

FINANCIAL STATEMENTS

**DANANG PHARMACEUTICAL - MEDICAL EQUIPMENT JOINT
STOCK COMPANY**

For the fiscal year ended as at 31/12/2024

(audited)



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REPORT OF THE BOARD OF MANAGEMENT

The Board of Management Danang Pharmaceutical - Medical Equipment Joint Stock Company ("Company") presents its report and Company's Financial Statements for the fiscal year ended as at 31/12/2024.

COMPANY

Danang Pharmaceutical - Medical Equipment Joint Stock Company was established and operates under the Business Registration Certificate of Joint Stock Company No. 0400101404 issued by the Department of Planning and Investment of Danang City for the first time on March 22, 2005, registered for the sixteenth change on March 10, 2025.

Company's head office is located at: No. 02, Phan Dinh Phung Street, Hai Chau 1 Ward,, Hai Chau District, Da Nang City.

THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND BOARD OF SUPERVISION

Members of the Board of Directors during the year and to the reporting date are:

Mr. Nguyen Luong Tam	Chairman	
Mr. Do Thanh Trung	Vice Chairman	
Mr. Nguyen Trung	Member	(Appointed on 26th April 2024)
Mr. Hoang Trung Dung	Member	
Mrs. Dinh Thi Mong Van	Member	

Member of the Board of Management operated Company during the year and to the reporting date are:

Mr. Nguyen Trung	Deputy General Director for operations	
Mr. Nguyen Ba Hai	Deputy General Director	(Appointed on 15th October 2024)

Members of the Board of Supervision are:

Mrs. Nguyen Thi Yen	Head of Board of Supervision
Mrs. Pham Thi Minh Ngoc	Member
Mrs. Nguyen Thi Thanh Thuy	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and until the preparation of Financial Statements is Mr Nguyen Luong Tam - Chairman of the Board of Directors.

Mr. Nguyen Trung - Deputy General Director in charge of operations is authorized by Mr. Nguyen Luong Tam to sign the Financial Statements for the year ended 31 December 2024 under Authorization Letter No 01/UQ-CT dated 31/12/2024

AUDITORS

The auditors of AASC Auditing Firm Company Limited have taken audit of Financial Statements for the Company.

STATEMENT OF THE BOARD OF MANAGEMENT' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management of Company is responsible for the Financial Statements which give a true and fair view of the financial position of Company, its operating results and its cash flows for the year. In preparing those Financial Statements, the Board of Management of Company is required to:

- Establish and maintain an internal control system which is determined necessary by the Board of Management and Board of Management to ensure the preparation and presentation of Financial Statements do not contain any material misstatement caused by errors or frauds;
- 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 and present the Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Company will continue in business.

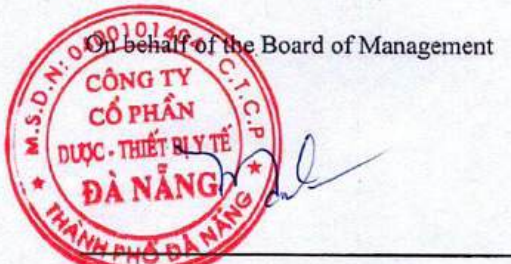
The Board of Management of Company is responsible for ensuring that accounting records are kept to reflect the financial position of Company, with reasonable accuracy at any time and to ensure that the Financial Statements comply with the current State's regulations. It is responsible for safeguarding the assets of Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management of Company confirms that Financial Statements give a true and fair view of the financial position of Company as at 31 December 2024, its operation results and cash flows of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Financial Statements.

Other commitments

The Board of Management pledges that Company with Decree No. 155/2020/ND-CP dated 31 December 2020 on detailing and guiding the implementation of a number of articles of the Law on Securities and Company does not violate the obligations of information disclosure in accordance with the regulations of the Circular No. 96/2020/TT-BTC dated 16 November 2020 and Circular No.68/2024/TT-BTC dated 18 September 2024 issued by the Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of the Board of Management



Nguyễn Trung
Deputy General Director for Operations

Da Nang, 28 March 2025



No: 290325.006/BCTC.KT7

INDEPENDENT AUDITORS' REPORT

**To: Shareholders, the Board of Directors and the Board of Management
Danang Pharmaceutical - Medical Equipment Joint Stock Company**

We have audited the accompanying Financial Statements of Company prepared on 28 March 2025, from page 06 to page 41, including: Statement of Financial Position as at 31 December 2024, Statement of Income, Statement of Cash flows, Notes to the Financial Statements for the fiscal year as at 31 December 2024.

The Board Of Management' Responsibility

The Board of Management Company is responsible for the preparation and presentation of Financial Statements of Company that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant and for such internal control as management determines is necessary to enable the preparation of Financial Statements interim 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 standards and ethical requirements; plan and perform the audit to obtain reasonable assurance about whether the Financial Statements of Company 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 auditor's 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 auditor considers internal control relevant to Company's preparation and presentation Financial Statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, 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.

Auditor's Opinion

In our opinion, the Financial Statements give a true and fair view, in all material respects, of the financial position of Company as at 31 December 2024, its operating results and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Financial Statements.

AASC Auditing Firm Company Limited



Nguyen Ngoc Lan
Deputy General Director
Registered Auditor
No. 1427-2023-002-1
Hanoi, 29 March 2025

Bui Thi Loan
Auditor
Registered Auditor
No. 4927-2022-002-1



STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

Code	ASSETS	Note	31/12/2024	01/01/2024
			VND	VND
100	A. CURRENT ASSETS		1,080,165,522,864	641,075,714,301
110	I. Cash and cash equivalents	03	29,127,572,681	17,184,012,943
111	1. Cash		29,127,572,681	17,184,012,943
120	II. Short-term investments		123,544,270,909	103,060,000,000
123	1. Held-to-maturity investments	04	123,544,270,909	103,060,000,000
130	III. Short-term receivables		751,533,989,814	404,373,123,288
131	1. Short-term trade receivables	05	678,163,741,281	401,796,492,995
132	2. Short-term prepayments to suppliers	06	32,531,365,975	17,826,834,372
135	3. Short-term loan receivables	07	54,100,000,000	-
136	4. Other short-term receivables	08	5,252,277,215	3,085,470,026
137	5. Provision for short-term doubtful debts (*)		(18,513,394,657)	(18,363,860,350)
139	6. Shortage of assets awaiting resolution		-	28,186,245
140	IV. Inventories	10	167,152,337,595	112,349,311,852
141	1. Inventories		167,874,687,651	113,991,077,938
149	2. Provision for devaluation of inventories (*)		(722,350,056)	(1,641,766,086)
150	V. Other short-term assets		8,807,351,865	4,109,266,218
151	1. Short-term prepaid expenses	14	1,063,643,617	437,990,891
152	2. Deductible VAT		6,348,207,171	1,687,823,189
153	3. Taxes and other receivables from the State budget	18	1,395,501,077	1,983,452,138
200	B. NON-CURRENT ASSETS		92,596,742,193	86,104,462,762
220	I. Fixed assets		80,678,083,819	77,346,110,129
221	1. Tangible fixed assets	12	58,999,338,441	54,783,850,473
222	- Historical cost		83,110,038,277	76,332,541,556
223	- Accumulated depreciation		(24,110,699,836)	(21,548,691,083)
227	2. Intangible fixed assets	13	21,678,745,378	22,562,259,656
228	- Historical cost		23,760,184,541	24,090,954,041
229	- Accumulated amortization		(2,081,439,163)	(1,528,694,385)
240	II. Long-term assets in progress	11	1,939,045,712	73,955,000
242	1. Construction in progress		1,939,045,712	73,955,000
260	III. Other long-term assets		9,979,612,662	8,684,397,633
261	1. Long-term prepaid expenses	14	9,979,612,662	8,684,397,633
270	TOTAL ASSETS		1,172,762,265,057	727,180,177,063

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Continued)

Code	CAPITAL	31/12/2024		01/01/2024	
			VND		VND
300	C. LIABILITIES		969,000,078,856		531,042,143,239
310	I. Current Liabilities		966,518,478,856		528,124,718,239
311	1. Short-term trade payables	16	737,367,907,993		412,112,067,923
312	2. Short-term prepayments from customers	17	52,813,791,682		31,755,860,474
313	3. Taxes and other payables to State budget	18	366,835,492		404,367,594
314	4. Payables to employees		13,072,741,850		2,751,482,218
315	5. Short-term accrued expenses	19	92,978,488		141,083,810
318	6. Short-term unearned revenue	21	1,125,648,396		935,189,642
319	7. Other short-term payables	20	1,542,870,769		1,238,718,281
320	8. Short-term borrowings and finance lease liabilities	15	160,107,128,634		78,758,452,745
322	9. Bonus and welfare fund		28,575,552		27,495,552
330	II. Non-current liabilities		2,481,600,000		2,917,425,000
337	1. Other long-term payables	20	2,481,600,000		2,917,425,000
400	D. OWNER'S EQUITY		203,762,186,201		196,138,033,824
410	I. Owner's equity	22	203,762,186,201		196,138,033,824
411	1. Contributed capital		153,493,280,000		153,493,280,000
411a	Ordinary shares with voting rights		153,493,280,000		153,493,280,000
412	2. Share Premium		9,215,548,634		9,215,548,634
414	3. Other capital		2,334,190,178		2,334,190,178
418	4. Development and investment funds		25,644,628,267		25,644,628,267
421	5. Retained earnings		13,074,539,122		5,450,386,745
421a	Retained earnings accumulated to the previous year		5,450,386,745		4,339,187,431
421b	Retained earnings of the current year		7,624,152,377		1,111,199,314
440	TOTAL CAPITAL		1,172,762,265,057		727,180,177,063

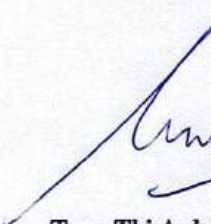
Da Nang, 28 March 2025

Preparer




Tran Khanh Linh

Chief Accountant



Tran Thi Anh Minh

Deputy General Director
for Operations 

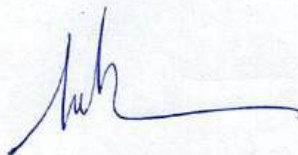
Nguyen Trung

STATEMENT OF INCOME

Year 2024

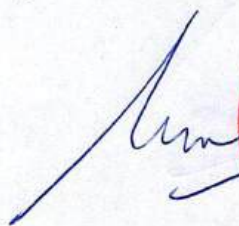
Code	ITEMS	Note	Year 2024	Year 2023
			VND	VND
01	1. Revenue from sales of goods and rendering of services	24	1,394,654,213,706	945,551,091,805
02	2. Revenue deductions	25	1,995,504,112	2,146,849,215
10	3. Net revenue from sales of goods and rendering of services		1,392,658,709,594	943,404,242,590
11	4. Cost of goods sold and services rendered	26	1,302,659,852,809	879,498,226,632
20	5. Gross profit from sales of goods and rendering of services		89,998,856,785	63,906,015,958
21	6. Financial income	27	22,172,868,410	17,671,545,606
22	7. Financial expense	28	20,201,461,009	11,924,207,958
23	<i>In which: Interest expense</i>		3,965,186,702	3,211,719,803
25	8. Selling expense	29	74,006,080,320	49,299,203,526
26	9. General and administrative expenses	30	15,255,405,409	19,379,549,491
30	10. Net profit from operating activities		2,708,778,457	974,600,589
31	11. Other income	31	7,566,289,091	1,870,836,529
32	12. Other expenses	32	611,800,521	634,520,003
40	13. Other profit		6,954,488,570	1,236,316,526
50	14. Total net profit before tax		9,663,267,027	2,210,917,115
51	15. Current corporate income tax expense	33	2,039,114,650	497,432,663
52	16. Deferred corporate income tax expense		-	602,285,138
60	17. Profit after corporate income tax		<u>7,624,152,377</u>	<u>1,111,199,314</u>
70	18. Basic earnings per share	34	<u>497</u>	<u>72</u>

Preparer



Tran Khanh Linh

Chief Accountant



Tran Thi Anh Minh

Da Nang, 28 March 2025

Deputy General Director
 for Operations



Nguyen Trung

STATEMENT OF CASH FLOWS

Year 2024
 (Indirect method)

Code	ITEMS	Note	Year 2024	Year 2023
			VND	VND
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	1. Profit before tax		9,663,267,027	2,210,917,115
	2. Adjustment for		(5,474,544,857)	10,205,073,798
02	- Depreciation and amortization of fixed assets and investment properties		4,528,708,746	3,384,146,430
03	- Provisions		(769,881,723)	7,666,799,154
04	- Exchange gains / losses from retranslation of monetary items denominated in foreign currency		40,635,246	2,124,642,751
05	- Gains / losses from investment activities		(13,239,193,828)	(6,182,234,340)
06	- Interest expense		3,965,186,702	3,211,719,803
08	3. Operating profit before changes in working capital		4,188,722,170	12,415,990,913
09	- Increase/ decrease in receivables		(282,210,138,341)	(13,118,710,744)
10	- Increase/ decrease in inventories		(53,883,609,713)	61,007,698,148
11	- Increase/ decrease in payables (excluding interest payable/ corporate income tax payable)		342,474,465,043	(19,760,342,247)
12	- Increase/ decrease in prepaid expenses		(2,158,469,303)	(366,498,473)
14	- Interest paid		(4,013,292,024)	(3,152,261,375)
15	- Corporate income tax paid		(1,856,334,691)	(2,495,931,389)
16	- Other receipts from operating activities		1,080,000	-
17	- Other payments on operating activities		-	(4,500,000)
20	Net cash flow from operating activities		2,542,423,141	34,525,444,833
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	1. Purchase or construction of fixed assets and other long-term assets		(12,389,582,125)	(4,013,395,788)
22	2. Proceeds from disposals of fixed assets and other long-term assets		7,780,392,591	519,036,364
23	3. Loans and purchase of debt instruments from other entities		(202,384,270,909)	(199,066,473,553)
24	4. Collection of loans and resale of debt instrument of other entities		127,800,000,000	96,006,473,553
27	5. Interest and dividend received		7,239,576,106	4,111,278,888
30	Net cash flow from investing activities		(71,953,884,337)	(102,443,080,536)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
33	1. Proceeds from borrowings		884,954,644,376	500,529,591,923
34	2. Repayment of principal		(803,605,968,487)	(428,549,687,439)
36	3. Dividends or profits paid to owners		-	(7,674,664,000)
40	Net cash flow from financing activities		81,348,675,889	64,305,240,484

STATEMENT OF CASH FLOWS

Year 2024
 (Indirect method)

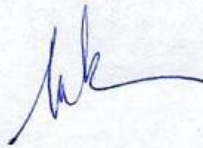
Code	ITEMS	Note	Year 2024	Year 2023
			VND	VND
50	Net cash flows in the year		11,937,214,693	(3,612,395,219)
60	Cash and cash equivalents at the beginning of the year		17,184,012,943	20,799,509,736
61	Effect of exchange rate fluctuations		6,345,045	(3,101,574)
70	Cash and cash equivalents at the end of the year	03	<u>29,127,572,681</u>	<u>17,184,012,943</u>

Da Nang, 28 March 2025

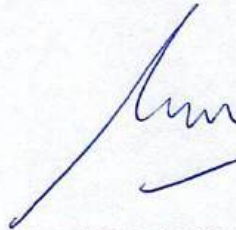
Preparer

Chief Accountant

Deputy General Director
 for Operations



Tran Khanh Linh



Tran Thi Anh Minh



Nguyen Trung

NOTES TO THE FINANCIAL STATEMENTS

Year 2024

1. GENERAL INFORMATION

Form of ownership

Danang Pharmaceutical - Medical Equipment Joint Stock Company was established and operates under the Business Registration Certificate of Joint Stock Company No. 0400101404 issued by the Department of Planning and Investment of Danang City for the first time on March 22, 2005, registered for the sixteenth change on March 10, 2025.

Company's head office is located at: No. 02, Phan Dinh Phung Street, Hai Chau 1 Ward,, Hai Chau District, Da Nang City.

Charter capital of Company is: VND 153,493,280,000; equivalent 15,349,328 shares, par value of one share is VND 10,000.

The number of employees of Company as at 31 December 2024 is: 222 people (as at 01 January 2024 is: 187 people).

Business field

Trading in pharmaceuticals, medicinal herbs, traditional medicine products, vaccines, medical biological products and medical equipment.

Business activities

Main business activities of Company is:

- Business - import and export: Pharmaceuticals, medicinal materials, chemicals, medical equipment and scientific supplies, nutritional and preventive foods, vaccines and biological products, mosquito repellent incense, mosquito spray, eyeglasses, cosmetics, various types of milk, candies, vitamin-enriched beverages, mineral water, office supplies;
- Manufacture pharmaceuticals according to the list permitted by the Ministry of Health;
- Technology transfer and medical and scientific technical services: delivery, installation, user guidance, warranty, maintenance, and repair of medical and scientific equipment;
- Rental services: offices, warehouses.

The Company's operation in the period that affects the Financial Statements

In 2024, due to the resurgence of market demand for pharmaceuticals and medical equipment, coupled with the expansion of the distribution system, additional cooperation with new partners, and the operation of vaccination centers in Da Nang and Ho Chi Minh City, the Company's net revenue in 2024 increased by 449.25 billion VND, equivalent to a 47.62% increase compared to the previous year. Additionally, during the year, the Company liquidated some real estate and recorded other income, resulting in the Company's pre-tax profit in 2024 reaching 9.25 billion VND, a 3.18-fold increase compared to 2023.

Corporate structure

Company's member entities are as follows:

Address	Main business activities
Representative office	Pharmaceutical distribution
Ha Noi branch	Pharmaceutical distribution
Ho Chi Minh City branch	Pharmaceutical distribution
Quang Nam branch (*)	Pharmaceutical distribution

(*) The Quang Nam branch completed the procedures for termination of operation on December 5, 2024.

2. ACCOUNTING SYSTEM AND ACCOUNTING POLICY AT COMPANY

2.1. Accounting period and accounting currency

Annual accounting period of Company commences from 1 January and ends as at 31 December.
Company maintains its accounting records in Vietnam Dong (VND)

2.2. Standards and Applicable Accounting Policies

Applicable Accounting Policies

Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC.

Declaration of compliance with Accounting Standards and Accounting System

Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3. Basis for the preparation of Financial Statements

The Financial Statement is prepared based on historical cost principle.

The Financial Statement of Company are prepared based on summarization of the financial statements of the independent accounting entities and the head office of the Company.

In Financial Statements of Company, internal transactions and internal balances related to assets, liabilities, and receivables and payables... (Note according to the actual situation of each entity: whether they have been fully eliminated or not fully eliminated).

2.4. Accounting estimates

The preparation of Financial Statements in conformity with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of liabilities, assets and disclosures of contingent liabilities and assets at the end of the the fiscal year and the reported amounts of revenues and expenses during the fiscal year.

The estimates and assumptions that have a material impact in the Financial Statements include:

- Provision for bad debts;
- Provision for devaluation of inventory;
- Estimated allocation of prepaid expenses;
- Estimated useful life of fixed assets;
- Classification and provision of financial investments;
- Estimated corporate income tax.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on Financial Statements of Company and that are assessed by the Board of Management of Company to be reasonable under the circumstance.

2.5. Financial Instruments

Initial recognition

Financial assets

Financial assets of Company include cash, cash equivalents, trade receivables, other receivables, lending loans. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of Company include borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

Financial assets and financial liabilities are not revalued according to fair value at the end of the fiscal year because the Circular No.210/2009/TT-BTC and prevailing statutory regulations require to present Financial statements and Notes to financial instruments but not provide any relevant instruction for assessment and recognition of fair value of financial assets and financial liabilities.

2.6. Foreign currency transactions

Foreign currency transactions during the fiscal year are transferred into Vietnam Dong using the actual rate at transaction date.

Actual exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Financial Statements is determined under the following principles:

- For asset accounts: Applying the bid rate of the commercial bank where Company regularly conducts transaction;
- For cash deposited in bank: Applying the bid rate of the commercial bank where Company opens its foreign currency accounts;
- For liability accounts: Applying the offer rate of the commercial bank where Company regularly conducts transactions.

All exchange differences arising as a result of transactions or revaluation at the balance sheet date will be recorded into the financial income or expense in the fiscal year.

2.7. Cash

Cash includes cash on hand and demand deposits, and cash in transit.

2.8. Financial investments

Investments held to maturity include: Term deposits at banks, loans, ... held to maturity for the purpose of collecting periodic interest and other investments held to maturity.

The provision for impairment of investments held to maturity is made at the end of the year based on the recoverability to establish a provision for doubtful debts in accordance with statutory regulations.

2.9. Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of Company. The receivables shall be classified into short-term receivables or long-term receivables on the Financial Statements according to their remaining terms at the reporting date.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing or estimating the possible losses.

2.10. Inventories

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

For imported goods, the timing of inventory recognition is determined at the point when most of the risks and rewards associated with ownership of the products or goods have been transferred to the buyer in accordance with the delivery terms of Incoterms 2020.

Net realizable value is estimated based on the selling price of the inventory minus the estimated costs for completing the products and the estimated costs needed for their consumption.

The cost of inventory is calculated using weighted average method on a monthly basis for regular items that are not sold in batches and using the specific identification method for items sold in batches.

Inventory is recorded by perpetual method.

Provision for devaluation of inventories made at the end of the year is based on the excess of original cost of inventory over their net realizable value.

2.11. Fixed assets, Finance lease fixed assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

Subsequent measurement after initial recognition

If these costs ament future economic benefits obtained from the use of tangible fixed assets are extended to their initial standards conditions, these costs are capitalized as an incremental in their historical cost.

Other costs incurred after tangible fixed assets have been put into operation such as repair, maintenance and overhaul costs are recognized in the Statements of Income in the year in which the costs are incurred.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

- Buildings, structures	06 - 30 years
- Other Machinery, equipment	03 - 06 years
- Vehicles, Transportation equipment	05 - 10 years
- Office equipment and furniture	03 - 10 years
- Other fixed assets	03 years
- Management software	03 - 10 years
- Definite land use right	50 years
- Indefinite land use right	No amortization

There are some of the Company's buildings and structures are used both for owner-occupied purposes and for leasing. However, the leasing activity is only implemented in the short term, and the Company plans to carry out initial production and business activities on these assets in the near future. Therefore, the value of these buildings and structures is tracked by the Company under the Tangible Fixed Assets item.

2.12. Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognised in historical cost. This includes costs of construction, installation of equipment and other direct costs.

2.13. Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to Statement of Income on a straight-line basis over the period of the lease.

2.14. Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting previous.

The calculation and allocation of long-term prepaid expenses to operating expenses in the fiscal year should be based on the nature of those expenses to select a reasonable allocation method and criteria.

Types of prepaid expenses of Company include:

- Prepaid land expenses include prepaid land rental, including those related to leased land for which Company has received certificate of land use right but not eligible for recording as intangible fixed asset in accordance with the Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance guiding regulation on management, use and depreciation of fixed assets and other expenses related to ensure for the use of leased land. These expenses are recognized in the consolidated statement of income on a straight-line basis according to the lease term of the contract.
- Tools and supplies include assets which are possessed by the Company in an ordinary course of business, with historical cost of each asset less than 30 million dong and therefore not eligible for recording as fixed asset under current legal regulations. The historical cost of tools and supplies are allocated on the straight-line basis not exceeding 36 months.
- Other prepaid expenses are recorded at their historical costs and allocated on the straight-line basis not exceeding 36 months.

2.15. Payables

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of Company. The payables shall be classified into short-term payables or long-term payables on the Financial Statements according to their remaining terms at the reporting date.

2.16. Borrowings

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

2.17. Borrowing costs

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

2.18. Accrued expenses

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting period, but the payments for such goods or services have not been made and other payables such as which are recorded as operating expenses of the year.

The recording of accrued expenses as operating expenses during the year shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

2.19. Unearned revenues

Unearned revenues include prepayments from customers for one or several accounting periods relating to asset leasing.

Unearned revenues are transferred to revenue from sale of goods and rendering of services with the amount corresponding to each accounting period.

2.20. Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value, the direct costs associated with the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Other capital is the operating capital formed from the operating results or from gifts, presents, financing, assets revaluation (if these items are allowed to be recorded as a decrease or increase in the owner's equity).

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profits appropriation or loss handling of Company.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Directors of Company and announcement of cut-off date for dividend payment of Vietnam Securities Depository and Clearing Corporation.

2.21. Revenue

Revenue is recognized to extent that it is probable that the economic benefits will flow to Company.

Revenue is measured at the fair value of the consideration received excluding discounts, sales discounts, and sales returns. The following specific recognition conditions must also be met when recognizing revenue:

Revenue from sale of goods:

- The majority of risks and benefits associated with the right to own the products or goods have been transferred to the buyer;
- Company no longer holds the right to manage the goods as the goods owner, or the right to control the goods.

Revenue from rendering of services:

- The percentage of completion of the transaction at the Balance sheet date can be measured reliably .

Financial income

Financial incomes include income from assets yielding interest, royalties, dividends and other financial gains by the company shall be recognised when the two conditions are satisfied:

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The amount of the revenue can be measured reliably.

2.22. Revenue deductions

Revenue deductions from sales of goods and rendering of services arising in the year include: Trade discounts, sales discounts and sales returns.

Trade discount, sales discount and sales return incurred in the same period of sale of goods and rendering of services are recorded as a decrease in revenue in the incurring period. In case goods and services are sold in the previous periods, but until the next period they are incurred as deductible items, the Company records the decrease in revenue under the following principles: If it is incurred prior to the issuance of Financial Statements, it is then recorded as a decrease in revenue on the Financial Statements of the reporting period (the previous period); and if it is incurred after the issuance of Financial Statements, it is recorded as a decrease in revenue of incurring period (the next period).

2.23. Cost of goods sold

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services rendered during the year, and recorded on the basis of matching with revenue and on a prudence basis. Cases of loss of materials and goods exceeded the norm, labour cost and fixed manufacturing overheads not allocated to the value of inventory, provision for devaluation of inventory, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year even when products and goods have not been determined as sold.

2.24. Financial expenses

Items recorded as financial expenses include:

- Borrowing costs;
- Provision for diminution in value of losses from sale of foreign currency, exchange loss, etc.

The above items are recorded by the total amount arising in the year without offsetting against financial income.

2.25. Corporate income tax

a) Current corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

b) Current corporate income tax rate

The Company applies the corporate income tax rate of 20% for the operating activities which has taxable income for the fiscal year ended as at 31/12/2024.

2.26. Earnings per share

Basic earnings per share are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of Company (after adjusting for the bonus and welfare fund and allowance for Board of Management) by the weighted average number of ordinary shares outstanding during the year .

2.27. Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of Company, or being under common control with Company, including Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of Company that have a significant influence on Company, key management personnel including directors and employees of Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Financial Statements, Company should consider the nature of the relationship rather than the legal form of the relationship.

2.28. Segment information

Due to operating in the distribution of pharmaceuticals and medical equipment within the territory of Vietnam, the Company does not prepare segment reports by business segment and geographical segment.

3. CASH

	31/12/2024	01/01/2024
	VND	VND
Cash on hand	80,608,843	152,057,962
Demand deposits	28,595,862,787	16,621,457,619
Cash in transit	451,101,051	410,497,362
	29,127,572,681	17,184,012,943

4. FINANCIAL INVESTMENTS

	31/12/2024		01/01/2024	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
- Term deposits (1)	62,484,270,909	-	57,000,000,000	-
- Certificates of deposit (2)	61,060,000,000	-	46,060,000,000	-
	123,544,270,909	-	103,060,000,000	-

(1) As of December 31, 2024, term deposits with maturities of less than 12 months, amounting to VND 62,484,270,909, are held at Vietnamese commercial banks with interest rates ranging from 4.2%/year to 7.3%/year.

(2) As of December 31, 2024, the certificates of deposit issued by Vietnam Prosperity SMBC Finance Company Limited with maturities of less than 12 months, with interest rates according to each contract ranging from 5%/year to 7.3%/year, have a purchase price equal to the par value of VND 61,060,000,000.

As of December 31, 2024, some term deposits are used as collateral for the Company's loans (detailed in Note 15) with a value of VND 26,484,270,910.

5. SHORT-TERM TRADE RECEIVABLES

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<i>Related parties</i>	-	-	-	-
<i>Others</i>	678,163,741,281	(18,513,394,657)	401,796,492,995	(18,363,860,350)
- Da Nang Hospital	3,874,516,480	-	13,677,464,894	-
- Hue Central Hospital	13,336,632,720	-	20,492,500,640	-
- Phuong Le Pharmaceutical and Medical Equipment Company Limited (*)	100,248,659,132	-	-	-
- EU Pharmaceutical Joint Stock Company (*)	18,514,541,742	-	11,321,238,963	-
- Cali - U.S.A Medicine Pharmacy Company Limited (*)	17,700,874,767	-	8,722,119,410	-
- S' Pharmaceutical Company Limited (*)	10,738,461,976	-	7,337,879,255	-
- Hiep Thuan Thanh Medical Company Limited (*)	27,757,042,051	-	16,487,604,281	-
- Thai Nhan Pharmaceutical Cosmetics Company Limited (*)	70,359,953,887	-	49,876,074,022	-
- Gia Viet Pharmaceutical Trading Company Limited (*)	13,734,566,869	-	22,150,439,085	-
- Mr. Nguyen Hai Hung (**)	18,341,998,487	(10,911,001,197)	20,341,814,731	(10,911,001,197)
- Minh Tien Pharmaceutical Company Limited	6,135,033,068	(6,135,033,068)	6,535,033,068	(6,535,033,068)
- Other customers (*)	377,421,460,102	(1,467,360,392)	224,854,324,646	(917,826,085)
	678,163,741,281	(18,513,394,657)	401,796,492,995	(18,363,860,350)

As of December 31, 2024, receivables arising from loans of Bank for Investment and Development of Vietnam – Song Han Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade were pledged as collateral for loans at these banks (Details in Note 15).

(*) Some of the customer receivables are guaranteed by suppliers through a tripartite payment guarantee agreement signed between the Company, the suppliers, and the customers, and other collateral. Accordingly, the Company only has to pay the suppliers when it has collected money from the guaranteed customers. As of December 31, 2024, the balance of customer receivables guaranteed by the Company corresponds to the payable to suppliers used for guarantee with a value of VND 478,832,531,490.

(**) Customer receivables are secured by a land plot in Man Thai ward, Son Tra district, Da Nang city.

6. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<i>Related parties</i>	-	-	-	-
<i>Others</i>	32,531,365,975	-	17,826,834,372	-
- Asian Dimedical Pte Ltd	1,178,847,833	-	2,766,717,046	-
- Saint Corporation	1,414,173,492	-	3,603,801,438	-
- Spółdzielnia Pracy Galena	-	-	2,380,378,261	-
- Inbiotech L.T.D	8,595,194,613	-	-	-
- H&B Pharma International INC	6,606,048,918	-	-	-
- Other prepayments to suppliers	14,737,101,119	-	9,075,937,627	-
	32,531,365,975	-	17,826,834,372	-

Danang Pharmaceutical - Medical Equipment Joint Stock Company
No. 02, Phan Dinh Phung Street, Hai Chau 1 Ward, Hai Chau District, Da Nang City

7. SHORT-TERM LOAN RECEIVABLES

	01/01/2024		During the period		31/12/2024	
	Value VND	Provision VND	Increase VND	Decrease VND	Value VND	Provision VND
- <i>Related parties</i>	-	-	91,900,000,000	37,800,000,000	54,100,000,000	-
- Elmich Joint Stock Company	-	-	91,900,000,000	37,800,000,000	54,100,000,000	-
	-	-	91,900,000,000	37,800,000,000	54,100,000,000	-

The detail of loan receivables are as follows:

Currency	Purpose of borrowing	Interest rate per annum	Maturity date	Guarantee	31/12/2024 VND	01/01/2024 VND
VND	Supplement working capital	Following each disbursement contract (From 5%/year to 6%/year)	6 months	Unsecured	54,100,000,000	-
					54,100,000,000	-

Related parties
Elmich Joint Stock Company

54,100,000,000
-

8. OTHER RECEIVABLES

	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<i>Details by content</i>				
- Loan interest and deposit interest	3,236,056,886	-	2,077,427,125	-
- Mortgages	1,545,887,376	-	913,801,932	-
- Other receivables	470,332,953	-	94,240,969	-
	5,252,277,215	-	3,085,470,026	-
<i>Detail by object</i>				
<i>Related parties</i>				
- Elmuch Joint Stock Company	725,713,699	-	-	-
	725,713,699	-	-	-
<i>Others</i>				
- SMBC Vietnam Prosperity Bank Finance Company Limited	1,289,836,164	-	1,476,040,822	-
- Vietnam Export Import Commercial Joint Stock Bank (Eximbank)	242,906,474	-	254,657,534	-
- Vietnam Public Joint Stock Commercial Bank (PVcomBank)	-	-	166,465,753	-
- Saigon – Hanoi Commercial Joint Stock Bank (SHB) - Ha Noi Branch	199,452,055	-	119,605,480	-
- Vietnam Technological and Commercial Joint stock Bank (Techcombank)	-	-	60,657,536	-
- Vietnam Joint Stock Commercial Bank For Industry And Trade (Vietinbank)	42,644,384	-	-	-
- Vietnam Prosperity Joint stock Commercial Bank	641,493,151	-	-	-
- Joint Stock Commercial Bank for Investment and Development of Vietnam	94,010,959	-	-	-
- Other customers	2,016,220,329	-	1,008,042,901	-
	5,252,277,215	-	3,085,470,026	-

9. DOUBTFUL DEBTS

	31/12/2024		01/01/2024	
	Original cost	Recoverable value	Original cost	Recoverable value
	VND	VND	VND	VND
- Total value of receivables and debts that are overdue or not due but are difficult to be recovered				
+ Trade receivables	26,022,216,918	7,508,822,261	28,422,033,162	10,058,172,812
- Quang Ngai Pharmaceutical - Medical Supplies State-owned Company Limited	917,826,085	-	917,826,085	-
- Mr. Nguyen Hai Hung	18,341,998,487	7,430,997,290	20,341,814,731	9,430,813,534
- Quang Nam Medical College	297,880,569	-	297,880,569	297,880,569
- Minh Tien Pharmaceutical Company	6,135,033,068	-	6,535,033,068	-
- Others	329,478,709	77,824,971	329,478,709	329,478,709
	26,022,216,918	7,508,822,261	28,422,033,162	10,058,172,812

10. INVENTORIES

	31/12/2024		01/01/2024	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
- Goods in transit	125,147,795,016	-	71,805,389,207	-
- Raw materials	3,334,548,587	-	677,730,858	-
- Finished goods	1,992,099,654	-	3,989,299,975	-
- Goods	37,400,244,394	(722,350,056)	37,518,657,898	(1,641,766,086)
	167,874,687,651	(722,350,056)	113,991,077,938	(1,641,766,086)

As of December 31, 2024, the cost of inventory formed from loans from the Bank for Investment and Development of Vietnam – Song Han Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade was pledged as collateral for loans at these banks (see Note 15 for details).

11. CONSTRUCTION IN PROGRESS

	31/12/2024	01/01/2024
	VND	VND
- Acquisitions	1,354,180,168	-
+ Storage rack system at Hoa Cam warehouse	1,236,880,168	-
+ Other acquisitions	117,300,000	-
- Construction in progress	584,865,544	73,955,000
+ Repair and renovation of other projects	584,865,544	73,955,000
	1,939,045,712	73,955,000

12. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Vehicles, transportation equipment	Fixed assets used in management	Other tangible fixed assets	Total
	VND	VND	VND	VND	VND	VND
Original cost						
Beginning balance of the year	61,159,676,950	7,937,200,000	4,573,893,014	1,446,663,106	1,215,108,486	76,332,541,556
- Purchase in the year	-	1,908,464,537	-	1,230,562,781	-	3,139,027,318
- Completed construction investment	6,417,036,004	-	-	-	-	6,417,036,004
- Liquidation, disposal	(1,943,445,692)	-	-	-	-	(1,943,445,692)
- Dismantled assets	-	(835,120,909)	-	-	-	(835,120,909)
Ending balance of the year	65,633,267,262	9,010,543,628	4,573,893,014	2,677,225,887	1,215,108,486	83,110,038,277
Accumulated depreciation						
Beginning balance of the year	13,455,600,779	2,140,636,733	4,188,600,714	951,706,495	812,146,362	21,548,691,083
- Depreciation in the year	2,642,611,604	577,288,726	106,881,182	334,486,632	51,344,119	3,712,612,263
- Liquidation, disposal	(1,138,359,562)	-	-	-	-	(1,138,359,562)
- Dismantled assets	-	(12,243,948)	-	-	-	(12,243,948)
Ending balance of the year	14,959,852,821	2,705,681,511	4,295,481,896	1,286,193,127	863,490,481	24,110,699,836
Net carrying amount						
Beginning balance of the year	47,704,076,171	5,796,563,267	385,292,300	494,956,611	402,962,124	54,783,850,473
Ending balance of the year	50,673,414,441	6,304,862,117	278,411,118	1,391,032,760	351,618,005	58,999,338,441

- The carrying amount of tangible fixed assets pledged as collaterals for borrowings at the end of the year: VND 11,080,615,208

- Cost of fully depreciated tangible fixed assets but still in use at the end of the year: VND 1,527,556,344

13. INTANGIBLE FIXED ASSETS

	Land use rights VND	Computer software VND	Total VND
Historical cost			
Beginning balance of the year	22,110,243,541	1,980,710,500	24,090,954,041
- Purchase in the year	-	1,803,549,000	1,803,549,000
- Liquidation, disposal	(2,134,318,500)	-	(2,134,318,500)
Ending balance of the year	19,975,925,041	3,784,259,500	23,760,184,541
Accumulated amortization			
Beginning balance of the year	52,343,180	1,476,351,205	1,528,694,385
- Amortization in the year	3,649,992	549,094,786	552,744,778
Ending balance of the year	55,993,172	2,025,445,991	2,081,439,163
Net carrying amount			
Beginning balance	22,057,900,361	504,359,295	22,562,259,656
Ending balance	19,919,931,869	1,758,813,509	21,678,745,378

- Carrying amount of intangible fixed assets pledged as collaterals for borrowings at the end of the year: VND 13,522,841,604.
- Cost of fully amortized intangible fixed assets but still in use at the end of the year: VND 1,130,880,000.

14. PREPAID EXPENSES

	31/12/2024 VND	01/01/2024 VND
a) Short-term		
- Repair and Renovation Costs	1,133,331	60,738,789
- Rental Costs	164,363,636	128,000,000
- Insurance costs	81,525,910	101,976,989
- Others	816,620,740	147,275,113
	1,063,643,617	437,990,891
b) Long-term		
- Prepaid Land Lease - Hoa Cam Industrial Zone (*)	6,666,828,935	6,892,186,535
- Tools and Supplies Issued	1,012,859,945	1,276,211,650
- Repair Costs	619,719,284	299,731,060
- Others	1,680,204,498	216,268,388
	9,979,612,662	8,684,397,633

(*) One-time prepaid land rental at Hòa Cẩm Industrial Park - Da Nang City for an area of 9,000 m² to serve the construction of the GSP warehouse system. As of December 31, 2024, the remaining lease term is 29 years and 8 months. The land rental cost allocated to expenses during the period is 225,357,600 VND.

15. BORROWINGS AND FINANCE LEASE LIABILITIES

	01/01/2024		During the year		31/12/2024	
	Value	Amount can be paid	Increase	Decrease	Value	Amount can be paid
	VND	VND	VND	VND	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Song Han Branch (1)	57,079,873,504	57,079,873,504	520,090,418,042	502,397,813,442	74,772,478,104	74,772,478,104
Vietnam Export Import Commercial Joint Stock Bank - Da Nang Branch (2)	2,171,583,416	2,171,583,416	38,083,443,070	40,255,026,486	-	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Da Nang Branch (3)	3,318,501,680	3,318,501,680	302,921,227,587	220,935,078,737	85,304,650,530	85,304,650,530
HSBC Bank Limited - Hanoi Branch (4)	4,644,558,168	4,644,558,168	-	4,644,558,168	-	-
Vietnam Technological and Commercial Joint Stock Bank - Da Nang Branch (5)	10,300,414,128	10,300,414,128	21,872,241,515	32,172,655,643	-	-
Personal loan (6)	1,243,521,849	1,243,521,849	1,987,314,162	3,200,836,011	30,000,000	30,000,000
	78,758,452,745	78,758,452,745	884,954,644,376	803,605,968,487	160,107,128,634	160,107,128,634

Detailed information on Short-term borrowings:

Detailed information on Short-term borrowings from banks and credit institutions is as follows:

	Contract No.	Currency	Interest rate per annum	Rate	Loan term	Loan purpose	Guarantee	VND	
								31/12/2024	01/01/2024
Others									
(1) Joint Stock Commercial Bank for Investment and Development of Vietnam - Song Han Branch	No.01/2023/760 9338/HBTD	VND	Per loan		Under 6 months	Supplement working capital	1.1	160,107,128,634	78,758,452,745
(2) Vietnam Export Import Commercial Joint Stock Bank - Da Nang Branch	No. 1002-LAV- 230084868	VND	Floating		Under 6 months	Supplement working capital	2.1	-	2,171,583,416
(3) Vietnam Joint Stock Commercial Bank for Industry and Trade - Da Nang Branch	No.01/2023/300 029490- HDCVHM/NHC T480- DAPHARCO	VND	Floating		Under 6 months	Supplement working capital	3.1	85,304,650,530	3,318,501,680
(4) HSBC Bank Limited - Hanoi Branch	No VHN166782	VND	Floating		Under 6 months	Supplement working capital		-	4,644,558,168
(5) Vietnam Technological and Commercial Joint Stock Bank - Da Nang Branch	Contract No. DNG202312287 27/HDTD	VND	Floating		Under 6 months	Supplement working capital	Credit guarantee	-	10,300,414,128
(6) Personal loan		VND	Per loan		Per loan	Supplement working capital	Credit guarantee	30,000,000	1,243,521,849
								160,107,128,634	78,758,452,745

(1.1) Mortgage of Land Use Rights and assets attached to land according to Real Estate Mortgage Contract No. 0007.14/HDTC dated February 28, 2014 and amended and supplemented document of Mortgage Contract No. 01/2016/7609338/SDBS dated December 30, 2016.

(1.b) Real Estate Mortgage Contract No. 04/2024/7609338/HBBĐ dated November 28, 2024
Mortgage of inventory, receivables formed from loan capital.

(2.1) Mortgage with the borrower's assets, including: Deposit amount: deposit 10% of the LC value, the remaining amount the unit pays in full or borrows according to the limit granted upon receiving the set of documents.

(3.1) Mortgage by the borrower's assets such as inventories, receivables formed from loan capital and Land Use Rights under the Asset Mortgage Contracts, including:

- + Asset Mortgage Contract No. QN062010/HDTC dated September 21, 2010;
- + Asset Mortgage Contract No. 07130901/HDTC dated April 8, 2008;
- + Asset Mortgage Contract No. 06130902/HDTC dated November 6, 2006;
- + Asset Mortgage Contract No. 06130901/HDTC dated November 6, 2006.

Loans from banks and other credit institutions have been secured by mortgage contracts with lenders and have been fully registered for secured transactions.

16. SHORT-TERM TRADE PAYABLES

	31/12/2024		01/01/2024	
	Outstanding balance	Amount can be paid	Outstanding balance	Amount can be paid
	VND	VND	VND	VND
<i>Related parties</i>				
- Megram Joint Stock Company	27,843,750	27,843,750	278,640,000	278,640,000
<i>Others</i>	737,340,064,243	737,340,064,243	411,833,427,923	411,833,427,923
- Inbiotech L.T.D (*)	33,969,559,659	33,969,559,659	23,240,143,538	23,240,143,538
- Axon Drugs Private Ltd	18,109,218,894	18,109,218,894	22,156,116,455	22,156,116,455
- Delta Pharma Limited (*)	42,868,880,451	42,868,880,451	7,325,652,397	7,325,652,397
- Prime Pharmaceutical Limited (*)	13,080,067,920	13,080,067,920	18,881,694,203	18,881,694,203
- Growena Impex Company (*)	31,916,233,301	31,916,233,301	53,638,032,249	53,638,032,249
- Incepta Pharmaceuticals Ltd	78,833,726,748	78,833,726,748	-	-
- Pharmix Corporation	6,382,093,009	6,382,093,009	27,136,292,182	27,136,292,182
- Others (*)	512,180,284,261	512,180,284,261	259,455,496,899	259,455,496,899
	737,367,907,993	737,367,907,993	412,112,067,923	412,112,067,923

(*) Some payables to suppliers are guaranteed for customer receivables through a tripartite payment guarantee agreement signed between the Company, the supplier, and the customer. Accordingly, the Company is only required to make payments to the suppliers after collecting funds from the guaranteed customers. See Note 5 for more details.

17. SHORT-TERM PREPAYMENTS FROM CUSTOMERS

	31/12/2024	01/01/2024
	VND	VND
<i>Related parties</i>	-	-
<i>Others</i>	52,813,791,682	31,755,860,474
- Thien An Pharmaceutical Company Limited	7,764,215,946	-
- Viet Nga Joint Stock Company	-	2,403,450,001
- Hiep Thuan Thanh Joint Stock Company	-	2,276,294,892
- SkyLine Trading Joint Stock Company	-	7,499,470,732
- Thien An Pharmaceutical Trading Joint Stock Company	-	4,275,289,705
- Da Phuc Pharmaceutical Company Limited	9,676,122,972	-
- Lien Mai Pharmaceutical Company Limited	5,450,924,050	-
- Other suppliers	29,922,528,714	15,301,355,144
	52,813,791,682	31,755,860,474

18. TAX AND OTHER PAYABLES TO THE STATE BUDGET

	Opening receivable	Opening payables	Payables in the year	Actual payment in the year	Closing receivables	Closing payable
	VND	VND	VND	VND	VND	VND
- Value-added tax	675,582,065	87,766,896	187,360,361,061	187,028,146,551	270,410,963	14,810,304
- Export, import duties	-	-	19,617,465,485	19,617,465,485	-	-
- Corporate income tax	1,307,870,073	-	2,039,114,650	1,856,334,691	1,125,090,114	-
- Personal income tax	-	279,600,008	1,272,035,060	1,199,609,880	-	352,025,188
- Land tax and land rental	-	37,000,690	661,561,724	698,562,414	-	-
- Fees, charges and other payables	-	-	21,000,000	21,000,000	-	-
	1,983,452,138	404,367,594	210,971,537,980	210,421,119,021	1,395,501,077	366,835,492

Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Financial Statements could be changed at a later date upon final determination by the tax authorities.

19. SHORT-TERM ACCRUED EXPENSES

	31/12/2024	01/01/2024
	VND	VND
- Interest expense	92,978,488	141,083,810
	92,978,488	141,083,810

20. OTHER PAYABLES

	31/12/2024	01/01/2024
	VND	VND
a) Short-term payables		
a.1) Details by content		
- Surplus of assets awaiting resolution	70,478,826	389,850,002
- Trade union fee	76,721,942	68,395,933
- Social insurance	28,369,284	28,369,683
- Short-term deposits, collateral received	415,000,000	-
- Other payables	952,300,717	752,102,663
<i>Board of Directors and Board of Supervision's remuneration</i>	470,000,000	-
<i>Others</i>	482,300,717	752,102,663
	1,542,870,769	1,238,718,281
a.2) Details by object		
- Social insurance at Da Nang City	28,369,284	96,765,616
- Other objects	1,514,501,485	1,141,952,665
	1,542,870,769	1,238,718,281
b) Long-term payables		
b.1) Details by content		
- Long-term deposits, collateral received	2,481,600,000	2,917,425,000
	2,481,600,000	2,917,425,000
b.2) Details by object		
- GIMGAMED Pharmaceutical Company Limited	1,500,000,000	1,500,000,000
- Buymed Logistics Company Limited	787,725,000	787,725,000
- Other objects	193,875,000	629,700,000
	2,481,600,000	2,917,425,000

21. UNEARNED REVENUES

	<u>31/12/2024</u>	<u>01/01/2024</u>
	VND	VND
- Deferred revenue from land lease (*)	1,125,648,396	935,189,642
	<u>1,125,648,396</u>	<u>935,189,642</u>

(*) Revenue received in advance from leasing premises in Hoa Tho Tay ward, Cam Le district, Da Nang city and in Hai Chau 1 ward, Hai Chau district, Da Nang city.

22. OWNER'S EQUITY

a) Changes in owner's equity

	Contributed capital		Share premium	Other capital		Development and investment funds	Retained earnings		Total
	VND	VND		VND	VND		VND	VND	
Beginning balance of the previous year	153,493,280,000	9,215,548,634	2,334,190,178	25,644,628,267	12,013,851,431	202,701,498,510			
Profit for previous year	-	-	-	-	1,111,199,314	1,111,199,314			
Profit distribution	-	-	-	-	(7,674,664,000)	(7,674,664,000)			
Ending balance of previous year	153,493,280,000	9,215,548,634	2,334,190,178	25,644,628,267	5,450,386,745	196,138,033,824			
Beginning balance of the current year	153,493,280,000	9,215,548,634	2,334,190,178	25,644,628,267	5,450,386,745	196,138,033,824			
Profit for current year	-	-	-	-	7,624,152,377	7,624,152,377			
Ending balance of the current year	153,493,280,000	9,215,548,634	2,334,190,178	25,644,628,267	13,074,539,122	203,762,186,201			

(*) Pursuant to Resolution No. 19/2024/NQ-ĐHĐCĐ dated April 26, 2024, the General Meeting of Shareholders of the Company approved the decision not to pay dividends for the years 2023 and 2024.

b) Details of Contributed capital

	Ending the year		Beginning the year	
	VND	Rate %	VND	Rate %
Megram Joint Stock Company	78,290,190,000	51.01	78,290,190,000	51.01
Danapha Pharmaceutical Joint Stock Company	10,997,910,000	7.17	10,997,910,000	7.17
Mr. Pham Van Truong	10,050,000,000	6.55	10,050,000,000	6.55
Others	54,155,180,000	35.27	54,155,180,000	35.27
	153,493,280,000	100	153,493,280,000	100

c) Capital transactions with owners and distribution of dividends and profits

	Year 2024	Year 2023
	VND	VND
Owner's contributed capital		
- At the beginning of the year	153,493,280,000	153,493,280,000
- At the end of the year	153,493,280,000	153,493,280,000
Distributed dividends and profit:		
- Dividend payable at the beginning of the year	-	-
- Dividend payable in the year	-	7,674,664,000
+ Dividend payable from last year's profit	-	7,674,664,000
- Dividends and profits paid in cash in the year	-	7,674,664,000
+ Dividend payable from last period's profit	-	7,674,664,000
- Dividend payable at the end of the year	-	-

d) Share

	31/12/2024	01/01/2024
Quantity of Authorized issuing shares	15,349,328	15,349,328
Quantity of issued shares	15,349,328	15,349,328
- Common shares	15,349,328	15,349,328
Quantity of outstanding shares in circulation	15,349,328	15,349,328
- Common shares	15,349,328	15,349,328
Par value per share: (VND):	10,000	10,000

Danang Pharmaceutical - Medical Equipment Joint Stock CompanyNo. 02, Phan Dinh Phung Street, Hai Chau 1 Ward,
Hai Chau District, Da Nang City**Financial Statements**
for the fiscal year ended as at 31/12/2024**f) Company's reserves**

	31/12/2024	01/01/2024
	VND	VND
- Development and investment funds	25,644,628,267	25,644,628,267
	<u>25,644,628,267</u>	<u>25,644,628,267</u>

23. OFF STATEMENT OF FINANCIAL POSITION ITEMS AND OPERATING LEASE COMMITMENT**a) Operating asset for leasing**

The Company is currently leasing a property located at 06 Tran Quoc Toan Street, Hai Chau 1 Ward, Hai Chau District, Da Nang City, with an area of 400.6 m2 under an operating lease agreement until September 9, 2027.

The Company has signed a warehouse lease agreement at Hoa Cam Industrial Park - Da Nang City with a total area of 2,127.6 m2 under an operating lease agreement until June 1, 2026.

b) Operating leased assets

The Company has signed land lease contracts in Da Nang City for the purposes of building offices, product stores and warehouses. Under these contracts, the company is required to pay annual land rental fees until the contract expiration date, in accordance with the prevailing regulations of the State.

The Company signed a land lease contract at Hoa Cam Industrial Park - Da Nang City with an area of 9,000 m2 to serve the construction of a drug storage warehouse and a medical supplies factory. The company paid the land rent once for the lease period from January 2019 to August 2054.

c) Assets held under trust

The company is accepting the mortgage of certain customers' assets to secure accounts receivable, including: Inventory stored at the Hanoi and Ho Chi Minh City branches of some customers; A land lot in Man Thai Ward, Son Tra District, Da Nang City.

d) Foreign currencies

	Unit	31/12/2024	01/01/2024
- US Dollars (\$)	USD	18,640.87	4,516.32
- Euro (€)	EUR	309.32	1,170.30

24. TOTAL REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Year 2024	Year 2023
	VND	VND
Revenue from pharmaceutical sales	1,176,874,879,479	765,481,772,526
Revenue from medical equipment sales	150,455,046,722	137,791,242,298
Revenue from services provided	67,324,287,505	42,278,076,981
	<u>1,394,654,213,706</u>	<u>945,551,091,805</u>
In which: Revenue from related parties (Detailed in Note 40)	<u>2,639,343</u>	<u>14,164,800</u>

25. REVENUE DEDUCTIONS

	Year 2024	Year 2023
	VND	VND
- Trade discounts	1,585,711,379	1,399,278,299
- Sale discounts	99,027,699	747,570,916
- Sale returns	310,765,034	-
	1,995,504,112	2,146,849,215

26. COST OF GOODS SOLD

	Year 2024	Year 2023
	VND	VND
Cost of pharmaceutical sales	1,147,061,108,006	734,404,866,948
Cost of medical equipment sales	141,586,988,018	130,000,696,950
Cost of services rendered	14,931,172,815	13,450,896,648
Provision/(reversal) for inventory obsolescence	(919,416,030)	1,641,766,086
	1,302,659,852,809	879,498,226,632

27. FINANCIAL INCOME

	Year 2024	Year 2023
	VND	VND
Interest income	8,398,205,867	6,141,792,973
Gain on exchange difference in the year	12,487,324,355	9,810,346,025
Interest from deferred payment sale, payment discount	1,287,338,188	1,719,406,608
	22,172,868,410	17,671,545,606
In which: Financial income received from related parties (Detailed in Note 40)	1,398,543,836	334,945,205

28. FINANCIAL EXPENSES

	Year 2024	Year 2023
	VND	VND
Interest expenses	3,965,186,702	3,211,719,803
Loss on exchange difference in the year	16,145,313,590	6,587,845,404
Loss on exchange difference at the year end	40,635,246	2,124,642,751
Other financial expenses	50,325,471	-
	20,201,461,009	11,924,207,958

29. SELLING EXPENSES

	Year 2024	Year 2023
	VND	VND
	-	-
Labour expenses	46,825,585,701	26,503,542,094
Depreciation expenses	2,695,299,414	1,853,128,638
Expenses of outsourcing services	16,449,114,382	9,168,771,117
Other expenses in cash	8,036,080,823	11,773,761,677
	74,006,080,320	49,299,203,526

30. GENERAL AND ADMINISTRATIVE EXPENSES

	Year 2024	Year 2023
	VND	VND
Labour expenses	8,017,181,385	5,812,575,924
Depreciation expenses	1,061,570,304	988,185,768
Provision expenses	149,534,307	6,025,033,068
Expenses of outsourcing services	2,666,255,690	3,405,704,793
Other expenses in cash	3,360,863,723	3,148,049,938
	15,255,405,409	19,379,549,491
In which: General and administrative expenses purchased from related parties (Detailed in Note 40)	56,667,140	535,123,539

31. OTHER INCOME

	Year 2024	Year 2023
	VND	VND
Gain from liquidation, disposal of fixed assets	4,840,987,961	63,636,364
Collected fines	1,002,240	32,294,520
Supplier sales rebates, discounts, and promotional programs	2,340,585,316	1,425,089,679
Others	383,713,574	349,815,966
	7,566,289,091	1,870,836,529

32. OTHER EXPENSES

	Year 2024	Year 2023
	VND	VND
Expenses from liquidation, disposal of fixed assets	-	23,194,997
Remuneration of non-executive directors	170,000,000	-
Fines	5,913,000	57,299,325
Others	435,887,521	554,025,681
	611,800,521	634,520,003

33. CURRENT CORPORATE INCOME TAX EXPENSES

	Year 2024	Year 2023
	VND	VND
<i>Corporate income tax from business activities</i>		
Total profit before tax	9,663,267,027	2,210,917,115
Increase	532,306,223	276,246,200
- Ineligible expenses	532,306,223	276,246,200
Taxable income	10,195,573,250	2,487,163,315
Current corporate income tax expense (tax rate 20%)	<u>2,039,114,650</u>	<u>497,432,663</u>
Tax payable at the beginning of the year	(1,307,870,073)	690,628,653
Tax paid in the year	(1,856,334,691)	(2,495,931,389)
Corporate income tax payable at the the year end from business activities	<u>(1,125,090,114)</u>	<u>(1,307,870,073)</u>

34. BASIC EARNINGS PER SHARE

Basic earnings per share distributed to common shareholders of Company are calculated as follows:

	Year 2024	Year 2023
	VND	VND
Net profit after tax	7,624,152,377	1,111,199,314
Profit distributed to common shares	7,624,152,377	1,111,199,314
Average number of outstanding common shares in circulation in the year	15,349,328	15,349,328
Basic earnings per share	<u>497</u>	<u>72</u>

Company has not planned to make any distribution to Bonus and welfare fund, bonus for the Board of Management from the net profit after tax at the date of preparing Financial Statements.

As at 31 December 2024, Company does not have shares with dilutive potential for earnings per share.

35. BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2024	Year 2023
	VND	VND
Raw materials	9,786,159,930	5,998,227,946
Labour expenses	56,914,552,816	33,167,730,189
Depreciation expenses	4,098,032,090	3,158,788,830
Provision expenses	(780,084,856)	6,025,033,068
Expenses of outsourcing services	20,405,087,730	11,863,866,526
Other expenses in cash	12,193,500,256	18,534,305,274
	<u>102,617,247,966</u>	<u>78,747,951,833</u>

36. FINANCIAL INSTRUMENTS**Financial risk management**

Financial risks that Company may face risks including: market risk, credit risk and liquidity risk.

Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. the Board of Management of Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

Company may face with the market risk such as: changes in prices, exchange rates and interest rates.

Exchange rate risk:

Company bears the risk of interest rates due to the transaction made in a foreign currency other than VND such as: borrowings, revenue, cost, importing materials, good, machinery and equipment....

Interest rate risk:

Company bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if Company has time or demand deposits, borrowings and debts subject to floating interest rates. Company manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

Credit Risk

Credit risk is the risk of financial loss to Company if a counterparty fails to perform its contractual obligations. Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

	Under 1 year	From 1 to 5 years	Over 5 years	Total
	VND	VND	VND	VND
As at 31/12/2024				
Cash and cash equivalents	29,046,963,838	-	-	29,046,963,838
Trade and other receivables	664,902,623,839	-	-	664,902,623,839
Loans	177,644,270,909	-	-	177,644,270,909
	871,593,858,586	-	-	871,593,858,586
As at 01/01/2024				
Cash and cash equivalents	17,031,954,981	-	-	17,031,954,981
Trade and other receivables	386,518,102,671	-	-	386,518,102,671
Loans	103,060,000,000	-	-	103,060,000,000
	506,610,057,652	-	-	506,610,057,652

Liquidity Risk:

Liquidity risk is the risk that Company has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Company is mainly arises from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	Under 1 year	From 1 to 5 years	Over 5 years	Total
	VND	VND	VND	VND
As at 31/12/2024				
Borrowings and debts	160,107,128,634	-	-	160,107,128,634
Trade and other payables	738,910,778,762	2,481,600,000	-	741,392,378,762
Accrued expenses	92,978,488	-	-	92,978,488
	899,110,885,884	2,481,600,000	-	901,592,485,884
As at 01/01/2024				
Borrowings and debts	78,758,452,745	-	-	78,758,452,745
Trade and other payables	413,350,786,204	2,917,425,000	-	416,268,211,204
Accrued expenses	141,083,810	-	-	141,083,810
	492,250,322,759	2,917,425,000	-	495,167,747,759

Company believes that risk level of loan repayment is controllable. Company has the ability to pay due debts from cash flows from its operating activities and cash received from mature financial assets.

37. ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

	Year 2024	Year 2023
	VND	VND
a) Proceeds from borrowings during the year		
Proceeds from ordinary contracts;	884,954,644,376	500,529,591,823
b) Actual repayments on principal during the year		
Repayment on principal from ordinary contracts;	803,605,968,487	428,549,687,439

38. OTHER INFORMATIONS

Accounts receivable are guaranteed for payment by suppliers

As of December 31, 2024 and January 1, 2024, the Company's receivables from import-entrusted customers are guaranteed for payment by suppliers through Guarantee Agreements signed between three parties with the main terms including:

- Parties signing the agreement: Supplier, Danang Pharmaceutical and Medical Equipment Joint Stock Company and Customer;
- Guarantee period: Signed separately for each contract, effective until the Customer pays all receivables to the Company;
- Main content: The Company is not responsible for paying the supplier if the customer has not paid the Company. At the same time, if the customer is late in paying beyond the deadline (specified in each Guarantee Agreement), the Company is allowed to offset the customer's outstanding payment obligation with the debt payable to the supplier.

Details of the balance of receivables from customers guaranteed under the Guarantee Agreements as at 31 December 2024 are presented in Note 5.

39. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period, which would require adjustments or disclosures to be made in the Financial Statements.

40. TRANSACTION AND BALANCES WITH RELATED PARTIES

List and relation between related parties and Company are as follows:

Related parties	Relationship
Megram Joint Stock Company	Parent company
Danapha Pharmaceutical Joint Stock Company	Major
Elmich Joint Stock Company	Same group
And other members of the Board of Directors, Board of Management and Board of Supervisors of the Company	

In addition to the information with related parties presented in the above Notes, during the year Company has transactions with related parties as follows:

	Year 2024	Year 2023
	VND	VND
Revenue from sales of goods and rendering of services	2,639,343	14,164,800
Danapha Pharmaceutical Joint Stock Company	2,639,343	14,164,800
Purchase	49,090,909	-
Elmich Joint Stock Company	49,090,909	-
Financial revenue	1,398,543,836	334,945,205
Elmich Joint Stock Company	1,398,543,836	334,945,205
Administration expenses	56,667,140	535,123,539
Megram Joint Stock Company	31,796,674	531,643,539
Elmich Joint Stock Company	24,870,466	3,480,000
Loan	91,900,000,000	25,900,000,000
Elmich Joint Stock Company	91,900,000,000	25,900,000,000
Loan recovery	37,800,000,000	25,900,000,000
Elmich Joint Stock Company	37,800,000,000	25,900,000,000

Transactions with the other related parties as follows:

	Position	Year 2024 VND	Year 2023 VND
Remuneration of the Board of Directors			
- Nguyen Luong Tam	Chairman	94,500,000	30,000,000
- Do Thanh Trung	Member	-	178,000,000
- Nguyen Trung	Member, Deputy of General director	615,362,471	491,133,333
- Hoang Trung Dung	Member of Independent Board of Directors	50,000,000	140,000,000
- Dinh Thi Mong Van	Member	-	90,000,000
		759,862,471	929,133,333

Salary (Salary and Remuneration) of Supervisory Board

- Nguyen Thi Yen	Head of Supervisory Board	-	-
- Pham Thi Minh Ngoc	Head of Supervisory Board	-	15,000,000
- Nguyen Thi Thanh Thuy	Member	232,487,278	211,451,867
		232,487,278	226,451,867

Salary, reward [and the other benefit] of Deputy General Director for Operations and the other managers

- Nguyen Ba Hai	Deputy of General director (Appointed on 15th October 2024)	129,964,939	-
		129,964,939	-

In addition to the above related parties' transactions, other related parties did not have any transactions during the year and have no balance at the end of the fiscal year with Company.

41. COMPARATIVE FIGURES

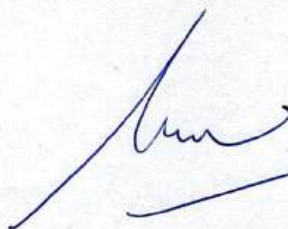
The comparative figures in Statement of Financial Position, Statement of Income, Statement of Cash flows and corresponding notes are taken in Financial Statements for year ended as at 31 December 2023 audited by AASC Auditing Firm Company Limited

Preparer



Tran Khanh Linh

Chief Accountant



Tran Thi Anh Minh

Da Nang, 28 March 2025

Deputy General Director
for Operations



Nguyễn Trung