

No: 04/CBTT/2025/DLVN

Phutho, March 31<sup>th</sup>, 2025

**PERIODIC DISCLOSURE OF FINANCIAL STATEMENTS**

**Respectfully to: Hanoi Stock Exchange**

Pursuant to Clause 1, Article 10 of Circular No. 96/2020/TT-BTC dated November 16<sup>th</sup>, 2020, issued by the Ministry of Finance providing guidelines on disclosure of information on securities market, Viet Nam Medicinal Materials Joint Stock Company hereby discloses the Audited Financial Statement for the year of 2024 to the Hanoi Stock Exchange as follow:

1. Organization name : Viet Nam Medicinal Materials Joint Stock Company
  - Stock code : DVM
  - Address : Area 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province, Vietnam
  - Tel : (84-24) 3984 1255
  - Email : headoffice@vietmec.vn
  - Website : <https://duoclieuvietnam.com.vn>
2. Content of information disclosure:
  - The Audited Financial Statement for the year of 2024:
    - ☒ Separated Financial Statements (Listed organization without subsidiaries and superior accounting unit that has affiliated units);
    - ☐ Consolidated Financial Statements (Listed organization with subsidiaries);
    - ☐ General Financial Statements (Listed organization has affiliated units with separate accounting apparatus);
  - Circumstances requiring explanation of reasons:
  - + The audit organization issues an opinion other than an unqualified opinion on the Financial Statements (for audited financial statements in 2024):
    - ☐ Yes ☒ No
  - Explanation document in case of "Yes":
    - ☐ Yes ☐ No
  - + Profit after taxes in the reporting period has a difference of at least 5% between the pre-audit and post-audit, is changed from negative to positive or vice versa (for the audited Financial Statements of 2024):
    - ☐ Yes ☒ No
  - Explanation document in case of "Yes":
    - ☐ Yes ☐ No





- + Profit after enterprise income tax as mentioned in the income statement of the disclosing period increases/decreases by at least 10% compared with the profit after enterprise income tax as disclosed in the same period of the last year:

☒ Yes

☐ No

Explanation document in case of "Yes":

☒ Yes

☐ No

- + Profit after taxes of the period is negative, is changed from positive in the previous period to negative in the current period or vice versa:

☐ Yes

☒ No

Explanation document in case of "Yes":

☐ Yes

☐ No

This information was published on the Company's website on March 31<sup>st</sup> 2025, as in the link: <https://duoclieuvietnam.com.vn/en/>

3. Reporting on transactions that are worth at least 35% of the total assets in 2024: None

We hereby certify that the information provided is true and accurate and we bear the full responsibility to the law for the content of the disclosed information.

**Attach:**

- Financial Statement for Quarter VI of 2024;
- Explanation document.

**Recipients:**

- As above.
- Archives: VT, PC.

**REPRESENTATIVE OF VIETNAM MEDICINAL  
MATERIALS JOINT STOCK COMPANY  
LEGAL REPRESENTATIVE/ PERSON IN  
CHARGE OF INFORMATION DISCLOSURE**





**VIET NAM MEDICINAL MATERIALS JOINT  
STOCK COMPANY**

Audited financial statements  
For the fiscal year ended 31<sup>st</sup> December 2024

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**VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY**

Area 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

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

**GENERAL INFORMATION**

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

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

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

**The Board of Directors**

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

**The Board of Supervisors**

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

**The Board General Management**

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

**Legal representatives**

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

**EVENTS ARISING AFTER THE END OF THE YEAR**

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



**VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY**

Area 8, Phu Ninh Commune, Phu Ninh District, Phu Tho Province

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS  
(Continued)**

**AUDITORS**

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

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

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

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

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

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

**APPROVAL OF THE FINANCIAL STATEMENTS**

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

**COMMITMENT ON INFORMATION DISCLOSURE**

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

For and on behalf of the Board of General Directors,



**Mr. VU THANH TRUNG**  
General Director  
Phu Tho, 31<sup>st</sup> March 2025



No: 1106/2024/BCTC/IAV

## **INDEPENDENT AUDITORS' REPORT**

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

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

### **The Board of General Director's Responsibility**

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

### **Auditors' Responsibility**

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

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

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



## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' Opinion

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



**NGUYEN HUU HOAN**

**Director**

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

**DUONG VAN THIEU**

**Auditor**

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

**INTERNATIONAL AUDITING AND VALUATION COMPANY LIMITED**

Ha noi, 31<sup>st</sup>, March 2025



**STATEMENT OF FINANCIAL POSITION**

As at 31<sup>st</sup> December 2024

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



**STATEMENT OF FINANCIAL POSITION (Continued)**


As at 31<sup>st</sup> December 2024

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

  
Preparer  
NGUYEN THI HUONG

  
Chief Accountant  
NGUYEN MANH THANG



  
General Director  
VU THANH TRUNG  
Phu Tho, Viet Nam  
31<sup>st</sup> March 2025



# STATEMENT OF INCOME

For the fiscal year ended 31 December 2024

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

Preparer  
NGUYEN THI HUONG

Chief Accountant  
NGUYEN MANH THANG



General Director  
VU THANH TRUNG  
Phu Tho, Viet Nam  
31<sup>st</sup> March 2025



**STATEMENT OF CASH FLOWS**  
For the fiscal year ended 31<sup>st</sup> December 2024  
(Direct method)

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

Preparer  
NGUYEN THI HUONG

Chief Accountant  
NGUYEN MANH THANG



General Director  
VU THANH TRUNG  
Phu Tho, Viet Nam  
31<sup>st</sup> March 2025



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2024

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

### 1. GENERAL INFORMATION

#### 1.1. Structure of ownership

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

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

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

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

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

#### 1.2. Business area

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

#### 1.3. Business activities

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



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

**1.4. Normal production and business cycle**

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

**1.5. The Company's structure**

The Company has only one dependent unit without legal status.

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

**Subordinate units do not have dependent accounting legal status**

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

**1.6. Disclosure of information comparability in the financial statements**

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

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**2.1. Accounting convention**

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

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



**2.2. Going concern assumption**

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

**2.3. Financial year**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Estimates**

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

**3.2. Transactions in foreign currencies**

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

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

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

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

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

**3.3. Cash and cash equivalents**

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

**3.4. Financial investments**

**Held-to-maturity investments**

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



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

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

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

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

### 3.5. Receivables

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

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

### 3.6. Inventories

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

G Cost is calculated using the weighted average method.

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

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

### 3.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

### 3.8. Leasing

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



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

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

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

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

### 3.9. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

The Company's intangible fixed assets include:

#### **Land use rights**

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

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

#### **Computer software**

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



**3.10. Construction in progress**

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

**3.11. Business Cooperation Contract**

***Jointly controlled assets***

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

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

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

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

***Jointly controlled business***

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

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

**3.12. Prepaid expenses**

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

***Pre-operating expenses***

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

***Tools and equipment***

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



***Repair costs of fixed assets***

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

***Prepaid land rental***

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

**3.13. Accounts payable and accrued expenses**

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

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

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

**3.14. Borrowings and finance lease liabilities**

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

**3.15. Borrowing costs**

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

**3.16. Unearned revenue**

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

**3.17. Owner's equity**

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



**3.18. Distribution of net profits**

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

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

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

**4.18 Revenue and earnings**

**Revenue from sales of finished goods and merchandise goods**

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

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

**Revenue from service rendered**

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

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

**Revenues from sales of processing service**

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

**Financial income**

**Interest**

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

**3.19. Cost of goods sold and service rendered**

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



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

**3.20. Selling expenses**

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

**3.21. General and administration expenses**

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

**3.22. Taxation**

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

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

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

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

**3.23. Financial instruments**

***Initial recognition***

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

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



*Subsequent measurement after initial recognition*

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

**3.24. Related parties**

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

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

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

**4.1. Cash and cash equivalents**

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

**4.2. Financial Investments**

**4.2.1. Held-to-maturity investments**

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

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



4.3. Short-term trade receivables

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

4.4. Short-term advances to suppliers

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

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

4.5. Other receivables

4.5.1. Short-term other receivables

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



4.5.2. Long-term other receivables

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

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

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

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

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



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

4.6. Bad debts

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

4.7. Inventories

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

4.8. Prepaid expenses

4.8.1. Short-term prepaid expenses

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

4.8.2. Long-term prepaid expenses

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



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4.9. Taxes and other payables to the State

	Opening balance		Movement in the year		Closing balance	
	Taxes Payable VND	Taxes Receivable VND	Amount payable VND	Paid VND	Taxes Payable VND	Taxes Receivable VND
VAT on domestic sales	10,400,432,006	-	80,888,489,409	91,084,395,928	204,525,487	-
Value added tax on imports	-	-	2,220,275,592	2,220,275,592	-	-
Corporate income tax	-	1,672,118,108	7,526,574,665	821,533,514	5,032,923,043	-
Personal income tax	475,185,927	-	939,885,522	917,408,141	497,663,308	-
Land and housing tax	-	-	4,958,200	4,958,200	-	-
Fees, charges and other payables	-	-	13,000,000	13,000,000	-	-
	<b>10,875,617,933</b>	<b>1,672,118,108</b>	<b>91,593,183,388</b>	<b>95,061,571,375</b>	<b>5,735,111,838</b>	<b>-</b>

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

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NOTES TO THE FINANCIAL STATEMENTS (Continue)

4.10. Increases, decreases in tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>COST</b>						
Opening balance	107,066,114,168	76,533,666,487	10,495,018,300	7,342,305,393	7,819,405,919	209,256,510,267
Increase in the year	-	393,812,000	-	1,305,244,411	-	1,699,056,411
- <i>Transfer from construction in progress</i>	-	-	-	1,120,062,593	-	1,120,062,593
- <i>Purchase in the year</i>	-	393,812,000	-	185,181,818	-	578,993,818
Decrease in the year	-	-	-	-	-	-
Closing balance	107,066,114,168	76,927,478,487	10,495,018,300	8,647,549,804	7,819,405,919	210,955,566,678
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	21,840,125,343	24,687,852,189	3,434,010,103	4,043,942,580	2,186,488,575	56,192,418,790
Increase in the year	5,209,451,138	8,349,345,588	1,612,801,327	1,009,124,050	799,063,338	16,979,785,441
- <i>Depreciation charged</i>	5,209,451,138	8,349,345,588	1,612,801,327	1,009,124,050	799,063,338	16,979,785,441
Decrease in the year	-	-	-	-	-	-
Closing balance	27,049,576,481	33,037,197,777	5,046,811,430	5,053,066,630	2,985,551,913	73,172,204,231
<b>NET BOOK VALUE</b>						
- Opening balance	85,225,988,825	51,845,814,298	7,061,008,197	3,298,362,813	5,632,917,344	153,064,091,477
- Closing balance	80,016,537,687	43,890,280,710	5,448,206,870	3,594,483,174	4,833,854,006	137,783,362,447
Cost of tangible fixed assets that have been fully depreciated but are still in use:						
- Opening balance	3,605,548,427	2,250,790,500	372,932,845	39,090,909	769,970,681	7,038,333,362
- Closing balance	3,605,548,427	2,250,790,500	372,932,845	39,090,909	769,970,681	7,038,333,362
Net book value at the end of the period of tangible fixed assets used to mortgage or pledge to secure the loan:						
- Opening balance	85,225,988,825	42,439,628,359	6,408,200,000	-	-	134,073,817,184
- Closing balance	80,016,537,687	43,890,280,710	5,448,206,870	-	-	129,355,025,267



4.11. Increases, decreases in finance lease assets

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

4.12. Increases, decreases in intangible fixed assets

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

4.13. Construction in progress

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

(i) According to Resolution No. 05A/2022/NQ-HĐQT/DLVN dated 13<sup>st</sup> May, 2022 of the Board of Directors of Vietnam Pharmaceutical Joint Stock Company on approving the Project to establish a Center for preserving precious medicinal herbs and developing medicinal herbs under the forest in Yen Son commune, Thanh Son district, Phu Tho province, the Company has purchased 02 plots of land with a total area of 571,000 m<sup>2</sup> in the commune. Yen Son, Thanh Son district, Phu Tho province with transfer price of 88,000,000,000 VND; Purpose of use: RTs; Usage term: By 2054, the Company is converting the land use term to 50 years



VIET NAM MEDICINAL MATERIALS JOINT STOCK COMPANY  
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4.14. Investments in other joint ventures

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

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

4.15. Short-term trade payables

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



4.16. Short-term advances from customers

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

4.17. Short-term accrued expenses

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

4.18. Short-term unearned revenue

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

4.19. Other payables

4.19.1. Short-term other payables

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

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

4.19.2. Long-term other payables

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

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	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
<b>4.20. Borrowings and finance lease liabilities</b>						
<b>4.20.1. Short-term borrowings and finance lease liabilities</b>						
<b>Short-term borrowings</b>	<b>658,203,577,065</b>	<b>658,203,577,065</b>	<b>1,252,473,419,932</b>	<b>1,187,586,553,771</b>	<b>723,090,443,226</b>	<b>723,090,443,226</b>
Vietnam Prosperity Joint Stock Company (1)	50,370,597,071	50,370,597,071	165,281,787,837	147,950,764,590	67,701,620,318	67,701,620,318
Vietnam Joint Stock Commercial Bank For Industry and Trade (2)	-	-	42,041,700,891	2,050,000,000	39,991,700,891	39,991,700,891
Joint Stock Commercial Bank for Investment and Development of Vietnam (3)	409,535,963,114	409,535,963,114	544,063,727,726	597,938,740,544	355,660,950,296	355,660,950,296
Prosperity And Growth Commercial Joint Stock Bank (4)	-	-	8,000,000,000	-	8,000,000,000	8,000,000,000
INDOVINA Bank Limited (5)	-	-	56,795,646,257	-	56,795,646,257	56,795,646,257
Vietnam Technological and Commercial Joint Stock Bank (6)	13,907,775,707	13,907,775,707	-	13,907,775,707	-	-
Bank Sinopac (7)	69,748,839,194	69,748,839,194	107,653,880,122	132,529,523,110	44,873,196,206	44,873,196,206
Woori Bank Vietnam Limited (8)	39,951,078,318	39,951,078,318	79,576,863,772	79,644,837,665	39,883,104,425	39,883,104,425
Hong Leong Bank Vietnam Limited (9)	69,956,399,977	69,956,399,977	79,261,907,116	119,917,036,595	29,301,270,498	29,301,270,498
Modern Bank of Vietnam Limited (10)	4,732,923,684	4,732,923,684	152,016,644,650	83,767,968,560	72,981,599,774	72,981,599,774
Ho Chi Minh City Development Joint Stock Commercial Bank (11)	-	-	7,901,354,561	-	7,901,354,561	7,901,354,561
Ms. Do Thi Nhung	-	-	9,879,907,000	9,879,907,000	-	-
<b>Current Portion of Long-Term Debt</b>	<b>11,364,596,916</b>	<b>11,364,596,916</b>	<b>10,923,076,920</b>	<b>11,364,596,916</b>	<b>10,923,076,920</b>	<b>10,923,076,920</b>
<b>Long-Term financial lease debt due</b>	<b>9,909,000,334</b>	<b>9,909,000,334</b>	<b>12,759,522,857</b>	<b>16,015,761,787</b>	<b>6,652,761,404</b>	<b>6,652,761,404</b>
<b>Short-term borrowings and finance lease liabilities</b>	<b>679,477,174,315</b>	<b>679,477,174,315</b>	<b>1,276,156,019,709</b>	<b>1,214,966,912,474</b>	<b>740,666,281,550</b>	<b>740,666,281,550</b>



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

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

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

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

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

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



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- Real estate at Plot No. 1(6), Map No. 03, located at Group 10, Bo De Ward, Long Bien District, Hanoi City, with an area of 142.0m<sup>2</sup>, registered in the land use rights certificate No. CN 999011, certificate number CT-DA 01480 issued by the Department of Natural Resources and Environment of Hanoi City in July 25<sup>th</sup>, 2018, for Vietnam Medicinal Materials Joint Stock Company.
- Real estate at Plot No. 1(7), Map No. 03, located at Group 10, Bo De Ward, Long Bien District, Hanoi City, with an area of 136.0m<sup>2</sup>, registered in the land use rights certificate No. CN 999012, certificate number CT-DA 01481 issued by the Department of Natural Resources and Environment of Hanoi City in July 25<sup>th</sup>, 2018, for Vietnam Medicinal Materials Joint Stock Company.

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

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

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



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

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

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

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

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

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



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4.20.2. Long-term borrowings and finance lease liabilities

	Opening balance		In the year		Closing balance	
	Amount VND	Amount able to be paid off VND	Increases VND	Decreases VND	Amount VND	Amount able to be paid off VND
<b>Long-term borrowings</b>	<b>46,634,259,555</b>	<b>46,634,259,555</b>	<b>1,400,000,000</b>	<b>13,920,626,982</b>	<b>34,113,632,573</b>	<b>34,113,632,573</b>
Joint Stock Commercial Bank for Investment and Development of Vietnam (1)	45,039,452,884	45,039,452,884	-	12,359,106,982	32,680,345,902	32,680,345,902
Vietnam Prosperity Joint Stock Company (2)	1,594,806,671	1,594,806,671	1,400,000,000	1,561,520,000	1,433,286,671	1,433,286,671
<b>Long-term finance lease liabilities</b>	<b>17,120,289,477</b>	<b>17,120,289,477</b>	<b>7,087,893,779</b>	<b>14,859,731,721</b>	<b>9,348,451,535</b>	<b>9,348,451,535</b>
BIDV - Sumi Trust Leasing Company, LTD (3)	2,228,821,632	2,228,821,632	-	2,228,821,632	-	-
Chailase International Leasing Company Limited (4)	14,891,467,845	14,891,467,845	7,087,893,779	12,630,910,089	9,348,451,535	9,348,451,535
	-	-	-	-	-	-
<b>In which:</b>						
<b>Amount due for settlement within 12 months:</b>	21,273,597,250	21,273,597,250			17,575,838,324	17,575,838,324
Long-term borrowings	11,364,596,916	11,364,596,916			10,923,076,920	10,923,076,920
Long-term finance lease liabilities	9,909,000,334	9,909,000,334			6,652,761,404	6,652,761,404
Bonds issued	-	-			-	-
<b>Long-term borrowings and finance lease liabilities</b>	<b>42,480,951,782</b>	<b>42,480,951,782</b>			<b>25,886,245,784</b>	<b>25,886,245,784</b>

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

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



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

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

Long-term borrowings are repayable as follows:

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

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

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



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

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

4.21.2. Details of owner's investment capital

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

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

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

4.21.4. Shares

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

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



4.21.5. Profits distribution

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

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

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

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

5.1. Revenue from goods sold and services rendered

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

5.2. Deductions

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

5.3. Cost of goods sold and services rendered

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

5.4. Financial income

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

5.5. Financial expenses

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

5.6. Selling expenses

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

5.7. General and administration expenses

	Current year VND	Prior year VND
Management staff costs	14,178,030,712	12,599,004,990
Cost of materials management	127,792,759	73,588,692
Cost of tools, instruments and supplies	870,739,003	1,055,720,488
Fixed asset depreciation expense	2,176,365,561	3,831,843,840
Taxes, charges and fees	47,775,512	120,621,484
Cost of outsourced services	5,428,572,458	5,412,837,572
Others	5,590,363,293	4,923,505,929
Provision for losses of bad receivables	-	2,812,472,642
	<b>28,419,639,298</b>	<b>30,829,595,637</b>

5.8. Other income

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



5.9. Other expenses

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

5.10. Corporate income tax expense

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

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

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

5.11. Basic earnings per share and Diluted earnings per share

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

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

5.12. Production cost by nature

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

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

6.1. Actual amounts of borrowings received during the year

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

6.2. Actual amounts of principal paid during the year

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



## 7. FINANCIAL INSTRUMENTS

### 7.1. Capital risk management

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

#### *Gearing ratio*

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

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

### 7.2. Significant accounting policies

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

### 7.3. Categories of financial instruments

	Carrying amounts	
	Closing balance VND	Opening balance VND
<b>Financial assets</b>		
Cash and cash equivalents	85,716,381,492	104,847,984,669
Trade and other receivables	539,571,370,872	410,155,144,408
Short-term financial investments	118,906,968,745	94,772,592,688
Long-term financial investments	20,000,000,000	20,000,000,000
	<b>764,194,721,109</b>	<b>629,775,721,765</b>
	Carrying amounts	
	Closing balance VND	Opening balance VND
<b>Financial liabilities</b>		
Trade payables, Other payables	115,033,435,613	97,293,368,210
Accrued expenses	961,039,745	1,371,080,529
Borrowings and lease	766,552,527,334	721,958,126,097
	<b>882,547,002,692</b>	<b>820,622,574,836</b>

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

#### 7.4. Financial risk management objectives

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

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

##### **Market risk**

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

##### *Foreign currency risk management*

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

##### *Interest rate risk management*

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

##### *Commodity price risk management*

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

##### **Credit risk**

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

##### **Liquidity risk management**

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

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



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

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

8. OTHER INFORMATION

8.1. Events arising after the end of the period

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

8.2. Transactions and balances with related parties

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

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

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

**Income of key management members:**

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

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



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

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

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

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

**8.2.2. Transactions and balances with other related parties**

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

***List of other related parties***

<b>Other related parties</b>	<b>Location</b>	<b>Relationship</b>
VIBFA Joint Stock Company	Ha Noi	Associated Company

***Transactions with other related parties***

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

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

The Company has np receivable or payable balances with related parties in fiscal year 2024.

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

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8.3. Information of Department

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

Prior Year

Items	Pharmaceutical and medical supplies business	Production and trading of pharmaceutical materials	New service development	Other activities	Total
	VND	VND	VND	VND	VND
Net external sales	810,905,415,465	562,435,003,171	114,509,370,198	1,487,849,788,834	1,487,849,788,834
Net inter-segment sales	-	-	-	-	-
Net inter-segment sales	784,203,197,096	543,914,640,639	110,738,703,299	1,438,856,541,034	1,438,856,541,034
Operating profit	26,702,218,369	18,520,362,532	3,770,666,899	48,993,247,800	48,993,247,800
Total expenditures on acquisition of fixed assets	133,351,691,582	92,491,254,402	18,830,825,306	244,673,771,290	244,673,771,290
Segment assets	748,447,975,020	519,115,215,136	105,689,645,933	1,373,252,836,089	1,373,252,836,089
Unallocated assets	-	-	-	159,667,682,528	159,667,682,528
<b>Total assets</b>	<b>748,447,975,020</b>	<b>519,115,215,136</b>	<b>105,689,645,933</b>	<b>1,532,920,518,617</b>	<b>1,532,920,518,617</b>
Segment liabilities	457,166,946,927	317,085,924,376	64,557,343,149	838,810,214,452	838,810,214,452
Unallocated liabilities	-	-	-	5,438,181,694	5,438,181,694
<b>Total liabilities</b>	<b>457,166,946,927</b>	<b>317,085,924,376</b>	<b>64,557,343,149</b>	<b>844,248,396,146</b>	<b>844,248,396,146</b>



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

Form B 09 - DN

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

8.4. Comparative figures

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

Preparer  
NGUYEN THI HUONG

Chief Accountant  
NGUYEN MANH THANG



General Director  
VU THANH TRUNG  
Phu Tho, Vietnam  
31<sup>st</sup> March 2025