



Mekophar Chemical Pharmaceutical Joint Stock

MEKOPHAR

Always for your health

ANNUAL REPORT 2024



Head Office: 297/5 Ly Thuong Kiet Street, Ward 15,
District 11, Ho Chi Minh City

TABLE OF CONTENTS

I. GENERAL INFORMATION.....	3
1. General Information	3
2. History and Development.....	3
3. Business Sectors and Operating Areas.....	4
4. Information on Governance Model, Business Organization, and Management Structure..	6
5. Development Orientation	7
6. Risks	7
II. OPERATING PERFORMANCE DURING THE YEAR	12
1. Business and Production Performance	12
2. Operations of MKP BP Factory	14
3. Operations of MekoStem Stem Cell Bank	14
4. 2025 Operational Orientation.....	15
III. REPORT AND EVALUATION BY THE GENERAL DIRECTORATE	17
1. 2024 Business and Production Implementation:	18
2. Performance Results:.....	18
3. Strategy and Objectives for the 2025–2030 Period:.....	23
4. Business and Production Orientation for 2025.....	24
IV. REPORT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS	26
1. Report on the Management and Operation Activities of the Board of Directors:.....	26
2. Supervision of the Executive Board :.....	28
3. Report on Operating Expenses of the Board of Directors and Supervisory Board in 2024.	31
4. Operational Orientation of the Board of Directors in 2025	31
V. SUPERVISORY BOARD’S REPORT:.....	34
1. Activities of the Supervisory Board:	34
2. Implementation of the 2024 General Meeting of Shareholders’ Resolutions	34
3. Review Results of the Financial Statements as of 31/12/2024:	36
4. Supervision of the Board of Directors, General Director, and Other Managers:.....	44
5. Evaluation of Coordination Among the Supervisory Board, CEO, and Shareholders:	45
6. Remarks and Recommendations :	50
VI. FINANCIAL STATEMENTS:	52
1. Auditor’s Opinion:	52
2. Audited Financial Statements:	52
Appendix 1: Balance Sheet.....	53
Appendix 2: Income Statement	57
Appendix 3: Cash Flow Statement	58
Appendix 4: Notes to the Financial Statements.....	60

I. GENERAL INFORMATION

1.General Information

MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT STOCK COMPANY

Abbreviated name: **MEKOPHAR**

English name: **Mekophar Chemical Pharmaceutical Joint Stock Company**

Business Registration Certificate No.: **0302533156**, issued by the Department of Planning and Investment of Ho Chi Minh City, initially registered on **February 8, 2002**, with the **21st amendment registered on November 21, 2023**.

Owner's investment capital: **VND 255,458,670,000**

Head office: **297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City**

Phone: **[84-28] 3 8650258 - 3 8650363 - 3 8650436 - 3 8652478**

Email: **info@mekophar.com**

Website: **www.mekophar.com**

Stock code: **MKP**



2.History of Formation and Development

- **1975:** Mekophar Chemical Pharmaceutical Joint Stock Company was established under the name Central Pharmaceutical Enterprise No. 24, a member unit of the Vietnam Pharmaceutical Corporation.
- **1985:** Central Pharmaceutical Enterprise No. 24 merged with Central Pharmaceutical Enterprise No. 22 and was renamed Central Pharmaceutical Enterprise No. 24 – Mekophar.
- **1992:** Central Pharmaceutical Enterprise No. 24 – Mekophar established Mekong Herbal Pharmaceutical Joint Stock Company.

- **1993:** The enterprise entered a joint venture with Woopyung Company (Korea), founding Woopyung - Mekophar Joint Venture Company to manufacture semi-synthetic antibiotic raw materials such as Amoxicillin and Ampicillin.
- **2000:** The enterprise bought out the entire capital contribution of the joint venture partner, and Woopyung - Mekophar Joint Venture became Mekophar's antibiotic manufacturing workshop.
- **2001:** Central Pharmaceutical Enterprise No. 24 converted to a joint stock company model and officially changed its name to **Mekophar Chemical Pharmaceutical Joint Stock Company**, with an initial charter capital of VND 36 billion.
- **03/2003:** Mekong Herbal Pharmaceutical Joint Stock Company was merged back into Mekophar Chemical Pharmaceutical Joint Stock Company.
- **04/2003:** Invested in the construction of An Sinh General Hospital, which commenced operations on May 7, 2006.
- **03/2006:** Increased charter capital to VND 54 billion through bonus share issuance from retained earnings.
- **12/2006:** Increased charter capital to VND 84 billion via a public offering of 3 million shares.
- **2008:** Increased charter capital to VND 92.1 billion.
- **2010:** Company shares were listed and traded on the HOSE (Ho Chi Minh Stock Exchange).
- **2012:** Shares were delisted from HOSE as of July 12 to restructure shareholders and eliminate foreign ownership.
- **2015:** Established Mekophar Co., Ltd. at Lot I-9-5, Street No. 2, Saigon Hi-Tech Park, Long Thanh My Ward, District 9, Ho Chi Minh City.
- **2016:** Increased charter capital to VND 194 billion via bonus shares issued from owner's equity.
- **2017:** Shares were listed and traded on the UPCOM exchange.
- **2019:** Increased charter capital to VND 232 billion by issuing shares to existing shareholders.
- **2020:**
 - Pharmaceutical manufacturing plant in the Hi-Tech Park was certified **GMP Japan**.
 - Mekostem stem cell bank received **AABB certification** (American Association of Blood Banks).
- **2021:** Increased charter capital to **VND 255 billion** through bonus share issuance to existing shareholders.
- **2022:** Highest ever proportion of revenue from finished products.

3. Business Sectors and Areas of Operation

Business Activities:

- Manufacturing and trading, as well as the import and export of pharmaceuticals, herbal medicines, chemicals, and raw materials for the pharmaceutical industry, and medical devices;

- Operation of a stem cell bank; technology transfer consultancy; research and development activities in stem cells;
- Production of packaging materials used in the pharmaceutical industry (plastic bottles, paper boxes, carton boxes);
- Production and trading of technological food products (excluding the production and processing of fresh food);
- Rental services for office buildings;
- Apartment rentals.

Business Area:

MKP's primary market is Ho Chi Minh City, which accounts for 61% of the annual total products sold. The Hanoi area accounts for 15%, while other provinces make up 22% of the total production. In addition, the export market represents 2%.

Head Office and Branches, Pharmacies:

Sales Department (Head Office):

- Address: No. 17-27, 281 Ly Thuong Kiet Street, District 11, Ho Chi Minh City
- Phone: [028] 3 8646129 - 38650528
- E-mail: kinhdoanh@mekophar.com

Hanoi Branch:

- Address: Blocks B26 and B28 - TT17, New Van Quan Urban Area - Yen Phuc, Phuc La Ward, Ha Dong District, Hanoi
- Phone: [024] 3 8561353 - 35142279
- E-mail: hanoi@mekophar.com

Da Nang Branch:

- Address: 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City
- Phone: [0236] 7309 039 - 3653 179
- E-mail: danang@mekophar.com

Can Tho Branch:

- Address: 17A Cach Mang Thang 8, Binh Thuy District, Can Tho City. All these business locations have received GDP certification from the Department of Health.
- Phone: [0292] 7309 039 - 3825 400 - 2241 966
- E-mail: cantho@mekophar.com

Nghe An Branch:

- Address: House No. 1, Alley 69, Yen Xuan Street, Vinh City, Nghe An Province
- Phone: [0238] 7309 039
- E-mail: nghean@mekophar.com

4.Information on Governance Model, Business Organization, and Management Structure

Governance Model:

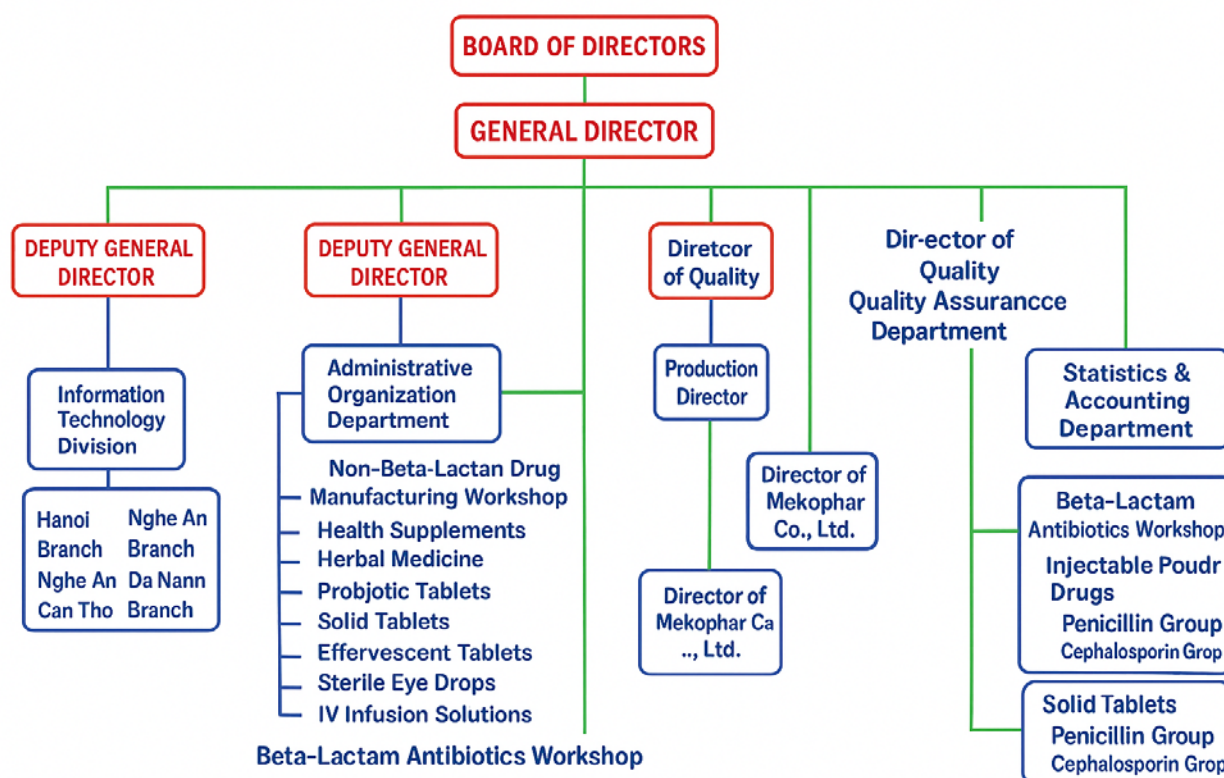
The Company's Board of Directors consists of 7 members, with the Chairman of the Board concurrently holding the position of Deputy General Director. The Supervisory Board comprises 3 members. The Executive Board consists of 4 members, including 3 full-time Deputy General Directors.

Management and Business Organization Model:

The Company's management model is oriented towards customer satisfaction by providing high-quality products to the market, accompanied by customer care policies tailored to different customer segments.

In terms of business organization, the Company mainly distributes pharmaceuticals through hospitals nationwide. In addition, the Company's upcoming strategy includes establishing retail distribution stores in Ho Chi Minh City to expand its market share in the retail segment.

Organizational Structure Chart



5. Development Orientation

- Implement the company's policies and guidelines to create all favorable conditions for the Executive Board to fulfill its business and production tasks in 2025.
- Focus on developing new, core, and high-potential products; improve product design and packaging to ensure aesthetics and meet the competitive demands of both domestic and export markets.
- Strengthen efforts to complete dossiers for renewal of existing drug registrations and apply for new product registrations.
- Concentrate on effective solutions to improve profitability, such as developing financial plans, investing in modern machinery and equipment, upgrading technological processes, increasing labor productivity, and reducing production costs.
- The factory located in the Ho Chi Minh City Hi-Tech Park has commenced production and export of pharmaceuticals to Japan, and is registering domestic products to participate in Group 2 bidding. Concurrently, the company is conducting feasibility surveys for building an oral drug production line for infusion solutions and Beta-lactam drugs under Phase 2.
- Develop cooperation plans with foreign pharmaceutical companies for the production and business of high-tech and specialized pharmaceutical products.
- Boost export activities by expanding product distribution to international markets.
- Expand the operations of the **Mekostem Stem Cell Bank** across Vietnam and introduce new applications to increase revenue for Mekostem. Collaborate with hospitals to promote the use of stem cell applications in treatment.

1. Risks**a. Market Risk**

- Market risk refers to the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. Market risk includes three types: interest rate risk, currency risk, and other price risks such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and available-for-sale investments.
- The sensitivity analyses presented below relate to the Company's financial position as of December 31, 2024.
- These sensitivity analyses are based on the net debt position, the ratio between fixed-rate and floating-rate borrowings, and assume no change in the correlation between financial instruments denominated in foreign currencies.
- In preparing the sensitivity analyses, the Executive Board assumes that the sensitivity of available-for-sale debt instruments on the balance sheet and the relevant items in the income statement are affected by the respective changes in market risk assumptions. This analysis is based on financial assets and liabilities held by the Company as of December 31, 2024.

6. Interest Rate Risk

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's market risk arising from interest rate changes primarily relates to its borrowings, cash, and short-term deposits.

- The Company manages interest rate risk by analyzing market competition to obtain favorable interest rates that suit its business objectives while remaining within its risk management limits.

Interest Rate Sensitivity

- The sensitivity of the Company's short-term deposits to reasonably possible changes in interest rates is presented as follows.
- Assuming all other variables remain constant, changes in interest rates on floating-rate short-term deposits would affect the Company's profit before tax as follows:
- The basis point increase/decrease used for interest rate sensitivity analysis is assumed based on current observable market conditions. These conditions indicate only slightly higher volatility compared to previous periods.

c. Foreign Currency Risk

- Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to exchange rate fluctuations primarily through its business transactions conducted in currencies other than the Vietnamese Dong (VND).
- The Company manages foreign currency risk by considering current and projected market conditions when planning future foreign currency transactions. The Company does not use any derivative financial instruments to hedge against its foreign currency exposures.

Foreign Currency Sensitivity

- The sensitivity of the Company's loans, borrowings, and bank deposits to reasonably possible changes in foreign currency exchange rates is presented as follows.
- Assuming all other variables remain constant, the table below illustrates the sensitivity of the Company's profit before tax (due to changes in the fair value of assets and liabilities) to reasonably possible changes in the USD exchange rate. The Company's exposure to fluctuations in other foreign currencies is considered insignificant.

d. Equity Price Risk

- Listed and unlisted equity securities held by the Company are subject to market risk arising from the uncertainty of future values of investment equities. The Company manages equity price risk by setting investment limits. The Company's Board of Directors also reviews and approves investment decisions in equity securities.
- As of the financial reporting date, the fair value of the Company's investments in listed shares was VND 10,946,711,100 (as of December 31, 2023: VND 10,946,711,100).

e. Credit Risk

- Credit risk is the risk that one party to a financial instrument or customer contract will fail to meet its obligations, resulting in a financial loss. The Company is exposed to credit risk arising from its operating activities (primarily trade receivables) and from its financial activities, including bank deposits.

Trade Receivables

- The Company mitigates credit risk by only conducting transactions with financially sound counterparties and by closely monitoring outstanding receivables to accelerate collections. Based on this approach, and due to the Company's receivables being distributed across various customers, credit risk is not concentrated in any single customer.

Bank Deposits

- The Company mainly maintains deposits with large, reputable banks in Vietnam. Management considers the concentration of credit risk related to bank deposits to be low.
- The Executive Board assesses that most financial assets are not past due or impaired, as they are associated with reputable customers with strong payment ability—except for overdue and impaired receivables, which are presented in the following table.

:

f. Liquidity Risk

- Liquidity risk is the risk that the Company may encounter difficulty in meeting its financial obligations due to a lack of available funds. The Company's liquidity risk primarily arises from the mismatches in the maturity dates between its financial assets and financial liabilities.
- The Company monitors liquidity risk by maintaining a level of cash, cash equivalents, and bank borrowings that the Executive Board considers adequate to support the Company's operations and to mitigate the impact of cash flow fluctuations.
- The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

:

	Within 1 year	From 1 to 5 years	Total
	VND	VND	VND
As of December 31, 2024			
Trade Payables	64,249,230,707	-	64,249,230,707
Accrued Expenses	9,140,164,106	-	9,140,164,106

	Within 1 year	From 1 to 5 years	Total
	VND	VND	VND
Other Payables	10,859,894,578	-	10,859,894,578
	84,249,289,391	-	84,249,289,391
As of January 1, 2024			
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
	44,624,951,555	-	44,624,951,555

- The Company believes that the concentration of risk related to debt repayment is low. The Company has sufficient access to funding sources and also manages net cash flows from operating activities to ensure the ability to meet debt obligations as they fall due..

g Fair Value

(1) Comparison of Fair Value and Carrying Amount

The following table presents the Company's financial assets and financial liabilities:

:

Financial asset	Book value 31/12/2024	Book value 01/01/2024	Fair value 31/12/2024	Fair value 01/01/2024
Financial Assets				
Held-to-maturity investments	45,000,000,000	45,000,000,000	45,000,000,000	45,000,000,000
Loans and receivables				
Trade receivables	51,199,264,078	62,411,916,961	40,649,415,201	58,590,772,125
Other receivables	1,084,511,083	1,184,171,611	1,076,401,883	1,184,171,611
Available-for-sale financial assets				

Financial asset	Book value 31/12/2024	Book value 01/01/2024	Fair value 31/12/2024	Fair value 01/01/2024
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	173,723,141,505	130,060,029,110	173,723,141,505	130,060,029,110
	306,022,587,766	273,671,788,782	295,464,629,689	269,429,403,063
Financial Liabilities				
• Trade payables	64,249,230,707	27,090,995,359	64,249,230,707	27,090,995,359
• Accrued expenses	9,140,164,106	6,483,106,063	9,140,164,106	6,483,106,063
• Other payables	10,859,894,578	11,050,850,133	10,859,894,578	11,050,850,133
	84,249,289,391	44,624,951,555	84,249,289,391	44,624,951,555

(*) The fair values of financial assets and financial liabilities were not formally assessed and determined as of **December 31, 2024** and **January 1, 2024**. However, the Executive Board believes that the fair values of these financial assets and liabilities do not differ materially from their carrying amounts as at the end of the financial year.

Basis for Determining Fair Value

Trade Receivables and Other Receivables

The fair value of trade receivables and other receivables, excluding contract assets and liabilities related to construction contracts, is estimated based on the present value of future cash flows, discounted at market interest rates as of the reporting date. The fair value of these instruments is determined for disclosure purposes only.

Non-Derivative Financial Liabilities

The fair value, determined solely for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market interest rates as of the end of the financial reporting period.

h. Collateral Assets:

The Company did not hold any third-party collateral assets as of December 31, 2024 and December 31, 2023.

II. BUSINESS PERFORMANCE DURING THE YEAR

1. BUSINESS PRODUCTION PERFORMANCE:

a. General Situation:

Overall business performance in 2024 was not favorable due to:

- Fluctuations in energy prices, input materials, and supply chain risks led to increased costs, which significantly impacted Vietnam's economy and slowed down economic growth.
- The pharmaceutical industry remains highly dependent on imported materials, with about 90% of raw materials sourced from abroad. This reliance made the industry highly sensitive to external factors like exchange rate fluctuations and supply disruptions.
- Most enterprises focused on producing common medicines, while specialized or advanced formulations requiring modern technologies lacked sufficient investment and development.
- In 2024, many pharmaceutical companies also invested in building EU GMP-standard production lines, which will influence product bidding opportunities for the Company.

Export Situation:

- Products from India and China have flooded the global market at extremely low prices, making it difficult for Vietnamese pharmaceutical products to compete.
- MKP's major customer completely stopped importing to the Russian market, currently only purchasing small quantities for export to Kyrgyzstan and Uzbekistan.
- Traditional customers reduced orders, with only a few remaining in markets such as Congo, Angola, Moldova, Cambodia, Mongolia, Ukraine, and Somalia. Due to economic crises, their domestic purchasing power decreased, leading to excess inventory and irregular orders.
- 40% of potential clients require EU GMP or PIC certification for placing orders, in accordance with their import regulations.

b. Achievement of Key Targets:

Indicator	Unit	2024 Plan	2024 Actual	2023 Actual	% of 2024 Plan	% vs. 2023 Actual
Revenue	VND million	900,000	919,577	904,476	102.18%	101.67%
Tax Contribution	VND million	70,000	59,790	79,681	85.41%	75.04%

MEKOPHAR - 2024 ANNUAL REPORT

Indicator	Unit	2024 Plan	2024 Actual	2023 Actual	% of 2024 Plan	% vs. 2023 Actual
Pre-tax Profit	VND million	50,000	53,135	43,314	106.27%	122.67%
Dividend Rate	%	8	5	5	62.5%	100.00%

While revenue and profit in 2024 exceeded the set targets, several challenges remained:

- The progress of product registration dossiers and license approvals remained unsatisfactory, particularly for strategic products that significantly contribute to revenue. These face delays due to special control drug regulations. Despite securing some controlled raw materials, quantities remain insufficient for full-scale production. The equivalence drug list has not yet been announced by the Drug Administration, despite multiple petitions from the Company.
- Nipro's 2024 plan was lower than in 2023, causing continued losses at the MKP BP plant, which Mekophar must subsidize.

c. Science and Technology Activities:

New product R&D and registration results:

MEKOPHAR:

- Dossiers submitted: 09 products
- Licenses granted:
 - Medicines: 14 products
 - Health supplements: 06 products
- Ongoing research:
 - Pharmaceuticals: 23 products including:
 - Injectable powders: 06
 - IV solutions: 09
 - Oral Beta-lactam antibiotics: 05
 - Eye drops: 03

MEKOPHAR BP:

- Dossiers submitted: 12 products
- Licenses granted: 03 products
- Ongoing research: 41 products, including:
 - Group 2 products: 37
 - Group 4 products: 04

Product re-registration and renewal:

- Renewal applications submitted for all expiring products

- Renewed for 5 years: 155 products
- Renewed for 3 years: 63 products
- The R&D department is accelerating the development of high-value products, prioritizing specialized treatments and premium-quality health supplements using safe and effective ingredients from Europe.
- New investments in equipment to replace outdated machinery are planned to improve productivity, reduce labor, and enhance product quality.

d. Market Development Activities:**Domestic Market:**

- Price competition limited success in the hospital (ETC) segment.
- Focus shifted to expanding the over-the-counter (OTC) segment by developing a strong team of medical representatives to supply pharmacies in hospitals and private outlets nationwide.

International Market:

- Decline in orders from Congo, Angola, Moldova, Ukraine, Cambodia, Mongolia, and Somaliland.
- Exported products included antibiotics, anti-malarials, vitamins, pain relievers, and antipyretics.

2. OPERATIONS OF THE MKP BP PLANT:

a. The Japanese PMDA reviewed and certified the plant as compliant with JAPAN GMP standards until 2028.

b. The distributor's (NPP) production plan continues to decline, even though the plant has invested in machinery and equipment to meet the distributor's expected production volume. However, due to the insufficient production plan, equipment remains underutilized. As a result, machines sit idle for long periods while the plant still incurs costs for periodic validation and maintenance, leading to increasing financial losses.

c. Registration of new products continues to be a major challenge. As of the end of Q4 2024, the plant has only 12 registered products. Since the plant's products are deemed equivalent to those meeting EU GMP standards, they qualify for Group 2 in pharmaceutical tenders. However, the bidding prices in Group 2 are significantly lower than the plant's production costs, making it uncompetitive in tenders. Despite a large investment in the facility, having only 12 product registrations makes it impossible for the plant to achieve its expected revenue and profit targets.

3. OPERATIONS OF THE MEKOSTEM STEM CELL BANK:**a. Results achieved:**

- Number of collected samples:
 - Total: 850 cases
 - Blood: 819
 - Cord membrane: 715
 - Tissue: 44

- Compared to 2023 (725 cases):
 - Blood: 699
 - Cord membrane: 589
 - Tissue:
 - Increase of approx. 17% compared to 2023
- Number of contracts signed:
 - 2024: 822 contracts
 - 2023: 730 contracts
 - Increase of approx. 12.6% compared to 2023
- Revenue:

Achieved 95.61% of the annual plan and increased approximately 18% compared to 2023.

 - b. Tasks completed in 2024:
- Successfully completed the AABB reaccreditation process and received three certificates:
 - For umbilical cord blood operations: collection, processing, storage, and distribution
 - For somatic cell operations (MSC from cord tissue): collection, processing, storage, and distribution
 - For the quality of starting material for biological therapy
- Successfully organized the 15th anniversary celebration of MKS (2009–2024)
- Received approval from the Ministry of Health to conduct a clinical trial for the study:

“Preliminary safety and efficacy evaluation of umbilical cord blood plasma in supporting health improvement for the elderly.”
- Performed equipment maintenance according to the annual plan and added three new devices:
 - Label printer (Brother brand)
 - Precision scale (Ohaus)
 - Vacuum sealer (V300 model)
- Explored potential collaborations with several organizations such as Mescells, Cordlife, and VBN
- Participated in presentations and hosted an exhibition booth at the Ho Chi Minh City Stem Cell Conference in December 2024

31

4. 2025 OPERATIONS ORIENTATION:

a. Planned 2025 Targets:

Indicator	Unit	2025 Plan
Total Revenue	VND million	1,100,000
Profit Before Tax	VND million	55,000
Dividend Rate	%	5

b. Production Development:

- Promote documentation procedures for production lines to meet EU-GMP standards.
 - Continue follow-up activities after the merger of Mekophar Co., Ltd. into Mekophar Chemical Pharmaceutical Joint Stock Company: Implement Phase 2 at the Ho Chi Minh City Hi-Tech Park, including the following projects:
-

c. Science and Technology:

- Continue to accelerate R&D of new products, focusing on high-value products that meet general treatment demands.
 - Planned product registration filings in 2025:
 - Mekophar: 17 products
 - Mekophar BP: 22 products
 - Invest in the development of high-quality new products at the Mekophar BP plant to meet EU-equivalent standards and enhance competitiveness in the global pharmaceutical market. The company will also seek scientific collaboration with major partners to transfer technology and differentiate Mekophar's product portfolio, thereby improving market competitiveness.
 - Implement research and development of bioequivalent products for those required under Circular 07/2022/TT-BYT.
 - Continue implementing projects to improve productivity and reduce costs for key products.
 - Continue to carry out product transfer projects from Mekophar to Mekophar BP.
-

d. Finance and Accounting:

- Carry out the 2024 financial settlement and audit in time to serve year-end reporting for the State Securities Commission and the 2025 Annual General Meeting of Shareholders.
 - Implement ERP software for accounting, financial reporting, and analysis.
 - Ensure financial statements comply with the content and timelines required by the State Securities Commission and the Hanoi Stock Exchange.
 - Manage and utilize capital resources efficiently to meet business and production needs.
 - Build a highly qualified accounting team to meet the company's growing development requirements.
-

e. Market Development:

- Expand OTC sales channel market share and continue to build partnerships with companies and pharmacy chains across cities and provinces to increase domestic market penetration.
- Strengthen efforts to explore the domestic market, with a priority on the ETC channel, enabling products manufactured at Mekophar BP to enter Group 2 pharmaceutical tenders and increase production output to reduce losses for both Mekophar BP and Mekophar.
- Maintain long-standing customer markets, create favorable conditions for clients, increase the number of product registrations abroad, and continue submitting quotations and product samples internationally to expand export markets.
- Develop Traditional Medicine and Health Supplement product lines.

GENERAL DIRECTOR

III. REPORT AND ASSESSMENT FROM THE GENERAL DIRECTORATE**1. 2024 BUSINESS AND PRODUCTION IMPLEMENTATION:****a. Advantages:**

- The essential demand for medicines to prevent and treat diseases remains constant, thus the pharmaceutical industry maintains a relatively stable position compared to other industries.
- The development orientation set by the Board of Directors (BoD) aligns with the overall trend of the industry.
- The Chairman of the BoD provided timely direction, support, and supervision to the Executive Board, contributing significantly to smooth operations.
- The workforce of officers, staff, and workers has remained mentally stable, with appropriate qualifications and skillsets that meet the company's increasing demands.
- Employees' material and spiritual well-being remained stable.
- The company received attention and support from the Ministry of Health, the Drug Administration of Vietnam, the Vietnam Pharmaceutical Companies Association, as well as relevant agencies, unions, and partner units, all of which have contributed to Mekophar's continued existence and development.

b. Challenges:

- The pharmaceutical industry is facing intense competition both domestically and internationally. Foreign companies, with high professionalism and extensive experience in distribution, have gained a competitive advantage in the market share of the pharmaceutical sector.
- The industry has faced difficulties due to its reliance on imported raw materials, primarily from China and India. During the global COVID-19 outbreak, especially when China shut down many factories, the supply of raw materials was either delayed or unavailable, causing shortages and a sharp increase in input costs, which affected the company's production costs.
- Some raw materials fall under a list of specially controlled substances, requiring complex regulatory procedures. This led to delays in production orders due to the time-consuming process of obtaining import quotas for these substances.
- Some of the company's former strategic products—which used to generate significant revenue—are now subject to stricter controls, which has severely impacted production.
- Despite these difficulties, the Board of Directors, management, and the entire staff of Mekophar have remained determined and committed to overcoming challenges and striving to fulfill their plans.
- From 2020 to 2023, both revenue and profit failed to meet the targets set. However, in 2024, under the direction of the BoD and the efforts of the

Executive Board, the business team, and all employees, the company exceeded its targets in both revenue and profit. This has served as a strong encouragement and morale boost for the entire Mekophar workforce.

2. PERFORMANCR RESULTS:

a. Business Operations:

During the past term, Mekophar's Board of Directors (BoD), together with the Executive Board, implemented several measures to overcome difficulties and fulfill the set plans:

- Developed Mekophar-branded products with superior quality and reasonable pricing.
- Focused on building a core product portfolio while gradually reducing low-profit products.
- Expanded the domestic market.
- Developed OTC products.
- Practiced cost-saving in production and business operations, streamlined production processes, and applied innovation initiatives in manufacturing.

Business performance over the past five years is summarized as follows:

(Unit: million VND)

No.	Indicator	2020	2021	2022	2023	2024
1	Total Revenue	1,210,530	1,129,847	1,192,146	904,747	919,577
2	Profit Before Corporate Income Tax	57,673	24,269	64,787	43,314	53,135
3	Corporate Income Tax	17,993	8,408	23,096	18,200	12,349
4	Profit After Corporate Income Tax	39,680	15,861	41,691	25,114	40,785
5	Contribution to State Budget	50,343	47,027	81,108	79,681	59,790
6	Average Income (mil VND/person/month)	11.3	11.7	13.8	14.2	14.2
7	Charter Capital	232,490	255,459	255,459	255,459	255,459
8	Dividend	20%	8%	10%	5%	5%
9	Total Number of Employees	717	674	667	661	648

b. Science and Technology:

New Product Research:

The company has paid close attention to researching new products based on market orientation, with a focus on specialized treatments aligned with prevalent disease models.

Each year, the R&D department introduced numerous new high-quality products with improved packaging designs, meeting both domestic and international market demands.

Number of new products granted registration numbers each year:

Year	2020	2021	2022	2023	2024
No. of Products	3	1	5	12	18

In addition, the R&D department has also conducted other types of research, such as:

- Extending product shelf life.
- Improving formulations to enhance product quality.
- Effectively commercializing newly registered products.

c. MekoStem Stem Cell Bank Operations:

c.1 Revenue (billion VND):

Year	2020	2021	2022	2023	2024
Revenue	59,221	62,260	59,432	64,879	76,489

c.2 MekoStem (MKS) Activities:

- Revenue reached 95.61% of the annual plan and increased 18% compared to 2023.
- Successfully completed AABB re-accreditation and received three certifications:
 - For cord blood operations: collection, processing, storage, and distribution.
 - For somatic cell (MSC from umbilical cord tissue) operations: collection, processing, storage, and distribution.
 - For the quality of raw materials used in biological therapy.
- Successfully organized the 15th Anniversary Celebration of MekoStem (2009–2024).
- Received approval from the Ministry of Health to conduct a clinical trial on the topic:
“Evaluation of safety and preliminary effectiveness of umbilical cord blood plasma in supporting elderly health improvement.”

- Explored collaboration opportunities with partners such as Mescells, Cordlife, and VBN.
- Participated in the Ho Chi Minh City Stem Cell Conference in December 2024, including presenting and showcasing at the exhibition booth.

d. Labor Organization and Salary Management:

No.	Description	2020	2021	2022	2023	2024
1	Total Employees	717	674	667	661	648
2	University and Postgraduate Staff	265	248	247	245	238
3	College and Intermediate Staff	158	146	144	142	145
4	Pharmaceutical Workers	266	252	241	240	237
5	Mechanical Technicians	14	15	13	13	12
6	Other Staff	14	13	22	21	16
7	Average Monthly Income (mil VND)	11.3	11.7	13.8	14.2	14.2

- The number of employees in 2024 decreased by 9.6% compared to 2020.
- The company consistently complies with labor regulations and employee benefit policies.
- The average monthly income in 2024 increased by 25.7% compared to 2020

e. Investment and Development

e.1 Investment in Upgrading Production Lines to GMP-WHO Standards at District 11 Site:

- The company has invested in upgrading workshops, water treatment systems, and air treatment systems for production in compliance with GMP-WHO standards, as well as in wastewater and exhaust treatment systems to meet national environmental standards.
- As of 2024, 11 production lines have been certified to meet GMP-WHO standards.
- Annually, the company continues to invest in acquiring additional machinery and equipment for production lines and quality control activities.

Year	2020	2021	2022	2023	2024
Total Investment (mil VND)	7,263	11,183	12,160	16,945	8,904

e.2 New MKP BP Factory at the High-Tech Park, Thu Duc City – Ho Chi Minh City:

- Annual inspection, maintenance, and servicing of machinery, equipment, and supporting systems were carried out according to schedule. The evaluation results showed that all equipment is operating stably and is ready for continuous production.
- The factory has commenced production of registered products under the MKP BP brand.
- The company has expanded collaboration with external partners for technology transfer and distribution of both new and existing products from the factory.
- The factory was certified by Japan's PMDA to meet Japan GMP standards, valid until 2028.

f. Commendations and Awards

In recognition of the achievements attained, Mekophar has been honored and acknowledged by various organizations for the collective efforts of its officers, employees, and workers, including:

- Consistently demonstrated excellence in implementing emulation movements and campaigns among healthcare workers (Certificate of Merit from the Vietnam Health Trade Union);
- Commended for multiple years of outstanding individuals and collectives in the health sector during 2016–2020 (Certificate of Merit from the Vietnam Health Trade Union);
- Rated as a grassroots trade union successfully completing its tasks in 2021 (Certificate of Merit from the Vietnam Health Trade Union);
- Awarded the Emulation Flag by the Vietnam Health Trade Union in 2022 for outstanding performance in the emulation movement of excellent labor and strong trade union development;
- Recognized for outstanding achievement in implementing Directive No. 19-CT/TU on the campaign “Ho Chi Minh City residents do not litter in streets and canals, for a cleaner and flood-free city” during 2018–2023 (Commendation from Ward 15 People's Committee – District 11);
- Commended for excellence in the “Good Mass Mobilization” emulation movement in 2023 (Certificate of Merit from the Party Committee of the Ministry of Health’s grassroots sector);
- Awarded the Emulation Flag by the Vietnam Health Trade Union in 2023 for outstanding performance in the “Good at Work – Good at Home” campaign;

- Recognized for outstanding achievement in the patriotic emulation movement in 2024 (Commendation from Ward 15 People's Committee – District 11);
- Commended for significant contributions to District 11 in 2024 (Commendation from District 11 People's Committee).

g. Social Activities

Mekophar consistently prioritizes corporate social responsibility each year, including:

- Providing 300 gift packages annually to poor and near-poor households and those in difficult circumstances in Lang Tron Ward, Gia Rai Town, Bac Lieu Province, with a total value of 150,000,000 VND;
- Supporting local youth participating in military service in 2025 with a donation of 10,000,000 VND in Ward 15, District 11;
- Sponsoring medical examination and free medicine distribution programs for disadvantaged people in remote areas;
- Organizing annual voluntary blood donation days with 120–140 participants;
- Giving gifts to female employees on International Women's Day (March 8);
- Giving gifts to employees' children on International Children's Day (June 1);
- Rewarding children of employees who achieve excellent academic performance, overcome difficulties, pass university or college entrance exams;
- Distributing gifts to underprivileged workers during Workers' Month;
- Visiting and giving gifts to families of war invalids and martyrs on July 27;
- Hosting reunions with veterans on December 22;
- Presenting Tet gifts to retired trade union officials and veteran pharmaceutical sector members each year.

3. Strategy and Objectives for the 2025–2030 Period

a. Key Targets for 2025

Indicator	Unit	2025 Target
Revenue	Million VND	1,100,000
Profit Before Tax	Million VND	55,000
Dividend		5%

b. Investment and Development Initiatives

- Promote application procedures to certify more production lines to meet EU-GMP standards.

- Commence Phase II construction at the High-Tech Park, including the building of:
 - An oral and injectable Beta-Lactam drug production line, and
 - An infusion production line, both compliant with EU-GMP standards.
 - Total investment for Phase II (both lines): 900 billion VND.
 - Receive technology transfer from distribution partners (DPP) to manufacture export products for the Japanese market.
 - Seek strategic partnerships in developed countries with advanced pharmaceutical industries and high-tech applications for technology transfer or production licensing.
 - Invest in modern production equipment to accommodate large-scale production of newly transferred products.
 - Apply digital technology for comprehensive production line management and interdepartmental connectivity.
-

c. Science and Technology

- Continue to accelerate R&D of new products, focusing on high-value pharmaceuticals that meet general treatment needs.
- Plan to research and submit dossiers for marketing authorization in 2025:
 - District 11 site: 17 products
 - District 9 site: 22 products
- Invest in R&D of high-quality new products at the District 9 plant to meet EU-equivalent standards, enhancing competitiveness in the global pharmaceutical market. Collaborate with major partners for scientific cooperation and technology transfer to strengthen Mekophar's product differentiation and market edge.
- Conduct studies and submit applications for bioequivalence (BE) testing in accordance with Circular No. 07/2022/TT-BYT, which stipulates mandatory BE testing and dossier requirements for drug registration in Vietnam.
- Continue implementing projects to improve productivity and reduce costs for core product lines.
- Further develop the Stem Cell Bank and promote research and application of cord blood and umbilical membrane stem cells in disease treatment.
- Collaborate with hospitals on autologous stem cell therapy research.
- Promote cooperation with reputable international cord blood banks to advance MekoStem operations.
- Partner with foreign entities to develop and produce high-tech pharmaceutical products.

d. Market Development

- Expand market share in the OTC sales channel and continue building partnerships with limited liability companies and pharmacy chains in major cities and provinces to strengthen the domestic market.
- Intensify efforts to explore the domestic market, with a focus on the ETC (Ethical Drugs) sector, to enable the District 9 plant's products to participate in Group 2 drug tenders.
- Strive to maintain long-term customer markets, create favorable conditions for clients, increase the number of product registrations in foreign markets, and continue submitting quotations and product samples abroad to boost export markets.

CHAIRMAN OF THE BOARD OF DIRECTORS

IV. REPORT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS

1. Report on the Management and Operation Activities of the Board of Directors:

a. Members of the Board of Directors:

- In 2024, the Board of Directors (BOD) of Mekophar Chemical Pharmaceutical Joint Stock Company operated according to the BOD's operational regulations, the company's charter, and complied with state regulations on corporate governance for public companies.
- The Board of Directors consists of 7 members as follows:
 - Mr. LÊ ANH PHƯƠNG – Chairman of the BOD.
 - Ms. HUỖNH THỊ LAN – Vice Chairman of the BOD, also the CEO.
 - Ms. ĐẶNG THỊ KIM LAN – Member of the BOD.
 - Ms. PHAN THỊ LAN HƯƠNG – Member of the BOD.
 - Ms. NGUYỄN THỊ QUỲNH ANH – Member of the BOD.
 - Mr. SATOSHI KAWAMURA – Member of the BOD.
 - Ms. LỮ THỊ KHÁNH TRẦN – Member of the BOD (replacing Mr. Đinh Xuân Hân since April 25, 2024).

b. Activities of the Board of Directors in 2024:

- In 2024, the BOD performed its duties and responsibilities in compliance with the Enterprise Law, the company's charter, and relevant current laws.
- In 2024, the BOD held 5 regular meetings, which were conducted in accordance with the internal governance regulations. These meetings aimed to summarize and assess the business operations each quarter,

discuss issues, set goals for the upcoming quarter, and make timely decisions for the company's management.

- All BOD meetings involved the participation of the Supervisory Board and the Executive Board. The members of the BOD actively participated in the meetings and voted on resolutions, as follows:

No.	Member of the BOD	Position	Number of Meetings Attended	Attendance Rate	Notes
1	Mr. Lê Anh Phương	Chairman of the BOD	05/05	100%	
2	Ms. Huỳnh Thị Lan	Vice Chairman of the BOD	05/05	100%	
3	Ms. Đặng Thị Kim Lan	Member of the BOD	05/05	100%	
4	Ms. Phan Thị Lan Hương	Member of the BOD	05/05	100%	
5	Ms. Nguyễn Thị Quỳnh Anh	Member of the BOD	05/05	100%	
6	Mr. Satoshi Kawamura	Member of the BOD	03/05	60%	On business trip
7	Mr. Đinh Xuân Hân	Member of the BOD	02/02	100%	
8	Ms. Lữ Thị Khánh Trân	Member of the BOD	03/03	100%	Replaced Mr. Đinh Xuân Hân

c. Resolutions Issued by the Board of Directors:

- Resolution No. 01/NQ-BOD dated March 29, 2024;
- Resolution No. 02/NQ-BOD dated July 26, 2024;
- Resolution No. 03/NQ-BOD dated October 25, 2024;
- Resolution No. 04/NQ-BOD dated December 18, 2024;

- Resolution No. 05/NQ-BOD dated December 18, 2024.

d. Key matters approved by the Board of Directors during the year include:

- Convening the 2024 Annual General Meeting of Shareholders and approving the reports and proposals to be submitted at the meeting;
- Reviewing and approving the Executive Board's reports on business performance for the period and business plans for the upcoming period;
- Reapproving the company's credit limits with banks for loans, guarantees, and opening letters of credit (L/C) to support business operations;
- Approving the proposal on the appointment of a new Director for the MKP BP Plant;
- Approving the proposal for the merger of Mekophar Co., Ltd. into Mekophar Chemical Pharmaceutical Joint Stock Company

2.SUPERVISION OF THE EXECUTIVE BOARD:

- a. Supervision by the Board of Directors over the General Director and other key management personnel:
The Board of Directors (BOD) has directed and supervised the activities of the Executive Board, promptly addressing issues within its authority. Through regular monitoring, evaluation, and requiring periodic reports from the Executive Board, the BOD assesses that the Executive Board has fulfilled its assigned tasks in accordance with current legal regulations, the Company Charter, the General Meeting of Shareholders (GMS) resolutions, and the BOD's resolutions and decisions, specifically:
 - The Executive Board submitted regular reports on business operations at BOD meetings, including matters under BOD jurisdiction, helping the BOD stay informed and offer timely guidance and support for operations;
 - BOD members based at the company attended monthly executive meetings with department and factory heads to hear monthly business reports and provide direct guidance;
 - Coordinated with the Executive Board to successfully organize the 2024 Annual General Meeting of Shareholders on April 25, 2024;
 - Supervised and guided the operations of the MekoStem Stem Cell Bank;
 - Directed and promoted the merger process of Mekophar Co., Ltd. into Mekophar Chemical Pharmaceutical Joint Stock Company;
 - Urged the timely completion of Phase II construction of the new factory, scheduled to commence operations in June 2026;
 - Followed up on the progress of completing two projects: the Beta-lactam project and the IV infusion project at the High-Tech Park factory, aiming to meet EU-GMP standards;
 - Directed and promoted the extension procedures for land plots with expired usage terms.
- b. Business performance implementation:
In 2024, fluctuations in energy prices, raw materials, and supply chain risks

increased various costs, contributing to the overall slowdown in Vietnam’s economic growth. The domestic pharmaceutical market remained unstable due to its 90% dependence on imported raw materials, making the sector vulnerable to external factors such as exchange rate volatility, rising input prices, and disrupted supply chains. Additionally, the domestic pharmaceutical production value remains low—less than 50% of the total value of medicine consumed domestically—since most enterprises focus on producing low-value generic drugs, resulting in weak competitiveness both against imported generics and within the local industry, making business operations increasingly challenging.

- Many essential raw materials are still subject to strict regulatory controls, delaying production orders due to complex procedures.
- The progress in renewing marketing authorizations (registration numbers) remains unsatisfactory. The company continues to have many strategic products that have not yet received renewed approvals. While there has been improvement, the lack of registration numbers continues to significantly impact production.
- Despite these challenges, the 2024 business performance was the result of the concerted efforts of the BOD, Executive Board, and all employees. The company endeavored to fulfill its financial obligations to the state and exceeded its planned revenue and profit targets as follows:

Indicator	Unit	2024 Plan	2024 Actual	% of Plan
- Revenue	VND million	900,000	919,577	102.18%
- State Budget Contribution	VND million	70,000	59,790	85.41%
- Profit Before Tax	VND million	50,000	53,135	106.27%
- Dividend Rate	%	8	5	62.50%

- c. Implementation of Resolutions from the General Meeting of Shareholders:
 - Paid a 5% cash dividend for 2023 on June 20, 2024;
 - Allocated company funds to various reserves in accordance with GMS resolutions;
 - Paid Board of Directors’ and Supervisory Board’s remuneration in accordance with the 2024 AGM resolution;
 - Signed an auditing service contract with AFC Vietnam Audit Company Limited (AFC).
- d. Implementation of BOD operational regulations and information disclosure:

- Completed and promulgated the revised Company Charter in 2024, along with the internal corporate governance regulations and BOD operational regulations after being approved by the 2024 AGM;
- Ensured full, transparent, and timely disclosures in accordance with the regulations of the Stock Exchange and the State Securities Commission. This includes disclosures on the 2024 AGM organization, financial reports (quarterly, semi-annual, and annual), corporate governance reports, and annual reports

- Investment and Financial Activities Implementation:

- Equipment Investment:

The total investment in new machinery and equipment exceeded VND 5 billion. The aim was to replace outdated machinery, enhance production capacity, reduce manual labor, improve product accuracy, and minimize material loss. Details are as follows:

No.	Month Commissioned	Investment Item	Investment Value (VND)	Outcome
1	05/2024	DELL PowerEdge R750 Server System	2,403,200,000	Accepted and put into use in May 2024
2	06/2024	HP Air-Cooled Chiller System	1,004,500,000	Accepted and put into use in June 2024; replaced the old system, ensuring GMP- compliant production environment
3	09/2024	ZPW-21B Tablet Press	791,760,506	Accepted and put into use in September 2024
4	10/2024	TPT-BP100 Automatic Film Coating Machine	953,333,333	Accepted and put into use in October 2024
		TOTAL	5,152,793,839	

• Financial Investments:

- Investment in Subsidiary:
 ☞ Mekophar Co., Ltd.: VND 900,000,000,000

- Long-term Financial Investments:
 - ⌘ An Sinh General Private Hospital JSC: VND 18,518,960,000
 - ⌘ Orchids Co., Ltd.: VND 5,550,000,000
- Short-term Financial Investments:
 - ⌘ Investment in trading securities as follows:

No.	Company Name	Value (VND)
1	- Central Pharmaceutical JSC VIDIPHAR	4,070,000,000
2	- OPC Pharmaceutical JSC	241,461,100
3	- Pharmaceutical Packaging JSC	6,635,250,000
	- TOTAL	10,946,711,100

- ⌘ Term deposits over 6 months as of 31/12/2024: VND 45,000,000,000
- ⌘ Interest income from deposits, bonds, and dividends received in 2024: VND 66,241,549,853

b. General Evaluation:

In 2024, the Board of Directors operated proactively and in compliance with general regulations, provided timely guidance, and closely supervised the Executive Board in organizing and executing the set objectives and plans. The Board fulfilled its responsibilities with dedication to the company's development, coordinated with the Supervisory Board to ensure transparency and sound governance in business activities, thereby safeguarding the interests of shareholders and stakeholders. Employee-related policies and benefits were well implemented, fostering trust among the workforce toward the company.

3.REPORT ON OPERATING EXPENSES OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD IN 2024:

- Pursuant to the Charter on the organization and operation of Mekophar Chemical Pharmaceutical Joint Stock Company, the Board of Directors reports the operating expenses of the Board as follows:
 - Total core production revenue: VND 901,823,561,116
 - Allocated expense (0.3% of revenue): VND 2,705,470,683
 - Actual expenditure: VND 1,464,000,000
 - Surplus: VND 1,241,470,683

4.OPERATIONAL ORIENTATION OF THE BOARD OF DIRECTORS FOR 2025:

- a. General Outlook:

- In 2025, global developments are expected to remain volatile and will continue to impact the domestic economy due to persistent inflationary pressures worldwide. Vietnam's inflation challenges are not only part of the global difficulty but also stem from longstanding structural issues within its own economy.
- Additionally, Vietnam's pharmaceutical industry continues to face increasing pressure from stricter technical barriers, quality control, and origin traceability requirements.
- Despite these challenges, in 2025 Mekophar will strive to resolve outstanding difficulties from 2024 and explore new directions, maintaining confidence and overcoming challenges to stabilize the company's production and business operations.

Planned Targets:

Target	Unit	2025 Plan
Total Revenue	Million VND	1,100,000
Pre-tax Profit	Million VND	55,000
Dividend Rate	%	5

b. Activities:

The Board of Directors has defined key strategic directions and priorities as follows:

- Make efforts to accelerate and complete Phase II of the new plant construction in the High-Tech Park in Ho Chi Minh City on schedule as planned.
- Develop production and business mechanisms to drive revenue growth, improve the efficiency of equity capital utilization, enhance labor productivity, and reduce production costs.
- Focus on a strategy to strengthen production capacity at the High-Tech Park facility with core product lines to increase both revenue and profit.
- Approve company policies and orientations that create favorable conditions for the Executive Board to fulfill the business plan for 2025.
- Actively seek and negotiate with partners from developed countries with advanced pharmaceutical industries and high technology for technology transfer or production licensing.
- Continue expanding the operations of the MekoStem Stem Cell Bank not only within Vietnam but also through cooperation with foreign partners in the research and production of biological products.
- Continue collaboration with hospitals to promote the application of stem cells in treatment.
- Focus on training, restructuring, and improving the quality of the workforce, management team, and future successors.

- Strengthen relationships with investors and shareholders, ensuring timely and transparent information disclosure in compliance with regulations.
-

This is the report of the Board of Directors for 2024 and the orientation for 2025.

Respectfully submitted for approval by the General Meeting of Shareholders.

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**

V. SUPERVISORY BOARD REPORT

1. ACTIVITIES OF THE SUPERVISORY BOARD

a. Supervisory Board Personnel

The Supervisory Board for the 2020–2024 term consists of 03 members:

- Mr. Nguyen Viet Luan – Head of the Board, appointed on April 24, 2020
- Mr. Nguyen Ba Khoa – Member, appointed on April 24, 2020
- Mr. Tran Trung Ngon – Member, appointed on April 24, 2020

b. Supervisory Board Activities

During the year, in addition to its regular activities and scheduled meetings, the Supervisory Board attended all meetings of the Board of Directors to stay informed of the Company's business operations and to contribute opinions toward achieving the goals approved by the General Meeting of Shareholders. Specific activities include:

- Monitoring compliance with the law, the Company Charter, governance regulations, and management policies in business operations
- Supervising the implementation of the 2024 General Meeting of Shareholders' Resolutions and resolutions of the Board of Directors (BOD)
- Reviewing the semi-annual reviewed financial statements and the audited financial statements for the year 2024
- Attending BOD meetings
- Monitoring investment activities and asset procurement
- Supervising the implementation of the business plan by the Executive Board

c. Supervisory Board Remuneration

- The total remuneration for the Supervisory Board in 2024 was VND 192 million

2. IMPLEMENTATION OF THE 2024 GENERAL MEETING OF SHAREHOLDERS' RESOLUTIONS

In the 2024 fiscal year, the General Meeting of Shareholders approved two resolutions: one annual resolution dated April 25, 2024, and one extraordinary resolution in writing dated February 4, 2025.

a. 2024 Business Plan

The Company fulfilled its 2024 revenue and profit targets as assigned in Resolution No. 32/NQ-DHĐCĐ dated April 25, 2024. Specifically:

- Revenue from sales and services in 2024 reached VND 919.6 billion, equivalent to 102.18% of the 2024 target, and 101.64% compared to 2023
- Total profit before tax in 2024 reached VND 53.13 billion, equivalent to 106.27% of the 2024 target, and 122.67% compared to 2023

Table 01: Performance of Key Economic Indicators in 2024

Unit: VND thousand

INDICATORS	2023	2024		Comparison	
		Planned 2024	Actual 2024	Actual 2024 vs:	
				2023	Planned 2024
Revenue from Sales and Services	904,746,572	900,000,000	919,577,453	101.64%	102.18%
Cost of Goods Sold	637,368,901		671,520,898		
Gross Profit from Sales and Services	267,377,671		248,056,556		
Financial Income	24,884,011		66,241,550		
Financial Expenses	4,868,390		4,232,154		
of which: Interest Expenses	500,875		-		
Profit/Loss from Joint Ventures and Associates	-		-		
Selling Expenses	108,591,718		110,356,909		
General and Administrative Expenses	151,740,436		146,282,372		
Operating Profit	27,061,138		53,426,670		
Other Income	18,797,226		468,053		
Other Expenses	2,544,033		759,937		
Other Profit	16,253,194		(291,884)		
Total Profit Before Tax	43,314,332	50,000,000	53,134,786	122.67%	106.27%

Source: 2024 Consolidated Audited Financial Statements

a. Selection of the Auditing Firm

Pursuant to the authorization of the General Meeting of Shareholders in Resolution No. 32/NQ-DHĐCĐ dated April 25, 2024, the Board of Directors selected **AFC Vietnam**

Auditing Co., Ltd. as the auditing firm to perform the audit of the Company's financial statements for the year 2024.

b. Dividend Payment

At the Annual General Meeting of Shareholders held on April 25, 2024, the shareholders approved a **cash dividend payment of 5%** for the fiscal year 2023. Accordingly, the Board of Directors announced the **record date for shareholders entitled to receive the dividend as June 10, 2024**, and the **payment date as June 20, 2024**.

d. Merger of Mekophar Co., Ltd. into Mekophar Chemical Pharmaceutical Joint Stock Company

Pursuant to the authorization granted by the General Meeting of Shareholders in Extraordinary Resolution No. 22/NQ-ĐHĐCĐ dated February 4, 2025, the Board of Directors and the General Director have been implementing necessary procedures in accordance with regulations to execute the merger of **Mekophar Co., Ltd.** into **Mekophar Chemical Pharmaceutical Joint Stock Company**.

3. REVIEW RESULTS OF THE FINANCIAL STATEMENT AS OF DECEMBER 31, 2024

In the opinion of the Supervisory Board, the audited financial statements of the Company for the year 2024 have been prepared in accordance with accounting regulations and guidance, comply with prevailing legal provisions, and fairly and accurately reflect, in all material respects, the financial position of the Company as of **December 31, 2024**.

a. Asset Status

Table 02: Asset Status as of December 31, 2024

Unit: VND thousand

INDICATOR	31-12-2023		31-12-2024		Change in Value
	Value	%	Value	%	
TOTAL ASSETS	1,548,934,214	100.00%	1,631,595,008	100.00%	82,660,794
I. Current Assets	833,961,238	53.84%	961,166,627	58.91%	127,205,389
Cash	130,060,029	8.40%	173,723,142	10.65%	43,663,113
Short-term Financial Investments	55,946,711	3.61%	55,946,711	3.43%	0
Trading Securities	10,946,711	0.71%	10,946,711	0.67%	0

MEKOPHAR - 2024 ANNUAL REPORT

INDICATOR	31-12-2023		31-12-2024		Change in Value
	Value	%	Value	%	
Provision for Decline in Trading Securities	0	0.00%	0	0.00%	0
Held-to-maturity Investments	45,000,000	2.91%	45,000,000	2.76%	0
Receivables	62,910,095	4.06%	55,649,542	3.41%	-7,260,553
Trade Receivables	62,411,917	4.03%	51,199,264	3.14%	-11,212,653
Advances to Suppliers	2,801,525	0.18%	14,743,358	0.90%	11,941,833
Other Receivables	1,592,172	0.10%	1,492,511	0.09%	-99,661
Provision for Doubtful Debts	-3,895,519		-11,785,591	-0.72%	-7,890,072
Inventories	574,290,410	37.08%	661,752,998	40.56%	87,462,588
Other Current Assets	10,753,993	0.69%	14,094,234	0.86%	3,340,241
Short-term Prepayments	2,906,161	0.19%	3,616,183	0.22%	710,022
Deductible Value Added Tax (VAT)	7,847,832	0.51%	9,589,668	0.59%	1,741,836
Taxes and Receivables from the State	0	0.00%	888,384	0.05%	888,384
Other Current Assets	0	0.00%	0	0.00%	0
II. Non-Current Assets	714,972,976	46.16%	670,428,382	41.09%	-44,544,594
Long-term Receivables		0.00%		0.00%	0
II. Non-Current Assets (continued)	682,468,507	44.06%	641,984,491	39.35%	-40,484,016
Fixed Assets	674,707,727	43.56%	634,109,058	38.86%	-40,598,669
Tangible Fixed Assets	0	0.00%	0	0.00%	0
Finance-leased Fixed Assets	7,760,780	0.50%	7,875,434	0.48%	114,654

MEKOPHAR - 2024 ANNUAL REPORT

INDICATOR	31-12-2023		31-12-2024		Change in Value
	Value	%	Value	%	
Intangible Fixed Assets				0.00%	0
Investment Properties	0	0.00%	2,415	0.00%	2,415
Construction in Progress (long-term)	24,068,960	1.55%	24,068,960	1.48%	0
Long-term Financial Investments	0	0.00%	0	0.00%	0
Investments in Subsidiaries	24,068,960	1.55%	24,068,960	1.48%	0
Equity Investments in Other Entities	0	0.00%	0	0.00%	0
Provision for Long-term Financial Investments	8,435,509	0.54%	4,372,516	0.27%	-4,062,993
Other Non-Current Assets	8,435,509	0.54%	4,372,516	0.27%	-4,062,993

Source: 2024 Consolidated Audited Financial Statements

At the end of 2024, total assets increased by VND 82.7 billion, including:

- Current assets increased by VND 127.2 billion. Major changes include:
 - Cash and cash equivalents increased by VND 43.7 billion
 - Inventories increased by VND 87.5 billion
- Non-current assets decreased by VND 44.5 billion, mainly due to depreciation of fixed assets during the year amounting to VND 40.5 billion

b. Capital Structure (Equity and Liabilities)

Table 03: Capital Structure as of December 31, 2024

Unit: VND thousand

INDICATOR	31-12-2023		31-12-2024		Change in Value %
	Value	%	Value	Value	
TOTAL CAPITAL	1,548,934,214	100.00%	1,631,595,008	100.00%	82,660,794
I. Liabilities	288,040,366	18.60%	346,911,001	21.26%	58,870,635
Current Liabilities	122,557,324	7.91%	160,062,623	9.81%	37,505,299

MEKOPHAR - 2024 ANNUAL REPORT

INDICATOR	31-12-2023		31-12-2024		Change in Value %
	Value	%	Value	Value	
Short-term Borrowings and Debts	0		0	0.00%	0
Trade Payables	27,090,995	1.75%	64,249,231	3.94%	37,158,236
Advances from Customers	41,086,247	2.65%	48,805,113	2.99%	7,718,866
Taxes and Amounts Payable to the State	7,359,266	0.48%	6,431,477	0.39%	-927,789
Payables to Employees	18,161,281	1.17%	9,969,744	0.61%	-8,191,537
Accrued Short-term Expenses	6,483,106		9,140,164	0.56%	2,657,058
Other Short-term Payables	11,200,627	0.72%	11,008,967	0.67%	-191,660
Bonus and Welfare Fund	11,175,802	0.72%	10,457,927	0.64%	-717,875
Non-Current Liabilities	165,483,042	10.68%	186,848,378	11.45%	21,365,336
Long-term Unearned Revenue	165,483,042	10.68%	186,848,378	11.45%	21,365,336
II. Owner's Equity	1,260,893,848	81.40%	1,284,684,007	78.74%	23,790,159
Owner's Capital	1,260,893,848	81.40%	1,284,684,007	78.74%	23,790,159
Contributed Capital	255,458,670	16.49%	255,458,670	15.66%	0
Share Premium	409,789,114	26.46%	409,789,114	25.12%	0
Treasury Shares	-14,487,151	-0.94%	-14,487,151	-0.89%	0
Development Investment Fund	576,623,174	37.23%	578,599,664	35.46%	1,976,490
Undistributed Profit After Tax	33,510,041	2.16%	55,323,710	3.39%	21,813,669
Funds and Other Capital Sources	0	0.00%	0	0.00%	0

Source: 2024 Consolidated Audited Financial Statements

Compared to the same period in 2023, total capital at the end of 2024 also increased by VND 82.7 billion, including:

- Liabilities increased by VND 58.9 billion, of which:

- Short-term liabilities increased by VND 37.5 billion
- Long-term liabilities increased by VND 21.4 billion
→ Mainly due to an increase in trade payables of VND 37.2 billion, and an increase in long-term unearned revenue from stem cell banking operations of VND 21.4 billion
- Owner's equity increased by VND 23.8 billion, due to an increase in undistributed after-tax profit

c. Investment Situation at the Company

c.1 Fixed Asset Investment:

In 2024, the Company increased its investment in fixed assets by **VND 8.9 billion**, including:

- **Tangible fixed assets:** VND 8.4 billion, consisting of:
 - **Machinery and equipment:** VND 6 billion
 - **Transportation vehicles:** VND 2.4 billion
- **Intangible fixed assets:** VND 0.5 billion

Table 04: Fixed Asset Status as of December 31, 2024

Unit: VND thousand

Fixed Asset Movements	Value as of 31/12/2023	Increase During the Period	Decrease During the Period	Value as of 31/12/2024
Fixed Assets	682,468,507	-38,207,538	2,276,477	641,984,491
Tangible Fixed Assets	674,707,727	-38,322,192	2,276,477	634,109,058
Historical Cost	1,045,843,566	8,759,896	13,332,873	1,041,270,589
Accumulated Depreciation of Tangible Fixed Assets	-371,135,839	-47,082,088	-11,056,396	-407,161,531
Intangible Fixed Assets	7,760,780	114,654	0	7,875,434
Historical Cost	13,507,253	497,330	0	14,004,583
Accumulated Depreciation of Intangible Fixed Assets	-5,746,473	-382,676	0	-6,129,149

Source: 2024 audited financial statements

Table 05: External Investments as of December 31, 2024

c.2 External Financial Investments (Parent Company): Movements in Financial Investments	Value as of 31/12/2023	Increase During the Period	Decrease During the Period	Value as of 31/12/2024
Investment	747,588,822	-50,489,752	0	697,099,070
Short-term Investments	55,946,711	0	0	55,946,711
a. Trading Securities	10,946,711	0	0	10,946,711
Vidipha Central Pharmaceutical Joint Stock Company	4,070,000	0	0	4,070,000
Pharmaceutical Packaging Joint Stock Company	6,635,250	0	0	6,635,250
OPC Pharmaceutical Joint Stock Company	241,461	0	0	241,461
b. Time Deposits at Banks	45,000,000	0	0	45,000,000
Bank Term Deposits	45,000,000	0	0	45,000,000
2. Long-term Investments	691,642,111	-50,489,752	0	641,152,359
a. Investment in Subsidiary				
- Mekophar BP	900,000,000	0	0	900,000,000
b. Joint Ventures and Associates	0	0	0	0
- An Sinh Hospital	0	0	0	0
c. Equity Investments in Other Entities	24,068,960	0	0	24,068,960
- An Sinh Hospital	18,518,960	0	0	18,518,960
- Orchids Co., Ltd.	5,550,000	0	0	5,550,000
d. Provision for Long-term Investments	-232,426,849	-50,489,752	0	-282,916,601

Unit: thousand VND

Source: 2024 audited financial statements – parent company and consolidated reports

Financial income in 2024 reached VND 66.24 billion, a significant increase compared to VND 24.88 billion in 2023. The majority of this income came from dividends

distributed from the investment in An Sinh General Hospital Co., Ltd.

In 2024, revenue of Mekophar BP (a 100%-owned subsidiary of MKP) increased by 38.84% compared to 2023, but the absolute figure only reached VND 17.9 billion—still very low relative to the company’s scale. As a result, Mekophar BP continued to incur losses, with an additional VND 50.5 billion loss in 2024. As of December 31, 2024, the cumulative provision for impairment of investment in the subsidiary recorded by Mekophar (the parent company) reached VND 283 billion.

Table 06: Business Results of Mekophar BP from 2020 to 2024

Unit: thousand VND

Indicator	2020	2021	2022	2023	2024
1. Revenue	4,000,838	9,588,319	22,233,194	12,902,926	17,914,525
2. Cost of Goods Sold	14,136,409	31,709,935	44,267,335	36,735,944	43,452,465
3. Gross Profit	(10,135,571)	(22,121,616)	(22,034,141)	(23,833,018)	(25,537,940)
4. Financial Income	2,968,267	5,955,353	3,298,229	2,562,718	775,280
5. Financial Expenses	1,243,308	495,711	818,308	868,435	1,143,006
- of which: Interest Expense	311,495	230,834	66,107	-	
6. Selling Expenses	62,235	95,250	195,189	128,183	145,750
7. General & Administrative Expenses	36,233,721	29,035,127	25,673,958	24,911,776	24,354,751
8. Operating Profit	(44,706,569)	(45,792,351)	(45,423,367)	(47,178,694)	(50,406,166)
9. Other Income	43,005	47,995	126,740	11,003	1,414

MEKOPHAR - 2024 ANNUAL REPORT

Indicator	2020	2021	2022	2023	2024
10. Other Expenses	21,825	34,782	34,190	16,522	85,000
11. Other Profit	21,180	13,213	92,551	(5,520)	(83,586)
12. Profit Before Tax	(44,685,390)	(45,779,138)	(45,330,817)	(47,184,214)	(50,489,752)

Source: 2024 audited financial statements Mekophar BP 2020-2024

d. Revenue and Expense Overview

d.1 Revenue:

Revenue from sales of goods and services in 2024 reached VND 919.6 billion, an increase of 1.64% compared to 2023. Among this, revenue from finished products and revenue from the Stem Cell Bank service accounted for the majority of total net sales and service revenue, at 90.24% and 8.32% respectively.

Financial income in 2024 reached VND 66.24 billion, a sharp increase of 166.20% compared to VND 24.88 billion in 2023, while other income was only VND 0.5 billion, a significant decrease of 97.51% compared to VND 18.8 billion in 2023.

Table 07: Revenue Structure in 2024

Unit: VND thousand

Total Revenue	2023		2024		2024/2023
Revenue from Sales of Goods and Services	904,746,572	95.39%	919,577,453	100.00%	101.64%
Finished Products	827,229,622	87.22%	829,796,498	90.24%	100.31%
- Merchandise Sales	27,815	0.00%	143,966	0.02%	517.58%
- Stem Cell Bank Services	64,878,726	6.84%	76,489,040	8.32%	117.90%
- Sale of Materials	2,746,409	0.29%	2,136,681	0.23%	77.80%
- Rental Income (Premises)	9,864,000	1.04%	11,011,268	1.20%	111.63%

MEKOPHAR - 2024 ANNUAL REPORT

Financial Income	24,884,011	2.62%	66,241,550		266.20%
Other Income	18,797,226	1.98%	468,053		2.49%

Source: 2024 audited financial statements 2024

d.2 Expenses:

The total ratio of all expense items to net revenue in 2024 reached 101.39%, an increase of 1.63% compared to 2023 (*see Table 08*). In particular:

- The cost of goods sold (COGS) to net revenue ratio in 2024 was 73.02%, up 2.58% from 70.45% in 2023. This was mainly due to an increase of VND 59 billion in raw material and production supply costs in 2024, representing an 11.18% rise, while net revenue increased by only VND 14.8 billion, or 1.64% over the same period.
- Selling expenses in 2024 amounted to VND 110.4 billion, accounting for 12.0% of net revenue, equivalent to the 12.0% ratio in 2023.
- General and administrative expenses in 2024 were VND 146.3 billion, representing 15.91% of net revenue, a 0.86% decrease compared to the same ratio in 2023.
- Financial expenses in 2024 reached VND 4.2 billion, accounting for 0.46% of net revenue, a slight decrease of 0.08% from 2023.

Table 08: Expense-to-Net Revenue Ratios in 2024

Unit: %

Indicator	2022	2023	2024	2024-2023
Cost of Goods Sold	70.75%	70.45%	73.02%	2.58%
Selling Expenses	12.70%	12.00%	12.00%	0.00%
General and Administrative Expenses	10.92%	16.77%	15.91%	-0.86%
Financial Expenses	1.50%	0.54%	0.46%	-0.08%
Total	95.87%	99.76%	101.39%	1.63%

Table 09: The Proportion of Cost of Goods Sold to Net Revenue by Business Segment

Unit: %

MEKOPHAR - 2024 ANNUAL REPORT

Indicator	2023	2024	2024-2023
Finished Products	72.89%	76.74%	3.85%
Merchandise Sales	94.96%	95.98%	1.02%
Stem Cell Bank Services	34.82%	30.07%	-4.75%
Sale of Materials	20.02%	17.28%	-2.74%
Rental Income (Premises)	0.00%	0.00%	0.00%
Total COGS/Net Revenue	70.45%	73.02%	2.58%

Source: 2024 Consolidated Audited Report

e. Financial Indicators

Comparing the financial indicators of the company in 2024 to those of 2023, the Supervisory Board observed:

- The company's liquidity is relatively good. There was a slight decrease in 2024 compared to 2023 due to an increase in inventory.
- The debt-to-equity ratio is quite safe, with the company maintaining a high level of financial autonomy.
- The operating efficiency indicators remain stable.
- Net profit in 2024 reached VND 40.8 billion, an increase of 62.40% compared to VND 25.1 billion in 2023. Therefore, the profitability indicators in 2024 significantly improved compared to 2023.
- Basic earnings per share (EPS) in 2024 reached VND 1,614, an increase of 62.40% compared to VND 994 in 2023.

Table 10: Financial Indicators as of December 31, 2024

Chỉ tiêu	2023	2024	Ghi chú
1. Liquidity Ratios			
Current Ratio: Current Assets / Current Liabilities	6.80	6.00	lần
Quick Ratio: (Current Assets - Inventory) / Current Liabilities	2.12	1.87	lần
2. Capital Structure Ratios			
Debt-to-Total Assets Ratio	0.19	0.21	lần

Chỉ tiêu	2023	2024	Ghi chú
Equity-to-Total Assets Ratio	0.81	0.79	lần
3. Operating Efficiency Ratios			
Total Asset Turnover	0.58	0.56	vòng
Fixed Asset Turnover	1.33	1.43	vòng
Working Capital Turnover	1.08	0.96	vòng
Receivables Turnover	14.38	16.52	vòng
Average Collection Period	25.38	22.09	ngày
Payables Turnover	7.38	5.75	vòng
Average Payment Period	49.44	63.53	ngày
Inventory Turnover: COGS / Average Inventory	1.05	1.09	vòng
Average Inventory Holding Period	347.25	335.92	ngày
4. Profitability Ratios			
Net Profit Margin: Net Profit / Net Revenue	2.78	4.44	%
Return on Assets (ROA): Net Profit / Total Assets	1.62	2.50	%
Return on Equity (ROE): Net Profit / Shareholders' Equity	1.99	3.17	%
Operating Profit Margin: Operating Profit / Net Revenue	2.99	5.81	%
5.Shareholder-Related Indicators (Face Value: VND 10,000 per share)			
Basic Earnings per Share (EPS)	994	1,614	đồng
Book Value per Share	49,593	50,530	đồng

*(Note): The **Basic Earnings per Share (EPS)** for 2024 mentioned above has not been deducted for the **Bonus and Welfare Fund** allocated during the year.
Source: 2024 Consolidated Audited Report*

f. Overview of the 5-Year Period from 2020 to 2024

f.1 Business Performance

Indicator	2020	2021	2022	2023	2024
Sales Revenue	1,210,529,900	1,129,846,567	1,192,145,683	904,746,572	919,577,453
Planned Revenue	1,250,000,000	1,305,000,000	1,350,000,000	1,100,000,000	900,000,000
Completion Ratio (%)	96.84%	86.58%	88.31%	82.25%	102.18%
Actual Profit Before Tax (PBT)	57,672,987	24,268,961	64,787,344	43,314,332	53,134,786
Planned Profit Before Tax (PBT)	80,000,000	70,000,000	100,000,000	50,000,000	50,000,000
Completion Ratio (%)	72.09%	34.67%	64.79%	86.63%	106.27%
Dividend (VND per share)	1,500	2,000	800	1,000	800

Source: 2020-2024 Consolidated Audited Report

- During the 5-year period from 2020 to 2024, net revenue has shown a declining trend. Compared to 2020, net revenue in 2024 decreased by VND 291 billion, a 24.04% decrease.
- Profit Before Tax (PBT) during the period from 2020 to 2024 remained at a low level, averaging VND 48.6 billion per year. In contrast, during the period from 2015 to 2019, the average annual PBT was VND 132.4 billion.
- The Company paid dividends in cash, which showed a declining trend from 2020 to 2024 due to low business efficiency.

f.2 Asset and Capital Structure Overview

Unit: VND thousand

Indicator	2020	2021	2022	2023	2024
Assets	1,497,531,790	1,628,313,182	1,620,433,955	1,548,934,214	1,631,595,008
1. Current Assets	695,723,886	852,901,530	879,002,636	833,961,238	961,166,627
2. Non-Current Assets	801,807,904	775,411,652	741,431,319	714,972,976	670,428,382
Capital Structure	1,497,531,790	1,628,313,182	1,620,433,955	1,548,934,214	1,631,595,007
1. Liabilities	235,488,525	379,260,703	352,785,575	288,040,366	346,911,001
2. Shareholders' Equity	1,262,043,265	1,249,052,479	1,267,648,380	1,260,893,848	1,284,684,007
- Including: Charter Capital	232,490,000	255,458,670	255,458,670	255,458,670	255,458,670

Source: 2020-2024 Consolidated Audited Report

- Assets and Capital Structure during the 5-year period from 2020 to 2024 increased by VND 134 billion (from VND 1,497.5 billion to VND 1,631.6 billion), corresponding to an 8.95% increase.
- Shareholders' equity slightly increased by VND 22.6 billion, from VND 1,262 billion in 2020 to VND 1,284.7 billion in 2024, corresponding to a 1.79% increase.
- Liabilities increased by VND 111.4 billion, from VND 235.5 billion in 2020 to VND 346.9 billion in 2024, corresponding to a 47.32% increase.

f.3 Key Financial Indicators

Chỉ tiêu	2020	2021	2022	2023	2024	Note
1.Liquidity Ratios						
Current Ratio: Current Assets / Current Liabilities	6.82	3.68	4.40	6.80	6.00	time

MEKOPHAR - 2024 ANNUAL REPORT

Chỉ tiêu	2020	2021	2022	2023	2024	Note
Quick Ratio: (Current Assets - Inventory) / Current Liabilities	4.45	2.17	1.20	2.12	1.87	time
2.Capital Structure Ratios						time
Debt-to-Total Assets Ratio	0.16	0.23	0.22	0.19	0.21	time
Equity-to-Total Assets Ratio	0.84	0.77	0.78	0.81	0.79	time
3.Operating Efficiency Ratios						
Total Asset Turnover	0.81	0.69	0.74	0.58	0.56	Turnover
Fixed Asset Turnover	1.65	1.51	1.67	1.33	1.43	Turnover
Working Capital Turnover	1.74	1.32	1.36	1.08	0.96	Turnover
Receivables Turnover	9.73	6.17	13.15	14.38	16.52	Turnover
Average Collection Period	37.53	59.18	27.75	25.38	22.09	Turnover
Payables Turnover	11.86	4.88	5.97	7.38	5.75	Turnover
Average Payment Period	30.78	74.85	61.18	49.44	63.53	day
Inventory Turnover: COGS / Average Inventory	3.88	3.11	1.71	1.05	1.09	time
Average Inventory Holding Period	94.09	117.45	213.97	347.25	335.92	day
4.Profitability Ratios						
Net Profit Margin: Net Profit / Net Revenue	3.28	1.40	3.50	2.78	4.44	%
Return on Assets (ROA): Net Profit / Total Assets	2.65	0.97	2.57	1.62	2.50	%
Return on Equity (ROE): Net Profit / Shareholders' Equity	3.14	1.27	3.29	1.99	3.17	%
Operating Profit Margin: Operating Profit / Net Revenue	4.93	1.51	5.60	2.99	5.81	%
5. Shareholder-Related Indicators (Face Value: VND 10,000 per share)						

Chỉ tiêu	2020	2021	2022	2023	2024	Note
Basic Earnings per Share (EPS)	1,727	658	1,650	994	1,614	dong
Book Value per Share	54,506	49,067	49,833	49,593	50,530	dong

Source: 2020-2024 Consolidated Audited Report

4. SUPERVISION OF THE BOARD OF DIRECTORS AND GENERAL DIRECTOR (CEO)

d. Supervision Results on the Board of Directors

The Board of Directors (BOD) has actively directed the organization to implement the resolutions of the General Shareholders' Meeting decisively, in compliance with legal regulations and the company's charter, and has promptly responded to the requirements for the company's business activities.

The BOD meetings were organized according to regulations. In 2024, the BOD held 05 sessions, and the resolutions and decisions were approved with high consensus among the members, duly issued in accordance with the legal procedures, authority, and the company's regulations.

e. Supervision Results on the General Director (CEO)

Despite many macroeconomic difficulties both domestically and internationally, the CEO has always been proactive and flexible in management and administration, focusing on organizing and implementing the production and business plans for 2024 in accordance with the resolutions of the General Shareholders' Meeting and the decisions of the BOD. The CEO has strictly adhered to the legal regulations, the company's charter, and the management regulations in operating the company's business activities.

5.EVALUATUON OF COORDINATION AMONG THE SUPERVISORY BOARD, THE CEO, AND SHAREHOLDERS

The Supervisory Board has been coordinated with the Board of Directors, the CEO, and relevant departments and functional units of the company, facilitating updates on the business activities and the collection of necessary information and documents for inspection and supervision tasks.

During the period, the Supervisory Board did not receive any petitions or complaints from shareholders as stipulated by the Enterprise Law and the company's charter.

The company's information disclosure activities were carried out rigorously, ensuring that information reached shareholders in a timely and complete manner as required by regulations

6. REMARKS AND RECOMMENDATIONS

The year 2024 is the only year in the period from 2020 to 2024 where the company successfully achieved the revenue and profit targets set by the General Shareholders' Meeting. Specifically, the net revenue achieved 102.18% and the pre-tax profit reached 106.27% of the 2023 plan.

The Supervisory Board (SB) acknowledges the close cooperation and decisive implementation of tasks approved by the General Shareholders' Meeting by the Board of

Directors and the CEO, as well as the efforts of all employees to accomplish the company's goals.

After reviewing, evaluating, and supervising the company's activities in the 2024 fiscal year and the period from 2020 to 2024, the Supervisory Board would like to present the following recommendations and notes:

- The total costs as a percentage of net revenue in 2024 amounted to 101.39%, particularly due to the increase in production material costs, which raised the cost of goods sold relative to net revenue. Without the significant increase in financial income, the net profit from business operations would have been much lower. Therefore, the company should be cautious in controlling this cost in the upcoming period.
- Mekophar BP has incurred losses for the eighth consecutive year (from 2017 to 2024), with the cumulative loss as of December 31, 2024, reaching VND 283 billion. The Supervisory Board recommends that the Board of Directors and the CEO actively consider and implement decisive solutions to improve the operations of Mekophar BP.
- The inventory value as of December 31, 2024, reached VND 661.8 billion, an increase of VND 87.5 billion compared to the same period in 2023, accounting for a significant proportion of the total assets (40.56%). This includes inventory of Molnu raw materials for producing Movinavir and finished and semi-finished products of Movinavir, totaling approximately VND 325 billion. There is a high likelihood that the company will need to make larger provisions for this inventory in the coming years. Therefore, the Supervisory Board urges the Board of Directors and the CEO to pay special attention to this inventory item.

,

VI. FINANCIAL STATEMENTS**1. Auditor's Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mekophar Chemical Pharmaceutical Joint Stock Company as of December 31, 2024, and its consolidated financial performance and consolidated cash flows for the fiscal year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, and relevant legal regulations on the preparation and presentation of consolidated financial statements.

2. Audited Financial Statements:

Please refer to the audited consolidated financial statements for the year 2024 in the attached appendices:

- Appendix 1: Balance Sheet
- Appendix 2: Income Statement
- Appendix 3: Cash Flow Statement
- Appendix 4: Notes to the Financial Statements

Ho Chi Minh City, 26 April 2025 *AK*

LEGAL REPRESENTATIVE'S CONFIRMATION

Pharm. Huỳnh Thị Lan
GENERAL DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Appendix 1 CONSOLIDATED BALANCE SHEET

For the Fiscal Year Ended December 31, 2024

ASSETS	Codes	31/12/2024	01/01/2024
A - CURRENT ASSETS	100	961,166,626,723	833,961,237,835
I. Cash and Cash Equivalents	110	173,723,141,505	130,060,029,110
Cash	111	108,723,141,505	70,060,029,110
Cash equivalents	112	65,000,000,000	60,000,000,000
II. Short-term Financial Investments	120	55,946,711,100	55,946,711,100
Trading securities	121	10,946,711,100	10,946,711,100
Provision for devaluation of trading securities	122	-	-
Held-to-maturity investments	123	45,000,000,000	45,000,000,000
Short-term Receivables	130	55,649,542,440	62,910,094,698
Short-term trade receivables	131	51,199,264,078	62,411,916,961
Short-term advances to suppliers	132	14,743,358,205	2,801,524,930
Short-term intercompany receivables	133	-	-
Receivables according to construction contract progress	134	-	-
Short-term loans receivable	135	-	-
Other short-term receivables	136	1,492,511,083	1,592,171,611
Provision for doubtful short-term receivables (*)	137	(11,785,590,926)	(3,895,518,804)
IV. Inventories	140	661,752,997,522	574,290,410,185
Inventories	141	692,095,891,383	593,399,616,834
Provision for devaluation of inventories	149	(30,342,893,861)	(19,109,206,649)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

V. Other Current Assets	150	14,094,234,156	10,753,992,742
• Short-term prepaid expenses	151	3,616,182,620	2,906,161,258
• Deductible value-added tax (VAT)	152	10,366,262,005	7,847,831,484
• Taxes and other receivables from the State	153	111,789,531	-
B - NON-CURRENT ASSETS	200	670,428,381,671	714,972,975,645
I. Long-term Receivables	210	-	-
Fixed Assets	220	641,984,491,212	682,468,506,514
Tangible fixed assets	221	634,109,057,541	674,707,727,215
Historical cost	222	1,041,270,588,673	1,045,843,566,274
Accumulated depreciation (*)	223	(407,161,531,132)	(371,135,839,059)
Finance-leased fixed assets	224	-	-
Intangible fixed assets	227	7,875,433,671	7,760,779,299
Historical cost	228	14,004,583,139	13,507,253,139
Accumulated amortization (*)	229	(6,129,149,468)	(5,746,473,840)
Investment Properties	230	-	-
IV. Long-term Work in Progress	240	2,414,610	-
V. Long-term Financial Investments	250	24,068,960,000	24,068,960,000
Investment in subsidiaries	251	-	-
Capital contributions to other entities	253	24,068,960,000	24,068,960,000
VI. Other Non-current Assets	260	4,372,515,849	8,435,509,131
Long-term prepaid expenses	261	4,372,515,849	8,435,509,131
TOTAL ASSETS	270	1,631,595,008,394	1,548,934,213,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

LIABILITIES AND OWNER'S EQUITY	Mã số	31/12/2024	01/01/2024
C - LIABILITIES	300	346,911,001,231	288,040,365,686
Short-term Liabilities	310	160,062,623,455	122,557,324,276
Short-term trade payables	311	64,249,230,707	27,090,995,359
Short-term advances from customers	312	48,805,113,472	41,086,247,272
Taxes and amounts payable to the State	313	6,431,477,406	7,359,266,108
Payables to employees	314	9,969,744,259	18,161,281,160
Short-term accrued expenses	315	9,140,164,106	6,483,106,063
Short-term intercompany payables	316	-	-
Payables according to construction contract progress	317	-	-
Unearned short-term revenue	318	-	-
Other short-term payables	319	11,008,966,658	11,200,626,413
Short-term borrowings and finance lease liabilities	320	-	-
Short-term provisions	321	-	-
Bonus and welfare funds	322	10,457,926,847	11,175,801,901
Price stabilization fund	323	-	-
Government bond repurchase transactions	324	-	-
II. Long-term Liabilities	330	186,848,377,776	165,483,041,410
1. Long-term trade payables	331	-	-
2. Long-term advances from customers	332	-	-
3. Long-term accrued expenses	333	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

4. Payables to internal parties for business capital	334	-	-
5. Other long-term intercompany payables	335	-	-
6. Unearned long-term revenue	336	186,848,377,776	165,483,041,410
D - OWNER'S EQUITY	400	1,284,684,007,163	1,260,893,847,794
I. Owner's Equity	410	1,284,684,007,163	1,260,893,847,794
Contributed capital of owners	411	255,458,670,000	255,458,670,000
Share premium	412	409,789,114,458	409,789,114,458
Convertible bond options	413	-	-
Other capital of owners	414	-	-
Treasury shares (*)	415	(14,487,151,158)	(14,487,151,158)
Asset revaluation reserve	416	-	-
Foreign exchange differences	417	-	-
Development investment fund	418	578,599,664,283	576,623,174,082
Enterprise arrangement support fund	419	-	-
Other funds under owner's equity	420	-	-
Undistributed after-tax profit	421	55,323,709,580	33,510,040,412
Accumulated undistributed profit as of the end of the previous period	421a	14,538,459,309	8,395,912,898
Undistributed profit for the current period	421b	40,785,250,271	25,114,127,514
E - NON-CONTROLLING INTERESTS	429	-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440	1,631,595,008,394	1,548,934,213,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Appendix 2: CONSOLIDATED INCOME STATEMENT

For the Fiscal Year Ended December 31, 2024

ITEMS	Codes	Năm 2024	Năm 2023
Revenue from sales of goods and provision of services	01	919,583,349,082	904,838,743,436
Deductions from revenue	02	5,895,680	92,171,392
Net revenue from sales of goods and provision of services	10	919,577,453,402	904,746,572,044
Cost of goods sold	11	671,520,897,763	637,368,901,371
Gross profit from sales of goods and provision of services	20	248,056,555,639	267,377,670,673
Financial income	21	66,241,549,853	24,884,010,729
Financial expenses	22	4,232,153,862	4,868,389,845
Of which: Interest expenses	23	-	500,875,192
Selling expenses	25	110,356,909,423	108,591,717,591
General and administrative expenses	26	146,282,371,992	151,740,435,938
Net profit from operating activities	30	53,426,670,215	27,061,138,028
Other income	31	468,052,782	18,797,225,996
Other expenses	32	759,937,320	2,544,032,505
Other profit	40	(291,884,538)	16,253,193,491
Total accounting profit before tax	50	53,134,785,677	43,314,331,519
Current corporate income tax expense	51	12,349,535,406	18,200,204,005
Profit after corporate income tax	60	40,785,250,271	25,114,127,514
Basic earnings per share	70	1,614	837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Appendix 3: CONSOLIDATED CASH FLOW STATEMENT

For the Fiscal Year Ended December 31, 2024

CHỈ TIÊU	Codes	Năm 2024	Năm 2023
I. CASH FLOWS FROM OPERATING ACTIVITIES			
• Profit before tax	01	53,134,785,677	43,314,331,519
• Adjustments for:			
Depreciation of fixed assets and investment properties	02	47,464,764,044	48,496,580,283
Provisions	03	19,123,759,334	(19,431,549,707)
(Gains)/Losses from foreign exchange differences	04	82,809,262	(339,713,402)
Gains or losses from investment activities	05	(65,816,755,356)	(24,111,054,023)
Interest expenses	06	-	500,875,192
Other adjustments	07	-	-
• Profit from operating activities	08	53,989,362,961	48,429,469,862
(Increase)/Decrease in receivables	09	(3,409,465,943)	65,580,931,224
(Increase)/Decrease in inventories	10	(98,696,274,549)	52,931,100,582
(Increase)/Decrease in payables	11	58,208,380,146	(48,663,548,572)
(Increase)/Decrease in prepaid expenses	12	3,365,082,426	(4,764,098,121)
(Increase)/Decrease in trading securities	13	-	-
Interest paid	14	-	(500,875,192)
Corporate income tax paid	15	(11,693,066,085)	(29,906,615,134)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Other cash receipts from operating activities	16	-	-
Other cash payments for operating activities	17	(4,670,855,456)	(3,063,102,693)
Net Cash Flow from Operating Activities	20	(2,906,836,500)	80,043,261,956
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchasing or constructing fixed assets and other long-term assets	21	(9,268,636,767)	(17,322,189,954)
Cash received from the disposal or sale of fixed assets and other long-term assets	22	2,495,959,596	17,500,000
Cash paid for loans or purchasing debt instruments of other entities	23	(215,833,589,845)	(87,000,000,000)
Cash received from loan repayments or selling debt instruments of other entities	24	215,833,589,845	102,000,000,000
Cash paid for investments in other entities	25	-	-
Cash received from the recovery of investments in other entities	26	-	-
Cash received from loan interest, dividends, and profit distributions	27	65,743,884,696	23,356,841,695
Net Cash Flow from Investing Activities	30	58,971,207,525	21,052,151,741
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1.Cash received from issuing shares, contributions from owners	31	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

2. Cash paid for returning capital to owners, repurchasing treasury shares	32	-	-
3. Cash received from borrowings	33	-	14,880,600,000
4. Cash paid for loan principal repayment	34	-	(22,890,840,000)
5. Cash paid for finance lease principal repayment	35	-	-
6. Dividends and profits paid to owners	36	(12,634,110,500)	(25,268,221,000)
Net Cash Flow from Financing Activities	40	(12,634,110,500)	(33,278,461,000)
Net Cash Flow for the Year	50	43,430,260,525	67,816,952,697
Cash and Cash Equivalents at the Beginning of the Year	60	130,060,029,110	62,011,606,836
Effect of Foreign Exchange Rate Changes on Foreign Currency Balances	61	232,851,870	231,469,577
Cash and Cash Equivalents at the End of the Year	70	173,723,141,505	130,060,029,110

Appendix 4: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Year Ended December 31, 2024

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 21st amendment Business Registration Certificate dated 21 November 2023 on the change of Charter capital to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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 31/12/2024 and at 01/01/2024 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

- 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

No	Name	Address
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 2024 compared with the corresponding figures prior year.

1.7 Employees

As at 31 December 2024, the total number of employees of the Company was 651 (31 December 2023: 661 persons).

2. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

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

2.2 Accounting currency

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

3. ACCOUNTING STANDARDS AND REGULATIONS APPLICATION

3.1 Accounting Standards and regulations application

The Company's 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

The 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

1. For the fiscal year ended 31 December 2024

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

The 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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 and 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 – 45
Machinery and equipment	03 – 12
Transportation	05 – 10
Office equipment	04 – 10

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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.

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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

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

4.21 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 Parent Company and a subsidiary 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.

4.22 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.

4.23 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.

Financial liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

The classification of 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.

4.24 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Orchids Trading Service Travel Company Limited	Vietnam	Other related party
The Board of Directors, the Board of Supervisors, the General Director		Key members

5. ADDITIONAL INFORMATION TO ITEMS IN THE CONSOLIDATED BALANCE SHEET**5.1 Cash and cash equivalents**

	31/12/2024	01/01/2024
	VND	VND
Cash on hand	3,986,531,268	6,152,806,614
Cash in banks		
- VND	86,710,182,150	57,825,643,626
- USD (a)	790,826,890	823,894,314
- EUR (a)	22,530,607	22,971,565
- JPY (a)	17,213,070,590	5,234,712,991
Cash equivalents (b)	65,000,000,000	60,000,000,000
	173,723,141,505	130,060,029,110

(*) Detail of balance of cash in bank by foreign currency as at 31 December 2024, as follows:

	Foreign currency	Equivalent VND
Cash in bank		
- USD	31,312.24	790,826,890
- EUR	862.80	22,530,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

- JPY 107,213,146.00 17,213,070,590

(**) 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 entitles. Information about financial investments of the Company is as follows:

5.2.1 Trading securities

	31/12/2024			01/01/2024		
	Cost Provision		Fair value	Cost Provision		Fair value
	VND	VND	VND	VND	VND	VND
Stock						
Vidipha Central Pharmaceutical JSC (*)	4,070,000,000	-	6,660,000,000	4,070,000,000	-	7,020,000,000
OPC Pharmaceutical JSC (*)	241,461,100	-	1,155,650,000	241,461,100	-	1,109,424,000
Pharmaceutical Packaging JSC	6,635,250,000	-	(**)	6,635,250,000	-	(**)
	10,946,711,100	-		10,946,711,100	-	

(*) The fair value of trading securities is determined according to the closing prices on 31 December 2024 and 29 December 2023 of the Ho Chi Minh Stock Exchange.

(**) As at 31 December 2024 and 01 January 2024, 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

1. For the fiscal year ended 31 December 2024

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

5.2.2 Held-to-maturity investments

	31/12/2024		01/01/2024	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
<i>Short-term</i>				
Term deposit	45,000,000,000	45,000,000,000	45,000,000,000	45,000,000,000
	45,000,000,000	45,000,000,000	45,000,000,000	45,000,000,000

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

	31/12/2024			01/01/2024		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	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	-	(*)
	24,068,960,000	-		24,068,960,000	-	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

- (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 18th 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 2024 and 01 January 2024, 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.

5.3 Short-term accounts receivables

	31/12/2024	01/01/2024
	VND	VND
Trade receivables – related parties		
An Sinh Hospital Joint Stock Company	216,144,129	210,985,793
Nipro Pharma Corporation	-	6,419,651,525
Trade receivables – other parties		
Customers at Mekophar Hanoi Branch	11,103,963,889	11,641,001,248
Customers at Mekophar Can Tho Branch	2,929,847,786	2,802,017,163
Other customers	36,949,308,274	41,338,261,232
	51,199,264,078	62,411,916,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

5.4 Short-term advances to suppliers

	31/12/2024	01/01/2024
	VND	VND
Advances to related parties		
Vietnam Pharmaceutical Corporation	-	335,160,000
Advances to other suppliers		
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	1,064,250,000
Other suppliers	13,679,108,205	1,402,114,930
	14,743,358,205	2,801,524,930

5.5 Other short-term receivables

	31/12/2024		01/01/2024	
	Amount	Provision	Amount	Provision
	VND	VND	VND	VND
Receivables - other individual, organizations				
Deposit interest	586,986,301	-	736,712,328	-
Remuneration for non-management members of the Board of Directors	408,000,000	-	408,000,000	-
Insurance and trade union receivables	421,306,383	-	421,240,883	-
Other receivables	76,218,399	(8,109,200)	26,218,400	-
	1,492,511,083	(8,109,200)	1,592,171,611	-

5.6 Bad debts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

	31/12/2024			01/01/2024		
	Cost Recoverable amount		Provision	Cost Recoverable amount		Provision
	VND	VND	VND	VND	VND	VND
Trade receivables						
Neros Pharmaceuticals Ltd.	-	-	-31,720,275,160	-	-(31,720,275,160)	
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	-	(9,385,514,766)	9,385,514,766	5,631,308,860	(3,754,205,906)
Other customers	1,316,857,601	152,523,490	(1,164,334,111)	828,977,463	762,038,533	(66,938,930)
Advances to suppliers						
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	-	(1,064,250,000)	1,064,250,000	1,064,250,000	-
Other suppliers	202,355,297	38,972,448	(163,382,849)	200,391,797	126,017,829	(74,373,968)
Other receivables						
Other customers	16,218,400	8,109,200	(8,109,200)	16,218,400	16,218,400	-
	11,985,196,064	199,605,138	(11,785,590,926)	11,495,352,426	7,599,833,622	(3,895,518,804)

5.7 Inventories

	31/12/2024		01/01/2024	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	510,861,347,215	-	437,644,106,980	-
Tools	2,002,022,258	-	2,537,623,850	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

Work-in-process	53,864,503,102	-	51,745,847,212	-
Finished goods	125,013,305,169	(30,342,893,861)	101,472,038,792	(19,109,206,649)
Goods	354,713,639	-	-	-
	692,095,891,383	(30,342,893,861)	593,399,616,834	(19,109,206,649)

Movements of provision in year are as follows:

	2024	2023
	VND	VND
Opening balance	(19,109,206,649)	(7,875,519,436)
Provision in year	(11,233,687,212)	(11,233,687,213)
Ending balance	(30,342,893,861)	(19,109,206,649)

5.8 Short-term, long-term prepaid expenses**5.8.1 Short-term prepaid expenses**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

	31/12/2024	01/01/2024
	VND	VND
Major repair of fixed assets, machinery spare parts	1,131,615,399	564,106,442
Insurance expense	1,586,551,354	1,542,440,174
Annual calibration fee for machinery and equipment	202,476,778	152,412,752
Tools and equipment expenses	396,603,772	310,739,522
Office rental expenses	72,000,000	72,000,000
Other prepaid expenses	226,935,317	264,462,368
	3,616,182,620	2,906,161,258

5.8.2 Long-term prepaid expenses

	31/12/2024	01/01/2024
	VND	VND
Major repair of fixed assets, machinery spare parts	3,631,253,432	7,771,926,981
Calibration and maintenance expenses	200,000,007	360,000,003
Tools and equipment expenses	500,331,851	116,685,648
Other prepaid expenses	40,930,559	186,896,499
	4,372,515,849	8,435,509,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

5.9 Increase, decrease of tangible fixed assets

	Building and structure	Machinery and equipment	Transportatio n	Office equipment	Total
	VND	VND	VND	VND	VND

HISTORICAL COST

At 01/01/2024	560,932,958,611	406,782,069,884	16,275,017,019	61,853,520,760	1,045,843,566,274
Purchase in year	-	2,389,661,839	2,406,106,539	3,964,127,273	8,759,895,651
Liquidation	-	(8,331,121,991)	(2,635,735,827)	(2,366,015,434)	(13,332,873,252)
At 31/12/2024	560,932,958,611	400,840,609,732	16,045,387,731	63,451,632,599	1,041,270,588,673

ACCUMULATED DEPRECIATION

At 01/01/2024	96,371,467,060	207,407,402,652	14,505,802,204	52,851,167,143	371,135,839,059
Depreciation in year	14,532,813,593	29,625,224,089	465,466,552	2,458,584,182	47,082,088,416
Liquidation	-	(8,331,121,991)	(359,258,918)	(2,366,015,434)	(11,056,396,343)
At 31/12/2024	110,904,280,653	228,701,504,750	14,612,009,838	52,943,735,891	407,161,531,132

NET BOOK VALUE

At 01/01/2024	464,561,491,551	199,374,667,232	1,769,214,815	9,002,353,617	674,707,727,215
------------------	-----------------	-----------------	---------------	---------------	-----------------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

At 31/12/2024	450,028,677,958	172,139,104,982	1,433,377,893	10,507,896,708	634,109,057,541
--------------------------	------------------------	------------------------	----------------------	-----------------------	------------------------

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2024 are VND 182,943,867,736 (as at 31 December 2023: VND 186,585,616,481).

5.10 Increase, decrease of intangible fixed assets

	Land use right	Copyright, computer software	Total
	VND	VND	VND
HISTORICAL COST			
At 01/01/2024	7,438,152,000	6,069,101,139	13,507,253,139
Increase in year	-	497,330,000	497,330,000
At 31/12/2024	7,438,152,000	6,566,431,139	14,004,583,139
ACCUMULATED DEPRECIATION			
At 01/01/2024	-	5,746,473,840	5,746,473,840
Depreciation in year	-	382,675,628	382,675,628
At 31/12/2024	-	6,129,149,468	6,129,149,468
NET BOOK VALUE			
As at 01/01/2024	7,438,152,000	322,627,299	7,760,779,299
As at 31/12/2024	7,438,152,000	437,281,671	7,875,433,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2024 are VND 6,069,101,139 (as at 31 December 2023: VND 3,303,724,139).

5.11 Trade accounts payable

	31/12/2024		01/01/2024	
	Amount	Payment capability	Amount	Payment capability
	VND	VND	VND	VND
Payables – related parties				
Nipro Pharma Corporation	855,467,480	855,467,480	675,539,464	675,539,464
Payables – other parties				
KHS Synchemical Corp.	-	-	2,954,820,000	2,954,820,000
Sinopharm Weiqida Pharmaceutical Co., Ltd.	15,330,600,000	15,330,600,000	-	-
Sinobright Pharmaceutical	2,693,075,400	2,693,075,400	-	-
Hiep Luc Pharmaceutical Joint Stock Company	722,471,400	722,471,400	400,327,200	400,327,200
Suheung Vietnam Company Limited	3,783,996,000	3,783,996,000	2,513,376,000	2,513,376,000
Other suppliers	40,863,620,427	40,863,620,427	20,546,932,695	20,546,932,695
	64,249,230,707	64,249,230,707	27,090,995,359	27,090,995,359

5.12 Short-term advance from customers

31/12/2024	01/01/2024
VND	VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

Advances from other customers

T.N.T Pharmaceutical and Medical Equipment Joint Stock Company	18,616,700,492	18,616,700,492
Stem cell bank	16,905,349,290	14,829,525,790
Other customers	13,283,063,690	7,640,020,990
	48,805,113,472	41,086,247,272

5.13 Taxes and (receivables), payables to State budget

	01/01/2024	Transaction in year		31/12/2024	
			Paid/		
	Payables	Payables	Deductibles	Payables	Receivables
	VND	VND	VND	VND	
VAT on domestic goods	1,669,258,023	42,617,512,873	(44,286,770,896)	-	-
VAT on import goods	-	13,474,219,170	(13,520,475,080)	-	(46,255,910)
Import tax	-	511,580,374	(573,110,294)	-	(61,529,920)
Corporate income tax	5,690,008,085	12,349,535,406	(11,693,066,085)	6,346,477,406	-
Personal income tax	-	3,891,090,408	(3,891,090,408)	-	-
Housing tax, land rental	-	23,701,896,333	(23,702,900,034)	-	(1,003,701)
Other taxes	-	631,162,957	(549,162,957)	85,000,000	(3,000,000)
	7,359,266,108	97,176,997,521	(98,216,575,754)	6,431,477,406	(111,789,531)

Value-added tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. For the fiscal year ended 31 December 2024

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

The 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:

	2024	2023
	VND	VND
Accounting profit before tax	53,134,785,677	43,314,331,519
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	71,368,206,687	59,612,753,318
Decrease adjustments	(1,576,752)	(4,899,886)
Assessable income	124,501,415,612	102,922,184,951
Non-taxable income	(62,769,028,583)	(19,472,144,527)
Taxable income	61,732,387,029	83,450,040,424
CIT rate	20%	20%
CIT payable	12,346,477,406	16,690,008,085
Adjustment of CIT from previous years	3,058,000	1,510,195,920
Current CIT expenses	12,349,535,406	18,200,204,005

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

1. For the fiscal year ended 31 December 2024

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

5.14 Short-term accrued expenses

	31/12/2024	01/01/2024
	VND	VND
Renting land expenses in the hi-tech park	7,439,941,215	6,164,522,721
Expenses of security and cleaning services	849,083,889	-
Electricity expenses	155,533,638	226,243,911
Other accrued expenses	695,605,364	92,339,431
	9,140,164,106	6,483,106,063

5.15 Other short-term payables

	31/12/2024	01/01/2024
	VND	VND
Other payables - other individual, organization		
Trade union, social insurance, Party fees	149,072,080	149,776,280
Happy House Investment Joint Stock Company (*)	10,000,000,000	10,000,000,000
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
Other payables	650,413,247	496,813,247
	11,008,966,658	11,200,626,413

(*) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. For the fiscal year ended 31 December 2024**

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

5.16 Bonus and welfare funds

	01/01/2024	Increase in year	Paid in year	31/12/2024
	VND	VND	VND	VND
Bonus fund	2,712,054,565	1,976,490,201	(3,166,750,000)	1,521,794,766
Welfare fund	8,463,747,336	1,976,490,201	(1,504,105,456)	8,936,132,081
	11,175,801,901	3,952,980,402	(4,670,855,456)	10,457,926,847

5.17 Long-term unrealized revenue

	31/12/2024	01/01/2024
	VND	VND
MekoStem unrealized revenue	186,607,256,871	165,483,041,410
Finished goods unrealized revenue	241,120,905	-
	186,848,377,776	165,483,041,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**2. For the fiscal year ended 31 December 2024**

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

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

	Owners' invested capital	Capital surplus	Treasury shares	Investment and development funds	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**2. For the fiscal year ended 31 December 2024**

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

Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
As at 31/12/2023	255,458,670,000	409,789,114,458	(14,487,151,158)	576,623,174,082	33,510,040,412	1,260,893,847,794
As at 01/01/2024	255,458,670,000	409,789,114,458	(14,487,151,158)	576,623,174,082	33,510,040,412	1,260,893,847,794
Profit in year	-	-	-	-	40,785,250,271	40,785,250,271
Deduction for Investment and development fund	-	-	-	1,976,490,201	(1,976,490,201)	-
Deduction for Bonus and welfare funds	-	-	-	-	(3,952,980,402)	(3,952,980,402)
Dividends distribution	-	-	-	-	(12,634,110,500)	(12,634,110,500)
Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
As at 31/12/2024	255,458,670,000	409,789,114,458	(14,487,151,158)	578,599,664,283	55,323,709,580	1,284,684,007,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. For the fiscal year ended 31 December 2024**

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

5.18.2 Detail of owner's invested equity

According to the Company's the Business Registration Certificate (amended), Charter capital of the Company is VND 255,458,670,000. As at 31 December 2024, the Company's charter capital was fully contributed as follows:

	31/12/2024			01/01/2024		
	Shares	Value VND	Rate %	Shares	Value VND	Rate %
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
	25,545,867	255,458,670,000	100.00	25,545,867	255,458,670,000	100.00

5.18.3 Shares

	31/12/2024	01/01/2024
	Share	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

<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.

5.18.4 Profit distribution

In the year, the Parent Company distributed dividends according to the Resolution of the Annual General Meeting of Shareholders No. 32/NQ-DHDCD dated 25 April 2024 with the value of 5% par value.

In addition, the Parent Company distributed profit of 2023 according to the Resolution of the Annual General Meeting of Shareholders No. 32/NQ-DHDCD dated 25 April 2024 as follows:

	VND
- Deduct 8% from retained earnings of 2023 for Investment and development fund	: 1,976,490,201
- Deduct 16% from retained earnings of 2023 for Bonus and welfare funds	: 3,952,980,402

5.19 Off-consolidated balance sheet items

Foreign currency

	31/12/2024	01/01/2024
	Foreign currency	Foreign currency
US Dollar (USD)	31,312.24	34,216.60
Euro (EUR)	862.80	871.12
Japan Yen (JPY)	107,213,146.00	31,103,464.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

6. 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

	2024	2023
	VND	VND
Revenue from sale of finished goods	829,802,393,600	827,321,793,695
Revenue from sale of goods	143,965,721	27,815,236
Revenue from stem cell bank service	76,489,040,524	64,878,725,696
Revenue from sale of materials, other	2,136,680,837	2,746,408,809
Revenue from rental	11,011,268,400	9,864,000,000
Deduction:		
Returned goods	(5,895,680)	(92,171,392)
Net revenues	919,577,453,402	904,746,572,044

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:

	2024	2023
	VND	VND
Nipro Pharma Corporation	14,159,408,168	12,900,425,958
An Sinh Hospital Joint Stock Company	10,508,854,000	10,963,304,290
Orchids Trading Service Travel Company Limited	2,731,268,400	1,584,000,000
	27,399,530,568	25,447,730,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. For the fiscal year ended 31 December 2024**

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

6.2 Cost of sales

	2024	2023
	VND	VND
Cost of finished goods sold	636,776,605,740	602,967,665,181
Cost of goods sold	138,178,491	26,413,616
Cost of stem cell bank service	23,003,245,359	22,591,330,592
Cost of materials sold, rendering of services	369,180,961	549,804,769
Provision for devaluation of inventories	11,233,687,212	11,233,687,213
	671,520,897,763	637,368,901,371

6.3 Financial income

	2024	2023
	VND	VND
Interest from deposit	2,825,130,086	4,621,409,496
Dividends, distributed profit	62,769,028,583	19,472,144,527
Foreign exchange gain	647,391,184	450,736,649
Foreign exchange gain due to the revaluation of monetary items denominated in foreign currencies	-	339,713,402
Other financial income	-	6,655
	66,241,549,853	24,884,010,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

6.4 Financial expenses

	2024	2023
	VND	VND
Loans interest expense	-	500,875,192
Foreign exchange loss	4,149,344,600	4,367,514,653
Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	82,809,262	-
	<u>4,232,153,862</u>	<u>4,868,389,845</u>

6.5 Selling expenses

	2024	2023
	VND	VND
Labor expenses	24,788,149,381	30,894,328,123
Depreciation expenses	331,597,260	594,732,152
Service expense	44,797,666,227	25,757,538,242
Marketing expenses	36,335,441,973	43,021,569,180
Transportation expenses	3,827,611,520	8,032,055,174
Other selling expenses	276,443,062	291,494,720
	<u>110,356,909,423</u>	<u>108,591,717,591</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

6.6 General and administration expenses

	2024	2023
	VND	VND
Labor expenses	46,625,170,360	50,661,016,885
Tools and equipment expenses	7,647,234,569	9,416,183,079
Depreciation expenses	12,533,820,469	12,577,564,138
Tax and fees	25,478,747,157	27,582,692,862
Provision expenses	7,890,072,122	1,055,038,240
Land rent expenses	1,275,418,494	1,275,418,494
Electricity expenses	6,145,150,637	6,117,355,769
Service expenses	11,315,755,602	11,876,735,420
Other general and administration expenses	27,371,002,582	31,178,431,051
	146,282,371,992	151,740,435,938

6.7 Other incomes

	2024	2023
	VND	VND
Gain from disposal of fixed assets	222,596,687	17,500,000
Income from stock count	243,140,162	993,722,845
Income from debt handle	-	17,765,000,000
Donated materials	1,230,933	11,002,729
Other incomes	1,085,000	10,000,422
	468,052,782	18,797,225,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. For the fiscal year ended 31 December 2024**

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

6.8 Other expenses

	2024	2023
	VND	VND
Expenses from stock count	24,741,656	93,002,703
Administrative fines, arrears amount	85,000,000	2,040,516,905
Debt handle expenses	-	398,174,000
Other expenses	650,195,664	12,338,897
	759,937,320	2,544,032,505

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:

		2024	2023
Profit for the year attributable to shareholders holding common shares of the Parent Company	VND	40,785,250,271	25,114,127,514
Deduction: bonus and welfare funds	VND	-	(3,952,980,402)
Profit to calculate EPS	VND	40,785,250,271	21,161,147,112
Outstanding common shares on average during the year	share	25,268,221	25,268,221
Earnings per share	VND/share	1,614	837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

- (*) In the year, the Parent Company distributed the bonus and welfare fund from 2023 profit after tax with VND 3,952,980,402. Therefore, the profit for calculating Basic Earnings per share also decreases by a corresponding amount. This adjustment causes 2023 Basic Earnings per Share to decrease from 994 VND/share to 837 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 2024.

6.10 Production and business costs by element

	2024	2023
	VND	VND
Raw materials expenses	586,284,679,553	527,317,788,483
Labor expenses	123,662,783,918	134,618,607,688
Depreciation expenses	47,464,764,044	48,496,580,283
External service expenses	86,646,141,314	71,660,113,460
Other expenses	104,025,558,158	110,375,530,985
	948,083,926,987	892,468,620,899

7. FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

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

i. Market risk

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

Interest rate risk

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

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

Foreign currency risk

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

Stock price risk

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

ii. Credit risk

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

Trade receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

the 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 Board of General Directors supposes it is sufficient to meet the Company's operations and minimize the risks due to the volatility of cash flows.

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

	Less than 1 year	From 1 to 5 years	Total
	VND	VND	VND
As at 31 December 2024			
Trade payables	64,249,230,707	-	64,249,230,707
Accrued expenses	9,140,164,106	-	9,140,164,106
Other payables	10,859,894,578	-	10,859,894,578
	84,249,289,391	-	84,249,289,391

As at 01 January 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

	Less than 1 year	From 1 to 5 years	Total
	VND	VND	VND
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
	44,624,951,555	-	44,624,951,555

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

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 (*)	
	31/12/2024	01/01/2024	31/12/2024	01/01/2024
	VND	VND	VND	VND
Financial assets				
Held-to-maturity investments	45,000,000,000	60,000,000,000	45,000,000,000	60,000,000,000
Loans and Accounts Receivable				
Trade receivables	51,199,264,078	62,411,916,961	40,649,415,201	58,590,772,125
Other receivables	1,084,511,083	1,184,171,611	1,076,401,883	1,184,171,611

Financial assets available for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

	Book value		Fair value (*)	
	31/12/2024	01/01/2024	31/12/2024	01/01/2024
	VND	VND	VND	VND
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	173,723,141,505	130,060,029,110	173,723,141,505	130,060,029,110
	306,022,587,766	273,671,788,782	295,464,629,689	269,429,403,063

Financial liabilities

Financial liabilities are determined according to the distribution value

Trade payables	64,249,230,707	27,090,995,359	64,249,230,707	27,090,995,359
Accrued expenses	9,140,164,106	6,483,106,063	9,140,164,106	6,483,106,063
Other payables	10,859,894,578	11,050,850,133	10,859,894,578	11,050,850,133
	84,249,289,391	44,624,951,555	84,249,289,391	44,624,951,555

(*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 31 December 2024 and 01 January 2024. However, the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

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.

8. OTHER INFORMATION

8.1 Transactions and balances with related parties

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

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

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

	2024	2023
	VND	VND
Salary and bonus		
Mr. Le Anh Phuong	1,582,214,694	1,614,952,658
Ms. Huynh Thi Lan	2,388,050,957	2,462,129,620
Ms. Dang Thi Kim Lan	1,472,384,775	1,523,600,279
Ms. Phan Thi Lan Huong	2,156,366,354	2,113,082,897
Mr. Satoshi Kawamura	144,000,000	144,000,000
Ms. Nguyen Thi Quynh Anh	908,912,982	922,292,615
Mr. Dinh Xuan Han	51,000,000	148,000,000
Ms. Lu Thi Khanh Tran	96,000,000	-
	8,798,929,762	8,928,058,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. For the fiscal year ended 31 December 2024**

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

8.1.2 Transactions and balances with other related parties

Significant transactions with related parties in year are as follows:

Related parties	Transaction	2024	2023
		VND	VND
Nipro Pharma Corporation			
	Sale of finished goods	14,159,408,168	12,900,425,958
	Buy raw materials	1,691,871,056	2,032,596,292
	Donated raw materials	1,230,933	9,030,896
An Sinh Hospital Joint Stock Company			
	Sales and services rendered	10,508,854,000	10,963,304,290
	Dividend received	62,010,802,083	18,559,475,527
Orchids Trading Service Travel Company Limited			
	Sales and services rendered	2,731,268,400	1,584,000,000

As at 31 December 2024, the balance of accounts receivable/ payable with related parties is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

Related parties	Transaction	31/12/2024	01/01/2024
		VND	VND

Nipro Pharma Corporation

Trade receivables	-	6,419,651,525
Trade payables	855,467,480	675,539,464

An Sinh Hospital Joint Stock Company

Trade receivables	216,144,129	210,985,793
-------------------	-------------	-------------

Vietnam Pharmaceutical Corporation

Advances to suppliers	-	335,160,000
-----------------------	---	-------------

8.2 Segment information

Segment information by operating activities

- a. Segment income statement operating activities for the fiscal year ended 31 December 2024:

Items	Net revenue	Cost	Gross profit
	VND	VND	VND
Finished goods	829,796,497,920	648,010,292,952	181,786,204,968
Goods	143,965,721	138,178,491	5,787,230
Stem cell bank service	76,489,040,524	23,003,245,359	53,485,795,165
Materials	2,136,680,837	369,180,961	1,767,499,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

Rental	11,011,268,400	-	11,011,268,400
Total	919,577,453,402	671,520,897,763	248,056,555,639

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

Items	Net revenue	Cost	Gross profit
	VND	VND	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
Total	904,746,572,044	637,368,901,371	267,377,670,673

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.

8.3 Events subsequent to the balance sheet date

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. For the fiscal year ended 31 December 2024

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

**LE THI THU
HUONG**

Preparer

PHAN ANH TAI

Chief Accountant

HUYNH THI LAN

General Director

Ho Chi Minh City, 24 March
2025