way to remained the tight control of the receivables and arranging credit control staff to minimize credit risk. On this basis and the trade receivables of the Company related to many different customers, credit risk is not significantly concentrated in a certain customer.



NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

Cash in bank

The Company mainly maintains deposit balances at banks, which is well known in Vietnam. Credit risk of the deposit balances at banks is managed by the treasury department of the Company under the policies of the Company. The maximum credit risk of the Company for the items on the balance sheet at the end of the financial year is the value book as presented in Note 5.1. The Company found that the level of concentration of credit risk on bank deposits is low.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in implementing their financial obligations due to lack of funds. Liquidity risk of the Company mainly arising from financial assets and financial liabilities with maturity mismatches.

The Company minimizes the liquidity risk by maintaining an amount of cash and cash equivalents and bank loans at a level that the General Director supposes it is sufficient to meet the Company's operations and minimize the risks due to the volatility of cash flows.

The table below summarizes the maturity of the financial liabilities of the Company based on expected payments on undiscounted basic contracts:

	Less than 1 year	From 1 to 5 years	Total
	VND	VND	VND
As at 31/12/2024			
Trade payables	12,844,130,879	-	12,844,130,879
Accrued expenses	173,785,656	-	173,785,656
Other payables	721,529,111	-	721,529,111
Deposit received	-	217,000,000	217,000,000
	<b>13,739,445,646</b>	<b>217,000,000</b>	<b>13,956,445,646</b>
As at 01/01/2024			
Trade payables	11,327,545,513	-	11,327,545,513
Accrued expenses	162,126,475	-	162,126,475
Other payables	596,186,461	-	596,186,461
Deposit received	-	225,000,000	225,000,000
	<b>12,085,858,449</b>	<b>225,000,000</b>	<b>12,310,858,449</b>

The Company considered that the level of concentration risk to the repayment is low. The Company has sufficient access to the necessary capital.

Security assets

The Company hold the security assets of third parties as at 31 December 2024 and 01 January 2024 (see Notes 5.16.2).

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

### iv. Fair value

#### (1) Compare fair value and book value

	Book value		Fair value (*)	
	31/12/2024 VND	01/01/2024 VND	31/12/2024 VND	01/01/2024 VND
<b>Financial assets</b>				
Held-to-maturity investments	31,108,072,981	23,562,811,839	31,108,072,981	23,562,811,839
Trade receivables	2,188,913,790	3,841,656,591	2,188,913,790	3,841,656,591
Receivables from related parties	15,700,609,170	14,008,291,961	15,700,609,170	14,008,291,961
Other receivables	596,855,487	771,173,756	596,855,487	771,173,756
Mortgages, deposits, pledges	27,872,492	21,561,776	27,872,492	21,561,776
Financial assets available for sale				
Cash and cash equivalents	6,757,221,068	5,972,883,702	6,757,221,068	5,972,883,702
	<b>56,379,544,988</b>	<b>48,178,379,625</b>	<b>56,379,544,988</b>	<b>48,178,379,625</b>
<b>Financial liabilities</b>				
Financial liabilities are determined according to the distribution value				
Trade payables	12,775,490,879	11,327,545,513	12,775,490,879	11,327,545,513
Payables to related parties	761,023,111	574,644,461	761,023,111	574,644,461
Accrued expenses	173,785,656	162,126,475	173,785,656	162,126,475
Other payables	29,146,000	21,542,000	29,146,000	21,542,000
Deposits received	217,000,000	225,000,000	217,000,000	225,000,000
	<b>13,956,445,646</b>	<b>12,310,858,449</b>	<b>13,956,445,646</b>	<b>12,310,858,449</b>

- (\*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 31 December 2024 and 01 January 2024. However, the General Director believe that the fair value of these financial assets and liabilities is not significantly different from their carrying amounts as at the balance sheet date.

#### (2) Basis of determining fair value

##### Accounts receivable and other receivables

The fair value of accounts receivables and other receivables, excluding accounts receivable and payable under the scheduled progress of construction contracts, is estimated based on the present value of cash flows future, discounted at market interest rates at the report date. The fair value of these instruments is determined only intended disclosures.

##### Non-derivative financial liabilities

The fair value determined only intended disclosures, is calculated by discounting the value of loans and its interest by market interest at the balance sheet date.

## 8. OTHER INFORMATION

### 8.1 Transactions and balances with related parties

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



NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

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

8.1.1 Transactions and balances with key members, the individuals involved with key members

Transactions and balances with key members

The Company does not have any transactions relating to sales and providing services to key management members and individuals related to key management members.

Other transactions with key management members during the year were as follows:

	2024 VND	2023 VND
<b>The Board of Directors</b>		
Ms. Le Thanh Truc – Chairwoman		
Dividends distributed	1,433,131,200	1,339,800,000
Mr. Thai Nha Ngon – Vice Chairman		
Dividends distributed	4,853,496,000	5,064,830,400

Remuneration paid to key managers during the year was as follow:

	2024 VND	2023 VND
<b>Remuneration, salary, bonus and other income</b>		
<b>The Board of Directors (excluding members concurrently holding the position of General Director)</b>		
Ms. Le Thanh Truc	566,162,250	556,784,769
Ms. Nguyen Thi Mai Nguyet	60,000,000	60,000,000
Mr. Pho Nghia Van	60,000,000	60,000,000
Ms. Pham Thi Thach Thao	306,763,868	289,695,897
<b>The General Director</b>		
Mr. Thai Nha Ngon	758,137,500	759,982,769
<b>Chief Accountant</b>		
Ms. Nguyen Thi Anh Chi	616,592,394	587,744,506
<b>The Board of Supervisors</b>		
Ms. Nguyen Hoang Ngoc Chau	60,000,000	-
Ms. Pham Thi Minh Tam	48,000,000	48,000,000
Mr. Nguyen Van Chac	410,173,245	405,344,209
	<u>2,885,829,257</u>	<u>2,767,552,150</u>

8.1.2 Transactions and balances with other related parties

Transactions with other related parties

Transactions with subsidiaries have been presented in note 5.2. Transactions with other related parties that are not subsidiaries are as follows:

Related parties	Transaction	2024 VND	2023 VND
<b>An Medicol Pharma Company Limited</b>			
	Sales and services rendered	11,067,900,970	13,060,168,150
	Return of goods sold	305,030,000	-

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2024

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

Related parties	Transaction	2024 VND	2023 VND
<b>Unite Pharmaceutical Joint Stock Company</b>	Sales and services rendered	-	557,810,000
<b>Minh Luan Precision Mechanical Company Limited</b>	Sales and services rendered	92,900,000	83,910,000
<b>Tuyen Hiep Company Limited</b>	Sales and services rendered	3,676,135	-
	Purchasing goods and services	143,821,000	53,007,000
<i>Balance with related parties</i>			
Balance with related parties are as follows:			
		<b>31/12/2024 VND</b>	<b>01/01/2024 VND</b>
<b>USAR Vietnam Company Limited</b>	Trade receivables	13,537,870,827	12,527,392,007
	Other receivables	1,279,838,526	445,049,367
<b>An Medicol Pharma Company Limited</b>	Trade receivables	882,899,817	1,035,850,587
<b>Minh Luan Precision Mechanical Company Limited</b>	Trade payables	68,640,000	72,930,000
<b>Vietnam Pharmaceutical Corporation</b>	Trade payables	-	15,837,120


**8.2 Segment information**

Segment information is presented by business segment and geographical area. The primary segment reporting is by geographical area based on the Company's internal organizational and management structure and internal financial reporting system.

We do not present Segment Reporting in the financial statements because the General Director has assessed and concluded that the Company does not have more than one segment (both business segment and geographical area) to report in accordance with the regulations of the Accounting Standards. The Company is currently operating mainly in a single field, which is the production and trading of pharmaceuticals in a single geographical area, which is Vietnam.

**8.3 Events subsequent to the balance sheet date**

There have been no significant events occurring after the balance sheet date (31 December 2024) to the date of this report, which would require adjustments or disclosures to be made in the financial statements.

  
HO THUY QUYNH NHU  
Preparer

  
NGUYEN THI ANH CHI  
Chief Accountant

  
THAI NHA NGON  
General Director  
Ho Chi Minh City, 27 March 2025