

**MEKOPHAR CHEMICAL  
PHARMACEUTICAL JOINT-STOCK  
COMPANY**

**Audited consolidated financial statements  
for the fiscal year ended 31 December 2023**

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## REPORT OF THE BOARD OF DIRECTORS

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The Board of Directors have the pleasure in presenting this report and the Audited consolidated financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company and its subsidiary (referred to as "the Company") for the fiscal year ended 31 December 2023.

### 1. General information

The Company includes: Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") and a subsidiary is Mekophar Company Limited.

#### The Parent Company

Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") is a joint stock company established in Vietnam, is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 21<sup>st</sup> amendment Business Registration Certificate dated 21 November 2023 on the change of Charter capital to VND 255,458,670,000, issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 31/12/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Parent Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QĐ-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

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

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic and hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;
- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the year, the main activities of the Company were to manufacture and wholesale medicine, pharmaceutical chemicals and medical substances.

The Parent Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

## REPORT OF THE BOARD OF DIRECTORS

### Information about branches

The Parent Company has the following affiliated units:

No.	Name	Address
1	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	B26 and B28 - TT17 Van Quan - Yen Phuc New Urban Area, Phuc La Ward, Ha Dong District, Hanoi, Vietnam
2	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company at Da Nang City	410 Nguyen Tri Phuong St., Hoa Thuan Tay Ward, Hai Chau District, Da Nang City, Vietnam
3	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	17A Cach Mang Thang Tam St., An Thoi Ward, Binh Thuy District, Can Tho City, Vietnam
4	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company - Medicine Store 1	D9-10, 134/1 To Hien Thanh St., Ward 15, District 10, Ho Chi Minh City, Vietnam
5	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	No. 1, Alley 69, Yen Xuan Street, Quan Bau Ward, Vinh City, Nghe An Province, Vietnam
6	Representative office of Mekophar Chemical Pharmaceutical Joint-Stock Company at Hanoi	BT-2D (16B-3) - 16, Mo Lao New Urban Area, Mo Lao Ward, Ha Dong District, Hanoi, Vietnam

### Subsidiary

The Parent Company has 1 subsidiary including:

Name	Address	Main activities	Ownership ratio	Voting ratio
Mekophar Company Limited	Lot I-9-5, Street D2, Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam	Producing biological products, drugs, cosmetics, functional foods, ... and stem cell banking activities	100%	100%

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

The members of the Board of Directors, the Board of Supervisors, the Board of General Directors and Chief Accountant during the fiscal year ended 31 December 2023 and as at the date of this report include:

### The Board of Directors

Full name	Position
Mr. Le Anh Phuong	Chairman of the Board of Directors
Ms. Huynh Thi Lan	Vice Chairman of the Board of Directors
Ms. Dang Thi Kim Lan	Member
Mr. Satoshi Kawamura	Member
Mr. Dinh Xuan Han	Member
Ms. Nguyen Thi Quynh Anh	Member
Ms. Phan Thi Lan Huong	Member

### The Board of Supervisors

Full name	Position
Mr. Nguyen Viet Luan	Chief Supervisor
Mr. Nguyen Ba Khoa	Member
Mr. Tran Trung Ngon	Member



## REPORT OF THE BOARD OF DIRECTORS

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### The Board of General Directors and Chief Accountant

Full name	Position
Ms. Huynh Thi Lan	General Director
Ms. Dang Thi Kim Lan	Deputy General Director
Mr. Le Anh Phuong	Deputy General Director
Ms. Phan Thi Lan Huong	Deputy General Director
Mr. Phan Anh Tai	Chief Accountant

### Legal representative

The legal representative of the Parent Company during the fiscal year ended 31 December 2023 and at the date of this report is:

Full name	Nationality	Position
Ms. Huynh Thi Lan	Vietnamese	General Director

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

The Company's financial position and its operating result for the fiscal year ended 31 December 2023 are reflected in the accompanying consolidated financial statements.

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

There have been no significant events occurring after the balance sheet date for the fiscal year ended 31 December 2023 which would require adjustments or disclosures to be made in the Notes to the consolidated financial statements.

### 5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to audit the Company's consolidated financial statements for the fiscal year ended 31 December 2023.

### 6. Statement of the Board of General Directors' responsibility in respect of the consolidated financial statements

The Board of General Directors is responsible for preparing the consolidated financial statements for the fiscal year ended 31 December 2023 which give a true and fair view of the consolidated financial position of the Company, as well as of its consolidated operation results and its consolidated cash flows for the year then ended. In preparing those consolidated financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error to preparation and presentation of the consolidated financial statements.

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

The Board of General Directors confirmed that the Company has complied with the above requirements in preparing the accompanying consolidated financial statements.

## REPORT OF THE BOARD OF DIRECTORS

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### 7. Approval of the consolidated financial statements

The Board of Directors hereby approves the accompanying consolidated financial statements which give a true and fair view of the financial position of the Company as at 31 December 2023, its operation results and cash flows of the Company for the fiscal year ended 31 December 2023 in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements relating to the preparation and presentation of consolidated financial statements.

On behalf of the Board of Directors



LE ANH PHUONG

Chairman

Ho Chi Minh City, 25 March 2024





## INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders, the Board of Directors and the Board of General Directors  
Mekophar Chemical Pharmaceutical Joint-Stock Company**

We have audited the accompanying consolidated financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company and its subsidiary (referred to as "the Company"), prepared on 25 March 2024, as set out from page 7 to 44, which comprise the Consolidated Balance sheet as at 31 December 2023, the Consolidated Income statement, the Consolidated Cash flow statement for the fiscal year then ended and the Notes to the Consolidated Financial statements.

### **The Board of General Directors' responsibility**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

### **Auditor's opinion**

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Company as at 31 December 2023 and the results of its consolidated operations and its consolidated cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to the preparation and presentation of the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT *(cont.)*

### Other matter

The consolidated financial statements of the Company for the fiscal year ended 31 December 2022 had been audited by other auditor and audit firm. These auditors had given an unqualified audit opinion on these financial statements as at 29 March 2023.



**PHAM THI NGOC LIEN**

**Deputy General Director**

Audit practicing registration certificate  
No. 1180-2023-009-1

**AFC VIETNAM AUDITING COMPANY LIMITED**

Ho Chi Minh City, 25 March 2024

**LE HUYNH BAO**

**Auditor**

Audit practicing registration certificate  
No. 5449-2021-009-1



## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>833,961,237,835</b>	<b>879,002,635,814</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	5.1	<b>130,060,029,110</b>	<b>62,011,606,836</b>
1. Cash	111		70,060,029,110	57,011,606,836
2. Cash equivalents	112		60,000,000,000	5,000,000,000
<b>II. Short term financial investments</b>	<b>120</b>		<b>55,946,711,100</b>	<b>70,946,711,100</b>
1. Trading securities	121	5.2	10,946,711,100	10,946,711,100
2. Provision for diminution in value of held for trading securities	122		-	-
3. Held-to-maturity investments	123	5.2	45,000,000,000	60,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>62,910,094,698</b>	<b>90,638,130,160</b>
1. Short-term accounts receivable	131	5.3	62,411,916,961	112,705,286,441
2. Short-term advances to suppliers	132	5.4	2,801,524,930	11,253,787,460
3. Short-term inter-company receivables	133		-	-
4. Construction contract receivables based on progress billings	134		-	-
5. Short-term loan receivables	135		-	-
6. Other short-term receivables	136	5.5	1,592,171,611	1,239,811,983
7. Provision for doubtful short-term debts	137	5.6	(3,895,518,804)	(34,560,755,724)
8. Deficient assets pending resolution	139		-	-
<b>IV. Inventories</b>	<b>140</b>	5.7	<b>574,290,410,185</b>	<b>638,455,197,980</b>
1. Inventories	141		593,399,616,834	646,330,717,416
2. Provision for decline inventories	149		(19,109,206,649)	(7,875,519,436)
<b>V. Other short-term assets</b>	<b>150</b>		<b>10,753,992,742</b>	<b>16,950,989,738</b>
1. Short-term prepayments	151	5.8	2,906,161,258	2,858,110,153
2. Deductible VAT	152		7,847,831,484	13,429,530,250
3. Other receivables from State budget	153	5.14	-	663,349,335
4. Transactions to buy, resell government bonds	154		-	-
5. Other short-term assets	155		-	-

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>714,972,975,645</b>	<b>741,431,318,958</b>
<b>I. Long-term receivables</b>	<b>210</b>		-	-
1. Long-term receivables from customers	211		-	-
2. Long-term advances to suppliers	212		-	-
3. Business capital in dependent units	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Long-term loan receivables	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term debt	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>682,468,506,514</b>	<b>713,615,638,529</b>
1. Tangible fixed assets	221	5.9	674,707,727,215	705,152,927,567
- Cost	222		1,045,843,566,274	1,029,444,417,814
- Accumulated depreciation	223		(371,135,839,059)	(324,291,490,247)
2. Finance leases fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.10	7,760,779,299	8,462,710,962
- Cost	228		13,507,253,139	13,507,253,139
- Accumulated depreciation	229		(5,746,473,840)	(5,044,542,177)
<b>III. Investment property</b>	<b>230</b>		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>		-	<b>27,258,314</b>
1. Long-term works in progress	241		-	-
2. Construction in progress	242	5.11	-	27,258,314
<b>V. Long-term financial investments</b>	<b>250</b>		<b>24,068,960,000</b>	<b>24,068,960,000</b>
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures, and associates	252		-	-
3. Investments in other entities	253	5.2	24,068,960,000	24,068,960,000
4. Provision for diminution in value of long-term financial investments	254		-	-
5. Long-term investments held-to-maturity	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>8,435,509,131</b>	<b>3,719,462,115</b>
1. Long-term prepaid expenses	261	5.8	8,435,509,131	3,719,462,115
2. Deferred income tax assets	262		-	-
3. Long-term equipment, spare parts for replacement	263		-	-
4. Other non-current assets	268		-	-
5. Goodwill	269		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>1,548,934,213,480</b>	<b>1,620,433,954,772</b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
<b>RESOURCES</b>				
<b>C – LIABILITIES</b>	<b>300</b>		<b>288,040,365,686</b>	<b>352,785,574,781</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>122,557,324,276</b>	<b>199,825,108,871</b>
1. Trade accounts payable	311	5.12	27,090,995,359	77,587,524,740
2. Short-term advance from customers	312	5.13	41,086,247,272	34,278,046,782
3. Taxes and payables to State budget	313	5.14	7,359,266,108	18,014,726,709
4. Payables to employees	314		18,161,281,160	19,501,264,441
5. Short-term accrued expenses	315	5.15	6,483,106,063	5,463,679,143
6. Short-term inter-company payables	316		-	-
7. Construction contract payables based on progress billings	317		-	-
8. Short-term unrealized revenues	318		-	-
9. Other current payables	319	5.16	11,200,626,413	28,923,161,173
10. Short-term loans and finance lease liabilities	320	5.17	-	8,010,240,000
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	5.18	11,175,801,901	8,046,465,883
13. Price Stabilization Fund	323		-	-
14. Transactions to buy, resell government bonds	324		-	-
<b>II. Long-term liabilities</b>	<b>330</b>		<b>165,483,041,410</b>	<b>152,960,465,910</b>
1. Long-term trade payables	331		-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables on capital	334		-	-
5. Long-term payables to inter-company	335		-	-
6. Long-term unrealized revenues	336	5.19	165,483,041,410	152,960,465,910
7. Other long-term payables	337		-	-
8. Long-term loans and finance lease liabilities	338		-	-
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Provision for long-term payables	342		-	-
13. Science and technology development fund	343		-	-



## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

ITEMS	Code	Notes	31/12/2023 VND	01/01/2023 VND
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>1,260,893,847,794</b>	<b>1,267,648,379,991</b>
<b>I. Capital</b>	<b>410</b>	5.20	<b>1,260,893,847,794</b>	<b>1,267,648,379,991</b>
1. Owners' invested capital	411		255,458,670,000	255,458,670,000
- Ordinary shares with voting rights	411a		255,458,670,000	255,458,670,000
- Preferred shares	411b		-	-
2. Capital surplus	412		409,789,114,458	409,789,114,458
3. Convertible bonds option	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares (*)	415		(14,487,151,158)	(14,487,151,158)
6. Assets revaluation difference	416		-	-
7. Foreign exchange difference	417		-	-
8. Investment and development funds	418		576,623,174,082	574,559,027,845
9. Business arrangements support fund	419		-	-
10. Other owner's funds	420		-	-
11. Retained earnings	421		33,510,040,412	42,328,718,846
- Retained earnings brought forward	421a		8,395,912,898	637,794,105
- Retained earnings for the current year	421b		25,114,127,514	41,690,924,741
12. Construction capital sources	422		-	-
13. Non-controlling shareholder profit	429		-	-
<b>II. Non-business expenditure fund and other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>1,548,934,213,480</b>	<b>1,620,433,954,772</b>

LE THI THU HUONG  
Preparer

PHAN ANH TAI  
Chief Accountant

HUYNH THI LAN  
General Director  
Ho Chi Minh City, 25 March 2024





## CONSOLIDATED INCOME STATEMENT

For the fiscal year ended 31 December 2023

ITEMS	Code	Notes	2023 VND	2022 VND
1. Revenues from sale of goods and rendering of services	01		904,838,743,436	1,193,242,313,120
2. Deductions	02		92,171,392	1,096,629,754
3. Net revenue from sale of goods and rendering of services	10	6.1	904,746,572,044	1,192,145,683,366
4. Cost of goods sold	11	6.2	637,368,901,371	843,394,340,294
5. Gross profit from sale of goods and rendering of services	20		267,377,670,673	348,751,343,072
6. Financial income	21	6.3	24,884,010,729	17,498,739,008
7. Financial expenses	22	6.4	4,868,389,845	17,893,213,617
- In which: Interest expenses	23		500,875,192	3,698,359,418
8. Profit or loss of joint venture and associate	24		-	-
9. Selling expenses	25	6.5	108,591,717,591	151,444,200,275
10. General and administration expenses	26	6.6	151,740,435,938	130,173,734,911
11. Operating profit/(loss)	30		27,061,138,028	66,738,933,277
12. Other income	31	6.7	18,797,225,996	488,372,697
13. Other expenses	32	6.8	2,544,032,505	2,439,962,019
14. Other profit/(loss)	40		16,253,193,491	(1,951,589,322)
15. Accounting profit before tax	50		43,314,331,519	64,787,343,955
16. Current corporate income tax expense	51	5.14	18,200,204,005	23,096,419,214
17. Deferred corporate income tax expense	52		-	-
18. Net profit after corporate income tax	60		25,114,127,514	41,690,924,741
19. Profit after tax of shareholders of the parent company	61		25,114,127,514	41,690,924,741
20. Profit after tax of non-controlling shareholders	62		-	-
21. Earnings per share	70	6.9	994	1,405

LE THI THU HUONG  
Preparer

PHAN ANH TAI  
Chief Accountant

HUYNH THI LAN  
General Director  
Ho Chi Minh City, 25 March 2024



## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2023

ITEMS	Code	2023 VND	2022 VND
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Net profit before tax	01	43,314,331,519	64,787,343,955
2. Adjustments for:			
- Depreciation and amortisation of fixed assets, investment property	02	48,496,580,283	48,051,890,395
- Provisions, (reversal)	03	(19,431,549,707)	13,788,147,795
- (Gain), loss foreign exchange rate differences upon revaluation of monetary	04	(339,713,402)	(1,373,941,375)
- Gain, loss from investing activities	05	(24,111,054,023)	(14,253,615,162)
- Interest expense	06	500,875,192	3,698,359,418
- Other adjustments	07	-	-
3. Operating profit before movements in working capital	08	48,429,469,862	114,698,185,026
- (Increase), decrease in receivables	09	65,580,931,224	84,035,593,189
- (Increase), decrease in inventories	10	52,931,100,582	(295,980,050,766)
- Increase, (decrease) in account payable (other than interest payables, CIT payables)	11	(48,663,548,572)	38,722,992,028
- (Increase), decrease in accrued expenses	12	(4,764,098,121)	(1,976,892,899)
- Increase, decrease in trading securities	13	-	-
- Interest paid	14	(500,875,192)	(3,698,359,418)
- Corporate income tax paid	15	(29,906,615,134)	(8,863,627,409)
- Other cash inflows	16	-	-
- Other cash outflows	17	(3,063,102,693)	(3,928,153,000)
<b>Net cash flow from operating activities</b>	20	<b>80,043,261,956</b>	<b>(76,990,313,249)</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash outflow for purchasing and construction of fixed assets and other long-term assets	21	(17,322,189,954)	(12,212,059,407)
2. Proceeds from disposal of fixed assets and other long-term assets	22	17,500,000	356,842,592
3. Cash outflow for buying debt instruments of other entities	23	(87,000,000,000)	(208,782,978,631)
4. Cash recovered from lending, selling debt instruments of other companies	24	102,000,000,000	393,782,978,631
5. Investment in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	-
7. Interest income received, dividends received	27	23,356,841,695	13,896,772,570
<b>Net cash flow from investing activities</b>	30	<b>21,052,151,741</b>	<b>187,041,555,755</b>
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Proceeds from issuing stocks, receiving capital from owners	31	-	-
2. Capital withdrawals, buying treasury shares	32	-	-
3. Proceeds from short-term borrowings	33	14,880,600,000	161,936,667,600
4. Repayment of borrowings	34	(22,890,840,000)	(239,152,860,847)
5. Repayment of obligations under finance lease	35	-	-
6. Dividends paid	36	(25,268,221,000)	(20,214,576,800)
<b>Net cash flow from financing activities</b>	40	<b>(33,278,461,000)</b>	<b>(97,430,770,047)</b>



## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2023

ITEMS	Code	2023 VND	2022 VND
NET INCREASE/ DECREASE IN CASH IN YEAR (50 = 20 + 30 + 40)	50	67,816,952,697	12,620,472,459
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	60	62,011,606,836	49,167,213,893
Effects of changes in foreign exchange rate	61	231,469,577	223,920,484
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (70 = 50 + 60 + 61)	70	130,060,029,110	62,011,606,836

LE THI THU HUONG  
Preparer

PHAN ANH TAI  
Chief Accountant

HUYNH THI LAN  
General Director  
Ho Chi Minh City, 25 March 2024



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 1. BUSINESS HIGHLIGHTS

#### 1.1 Structure of ownership

Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") is a joint stock company established in Vietnam, is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 21<sup>st</sup> amendment Business Registration Certificate dated 21 November 2023 on the change of Charter capital to VND 255,458,670,000, issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 31/12/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Parent Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QĐ-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

The Parent Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

#### 1.2 Scope of operating activities

The Company (include the Parent Company and its subsidiary) operates in the field of production, trading, rendering services.

#### 1.3 Line of business

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

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic and hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;
- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the year, the main activities of the Company were to manufacture and wholesale medicine, pharmaceutical chemicals and medical substances.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 1.4 Normal business cycle

Business cycle of the Company is not exceeding 12 months.

### 1.5 The structure of the Company

The Company includes the Parent Company, 1 direct subsidiary is Mekophar Company Limited.

The Parent Company has the following affiliated units:

No	Name	Address
1	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	B26 and B28 - TT17 Van Quan - Yen Phuc New Urban Area, Phuc La Ward, Ha Dong District, Hanoi, Vietnam
2	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company at Da Nang City	410 Nguyen Tri Phuong St., Hoa Thuan Tay Ward, Hai Chau District, Da Nang City, Vietnam
3	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	17A Cach Mang Thang Tam St., An Thoi Ward, Binh Thuy District, Can Tho City, Vietnam
4	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company - Medicine Store 1	D9-10, 134/1 To Hien Thanh St., Ward 15, District 10, Ho Chi Minh City, Vietnam
5	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	No. 1, Alley 69, Yen Xuan Street, Quan Bau Ward, Vinh City, Nghe An Province, Vietnam
6	Representative office of Mekophar Chemical Pharmaceutical Joint-Stock Company at Hanoi	BT-2D (16B-3) - 16, Mo Lao New Urban Area, Mo Lao Ward, Ha Dong District, Hanoi, Vietnam

### Subsidiary

The Parent Company has 1 subsidiary which is reflected in the consolidated financial statements using the equity method, detail as follows:

Name	Address	Main activities	Ownership ratio	Voting ratio
Mekophar Company Limited	Lot I-9-5, Street D2, Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam	Producing biological products, drugs, cosmetics, functional foods, ... and stem cell banking activities	100%	100%

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

The figures are presented in the consolidated financial statements for the fiscal year ended 31 December 2023 compared with the corresponding figures prior year.

### 1.7 Employees

As at 31 December 2023, the total number of employees of the Company was 661 (31 December 2022: 667 persons).

## 2. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

### 2.1 Fiscal year

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 2.2 Accounting currency

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

## 3. ACCOUNTING STANDARDS AND REGULATIONS APPLICATION

### 3.1 Accounting Standards and regulations application

The Company's consolidated financial statements are prepared and presented in accordance with Vietnamese Accounting System issued Circular No. 200/2014/TT-BTC on 22 December 2014, the Circular No. 53/2016/TT-BTC on 21 March 2016, the Circular No. 202/2014/TT-BTC on 22 December 2014 issued by the Ministry of Finance guiding the preparation and presentation methods of the consolidated financial statements and Vietnam Accounting Standards.

The Company applied Vietnamese accounting standards; Accounting System issued Circular No. 200/2014/TT-BTC, No. 53/2016/TT-BTC, No. 202/2014/TT-BTC and other circulars guiding the implementation of accounting standards by the Ministry of Finance in the preparation and presentation of consolidated financial statements.

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

The Board of General Directors is ensure that complied with the Vietnamese Accounting Standards, Vietnamese Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC, Circular No. 202/2014/TT-BTC and as well as the guiding implementation of Vietnamese Accounting Standards issued by the Ministry of Finance in relating to the preparation and presentation of consolidated financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of preparation the consolidated financial statements

The consolidated financial statements include the financial statements of the Parent Company and the financial statements of subsidiaries controlled by the parent company until the date of the annual report. The control is achieved when the parent company has the ability to control the financial and operating policies of investee companies to obtain benefits from the activities of these companies.

Operating results of subsidiaries which acquired or disposed during the year are presented in the consolidated statement of operations from the date of purchase or to the date of sale of investments in those subsidiaries.

In case of necessity, the financial statements of subsidiaries are adjusted to the accounting policies applied in the parent company and its subsidiaries are the same.

All transactions and balances between companies in the Company are eliminated on consolidation of financial statements.

Non-controlling interest in net assets of consolidated subsidiaries are identified as a target separately from the equity component of the shareholders of the parent company. Interests of non-controlling shareholders include the value of the benefit of non-controlling shareholders as at the initial business combination and share the interests of non-controlling shareholders in the volatility of the total equity since the date of incorporation most business. The losses corresponding to the capital of non-controlling shareholders exceed their share of equity in the total equity of the subsidiary are charged against the interests of the Company unless the non-controlling shareholders have a binding obligation and have the ability to offset such losses.

#### Business consolidation

Assets, liabilities and contingent liabilities of the subsidiaries are determined under the fair value at the acquisition date. Any additional terms of the cost of acquisition below the fair value of identifiable net assets acquired is recorded as goodwill. Any deficiency of the cost of acquisition and the fair value of total assets acquired is recognized in the results of operations of the accounting period incurred acquisition activity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

Non-controlling interest at the date of the original business combination is determined on the basis of the percentage of non-controlling shareholders in the total fair value of assets, liabilities and contingent liabilities recognized.

### 4.2 Accounting Estimates

The preparation of consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements relating to the preparation and presentation of consolidated financial statements requires that the Board of General Directors must make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts about revenues and expenses over the year of operation. Although accounting estimates are made with all known knowledge of the Board of General Directors, actual amounts incurred may differ from estimates, assumptions.

### 4.3 Foreign currency transactions

In the year, transactions in currencies other than VND during the year have been translated into VND at exchange rates ruling at the date of the transaction. The balances of monetary items denominated in foreign currencies at the period end date are converted by the buying transfer exchange rate and selling exchange rate of the commercial bank which the Parent Company and its subsidiaries have often transactions prevailing on this date.

Exchange differences arising during the year from transactions in foreign currencies are recognized in the financial income or financial expense. Exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date after off-setting the differences is recognized in the financial income or financial expense.

### 4.4 Cash and cash equivalents

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

### 4.5 Financial investments

#### Trading securities

Trading securities include stocks and bonds listed on the stock market; securities and other financial instruments held for trading purposes (including securities bought and sold for profit with a maturity of more than 12 months).

Trading securities are recorded at cost, including: Purchase price plus purchase costs (if any) such as brokerage expense, transaction expense, information provision, taxes, and banking fees. The original price of trading securities is determined according to the fair value of the payments at the time of the transaction. Trading securities are recorded at the time when investors have ownership, specifically: Listed securities are recognized at the time of order matching (T+0) and unlisted securities are recorded at the time of official ownership in accordance with the law.

Provision for devaluation in value of trading securities is made for possible loss in value when there is firm evidence of the market value of those securities held by the Company for trading purposes at the time of preparation of the financial statements.

#### Held-to-maturity investments

Investments are classified as held to maturity when the Company has the intention and ability to hold to maturity. Investments held to maturity include: bank deposits with a term (including treasury bills, promissory notes), bonds, the preferred shares which issued compulsory acquisition at a certain point in the future and loans held to maturity for the purpose of collecting interest periodically and other held to maturity investments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

Investments held to maturity are initially recognized at cost including purchase price and the expenses related to the purchase of investments. After initial recognition, these investments are stated at recoverable value. Interest income from investments held to maturity after the acquisition date is recognized in the Income statement on an accrual basis. Rates enjoyed before the holding is deducted from the cost of acquisition.

When there is strong evidence suggesting that part or all of the investments may not be recoverable and the damage can be measured reliably, the loss is recorded in financial expenses in the year and reduced directly to investment value.

When an investment is liquidated, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense.

### Investments in other entities

Investments in other entities are investments in equity instruments of another entity but the Company does not have control, joint control or significant influence over the investee.

These investments are initially recognized at cost, which includes the purchase price or capital contribution plus any directly attributable costs of the investment. The Board of Management reviews these investments to recognize any provision at the end of the accounting period.

Provisions for loss of investments in equity instruments of other entities are made as follows:

- For an investment in listed shares or the fair value of the investment is reliably determined, the provision is based on the market value of the shares.
- For investments whose fair value cannot be determined at the time of preparing financial statements, provision is made based on the investee's loss with an allowance equal to the difference between the actual contributed capital of the investee and the investor multiplied by the Company's capital contribution ratio compared to the total actual contributed capital of the parties in the other entity.

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

## 4.6 Receivables

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 4.7 Inventories

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

Cost of inventories is determined as follows:

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

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

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

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

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recognised as cost of goods sold in the consolidated income statement.

### 4.8 Prepaid expenses

Prepaid expenses include actual expenses incurred but related to the results of production and business activities of many financial years. Prepaid expenses have been put into use are amortised to expense under the straight-line method to amortise time not exceeding 3 years.

### 4.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

	Years
Building and structure	05 – 25
Machinery and equipment	03 – 12
Transportation	05 – 10
Office equipment	04 – 10

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 4.10 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation.

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

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

The Company's intangible fixed assets include:

#### Copyright of stem cells usage

All the actual costs that the Company spent related directly to copyright of stem cells usage. The copyright of stem cells usage of the Company is amortised in 3 years.

#### Land use rights

Land use rights are all the actual costs that the Company spent related directly to the land use, includes: money spent to have the right to use land, compensation and site clearance expense, leveling, registration fee,... The land use right of the Company is stated at cost and are not amortized depreciation.

#### Computer software

The expenses of purchasing computer software, which is not a part associated with the relevant hardware, will be capitalised. The initial cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is amortised according to straight-line method in 2 - 5 years.

### 4.11 Construction in progress

Construction in progress presents costs that are directly related (including related interest expenses in accordance with the Company's accounting policy) to assets under construction, machinery and equipment being installed for production, leasing and management purposes as well as costs related to the repair of fixed assets in progress. These assets are stated at cost and are not depreciated.

### 4.12 Accounts payables and accrued expenses

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 4.13 Salary

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

### 4.14 Salary deduction

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

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

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

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

### 4.15 Unrealized revenue

Unrealized revenue is an advance revenue mainly consisting of prepayments from customers for one or more accounting periods for asset leasing.

The Company recognizes unrealized revenue in proportion to the obligations that the Company will have to perform in the future. When the revenue recognition conditions are met, unrealized revenue is recognized in the income statement for the period corresponding to the portion that satisfies the revenue recognition condition.

### 4.16 Owners' equity

#### Contributed capital of the owner

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

#### Surplus of stock capital

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

#### Treasury shares

Upon the acquisition of the Company's issued shares, the payment includes transaction costs recognized as treasury shares and reflected as a deduction in the owners' equity. When reissued, the difference between the reissue value and the book value of the treasury shares is recorded as "Surplus of stock capital".

#### Funds

Funds are appropriated and used in accordance with the Charter of the Parent Company.

### 4.17 Profit distribution

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

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

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

### 4.18 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary equity holders of the Parent Company before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year.

### 4.19 Revenues

#### Revenues from sales of goods

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

- (a) The Company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer;
- (b) The Company no longer holds the right to manage the goods as the goods owner, or the right to control the goods;
- (c) Revenues from sales has been determined with relative certainty. When the contract states that the buyer is entitled to return the purchased products and goods under specific conditions, the Company can only recognize revenue when those specific conditions no longer exist and the buyer is not entitled to return the product ((except for return in the form of exchange for other goods or services);
- (d) The Company has gained or will gain economic benefits from the good sale transaction;
- (e) It is possible to determine the costs related to the goods sale transaction.

#### Property rental revenue

Property rental revenue is recognized on the principle of allocating the rental amount received in advance in accordance with the rental period

#### Revenues from rendering services

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

- (a) Revenue can be measured reliably. When the contract stipulates that the buyer is entitled to return the purchased service under specific conditions, the Company is only recognized when those specific conditions no longer exist and the buyer is not entitled to return the provided service;
- (b) It is possible to obtain economic benefits from the service provision transaction;
- (c) The work volume finished on the date of making the accounting balance sheet can be determined;
- (d) The costs incurred from the service provision transaction and the costs of its completion can be determined.

#### Financial income

Income from interest, Distributed dividends and profit are determined on basic:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

- Distributed dividends and profit are recognized when the Company is entitled to receive dividends or profit from the capital contribution. Dividends received in shares only track the number of shares increases, no recognition of the value of shares received.

### 4.20 Loan expenses

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

### 4.21 Operating lease

An operating lease is a lease that the lessor still has most of rights and has to bear the risk relating to the ownership of the asset. Operating lease expense is recognized in the income statement that incurred during the lease term under the straight line method based on the lease term of the contract.

### 4.22 Corporate income tax

Corporate income tax expenses for the year comprises only current income tax.

#### **Current income tax**

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

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

### 4.23 Segment reporting

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

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

### 4.24 Financial instrument

#### **Financial assets**

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### Financial liabilities

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

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

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

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

### Owner's equity instruments

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

### Offsetting of financial instruments

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

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

### 4.25 Related parties

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

The following individuals/ companies are considered as related parties:

Individuals / Company	Location	Relationship
Vietnam Pharmaceutical Corporation	Vietnam	Shareholder
Nipro Pharma Corporation	Japan	Shareholder
An Sinh Hospital Joint Stock Company	Vietnam	Other related party
Orchids Trading Service Travel Company Limited	Vietnam	Other related party
The Board of Directors, the Board of Supervisors, the General Director		Key members



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

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

#### 5.1 Cash and cash equivalents

	31/12/2023 VND	01/01/2023 VND
Cash on hand	6,152,806,614	4,472,136,654
Cash in bank		
- VND	57,825,643,626	47,579,430,995
- USD (a)	823,894,314	289,240,252
- EUR (a)	22,971,565	21,758,672
- JPY (a)	5,234,712,991	4,649,040,263
Cash equivalents (b)	60,000,000,000	5,000,000,000
	<b>130,060,029,110</b>	<b>62,011,606,836</b>

(\*) Detail of balance of cash in bank by foreign currency as at 31 December 2023, as follows:

	Foreign currency	Equivalent VND
Cash in bank		
- USD	34,216.60	823,894,314
- EUR	871.12	22,971,565
- JPY	31,103,464.00	5,234,712,991

(\*\*) Cash equivalents are deposits with a term of no more than 3 months deposited at commercial banks with interest rates according to each deposit contracts.

#### 5.2 Financial investments

Financial investments of the Company include trading securities, held-to-maturity investments and investments in other entities. Information about financial investments of the Company is as follows:

##### 5.2.1 Trading securities

	31/12/2023		01/01/2023	
	Cost VND	Provision VND	Fair value VND	
<b>Stock</b>				
Vidipha Central Pharmaceutical JSC (*)	4,070,000,000	-	7,020,000,000	4,070,000,000 - 6,750,000,000
OPC Pharmaceutical JSC (*)	241,461,100	-	1,109,424,000	241,461,100 - 1,271,215,000
Pharmaceutical Packaging JSC	6,635,250,000	-	(**)	6,635,250,000 - (**)
	<b>10,946,711,100</b>	<b>-</b>		<b>10,946,711,100 -</b>

(\*) The fair value of trading securities is determined according to the closing prices on 29 December 2023 and 30 December 2022 of the Ho Chi Minh Stock Exchange.

(\*\*) As at 31 December 2023 and 01 January 2023, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.2.2 Held-to-maturity investments

	31/12/2023		01/01/2023	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
<b>Short-term</b>				
Term deposit	45,000,000,000	45,000,000,000	60,000,000,000	60,000,000,000
	<b>45,000,000,000</b>	<b>45,000,000,000</b>	<b>60,000,000,000</b>	<b>60,000,000,000</b>

They are deposits with a term of 6 months deposited at commercial banks with interest rates according to each deposit contracts.

### 5.2.3 Investments in other entities

	31/12/2023			01/01/2023		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value VND
An Sinh Hospital Joint Stock Company (a)	18,518,960,000	-	(*)	18,518,960,000	-	(*)
Orchids Trading Service Travel Company Limited (b)	5,550,000,000	-	(*)	5,550,000,000	-	(*)
	<b>24,068,960,000</b>	<b>-</b>		<b>24,068,960,000</b>	<b>-</b>	

- (a) This is an investment into An Sinh Hospital Joint Stock Company with an ownership and voting rate of 18.34% on the charter capital of this company. An Sinh Hospital Joint Stock Company was established in Vietnam, operating under Business Registration Certificate No. 0302774433 dated 25 November 2002, the 18<sup>th</sup> amendment certificate dated 05 July 2022 issued by the Department of Planning and Investment of Ho Chi Minh City. An Sinh Hospital Joint Stock Company's charter capital is VND 134,400,000,000. This company's principal activities are the operations of hospitals and clinics.
- (b) This is an investment into Orchids Trading Service Travel Company Limited Company with an ownership and voting rate of 15% on the charter capital of this company. Orchids Trading Service Travel Company Limited was established in Vietnam, operating under Business Registration Certificate No. 0312680625 dated 10 March 2014 issued by the Department of Planning and Investment of Ho Chi Minh City. Orchids Trading Service Travel Company Limited's charter capital is VND 37,000,000,000. This company's principal activities are short-term accommodation, restaurants, and mobile catering services.
- (\*) As at 31 December 2023 and 01 January 2023, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.3 Short-term accounts receivables

	31/12/2023 VND	01/01/2023 VND
<b>Trade receivables – related parties</b>		
An Sinh Hospital Joint Stock Company	210,985,793	2,514,420,519
Orchids Trading Service Travel Company Limited	-	871,200,000
Nipro Pharma Corporation	6,419,651,525	6,336,214,286
<b>Trade receivables – other parties</b>		
Customers at Mekophar Hanoi Branch	11,641,001,248	12,473,840,317
Customers at Mekophar Can Tho Branch	2,802,017,163	4,837,539,621
Neros Pharmaceuticals Ltd.	-	31,720,275,160
Danson-Bg Eood	-	2,222,205,955
Other customers	41,338,261,232	51,729,590,583
	<b>62,411,916,961</b>	<b>112,705,286,441</b>

As at 31 December 2023, balance of receivables denominated in foreign currencies is:

	Foreign currency	Equivalent VND
Nipro Pharma Corporation	JPY 38,144,097.00	6,419,651,525

The Parent Company has mortgaged the right of receivable collection for short-term bank loans (see Notes 5.17).

### 5.4 Short-term advances to suppliers

	31/12/2023 VND	01/01/2023 VND
<b>Advances to related parties</b>		
Vietnam Pharmaceutical Corporation	335,160,000	399,000,000
<b>Advances to other suppliers</b>		
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	1,064,250,000
Dai Viet Investment Development Construction Joint Stock Company	-	957,000,000
Jenn Chiang Machinery Co.	-	1,468,331,600
Sky Softgel Co., Ltd.	-	3,212,219,880
Nectar Lifesciences Ltd.	-	1,422,900,000
Other suppliers	1,402,114,930	2,730,085,980
	<b>2,801,524,930</b>	<b>11,253,787,460</b>

### 5.5 Other short-term receivables

	31/12/2023		01/01/2023	
	Amount VND	Provision VND	Amount VND	Provision VND
<b>Receivables - other individual, organizations</b>				
Deposit interest	736,712,328	-	-	-
Remuneration for non-management members of the Board of Directors	408,000,000	-	408,000,000	-
Insurance and trade union receivables	421,240,883	-	417,581,283	-
Arbitration fee	-	-	398,174,000	-
Other receivables	26,218,400	-	16,056,700	-
	<b>1,592,171,611</b>	<b>-</b>	<b>1,239,811,983</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.6 Bad debts

	31/12/2023			01/01/2023		
	Cost	Recoverable amount	Provision	Cost	Recoverable amount	Provision
	VND	VND	VND	VND	VND	VND
<b>Trade receivables</b>						
Neros Pharmaceuticals Ltd.	-	-	-	31,720,275,160	-	(31,720,275,160)
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	5,631,308,860	(3,754,205,906)	9,385,514,766	6,611,973,132	(2,773,541,634)
Other customers	66,938,930	-	(66,938,930)	66,938,930	-	(66,938,930)
<b>Advances to suppliers</b>						
Other suppliers	74,991,797	617,829	(74,373,968)	74,991,797	74,991,797	-
	<b>9,527,445,493</b>	<b>5,631,926,689</b>	<b>(3,895,518,804)</b>	<b>41,247,720,653</b>	<b>6,686,964,929</b>	<b>(34,560,755,724)</b>

### 5.7 Inventories

	31/12/2023		01/01/2023	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	437,644,106,980	-	488,324,229,404	-
Tools	2,537,623,850	-	2,973,223,191	-
Work-in-process	51,745,847,212	-	55,200,011,755	-
Finished goods	101,472,038,792	(19,109,206,649)	99,832,445,114	(7,875,519,436)
Goods	-	-	807,952	-
	<b>593,399,616,834</b>	<b>(19,109,206,649)</b>	<b>646,330,717,416</b>	<b>(7,875,519,436)</b>

The Company has mortgaged its inventories for short-term bank loans (see Notes 5.17).

Movements of provision in year are as follows:

	2023	2022
	VND	VND
Opening balance	(7,875,519,436)	-
Provision in year	(11,233,687,213)	(7,875,519,436)
<b>Ending balance</b>	<b>(19,109,206,649)</b>	<b>(7,875,519,436)</b>

### 5.8 Short-term, long-term prepaid expenses

#### 5.8.1 Short-term prepaid expenses

	31/12/2023	01/01/2023
	VND	VND
Major repair of fixed assets, machinery spare parts	564,106,442	1,187,255,059
Insurance expense	1,542,440,174	711,758,498
Annual calibration fee for machinery and equipment	152,412,752	187,669,734
Tools and equipment expenses	310,739,522	285,922,251
Office rental expenses	72,000,000	72,000,000
Other prepaid expenses	264,462,368	699,426,862
	<b>2,906,161,258</b>	<b>2,858,110,153</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.8.2 Long-term prepaid expenses

	31/12/2023 VND	01/01/2023 VND
Major repair of fixed assets, machinery spare parts	7,771,926,981	2,912,243,546
Calibration and maintenance expenses	360,000,003	-
Tools and equipment expenses	116,685,648	454,519,648
Installation expenses	-	352,698,921
Other prepaid expenses	186,896,499	-
	<b>8,435,509,131</b>	<b>3,719,462,115</b>

### 5.9 Increase, decrease of tangible fixed assets

	Building and structure VND	Machinery and equipment VND	Transportation VND	Office equipment VND	Total VND
<b>HISTORICAL COST</b>					
At 01/01/2023	560,772,958,611	394,368,601,424	16,275,017,019	58,027,840,760	1,029,444,417,814
Purchase in year	160,000,000	13,288,768,268	-	3,900,680,000	17,349,448,268
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
At 31/12/2023	<b>560,932,958,611</b>	<b>406,782,069,884</b>	<b>16,275,017,019</b>	<b>61,853,520,760</b>	<b>1,045,843,566,274</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 01/01/2023	81,780,372,714	178,087,603,371	13,752,207,408	50,671,306,754	324,291,490,247
Depreciation in year	14,591,094,346	30,195,099,089	753,594,796	2,254,860,389	47,794,648,620
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
At 31/12/2023	<b>96,371,467,060</b>	<b>207,407,402,652</b>	<b>14,505,802,204</b>	<b>52,851,167,143</b>	<b>371,135,839,059</b>
<b>NET BOOK VALUE</b>					
At 01/01/2023	478,992,585,897	216,280,998,053	2,522,809,611	7,356,534,006	705,152,927,567
At 31/12/2023	<b>464,561,491,551</b>	<b>199,374,667,232</b>	<b>1,769,214,815</b>	<b>9,002,353,617</b>	<b>674,707,727,215</b>

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2023 are VND 186,585,616,481 (as at 31 December 2022: VND 164,322,244,642).

### 5.10 Increase, decrease of intangible fixed assets

	Land use right VND	Copyright, computer software VND	Total VND
<b>HISTORICAL COST</b>			
At 01/01/2023	7,438,152,000	6,069,101,139	13,507,253,139
Increase in year	-	-	-
At 31/12/2023	<b>7,438,152,000</b>	<b>6,069,101,139</b>	<b>13,507,253,139</b>
<b>ACCUMULATED DEPRECIATION</b>			
At 01/01/2023	-	5,044,542,177	5,044,542,177
Depreciation in year	-	701.931.663	701.931.663
At 31/12/2023	-	<b>5.746.473.840</b>	<b>5.746.473.840</b>
<b>NET BOOK VALUE</b>			
As at 01/01/2023	7,438,152,000	1,024,558,962	8,462,710,962
As at 31/12/2023	<b>7,438,152,000</b>	<b>322.627.299</b>	<b>7.760.779.299</b>

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2023 are VND 3,303,724,139 (as at 31 December 2022: VND 2,708,299,139).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.11 Construction in progress

	01/01/2023	Increase in year	Decrease in year	31/12/2023
	VND	VND	VND	VND
Pelletizing machine	2,209,557	6,531,567	(8,741,124)	-
Blister press machine	25,048,757	-	(25,048,757)	-
Packing machine	-	16,795,457	(16,795,457)	-
	<b>27,258,314</b>	<b>23,327,024</b>	<b>(50,585,338)</b>	<b>-</b>

### 5.12 Trade accounts payable

	31/12/2023		01/01/2023	
	Amount	Payment capability	Amount	Payment capability
	VND	VND	VND	VND
<b>Payables – related parties</b>				
Nipro Pharma Corporation	675,539,464	675,539,464	-	-
<b>Payables – other parties</b>				
KHS Synchemical Corp.	2,954,820,000	2,954,820,000	18,580,590,000	18,580,590,000
Hiep Luc Pharmaceutical Joint Stock Company	400,327,200	400,327,200	3,203,739,000	3,203,739,000
Suheung Vietnam Company Limited	2,513,376,000	2,513,376,000	6,271,128,000	6,271,128,000
Other suppliers	20,546,932,695	20,546,932,695	49,532,067,740	49,532,067,740
	<b>27,090,995,359</b>	<b>27,090,995,359</b>	<b>77,587,524,740</b>	<b>77,587,524,740</b>

As at 31 December 2023, the balance of accounts payable denominated in foreign currency is:

		Foreign currency	Equivalent VND
KHS Synchemical Corp.	USD	121,000.00	2,954,820,000
Other foreign suppliers	USD	23,154.00	565,420,680

### 5.13 Short-term advance from customers

	31/12/2023	01/01/2023
	VND	VND
<b>Advances from other customers</b>		
T.N.T Pharmaceutical and Medical Equipment Joint Stock Company	18,616,700,492	21,728,048,605
Stem cell bank	14,829,525,790	10,018,116,401
Saba Trade Ltd.	-	7,865,000
Other customers	7,640,020,990	2,524,016,776
	<b>41,086,247,272</b>	<b>34,278,046,782</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.14 Taxes and (receivables), payables to State budget

	01/01/2023		Transaction in year		31/12/2023
	Payables	Receivables	Payables	Paid/ Deductibles	Payables
	VND	VND	VND	VND	VND
VAT on domestic goods	-	-	46,426,442,307	(44,757,184,284)	1,669,258,023
VAT on import goods	618,307,495	(618,307,495)	13,918,712,500	(13,918,712,500)	-
Import tax	-	(45,041,840)	2,859,908,964	(2,814,867,124)	-
Corporate income tax	17,396,419,214	-	18,200,204,005	(29,906,615,134)	5,690,008,085
Personal income tax	-	-	4,010,173,446	(4,010,173,446)	-
Housing tax, land rental	-	-	25,894,649,073	(25,894,649,073)	-
Other taxes	-	-	15,500,000	(15,500,000)	-
	<b>18,014,726,709</b>	<b>(663,349,335)</b>	<b>111,325,590,295</b>	<b>(121,317,701,561)</b>	<b>7,359,266,108</b>

#### Value-added tax

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

#### Corporate income tax

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

	2023 VND	2022 VND
<b>Accounting profit before tax</b>	<b>43,314,331,519</b>	<b>64,787,343,955</b>
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	59,612,753,318	56,992,044,965
Decrease adjustments	(4,899,886)	(63,435,348)
<b>Assessable income</b>	<b>102,922,184,951</b>	<b>121,715,953,572</b>
Non-taxable income	(19,472,144,527)	(6,233,857,500)
<b>Taxable income</b>	<b>83,450,040,424</b>	<b>115,482,096,072</b>
CIT rate	20%	20%
<b>CIT payable</b>	<b>16,690,008,085</b>	<b>23,096,419,214</b>
Adjustment of CIT from previous years	1,510,195,920	-
<b>Current CIT expenses</b>	<b>18,200,204,005</b>	<b>23,096,419,214</b>

The Parent Company and subsidiary are obliged to pay tax at the normal rate of 20% of taxable income.

#### Other taxes

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.15 Short-term accrued expenses

	31/12/2023 VND	01/01/2023 VND
Renting land expenses in the hi-tech park	6,164,522,721	4,889,104,227
Expenses of security and cleaning services	-	338,318,182
Electricity expenses	226,243,911	172,256,734
Security service expenses	-	64,000,000
Other accrued expenses	92,339,431	-
	<b>6,483,106,063</b>	<b>5,463,679,143</b>

### 5.16 Other short-term payables

	31/12/2023 VND	01/01/2023 VND
<b>Other payables - other individual, organization</b>		
Trade union, social insurance, Party fees	149,776,280	149,311,040
Happy House Investment Joint Stock Company (a)	10,000,000,000	10,000,000,000
Med Tech An An Joint Stock Company (b)	-	17,765,000,000
Soviet Union Antibiotic	118,181,818	118,181,818
Corporate income tax (Factory 24)	91,299,513	91,299,513
The Board of Directors remuneration	344,555,555	344,555,555
Other payables	496,813,247	454,813,247
	<b>11,200,626,413</b>	<b>28,923,161,173</b>

- (a) Payment according to the progress of cooperation with Happy House Company to implement a social housing project under the Investment Cooperation Contract No. 01/2018/HDHT dated 08 August 2018.
- (b) Payment received from An An Med Tech Joint Stock Company (AAMT Group) through Mekophar's MB bank account, according to credit notes dated 15 November 2021, 24 November 2021, 25 November 2021 with the description "AAMT Group transfers payment to OPTIMUS". According to the Decision of the Ho Chi Minh City People's Court No. 1212/2023/QD-PQTT dated 19 July 2023, the Company has handled the debt and related arbitration fees according to the Decision of the General Director of the Company.

### 5.17 Short-term loans and finance lease liabilities

	31/12/2023		01/01/2023	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
<b>Short-term loans and finance lease liabilities - other individual, organizations</b>				
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch (*)	-	-	8,010,240,000	8,010,240,000
	<b>-</b>	<b>-</b>	<b>8,010,240,000</b>	<b>8,010,240,000</b>

- (\*) Short-term loan of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch under Credit Agreement No. 0259/SGB.KHDN/LD22 dated 29 August 2022. The loan limit is VND 51,000,000,000. Purpose of the loan is to supplement working capital for production and business activities, except for investing in fixed assets. The loan term for each debt is up to 06 months from the next day of loan disbursement for each loan covenant. The loan interest rate is determined at the time of loan disbursement according to the bank's loan interest rate notice recorded on each loan covenant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The loan is secured by:

- The Company's inventories according to Inventory mortgage contract No. 0117/SGN.KHDN/TC21 dated 30 July 2021 signed between the bank and the Company.
- The Company's right of receivable collection and/or property right arising from trading contracts according to Property right mortgage contract No. 0118/SGN.KHDN/TC21 dated 30 July 2021 signed between the bank and the Company.

Details of arising short-term loans and finance lease liabilities in the year are as follows:

	01/01/2023 VND	Increase in year VND	Paid in year VND	31/12/2023 VND
Short-term bank loans	8,010,240,000	14,880,600,000	(22,890,840,000)	-
	<b>8,010,240,000</b>	<b>14,880,600,000</b>	<b>(22,890,840,000)</b>	<b>-</b>

### 5.18 Bonus and welfare funds

	01/01/2023 VND	Increase in year VND	Paid in year VND	31/12/2023 VND
Bonus fund	2,208,835,210	3,096,219,355	(2,593,000,000)	2,712,054,565
Welfare fund	5,837,630,673	3,096,219,356	(470,102,693)	8,463,747,336
	<b>8,046,465,883</b>	<b>6,192,438,711</b>	<b>(3,063,102,693)</b>	<b>11,175,801,901</b>

### 5.19 Long-term unrealized revenue

	31/12/2023 VND	01/01/2023 VND
MekoStem unrealized revenue	165,483,041,410	152,750,724,956
Finished goods unrealized revenue	-	209,740,954
	<b>165,483,041,410</b>	<b>152,960,465,910</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.20 Owner's equity

#### 5.20.1 Owner's equity movements

	Owners' invested capital VND	Capital surplus VND	Treasury shares VND	Investment and development funds VND	Retained earnings VND	Total VND
As at 01/01/2022	255,458,670,000	409,789,114,458	(14,487,151,158)	573,322,804,351	24,969,041,387	1,249,052,479,038
Profit in year	-	-	-	-	41,690,924,741	41,690,924,741
Deduction for Investment and development fund	-	-	-	1,236,223,494	(1,236,223,494)	-
Deduction for Bonus and welfare funds	-	-	-	-	(2,472,446,988)	(2,472,446,988)
Dividends distribution	-	-	-	-	(20,214,576,800)	(20,214,576,800)
Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
<b>As at 31/12/2022</b>	<b>255,458,670,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>574,559,027,845</b>	<b>42,328,718,846</b>	<b>1,267,648,379,991</b>
As at 01/01/2023	255,458,670,000	409,789,114,458	(14,487,151,158)	574,559,027,845	42,328,718,846	1,267,648,379,991
Profit in year	-	-	-	-	25,114,127,514	25,114,127,514
Deduction for Investment and development fund	-	-	-	2,064,146,237	(2,064,146,237)	-
Deduction for Bonus and welfare funds	-	-	-	-	(6,192,438,711)	(6,192,438,711)
Dividends distribution	-	-	-	-	(25,268,221,000)	(25,268,221,000)
Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
<b>As at 31/12/2023</b>	<b>255,458,670,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>576,623,174,082</b>	<b>33,510,040,412</b>	<b>1,260,893,847,794</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 5.20.2 Detail of owner's invested equity

According to the Company's the Business Registration Certificate (amended), Charter capital of the Company is VND 255,458,670,000. As at 31 December 2023, the Company's charter capital was fully contributed as follows:

	31/12/2023			01/01/2023		
	Shares	Value VND	Rate %	Shares	Value VND	Rate %
Vietnam Pharmaceutical Corporation	4,657,435	46,574,350,000	18.23	4,657,435	46,574,350,000	18.23
Nipro Pharma Corporation	3,913,140	39,131,400,000	15.32	3,913,140	39,131,400,000	15.32
Other shareholders	16,975,292	169,752,920,000	66.45	16,975,292	169,752,920,000	66.45
	<b>25,545,867</b>	<b>255,458,670,000</b>	<b>100.00</b>	<b>25,545,867</b>	<b>255,458,670,000</b>	<b>100.00</b>

### 5.20.3 Shares

	31/12/2023 Share	01/01/2023 Share
Number of issued registered shares	25,545,867	25,545,867
Number of shares sold to the public	25,545,867	25,545,867
<i>Common shares</i>	25,545,867	25,545,867
<i>Preferred shares</i>	-	-
Number of repurchased shares	277,646	277,646
<i>Common shares</i>	277,646	277,646
<i>Preferred shares</i>	-	-
Number of shares in circulation	25,268,221	25,268,221
<i>Common shares</i>	25,268,221	25,268,221
<i>Preferred shares</i>	-	-

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

### 5.20.4 Profit distribution

In the year, the Parent Company distributed dividends according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 with the value of 10% par value.

In addition, the Parent Company distributed profit of 2022 according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 as follows:

	VND
- Deduct 8% from retained earnings of 2022 for Investment and development fund	: 2,064,146,237
- Deduct 16% from retained earnings of 2022 for Bonus and welfare funds	: 6,192,438,711

### 5.21 Off-consolidated balance sheet items

#### Foreign currency

	31/12/2023 Foreign currency	01/01/2023 Foreign currency
US Dollar (USD)	34,216.60	12,364.26
Euro (EUR)	871.12	880.26
Japan Yen (JPY)	31,103,464.00	26,434,527.00



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED INCOME STATEMENT

#### 6.1 Revenues from sale of goods and rendering of services

##### 6.1.1 Net revenues

	2023 VND	2022 VND
Revenue from sale of finished goods	827,321,793,695	1,033,809,480,704
Revenue from sale of goods	27,815,236	83,837,215,364
Revenue from stem cell bank service	64,878,725,696	59,432,120,987
Revenue from sale of materials, other	2,746,408,809	3,375,496,066
Revenue from rental	9,864,000,000	12,787,999,999
Deduction:		
Sales rebates	-	(106,321)
Returned goods	(92,171,392)	(1,096,523,433)
<b>Net revenues</b>	<b>904,746,572,044</b>	<b>1,192,145,683,366</b>

##### 6.1.2 Revenue from sale of goods and rendering of services to related parties

Transactions of sales of goods and rendering of services to related parties are as follows:

	2023 VND	2022 VND
Nipro Pharma Corporation	12,900,425,958	22,221,171,469
An Sinh Hospital Joint Stock Company	10,963,304,290	11,812,881,128
Orchids Trading Service Travel Company Limited	1,584,000,000	3,168,000,000
	<b>25,447,730,248</b>	<b>37,202,052,597</b>

#### 6.2 Cost of sales

	2023 VND	2022 VND
Cost of finished goods sold	602,967,665,181	732,690,822,667
Cost of goods sold	26,413,616	83,711,893,274
Cost of stem cell bank service	22,591,330,592	19,017,683,520
Cost of materials sold, rendering of services	549,804,769	98,421,397
Provision for devaluation of inventories	11,233,687,213	7,875,519,436
	<b>637,368,901,371</b>	<b>843,394,340,294</b>

#### 6.3 Financial income

	2023 VND	2022 VND
Interest from deposit	4,621,409,496	7,662,915,070
Dividends, distributed profit	19,472,144,527	6,233,857,500
Foreign exchange gain	450,736,649	2,228,025,063
Foreign exchange gain due to the revaluation of monetary items denominated in foreign currencies	339,713,402	1,373,941,375
Other financial income	6,655	-
	<b>24,884,010,729</b>	<b>17,498,739,008</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 6.4 Financial expenses

	2023	2022
	VND	VND
Loans interest expense	500,875,192	3,698,359,418
Foreign exchange loss	4,367,514,653	14,008,683,887
Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	-	186,170,312
	<b>4,868,389,845</b>	<b>17,893,213,617</b>

### 6.5 Selling expenses

	2023	2022
	VND	VND
Labor expenses	30,894,328,123	28,819,467,338
Depreciation expenses	594,732,152	533,715,290
Service expense	25,757,538,242	32,720,149,585
Marketing expenses	43,021,569,180	77,958,713,188
Transportation expenses	8,032,055,174	11,152,603,034
Other selling expenses	291,494,720	259,551,840
	<b>108,591,717,591</b>	<b>151,444,200,275</b>

### 6.6 General and administration expenses

	2023	2022
	VND	VND
Labor expenses	50,661,016,885	55,529,394,625
Tools and equipment expenses	9,416,183,079	7,378,500,342
Depreciation expenses	12,577,564,138	12,462,210,095
Tax and fees	27,582,692,862	20,675,820,136
Provision expenses	1,055,038,240	5,912,628,359
Land rent expenses	1,275,418,494	1,275,418,494
Electricity expenses	6,117,355,769	6,693,567,318
Service expenses	11,876,735,420	13,453,166,400
Other general and administration expenses	31,178,431,051	6,793,029,142
	<b>151,740,435,938</b>	<b>130,173,734,911</b>

### 6.7 Other incomes

	2023	2022
	VND	VND
Gain from disposal of fixed assets	17,500,000	356,842,592
Income from stock count	993,722,845	4,789,860
Income from debt handle	17,765,000,000	-
Donated materials	11,002,729	126,740,245
Other incomes	10,000,422	-
	<b>18,797,225,996</b>	<b>488,372,697</b>

### 6.8 Other expenses

	2023	2022
	VND	VND
Expenses from stock count	93,002,703	-
Administrative fines, arrears amount	2,040,516,905	-
Debt handle expenses	398,174,000	-
Penalties for breach of purchasing contract	-	2,265,920,000
Other expenses	12,338,897	174,042,019
	<b>2,544,032,505</b>	<b>2,439,962,019</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 6.9 Basic earnings per share

The calculation of basic earnings per share attributable to shareholders holding common shares of the Parent Company are made on the basis of the following data:

		2023	2022
Profit for the year attributable to shareholders holding common shares of the Parent Company	VND	25,114,127,514	41,690,924,741
Deduction: bonus and welfare funds	VND	-	(6,192,438,711)
<b>Profit to calculate EPS</b>	VND	<b>25,114,127,514</b>	<b>35,498,486,030</b>
Outstanding common shares on average during the year	share	25,268,221	25,268,221
<b>Earnings per share</b>	VND/share	<b>994</b>	<b>1,405</b>

(\*) In the year, the Parent Company distributed the bonus and welfare fund from 2022 profit after tax with VND 6,192,438,711 VND. Therefore, the profit for calculating Basic Earnings per share also decreases by a corresponding amount. This adjustment causes 2022 Basic Earnings per Share to decrease from 1,650 VND/share to 1,405 VND/share.

Otherwise, the Parent Company has not planned to deduct the bonus and welfare fund on the profit after tax at the time of preparing the financial statements for the fiscal year ended 31 December 2023.

### 6.10 Production and business costs by element

	2023 VND	2022 VND
Raw materials expenses	527,317,788,483	699,617,276,471
Labor expenses	134,618,607,688	141,027,119,375
Depreciation expenses	48,496,580,283	48,051,890,395
External service expenses	71,660,113,460	77,244,999,194
Other expenses	110,375,530,985	127,240,254,257
	<b>892,468,620,899</b>	<b>1,093,181,539,692</b>

## 7. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED CASH FLOW STATEMENT

### 7.1 Proceeds from borrowings

	2023 VND	2022 VND
Proceeds from borrowings from loan agreement	14,880,600,000	161,936,667,600

### 7.2 Repayment of borrowings

	2023 VND	2022 VND
Repayment of borrowings from loan agreement	22,890,840,000	227,499,627,600

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### *Trade receivables*

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

### *Cash in bank*

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

### iii. Liquidity risk

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

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

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

	Less than 1 year VND	From 1 to 5 years VND	Total VND
<b>As at 31 December 2023</b>			
Trade payables	27,090,995,359	-	27,090,995,359
Accrued expenses	6,483,106,063	-	6,483,106,063
Other payables	11,050,850,133	-	11,050,850,133
	<b>44,624,951,555</b>	<b>-</b>	<b>44,624,951,555</b>
<b>As at 01 January 2023</b>			
Trade payables	77,587,524,740	-	77,587,524,740
Accrued expenses	5,463,679,143	-	5,463,679,143
Other payables	28,773,850,133	-	28,773,850,133
Loans and finance liabilities	8,010,240,000	-	8,010,240,000
	<b>119,835,294,016</b>	<b>-</b>	<b>119,835,294,016</b>

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

### **Security Assets**

The Company has pledged its trade accounts receivables, inventories for these loans (see Notes No. 5.3, 5.7).

The Company does not hold the security assets of third parties as at 31 December 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### iv. Fair value

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

The following table showing the financial assets and financial liabilities of the Company:

	Book value		Fair value (*)	
	31/12/2023	01/01/2023	31/12/2023	01/01/2023
	VND	VND	VND	VND
<b>Financial assets</b>				
Held-to-maturity investments	45,000,000,000	60,000,000,000	45,000,000,000	60,000,000,000
<b>Loans and Accounts Receivable</b>				
Trade receivables	62,411,916,961	112,705,286,441	58,590,772,125	78,144,530,717
Other receivables	1,184,171,611	414,230,700	1,184,171,611	414,230,700
<b>Financial assets available for sale</b>				
Short-term financial investments	10,946,711,100	10,946,711,100	10,946,711,100	10,946,711,100
Long-term financial investments	24,068,960,000	24,068,960,000	24,068,960,000	24,068,960,000
Cash and cash equivalents	130,060,029,110	62,011,606,836	130,060,029,110	62,011,606,836
	<b>273,671,788,782</b>	<b>270,146,795,077</b>	<b>269,429,403,063</b>	<b>235,586,039,353</b>
<b>Financial liabilities</b>				
Financial liabilities are determined according to the distribution value				
Trade payables	27,090,995,359	77,587,524,740	27,090,995,359	77,587,524,740
Accrued expenses	6,483,106,063	5,463,679,143	6,483,106,063	5,463,679,143
Other payables	11,050,850,133	28,773,850,133	11,050,850,133	28,773,850,133
Loans and finance liabilities	-	8,010,240,000	-	8,010,240,000
	<b>44,624,951,555</b>	<b>119,835,294,016</b>	<b>44,624,951,555</b>	<b>119,835,294,016</b>

(\*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 31 December 2023 and 01 January 2023. However, the Board of General Directors believes that the fair value of these financial assets and liabilities is not significantly different from their carrying amounts as at the balance sheet date.

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

##### Accounts receivable and other receivables

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

##### Non-derivative financial liabilities

Fair value, measured for disclosure purposes only, is calculated based on the present value of future cash flows to pay principal and interest, discounted at market rates at the balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 9. OTHER INFORMATION

#### 9.1 Transactions and balances with related parties

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

##### 9.1.1. Transactions and balances with key members, the individuals involved with key members

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

	2023 VND	2022 VND
<b>Salary and bonus</b>		
Mr. Le Anh Phuong	1,614,952,658	1,182,545,398
Ms. Huynh Thi Lan	2,462,129,620	1,671,512,837
Ms. Dang Thi Kim Lan	1,523,600,279	1,078,394,149
Ms. Phan Thi Lan Huong	2,113,082,897	1,467,080,035
Mr. Satoshi Kawamura	144,000,000	129,600,000
Ms. Nguyen Thi Quynh Anh	922,292,615	765,616,674
Mr. Dinh Xuan Han	148,000,000	134,100,000
	<b>8,928,058,069</b>	<b>6,428,849,093</b>

##### 9.1.2 Transactions and balances with other related parties

Significant transactions with related parties in year are as follows:

Related parties	Transaction	2023 VND	2022 VND
<b>Nipro Pharma Corporation</b>			
	Purchase	-	616,172,700
	Sale of finished goods	12,900,425,958	23,371,203,735
	Buy raw materials	2,032,596,292	3,425,700,140
	Donated raw materials	9,030,896	37,541,505
	Support from supplier	-	71,878,740
<b>An Sinh Hospital Joint Stock Company</b>			
	Sales and services rendered	10,963,304,290	11,812,881,128
	Dividend received	18,559,475,527	5,531,344,000
<b>Orchids Trading Service Travel Company Limited</b>			
	Sales and services rendered	1,584,000,000	3,168,000,000

As at 31 December 2023, the balance of accounts receivable/ payable with related parties is as follows:

Related parties	Transaction	31/12/2023 VND	01/01/2023 VND
<b>Nipro Pharma Corporation</b>			
	Trade receivables	6,419,651,525	6,336,214,286
	Trade payables	675,539,464	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

Related parties	Transaction	31/12/2023 VND	01/01/2023 VND
<b>An Sinh Hospital Joint Stock Company</b>	Trade receivables	210,985,793	2,514,420,519
<b>Orchids Trading Service Travel Company Limited</b>	Trade receivables	-	871,200,000
<b>Vietnam Pharmaceutical Corporation</b>	Advances to suppliers	335,160,000	399,000,000

### 9.2 Segment information

#### Segment information by operating activities

- a. Segment income statement operating activities for the fiscal year ended 31 December 2023:

Items	Net revenue VND	Cost VND	Gross profit VND
Finished goods	827,229,622,303	614,201,352,394	213,028,269,909
Goods	27,815,236	26,413,616	1,401,620
Stem cell bank service	64,878,725,696	22,591,330,592	42,287,395,104
Materials	2,746,408,809	549,804,769	2,196,604,040
Rental	9,864,000,000	-	9,864,000,000
<b>Total</b>	<b>904,746,572,044</b>	<b>637,368,901,371</b>	<b>267,377,670,673</b>

- b. Segment income statement operating activities for the six-month period ended 31 December 2022:

Items	Net revenue VND	Cost VND	Gross profit VND
Finished goods	1,032,746,513,998	740,566,342,103	292,180,171,895
Goods	83,803,641,494	83,711,893,274	91,748,220
Stem cell bank service	59,432,120,987	19,017,683,520	40,414,437,467
Materials	3,375,406,888	98,421,397	3,276,985,491
Rental	12,787,999,999	-	12,787,999,999
<b>Total</b>	<b>1,192,145,683,366</b>	<b>843,394,340,294</b>	<b>348,751,343,072</b>

#### Segment information by geographical area

The Company does not present segment information by geographical area, because all activities take place in the only geographical area, which is Vietnam.

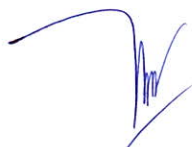
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

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

### 9.3 Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date (31 December 2023) to the date of this report, which would require adjustments or disclosures to be made in the consolidated financial statements.



**LE THI THU HUONG**  
Preparer



**PHAN ANH TAI**  
Chief Accountant



**HUYNH THI LAN**  
General Director  
Ho Chi Minh City, 25 March 2024