

DHG Pharmaceutical Joint-Stock Company

Interim financial statements

For the six-month period ended 30 June 2024



DHG Pharmaceutical Joint-Stock Company

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DHG Pharmaceutical Joint-Stock Company

GENERAL INFORMATION

THE COMPANY

Hau Giang Pharmaceutical Joint Stock Company ("The Company") was formerly known as Hau Giang Pharmaceutical Complex in Can Tho City, which was transformed from a state-owned enterprise into a shareholding company according to the Enterprise Registration Certificate ("ERC") No. 5703000111 issued by the Department of Planning and Investment ("DPI") of Can Tho City on 15 September 2004, and as per the 30th amended ERCs, issued by the DPI of Can Tho City on 3 January 2023.

The Company's shares are listed on the Ho Chi Minh Stock Exchange ("HOSE") with trading code as DHG in accordance with License No. 93/UBCK-GPNY issued by the HOSE on 1 December 2006.

The current principal activities of the Company are manufacturing and trading pharmaceuticals, health protection foods and cosmetics.

The Company's normal course of business cycle is 12 months.

The Company's registered head office is located at No. 288 Bis, Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam. In addition, the Company also has thirty-four (34) distribution branches and two (2) factories located at other provinces/cities within Vietnam.

BOARD OF DIRECTORS

The members of the Board of Directors during the period and at the date of this report are:

| | | |
|--------------------------|---------------------|--------------------|
| Ms Dang Thi Thu Ha | Chairwoman | |
| Mr Jun Kuroda | Member | |
| Mr Toshiyuki Ishii | Member | |
| Mr Maki Kamijo | Member | |
| Mr Doan Dinh Duy Khuong | Member | |
| Mr Do Le Hung | Independence member | |
| Mr Truong Anh Hung | Independence member | from 23 April 2024 |
| Ms Nguyen Thi Viet Thanh | Independence member | to 23 April 2024 |

AUDIT COMMITTEE

The members of the Audit Committee during the period and at the date of this report are:

| | |
|--------------------|----------|
| Mr Do Le Hung | Chairman |
| Ms Dang Thi Thu Ha | Member |
| Mr Maki Kamijo | Member |

DHG Pharmaceutical Joint-Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

The members of the management during the period and at the date of this report are:

| | | |
|-------------------------|-------------------------|-----------------|
| Mr Toshiyuki Ishii | General Director | |
| Ms Nguyen Ngoc Diep | Deputy General Director | |
| Mr Tomoyuki Kawata | Deputy General Director | |
| Mr Doan Dinh Duy Khuong | Chief Executive Officer | to 10 July 2024 |

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Toshiyuki Ishii.

AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited.

11.11/2024

DHG Pharmaceutical Joint-Stock Company

REPORT OF MANAGEMENT

The management of DHG Pharmaceutical Joint-Stock Company ("the Company") is pleased to present this report and the interim financial statements of the Company for the six-month period ended 30 June 2024.

THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the interim financial statements of each financial period which give a true and fair view of the interim financial position of the Company, and of the interim results of its operations and its interim cash flows for the period. In preparing those interim financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements; and
- ▶ prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 30 June 2024 and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements.

For and on behalf of management:



Toshiyuki Ishii
General Director

Can Tho City, Vietnam

6 August 2024

Reference: 11536449/68317482/LR

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: The Shareholders of DHG Pharmaceutical Joint-Stock Company

We have reviewed the accompanying interim financial statements of DHG Pharmaceutical Joint-Stock Company ("the Company"), as prepared on 6 August 2024 and set out on pages 6 to 44, which comprise the interim balance sheet as at 30 June 2024, the interim income statement, the interim cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 30 June 2024, and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements.

Other Matter

The interim financial statements of the Company for the six-month period ended 30 June 2023 were reviewed by another audit firm which expressed an unmodified conclusion on those interim financial statements on 9 August 2023. In addition, the financial statements of the Company for the year ended 31 December 2023 were audited by this auditor who issued unqualified opinion on those financial statements on 27 February 2024.



Lê Vũ Trường
Deputy General Director
Audit Practicing Registration Certificate
No. 1588-2023-004-1

Ho Chi Minh City, Vietnam

6 August 2024

INTERIM BALANCE SHEET
as at 30 June 2024


VND


| Code | ASSETS | Notes | 30 June 2024 | 31 December 2023 |
|------------|---|-----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 4,707,994,607,324 | 4,642,192,911,354 |
| 110 | I. Cash | 4 | 61,629,009,479 | 94,134,026,358 |
| 111 | 1. Cash | | 61,629,009,479 | 94,134,026,358 |
| 120 | II. Short-term investment | 5 | 2,650,000,000,000 | 2,230,000,000,000 |
| 123 | 1. Held-to-maturity investments | | 2,650,000,000,000 | 2,230,000,000,000 |
| 130 | III. Current accounts receivable | | 580,088,988,283 | 720,853,339,751 |
| 131 | 1. Short-term trade receivables | 6.1 | 474,850,025,625 | 564,316,568,263 |
| 132 | 2. Short-term advances to suppliers | 6.2 | 68,491,356,908 | 97,870,766,106 |
| 135 | 3. Short-term loan receivables | | 257,622,204 | 257,622,204 |
| 136 | 4. Other short-term receivables | 7 | 71,874,073,414 | 93,865,682,771 |
| 137 | 5. Provision for doubtful short-term receivables | 8 | (35,384,089,868) | (35,457,299,593) |
| 140 | IV. Inventories | 9 | 1,387,191,910,217 | 1,534,636,314,655 |
| 141 | 1. Inventories | | 1,391,630,888,084 | 1,538,803,304,478 |
| 149 | 2. Provision for obsolete inventories | | (4,438,977,867) | (4,166,989,823) |
| 150 | V. Other current assets | | 29,084,699,345 | 62,569,230,590 |
| 151 | 1. Short-term prepaid expenses | 14 | 8,102,292,325 | 10,348,451,125 |
| 152 | 2. Value-added tax deductible | 17 | 13,216,658,901 | 38,299,117,713 |
| 153 | 3. Tax and other receivables from the State | 17 | 7,765,748,119 | 13,921,661,752 |
| 200 | B. NON-CURRENT ASSETS | | 1,447,174,523,213 | 1,468,281,309,218 |
| 210 | I. Long-term receivable | | 695,061,880 | 205,000,000 |
| 216 | 1. Other long-term receivables | 7 | 695,061,880 | 205,000,000 |
| 220 | II. Fixed assets | | 1,201,039,862,399 | 816,151,349,895 |
| 221 | 1. Tangible fixed assets | 10 | 1,021,056,640,984 | 634,290,806,084 |
| 222 | Cost | | 2,038,805,152,008 | 1,605,054,855,405 |
| 223 | Accumulated depreciation | | (1,017,748,511,024) | (970,764,049,321) |
| 227 | 2. Intangible assets | 11 | 179,983,221,415 | 181,860,543,811 |
| 228 | Cost | | 234,288,626,721 | 234,288,626,721 |
| 229 | Accumulated amortisation | | (54,305,405,306) | (52,428,082,910) |
| 230 | III. Investment properties | 12 | 31,076,813,217 | 31,481,004,375 |
| 231 | 1. Cost | | 44,826,611,143 | 44,826,611,143 |
| 232 | 2. Accumulated depreciation | | (13,749,797,926) | (13,345,606,768) |
| 240 | IV. Long-term asset in progress | 13 | 132,154,110,961 | 553,593,578,887 |
| 242 | 1. Construction in progress | | 132,154,110,961 | 553,593,578,887 |
| 250 | V. Long-term investments | 15 | 4,525,000,000 | 4,175,000,000 |
| 253 | 1. Investment in other entities | | 24,108,379,057 | 24,108,379,057 |
| 254 | 2. Provision for diminution in value of long-term investments | | (19,583,379,057) | (19,933,379,057) |
| 260 | VI. Other long-term assets | | 77,683,674,756 | 62,675,376,061 |
| 261 | 1. Long-term prepaid expenses | 14 | 60,470,048,861 | 45,803,166,017 |
| 262 | 2. Deferred tax assets | 33.3 | 17,213,625,895 | 16,872,210,044 |
| 270 | TOTAL ASSETS | | 6,155,169,130,537 | 6,110,474,220,572 |


INTERIM BALANCE SHEET (continued)
as at 30 June 2024

VND

| Code | RESOURCES | Notes | 30 June 2024 | 31 December 2023 |
|------------|---|-------------|--------------------------|--------------------------|
| 300 | C. LIABILITIES | | 1,901,636,678,926 | 1,257,539,546,302 |
| 310 | I. Current liabilities | | 1,832,150,704,495 | 1,189,241,981,081 |
| 311 | 1. Short-term trade payables | 16 | 224,374,543,859 | 217,976,497,330 |
| 312 | 2. Short-term advances from customers | | 17,663,668,263 | 17,052,802,354 |
| 313 | 3. Statutory obligations | 17 | 44,275,133,044 | 39,328,182,255 |
| 314 | 4. Payables to employees | 18 | 131,290,664,229 | 200,602,151,395 |
| 315 | 5. Short-term accrued expenses | 19 | 54,330,024,298 | 64,723,116,636 |
| 318 | 6. Short-term unearned revenue | 20 | 42,608,783,927 | 43,702,028,314 |
| 319 | 7. Other short-term payables | 21 | 459,669,906,193 | 2,155,779,020 |
| 320 | 8. Short-term loan | 22 | 810,906,165,494 | 572,164,547,560 |
| 322 | 9. Bonus and welfare fund | 23 | 47,031,815,188 | 31,536,876,217 |
| 330 | II. Non-current liabilities | | 69,485,974,431 | 68,297,565,221 |
| 342 | 1. Long-term provision | 24 | 66,393,570,383 | 64,317,626,290 |
| 343 | 2. Scientific and technological development fund | 25 | 3,092,404,048 | 3,979,938,931 |
| 400 | D. OWNERS' EQUITY | | 4,253,532,451,611 | 4,852,934,674,270 |
| 410 | I. Capital | 26.1 | 4,253,532,451,611 | 4,852,934,674,270 |
| 411 | 1. Share capital | | 1,307,460,710,000 | 1,307,460,710,000 |
| 411a | - Ordinary shares with voting rights | | 1,307,460,710,000 | 1,307,460,710,000 |
| 412 | 2. Share premium | | 6,778,948,000 | 6,778,948,000 |
| 418 | 3. Investment and development fund | | 2,458,122,657,972 | 2,458,122,657,972 |
| 421 | 4. Undistributed earnings | | 481,170,135,639 | 1,080,572,358,298 |
| 421a | - Undistributed earnings by the end of prior period | | 66,456,946,037 | 29,909,699,603 |
| 421b | - Undistributed earnings of the period | | 414,713,189,602 | 1,050,662,658,695 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 6,155,169,130,537 | 6,110,474,220,572 |


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant


Toshiyuki Ishii
General Director



Can Tho City, Vietnam

6 August 2024

INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2024

VND

| Code | ITEMS | Notes | For the six-month period ended 30 June 2024 | For the six-month period ended 30 June 2023 |
|------|---|-------|---|---|
| 01 | 1. Revenue from sale of goods | 27.1 | 2,742,200,331,873 | 2,667,343,380,155 |
| 02 | 2. Deductions | 27.1 | (377,849,630,377) | (286,135,437,392) |
| 10 | 3. Net revenue from sale of goods | 27.1 | 2,364,350,701,496 | 2,381,207,942,763 |
| 11 | 4. Cost of goods sold | 28 | (1,354,232,486,998) | (1,205,410,201,407) |
| 20 | 5. Gross profit from sale of goods | | 1,010,118,214,498 | 1,175,797,741,356 |
| 21 | 6. Finance income | 27.2 | 73,341,588,150 | 110,479,800,095 |
| 22 | 7. Finance expenses | 29 | (39,974,586,440) | (39,354,918,706) |
| 23 | - In which: Interest expense | | (8,944,085,778) | (11,535,018,457) |
| 25 | 8. Selling expenses | 30 | (417,033,909,360) | (426,983,544,707) |
| 26 | 9. General and administrative expenses | 30 | (158,225,378,295) | (137,874,080,756) |
| 30 | 10. Operating profit | | 468,225,928,553 | 682,064,997,282 |
| 31 | 11. Other income | 31 | 2,724,076,417 | 1,434,154,546 |
| 32 | 12. Other expenses | 31 | (8,010,354,099) | (3,667,514,776) |
| 40 | 13. Other loss | 31 | (5,286,277,682) | (2,233,360,230) |
| 50 | 14. Accounting profit before tax | | 462,939,650,871 | 679,831,637,052 |
| 51 | 15. Current corporate income tax expense | 33.1 | (48,567,877,120) | (55,872,868,464) |
| 52 | 16. Deferred tax income | 33.3 | 341,415,851 | 340,111,924 |
| 60 | 17. Net profit after tax | | 414,713,189,602 | 624,298,880,512 |
| 70 | 15. Basic earnings per share | 26.4 | 3,069 | 4,624 |
| 71 | 16. Diluted earnings per share | 26.4 | 3,069 | 4,624 |

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director

Can Tho City, Vietnam

6 August 2024

INTERIM CASH FLOW STATEMENT
for the six-month period ended 30 June 2024

VND

| Code | ITEMS | Notes | For the six-month period ended 30 June 2024 | For the six-month period ended 30 June 2023 |
|------|--|-------|---|---|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Accounting profit before tax | | 462,939,650,871 | 679,831,637,052 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation of fixed assets and investment properties | | 51,603,193,832 | 42,097,178,486 |
| 03 | Provision | | 2,350,207,398 | 1,490,613,496 |
| 04 | Foreign exchange (gains) losses arising from revaluation of monetary accounts denominated in foreign currency | | (178,463,040) | 220,234,689 |
| 05 | Profits from investing activities | | (71,675,764,584) | (101,079,271,750) |
| 06 | Interest expense | 29 | 8,944,085,778 | 11,535,018,457 |
| 08 | Operating profit before changes in working capital | | 453,982,910,255 | 634,095,410,430 |
| 09 | Decrease (increase) in receivables | | 140,031,105,068 | (138,815,330,219) |
| 10 | Decrease (increase) in inventories | | 147,172,416,394 | (238,749,661,385) |
| 11 | Decrease in payables | | (85,048,337,819) | (105,069,468,426) |
| 12 | Decrease in prepaid expenses | | 6,441,143,668 | 2,767,303,479 |
| 14 | Interest paid | | (8,969,440,031) | (11,113,755,246) |
| 15 | Corporate income tax paid | 17 | (32,675,760,454) | (58,752,133,186) |
| 17 | Other cash outflows from operating activities | 23 | (17,929,970,924) | (10,163,134,637) |
| 20 | Net cash flows from operating activities | | 603,004,066,157 | 74,199,230,810 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase and construction of fixed assets and other long-term assets | | (34,318,981,634) | (201,593,491,965) |
| 22 | Proceeds from disposals of fixed assets and other long-term assets | | 830,667,000 | 489,764,545 |
| 23 | Bank term deposits | | (1,995,000,000,000) | (1,260,000,000,000) |
| 24 | Collection from bank term deposits | | 1,575,000,000,000 | 1,295,000,000,000 |
| 27 | Interest received | | 102,137,335,930 | 65,435,090,813 |
| 30 | Net cash flows used in investing activities | | (351,350,978,704) | (100,668,636,607) |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 33 | Drawdown of borrowings | | 1,005,835,884,809 | 670,052,545,187 |
| 34 | Repayment of borrowings | | (767,094,266,875) | (163,541,231,923) |
| 36 | Dividends paid | 26.2 | (522,984,284,000) | (457,611,248,500) |
| 40 | Net cash flows (used in) from financing activities | | (284,242,666,066) | 48,900,064,764 |

INTERIM CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2024

VND

| Code | ITEMS | Notes | For the six-month period ended 30 June 2024 | For the six-month period ended 30 June 2023 |
|------|--|-------|---|---|
| 50 | Net (decrease) increase in cash for the period | | (32,589,578,613) | 22,430,658,967 |
| 60 | Cash at beginning of period | | 94,134,026,358 | 34,017,813,791 |
| 61 | Impact of exchange rate fluctuation | | 84,561,734 | (37,782,859) |
| 70 | Cash at end of period | 4 | 61,629,009,479 | 56,410,689,899 |



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant




Toshiyuki Ishii
General Director

Can Tho City, Vietnam

6 August 2024

NOTES TO THE INTERIM FINANCIAL STATEMENTS
as at 30 June 2024 and for the six-month period then ended

1. CORPORATE INFORMATION

Hau Giang Pharmaceutical Joint Stock Company ("The Company") was formerly known as Hau Giang Pharmaceutical Complex in Can Tho City, which was transformed from a shareholding enterprise into a joint-stock company according to the Enterprise Registration Certificate ("ERC") No. 5703000111 issued by the Department of Planning and Investment ("DPI") of Can Tho City on 15 September 2004, and as per the 30th amended ERCs, issued by the DPI of Can Tho City on 3 January 2023.

The Company's shares are listed on the Ho Chi Minh Stock Exchange ("HOSE") with trading code as DHG in accordance with License No. 93/UBCK-GPNY issued by the HOSE on 1 December 2006.

The current principal activities of the Company are manufacturing and trading pharmaceuticals, health protection foods and cosmetics.

The Company's normal course of business cycle is 12 months.

The Company's registered head office is located at No. 288 Bis, Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam. In addition, the Company also has thirty four (34) distribution branches and two (2) factories located at other provinces/cities within Vietnam.

The Company's number of employees as at 30 June 2024 was 2,794 (31 December 2023: 2,789).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The interim financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, the Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the interim financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim financial position and interim results of operations and interim cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

The Company's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Company's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The interim financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprise cash on hand and cash at banks.

3.2 Inventories

Inventories are measured at their historical costs. The cost of inventories comprises costs of purchase, costs of conversion (including raw materials, direct labor cost, other directly related cost, manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

In case the net realizable value is lower than the original price, it must be calculated according to the net realizable value.

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

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, merchandise, tools and supplies - Cost of purchase on a weighted average basis.

Finished goods and work-in process - Cost of finished goods, semi products, merchandise on a weighted average basis.

Provision for obsolete inventories

An inventory provision is made for the estimated loss arising due to the impairment of value (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 interim balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the interim income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the interim income statement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

Receivables are presented in the interim financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful receivables.

The provision for doubtful receivables represents amounts of outstanding receivables at the interim balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded into general and administrative expense in the interim income statement. When bad debts are determined as unrecoverable and accountant written off those bad debts, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the interim income statement.

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures for addition, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim income statement as incurred

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets. When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for addition, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

Land use rights

Land use rights are recorded as intangible fixed assets representing the value of the rights to use the lands acquired by the Company. The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use rights certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45").

The useful life of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful life representing the land lease are amortized over the lease term while the land use rights with indefinite useful lives is not amortized.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Depreciation and amortization*

Depreciation of tangible fixed assets and amortization of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

| | |
|----------------------------|---------------|
| Buildings and structures | 3 - 50 years |
| Machineries and equipment | 5 - 20 years |
| Means of transportation | 3 - 15 years |
| Office equipment | 3 - 15 years |
| Software | 5 - 6 years |
| Definite land use rights | 28 - 50 years |
| Indefinite land use rights | Not amortised |

3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not depreciated but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognised is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

| | |
|--------------------------|---------------|
| Land use rights | 40 - 50 years |
| Buildings and structures | 10 - 15 years |

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the interim income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Construction in progress*

Construction in progress represents tangible fixed assets under construction and is stated at cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into use.

3.9 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company is the lessee

Rentals under operating leases are charged to the interim income statement on a straight-line basis over the lease term.

3.10 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the income statement:

- ▶ Tools and consumables with large value issued into production and can be used for more than one year;
- ▶ Substantial expenditure on assets repairing and maintenance;
- ▶ Others.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Investments

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the interim financial statements and deducted against the value of such investments.

Provision for diminution in value of the investments

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the interim balance sheet date.

Increases or decreases to the provision balance are recorded as finance expenses in the interim income statement.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.13 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for employees who have been worked for more than 12 months at Corporation. The accrued amount is calculated at the rate of one-half of the average monthly salary for each year of service qualified for severance pay in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the interim income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employee upon severance of their labour contract following Article 46 of the Labour Code.

3.14 Provisions

General

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the interim income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates ruling at the date of the transaction, determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rate of the commercial bank designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rate of the commercial bank designated for payment.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the interim balance sheet date, determined as follows:

- Monetary assets are translated at the buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at the selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred are taken to the interim income statement.

3.16 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit after tax as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting:

Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or of in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim balance sheet.

3.17 *Unearned revenues*

Unearned revenue is the amount of revenue corresponding to the value of goods and services that must be discounted for customers in traditional customer programs. The Company records unearned revenues corresponding to the obligations that the Company will have to perform in the future.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest income

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.19 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and are recorded as expense during the period in which they are incurred.

3.20 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at interim balance sheet date.

Current income tax is charged or credited to the interim income statement, except when it relates to items recognised directly to equity, in that case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the interim balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each interim balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Taxation* (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim balance sheet date.

Deferred tax is charged or credited to the interim income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity.

3.21 *Earnings per share*

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

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.22 *Segment information*

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Company's principal activities are to manufacturing and trading pharmaceuticals, health protection foods and cosmetics. In addition, these activities are mainly taking place within Vietnam. Therefore, the Company's risks and returns are not impacted by the Company's products that the Company is manufacturing or the locations where the Company is trading. As a result, the Company's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

3.23 *Related parties*

Parties are considered to be related parties of the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including their close family members.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

4. CASH

| | VND | |
|---------------|-----------------------|-----------------------|
| | 30 June 2024 | 31 December 2023 |
| Cash on hand | 16,784,701,000 | 12,018,469,000 |
| Cash at banks | 44,844,308,479 | 82,115,557,358 |
| TOTAL | 61,629,009,479 | 94,134,026,358 |

5. HELD-TO-MATURITY INVESTMENTS

This represents the term deposits at commercial banks with original maturities of over three (3) months and less than twelve (12) months with interest rates ranging from 4.2% to 5.9% p.a.

As at 30 June 2024, deposits with terms over 3 months amounting to VND 360,000,000,000 (31 December 2023: VND 270,000,000,000) were used as collateral for the short-term loan from banks (Note 22).

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

| | VND | |
|---|------------------------|------------------------|
| | 30 June 2024 | 31 December 2023 |
| Receivables from third parties | 473,846,643,125 | 563,957,369,552 |
| Receivables from a related party (Note 34) | 1,003,382,500 | 359,198,711 |
| TOTAL | 474,850,025,625 | 564,316,568,263 |
| Provision for doubtful short-term trade receivables | (24,658,339,814) | (24,331,519,414) |
| NET | 450,191,685,811 | 539,985,048,849 |

Movements of provision for doubtful short-term receivables are as follows:

| | VND | |
|---|---|--|
| | For the six-month period ended 30 June 2024 | For the year ended 31 December 2023 |
| Beginning balance | 24,331,519,414 | 26,212,308,037 |
| Provision (reversal) during the period/year | 326,820,400 | (258,124,747) |
| Write off during the period/year | - | (1,622,663,876) |
| Ending balance | 24,658,339,814 | 24,331,519,414 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.2 Short-term advances to suppliers

| | VND | |
|--|------------------------------|------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Tan Huong Trading and Packaging Producing Co., Ltd | 11,352,658,221 | 19,965,908,314 |
| Tien Tuan Pharmaceutical Machinery Co., Ltd | 11,030,490,271 | 11,161,321,471 |
| Others | 46,108,208,416 | 66,743,536,321 |
| TOTAL | <u>68,491,356,908</u> | <u>97,870,766,106</u> |

7. OTHER RECEIVABLES

| | VND | |
|--|------------------------------|------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Short-term | 71,874,073,414 | 93,865,682,771 |
| Deposit interest receivables | 45,995,808,237 | 77,288,046,583 |
| Receivables from employee | 12,938,510,156 | 11,377,183,395 |
| Others | 12,939,755,021 | 5,200,452,793 |
| Long-term | 695,061,880 | 205,000,000 |
| Deposits | 695,061,880 | 205,000,000 |
| TOTAL | <u>72,569,135,294</u> | <u>94,070,682,771</u> |
| Provision for doubtful other receivables | (10,725,750,054) | (11,125,780,179) |
| NET | <u>61,843,385,240</u> | <u>82,944,902,592</u> |

Movements of provisions for doubtful other short-term receivables are as follows:

| | VND | |
|---|---|--|
| | For the six-month period ended 30 June 2024 | For the year ended 31 December 2023 |
| Beginning balance | 11,125,780,179 | 14,423,039,442 |
| Provision (reversal) during the period/year | (400,030,125) | (487,560,000) |
| Write off during the period/year | - | (2,809,699,263) |
| Ending balance | <u>10,725,750,054</u> | <u>11,125,780,179</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

8. BAD DEBTS

| | VND | | | |
|------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | 30 June 2024 | | 31 December 2023 | |
| | Cost | Provision | Cost | Provision |
| Short-term trade receivables | 84,431,343,368 | (24,658,339,814) | 74,773,217,057 | (24,331,519,414) |
| Others | 10,725,750,054 | (10,725,750,054) | 11,125,780,179 | (11,125,780,179) |
| TOTAL | <u>95,157,093,422</u> | <u>(35,384,089,868)</u> | <u>85,898,997,236</u> | <u>(35,457,299,593)</u> |

9. INVENTORIES

| | VND | | | |
|------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | 30 June 2024 | | 31 December 2023 | |
| | Cost | Provision | Cost | Provision |
| Raw materials | 738,023,660,411 | (1,363,391,273) | 714,496,974,952 | (1,363,391,273) |
| Finished goods | 409,891,104,382 | (3,075,586,594) | 493,464,850,314 | (2,803,598,550) |
| Goods in transit | 114,870,327,871 | - | 148,847,734,811 | - |
| Work in process | 100,790,755,228 | - | 61,543,767,889 | - |
| Merchandises | 28,055,040,192 | - | 120,449,976,512 | - |
| TOTAL | <u>1,391,630,888,084</u> | <u>(4,438,977,867)</u> | <u>1,538,803,304,478</u> | <u>(4,166,989,823)</u> |

Movements of provision for obsolete inventories are as follows:

| | VND | |
|---------------------------------------|---|---------------------------|
| | <i>For the six-month period ended</i> | <i>For the year ended</i> |
| | <i>30 June 2024</i> | <i>31 December 2023</i> |
| Beginning balance | 4,166,989,823 | 1,079,381,315 |
| Provision made during the period/year | <u>271,988,044</u> | <u>3,087,608,508</u> |
| Ending balance | <u>4,438,977,867</u> | <u>4,166,989,823</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

| | VND | | | | |
|---|-------------------------------------|--------------------------------------|------------------------------------|-----------------------------|--------------------------|
| | <i>Buildings and structures</i> | <i>Machineries and equipment</i> | <i>Means of transportation</i> | <i>Office equipment</i> | <i>Total</i> |
| Cost: | | | | | |
| As at 31 December 2023 | 575,488,850,093 | 801,339,341,910 | 144,766,146,986 | 83,460,516,416 | 1,605,054,855,405 |
| Newly purchases | - | 4,500,152,223 | - | 6,213,489,870 | 10,713,642,093 |
| Transfer from construction in progress (<i>Notes 13</i>) | 159,356,109,074 | 154,395,652,546 | 28,612,702,371 | 83,664,028,543 | 426,028,492,534 |
| Disposals | - | - | (2,991,838,024) | - | (2,991,838,024) |
| As at 30 June 2024 | <u>734,844,959,167</u> | <u>960,235,146,679</u> | <u>170,387,011,333</u> | <u>173,338,034,829</u> | <u>2,038,805,152,008</u> |
| <i>In which:</i> | | | | | |
| <i>Fully depreciated</i> | 109,333,440,374 | 225,011,218,178 | 65,197,725,644 | 69,849,670,390 | 469,392,054,586 |
| Accumulated depreciation: | | | | | |
| As at 31 December 2023 | 306,889,990,729 | 481,106,529,476 | 109,032,523,527 | 73,735,005,589 | 970,764,049,321 |
| Depreciation for the period | 12,872,551,470 | 30,004,072,969 | 4,358,913,217 | 2,740,762,071 | 49,976,299,727 |
| Disposals | - | - | (2,991,838,024) | - | (2,991,838,024) |
| As at 30 June 2024 | <u>319,762,542,199</u> | <u>511,110,602,445</u> | <u>110,399,598,720</u> | <u>76,475,767,660</u> | <u>1,017,748,511,024</u> |
| Net carrying amount: | | | | | |
| As at 31 December 2023 | <u>268,598,859,364</u> | <u>320,232,812,434</u> | <u>35,733,623,459</u> | <u>9,725,510,827</u> | <u>634,290,806,084</u> |
| As at 30 June 2024 | <u>415,082,416,968</u> | <u>449,124,544,234</u> | <u>59,987,412,613</u> | <u>96,862,267,169</u> | <u>1,021,056,640,984</u> |

DHG Pharmaceutical Joint-Stock Company

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

11. INTANGIBLE ASSETS

| | <i>Indefinite land use rights</i> | <i>Definite land use rights</i> | <i>Software</i> | <i>Total</i> |
|--|---------------------------------------|-------------------------------------|-----------------------|------------------------|
| | | | | <i>VND</i> |
| Cost: | | | | |
| As at 31 December 2023 and as at 30 June 2024 | <u>83,120,604,201</u> | <u>129,637,853,493</u> | <u>21,530,169,027</u> | <u>234,288,626,721</u> |
| <i>In which:</i> | | | | |
| <i>Fully amortised</i> | - | 75,848,452 | 16,209,520,805 | 16,285,369,257 |
| Accumulated amortisation: | | | | |
| As at 31 December 2023 | - | 33,243,669,564 | 19,184,413,346 | 52,428,082,910 |
| Amortisation for the period | - | <u>1,353,590,904</u> | <u>523,731,492</u> | <u>1,877,322,396</u> |
| As at 30 June 2024 | - | <u>34,597,260,468</u> | <u>19,708,144,838</u> | <u>54,305,405,306</u> |
| Net carrying amount: | | | | |
| As at 31 December 2023 | <u>83,120,604,201</u> | <u>96,394,183,929</u> | <u>2,345,755,681</u> | <u>181,860,543,811</u> |
| As at 30 June 2024 | <u>83,120,604,201</u> | <u>95,040,593,025</u> | <u>1,822,024,189</u> | <u>179,983,221,415</u> |

DHG Pharmaceutical Joint-Stock Company

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

12. INVESTMENT PROPERTIES

| | <i>Land use rights</i> | <i>Buildings and structures</i> | <i>VND Total</i> |
|---|------------------------|---------------------------------|-----------------------|
| Cost: | | | |
| As at 31 December 2023 and as at 30 June 2024 | <u>36,063,405,215</u> | <u>8,763,205,928</u> | <u>44,826,611,143</u> |
| <i>In which:</i> | | | |
| <i>Fully depreciated</i> | - | 6,008,960,472 | 6,008,960,472 |
| Accumulated depreciation: | | | |
| As at 31 December 2023 | 5,622,893,528 | 7,722,713,240 | 13,345,606,768 |
| Depreciation for the period | <u>312,382,974</u> | <u>91,808,184</u> | <u>404,191,158</u> |
| As at 30 June 2024 | <u>5,935,276,502</u> | <u>7,814,521,424</u> | <u>13,749,797,926</u> |
| Net carrying amount: | | | |
| As at 31 December 2023 | <u>30,440,511,687</u> | <u>1,040,492,688</u> | <u>31,481,004,375</u> |
| As at 30 June 2024 | <u>30,128,128,713</u> | <u>948,684,504</u> | <u>31,076,813,217</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

13. CONSTRUCTION IN PROGRESS

| | VND | |
|--|-------------------------------|-------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Investing in expanding Pharmaceutical factory project and DHG packaging printing factory | 113,328,917,436 | 531,907,243,205 |
| LUS product project | 4,897,354,441 | 4,876,289,803 |
| Renovating departments | 3,993,833,623 | 3,360,669,025 |
| Construction of Gia Lai Branch office | 3,473,948,774 | 3,473,948,774 |
| Purchase machineries and equipment | 3,318,241,000 | 6,833,612,393 |
| REB product project | 3,141,815,687 | 3,141,815,687 |
| TOTAL | <u>132,154,110,961</u> | <u>553,593,578,887</u> |

(*) Detail of construction in progress as below:

| | VND | |
|--|---|--|
| | For the six-month period ended 30 June 2024 | For the year ended 31 December 2023 |
| Beginning balance | 553,593,578,887 | 92,596,259,917 |
| Purchases | 38,801,459,741 | 647,041,101,099 |
| Transfer to tangible fixed assets (Notes 10) | (426,028,492,534) | (136,841,845,465) |
| Transfer to prepayments, tools and supplies | (18,861,867,712) | (9,927,288,821) |
| Transfer to intangible fixed assets | - | (500,000,000) |
| Transfer to expenses during the period/year | (15,350,567,421) | (38,774,647,843) |
| Ending balance | <u>132,154,110,961</u> | <u>553,593,578,887</u> |

14. PREPAID EXPENSES

| | VND | |
|---------------------------|------------------------------|------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Short-term | 8,102,292,325 | 10,348,451,125 |
| Prepaid rental fee | 5,383,011,006 | 2,341,616,129 |
| Others | 2,719,281,319 | 8,006,834,996 |
| Long-term | 60,470,048,861 | 45,803,166,017 |
| Repairing and maintenance | 40,902,522,322 | 28,490,133,485 |
| Tools and supplies | 17,588,149,146 | 15,012,818,726 |
| Others | 1,979,377,393 | 2,300,213,806 |
| TOTAL | <u>68,572,341,186</u> | <u>56,151,617,142</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

15. LONG-TERM INVESTMENTS

| | VND | |
|--|-----------------------------|-----------------------------|
| | 30 June 2024 | 31 December 2023 |
| Investments in other entities (*) | 24,108,379,057 | 24,108,379,057 |
| Provision for diminution in value of long-term investments | <u>(19,583,379,057)</u> | <u>(19,933,379,057)</u> |
| NET | <u>4,525,000,000</u> | <u>4,175,000,000</u> |

(*) Details of investments in other entities are as follows:

| | 30 June 2024 | | | 31 December 2023 | | |
|---|------------------------------|--------------------------------|-----------------------------------|------------------------------|--------------------------------|-----------------------------------|
| | <i>Investment cost</i> | <i>Provision</i> | <i>Interest and voting rights</i> | <i>Investment cost</i> | <i>Provision</i> | <i>Interest and voting rights</i> |
| | VND | VND | % | VND | VND | % |
| ATP Packaging Joint Stock Company (i) | 20,000,000,000 | (17,400,000,000) | 6.67 | 20,000,000,000 | (17,400,000,000) | 6.67 |
| Enlie Pharmaceutical Joint Stock Company (ii) | 4,108,379,057 | (2,183,379,057) | 2.9 | 4,108,379,057 | (2,533,379,057) | 2.9 |
| TỔNG CỘNG | <u>24,108,379,057</u> | <u>(19,583,379,057)</u> | | <u>24,108,379,057</u> | <u>(19,933,379,057)</u> | |

(i) The fair value of the investment in ATP Packaging Joint Stock Company is determined according to the average P/B valuation method.

(ii) The fair value of the investment in Enlie Pharmaceutical Joint Stock Company is determined according to the reference stock price on the stock market.

Movements of provision for diminution in value of long-term investments are as follows:

| | VND | |
|---------------------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the year ended 31 December 2023</i> |
| Beginning balance | 19,933,379,057 | 20,248,379,057 |
| Reversal during the period/year | <u>(350,000,000)</u> | <u>(315,000,000)</u> |
| Ending balance | <u>19,583,379,057</u> | <u>19,933,379,057</u> |

16. SHORT-TERM TRADE PAYABLES

| | VND | |
|---|-------------------------------|-------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Payables to third parties | 223,564,894,890 | 212,438,093,217 |
| <i>Nomura Trading Co., Ltd</i> | 72,228,054,675 | 69,114,460,800 |
| <i>Sinobright Pharmaceutical Co., Ltd</i> | 35,407,470,000 | 130,891,200 |
| <i>Others</i> | 115,929,370,215 | 143,192,741,217 |
| Payables to related parties (Note 34) | <u>809,648,969</u> | <u>5,538,404,113</u> |
| TOTAL | <u>224,374,543,859</u> | <u>217,976,497,330</u> |

DHG Pharmaceutical Joint-Stock Company

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

17. STATUTORY OBLIGATIONS

| | 31 December 2023 | Increase during the period | Decrease during the period | Others | VND 30 June 2024 |
|------------------------------|-----------------------|----------------------------|----------------------------|------------------|-----------------------|
| Receivables | | | | | |
| Personal income tax | 11,712,427,300 | 9,703,695,408 | (13,775,248,273) | - | 7,640,874,435 |
| Property tax and land rental | 2,125,372,645 | - | (2,125,372,645) | - | - |
| Others | 83,861,807 | 41,011,877 | - | - | 124,873,684 |
| TOTAL | 13,921,661,752 | 9,744,707,285 | (15,900,620,918) | - | 7,765,748,119 |
| Payables | | | | | |
| Corporate income tax | 17,365,215,439 | 48,567,877,120 | (32,675,760,454) | 5,761,148 | 33,263,093,253 |
| Domestics value added tax | 10,195,592,558 | 33,663,887,218 | (38,286,323,501) | - | 5,573,156,275 |
| Property tax and land rental | - | 5,234,606,441 | (2,757,853,442) | - | 2,476,752,999 |
| Personal income tax | 5,245,758,516 | 22,501,758,220 | (25,321,954,174) | - | 2,425,562,562 |
| Import value added tax | - | 27,123,090,047 | (27,123,090,047) | - | - |
| Import tax | - | 6,857,156,782 | (6,857,156,782) | - | - |
| Others | 6,521,615,742 | 7,166,210,237 | (13,151,258,024) | - | 536,567,955 |
| TOTAL | 39,328,182,255 | 151,114,586,065 | (146,173,396,424) | 5,761,148 | 44,275,133,044 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

18. PAYABLES TO EMPLOYEES

| | VND | |
|--------------|-------------------------------|-------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Bonus | 70,677,667,371 | 117,590,916,521 |
| Salary | 59,509,156,818 | 78,649,497,647 |
| Others | 1,103,840,040 | 4,361,737,227 |
| TOTAL | <u>131,290,664,229</u> | <u>200,602,151,395</u> |

19. SHORT-TERM ACCRUED EXPENSES

| | VND | |
|--------------------------|------------------------------|------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Land rental expenses (*) | 32,560,698,985 | 32,560,698,985 |
| Payment discount | 2,921,009,608 | 4,547,353,282 |
| Interest expenses | 314,822,568 | 340,176,821 |
| Others | 18,533,493,137 | 27,274,887,548 |
| TOTAL | <u>54,330,024,298</u> | <u>64,723,116,636</u> |

(*) As at 30 June 2024, accrued land rental expenses represent land rental obligations related to the investment project to expand the pharmaceutical factory and DHG packaging printing factory of the Company has been handed over by the People's Committee of Hau Giang Province. Land rental obligations are estimated on the basis of land rental prices and land rental incentives received according to Land Rental Payment Notice No. 3571/TB-CTHAG dated 26 December 2022 of Hau Giang Province Department of Taxation. As at the interim balance sheet date, the Company is still in the process of continuing to work with the authorities to agree on land rental prices and land rental incentives as a basis for signing rental land contracts.

20. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents unearned revenue from traditional customer programs. Program content for traditional customers are as follows:

- Revenue is recognized as the total amount receivable or received minus the fair value of goods and services that must be provided for free or the amount that must be discounted to the customer. The value of goods and services that must be provided for free must be discounted for customers are recorded as unearned revenue. If at the end of the program the customer does not meet the prescribed conditions and is not entitled to free goods or services or discounts, the unearned revenue will be transferred to revenue from sales of goods and rendering of services.
- When the customer meets the conditions prescribed by the program, in case the Company directly provides free goods or services or discounts to the customer: Unearned revenue corresponding to the fair value of goods and services provided for free are recorded as revenue from sales of goods and rendering of services when the customer has received free goods and services. Unearned revenue corresponding to the discounts are recorded as discounts according to program regulations.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

21. OTHER SHORT-TERM PAYABLES

| | VND | |
|--|-------------------------------|-----------------------------|
| | 30 June 2024 | 31 December 2023 |
| Dividend payables | 457,611,248,500 | - |
| Union fee | 633,577,940 | 609,770,604 |
| Deposits | 274,910,007 | 154,600,000 |
| Others | 1,150,169,746 | 1,391,408,416 |
| TOTAL | <u>459,669,906,193</u> | <u>2,155,779,020</u> |
| <i>In which:</i> | | |
| <i>Payables to related parties (Note 34)</i> | 431,631,511,500 | - |
| <i>Payables to third parties</i> | 28,038,394,693 | 2,155,779,020 |

22. SHORT-TERM LOAN

| | VND | |
|-------------------------------|------------------------|------------------------|
| | 30 June 2024 | 31 December 2023 |
| Short-term loan from bank (*) | <u>810,906,165,494</u> | <u>572,164,547,560</u> |

(*) As at 30 June 2024, short-term loan from bank represent loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum limit of VND 900,000,000,000. This credit can be withdrawn in Vietnamese Dong and was expired for further drawdowns on 19 July 2024. The maximum loan term of each debt is 6 months. These loans are secured by term deposits, as presented in Note 5. These loans bear interest rates from 0.23% to 0.38% per month (2023: 0.26% to 0.58% per month).

The movements of loans during the period/year are as follows:

| | VND | |
|-----------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the year ended 31 December 2023</i> |
| Beginning balance | 572,164,547,560 | 114,723,409,074 |
| Add: Loans drawdown | 1,045,469,904,880 | 2,010,535,541,031 |
| Less: Loans repayment | <u>(806,728,286,946)</u> | <u>(1,553,094,402,545)</u> |
| Ending balance | <u>810,906,165,494</u> | <u>572,164,547,560</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

23. BONUS AND WELFARE FUND

| | VND | |
|--|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the year ended 31 December 2023</i> |
| Beginning balance | 31,536,876,217 | 20,236,965,376 |
| Add: Appropriation from undistributed earnings (Note 26) | 33,519,879,761 | 31,653,639,382 |
| Less: Depreciation of assets formed from welfare funds | (94,969,866) | (907,063,417) |
| Less: Utilization of fund | <u>(17,929,970,924)</u> | <u>(19,446,665,124)</u> |
| Ending balance | <u>47,031,815,188</u> | <u>31,536,876,217</u> |

24. LONG-TERM PROVISION

| | VND | | |
|---------------------------------|--------------------------|--------------------------------|-----------------------|
| | <i>Restoration costs</i> | <i>Severance allowance</i> | <i>Total</i> |
| As at 31 December 2023 | 35,240,281,765 | 29,077,344,525 | 64,317,626,290 |
| Add: Provisions | 1,968,845,076 | 532,584,003 | 2,501,429,079 |
| Less: Utilization of provisions | - | (425,484,986) | (425,484,986) |
| As at 30 June 2024 | <u>37,209,126,841</u> | <u>29,184,443,542</u> | <u>66,393,570,383</u> |

25. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

According to Circular No. 05/2022/TTLT-BKHCN-BTC dated 31 May 2022 of the Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 7 November 2022 of the Ministry of Finance, the Company are allowed to establish a scientific and technological development fund to use for research and development activities. Funds are used when research and development activities are performed and paid.

The movements of scientific and technological development fund during the period are as follows:

| | VND | |
|--|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the year ended 31 December 2023</i> |
| Beginning balance | 3,979,938,931 | 6,285,647,605 |
| Depreciation of assets formed from the scientific and technological development fund | <u>(887,534,883)</u> | <u>(2,305,708,674)</u> |
| Ending balance | <u>3,092,404,048</u> | <u>3,979,938,931</u> |

DHG Pharmaceutical Joint-Stock Company

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

26. OWNERS' EQUITY

26.1 *Movements in owners' equity*

| | <i>Share capital</i> | <i>Share premium</i> | <i>Investment and development fund</i> | <i>Undistributed earnings</i> | <i>VND Total</i> |
|---|--------------------------|----------------------|--|-----------------------------------|--------------------------|
| For the six-month period ended 30 June 2023: | | | | | |
| As at 31 December 2022 | 1,307,460,710,000 | 6,778,948,000 | 1,958,932,899,782 | 1,018,364,345,675 | 4,291,536,903,457 |
| Net profit for the period | - | - | - | 624,298,880,512 | 624,298,880,512 |
| Dividend declared | - | - | - | (457,611,248,500) | (457,611,248,500) |
| Appropriation of funds | - | - | 499,189,758,190 | (499,189,758,190) | - |
| Transfer to bonus and welfare funds | - | - | - | (29,653,639,382) | (29,653,639,382) |
| Transfer to operating fund of the Board of Directors | - | - | - | (2,000,000,000) | (2,000,000,000) |
| As at 30 June 2023 | <u>1,307,460,710,000</u> | <u>6,778,948,000</u> | <u>2,458,122,657,972</u> | <u>654,208,580,115</u> | <u>4,426,570,896,087</u> |
| For the six-month period ended 30 June 2024: | | | | | |
| As at 31 December 2023 | 1,307,460,710,000 | 6,778,948,000 | 2,458,122,657,972 | 1,080,572,358,298 | 4,852,934,674,270 |
| Net profit for the period | - | - | - | 414,713,189,602 | 414,713,189,602 |
| Dividend declared | - | - | - | (980,595,532,500) | (980,595,532,500) |
| Transfer to bonus and welfare funds | - | - | - | (31,519,879,761) | (31,519,879,761) |
| Transfer to operating fund of the Board of Directors | - | - | - | (2,000,000,000) | (2,000,000,000) |
| As at 30 June 2024 | <u>1,307,460,710,000</u> | <u>6,778,948,000</u> | <u>2,458,122,657,972</u> | <u>481,170,135,639</u> | <u>4,253,532,451,611</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

26. OWNERS' EQUITY (continued)

26.2 Capital transactions with owners and distribution of dividends

| | VND | |
|-------------------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Share capital | | |
| Beginning and ending balances | <u>1,307,460,710,000</u> | <u>1,307,460,710,000</u> |
| Dividends declared | | |
| Dividends declared (i) | (980,595,532,500) | (457,611,248,500) |
| Dividend paid by cash | (522,984,284,000) | (457,611,248,500) |

- (i) The Company has declared the 2023 dividend payment in form of cash at the ratio of 75% on par value of ordinary share amounting to VND 980,595,532,500 as approved by the Resolution of the Annual General Meeting of Shareholders 2023 No.001/2024/NQ.DHDCD dated 23 April 2024. The Company has paid the first part of dividend at the ratio of 40% on par value of ordinary share on 26 June 2024 and expect to settle the second part of dividend at the ratio of 35% on par value of ordinary share on 21 August 2024.

26.3 Shares

| | <u>Number of shares</u> | |
|---------------------------|-------------------------|-------------------------|
| | <i>30 June 2024</i> | <i>31 December 2023</i> |
| Authorised shares | 130,746,071 | 130,746,071 |
| Issued and paid-up shares | 130,746,071 | 130,746,071 |
| <i>Ordinary shares</i> | <i>130,746,071</i> | <i>130,746,071</i> |
| Shares in circulation | 130,746,071 | 130,746,071 |
| <i>Ordinary shares</i> | <i>130,746,071</i> | <i>130,746,071</i> |

The Company's shares are issued with par value of VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

26. OWNERS' EQUITY (continued)

26.4 Earning per shares

The following table shows the income and share data used in the basic and diluted earnings per share calculations:

| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
|---|--|--|
| Net profit after tax attributable to ordinary shareholders for basic earnings (VND) | 414,713,189,602 | 624,298,880,512 |
| Distribution to bonus and welfare fund and operating fund of the Board of Directors (VND) (*) | (13,441,395,688) | (19,728,966,415) |
| Net profit after tax attributable to ordinary shareholders for basic earning (VND) | 401,271,793,914 | 604,569,914,097 |
| Weighted average number of ordinary shares during the period (shares) | 130,746,071 | 130,746,071 |
| Basic earnings and diluted earnings per share (VND/share) | 3,069 | 4,624 |

(*) The amount allocated to the bonus and welfare fund and operating fund of the Board of Directors expected for the 6-month operating period ended 30 June 2024 is calculated based on the planned allocation rate according to the Resolution of the General Meeting of Shareholders of the Company No. 001/2024/NQ.ĐHĐCD approved on 23 April 2024 for the bonus and welfare fund to be 3% of profit after tax and the operating fund of the Board of Directors to be VND 2,000,000,000.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

27. REVENUES

27.1 Revenue from sales of goods and rendering of services

| | VND | |
|---|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Gross revenue | 2,742,200,331,873 | 2,667,343,380,155 |
| <i>Of which:</i> | | |
| <i>Sale of finished goods</i> | 2,382,465,261,554 | 2,436,364,822,001 |
| <i>Sale of merchandise</i> | 358,396,420,342 | 229,966,850,415 |
| <i>Others</i> | 1,338,649,977 | 1,011,707,739 |
| Less | (377,849,630,377) | (286,135,437,392) |
| Sales discount | (377,114,852,475) | (285,365,803,418) |
| Sales returns | (734,777,902) | (769,633,974) |
| Net revenue | <u>2,364,350,701,496</u> | <u>2,381,207,942,763</u> |
| <i>In which:</i> | | |
| <i>Sale of finished goods</i> | 2,007,599,203,379 | 2,153,568,129,526 |
| <i>Sale of merchandise</i> | 355,412,848,140 | 226,628,105,498 |
| <i>Others</i> | 1,338,649,977 | 1,011,707,739 |
| <i>In which:</i> | | |
| <i>Sale to others</i> | 2,363,264,779,264 | 2,375,002,657,041 |
| <i>Sale to related parties (Notes 34)</i> | 1,085,922,232 | 6,205,285,722 |

27.2 Finance income

| | VND | |
|------------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Interest income | 70,845,097,584 | 100,629,101,771 |
| Foreign exchange gains | 2,496,490,566 | 9,850,698,324 |
| TOTAL | <u>73,341,588,150</u> | <u>110,479,800,095</u> |

28. COST OF GOODS SOLD AND SERVICES RENDERED

| | VND | |
|---|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Cost of finished goods sold | 1,014,995,162,421 | 998,579,747,727 |
| Cost of merchandise sold | 338,965,336,533 | 207,070,969,340 |
| Additional (reversal of) provisions for inventory devaluation | 271,988,044 | (240,515,660) |
| TOTAL | <u>1,354,232,486,998</u> | <u>1,205,410,201,407</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

29. FINANCE EXPENSES

| | VND | |
|---|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Payment discounts | 24,244,194,674 | 25,240,090,792 |
| Interest expenses | 8,944,085,778 | 11,535,018,457 |
| Foreign exchange losses | 7,081,944,731 | 3,172,949,775 |
| Reversal of provision for diminution in value of investments impairment loss | (350,000,000) | (647,500,000) |
| Others | 54,361,257 | 54,359,682 |
| TOTAL | <u>39,974,586,440</u> | <u>39,354,918,706</u> |

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

| | VND | |
|--|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Selling expenses | 417,033,909,360 | 426,983,544,707 |
| Labour expense | 229,612,840,680 | 240,679,023,593 |
| Advertising and marketing expenses | 34,554,851,907 | 42,627,684,624 |
| Others | 152,866,216,773 | 143,676,836,490 |
| General and administrative expenses | 158,225,378,295 | 137,874,080,756 |
| Labour expense | 94,108,505,587 | 97,395,710,833 |
| Others | 64,116,872,708 | 40,478,369,923 |
| TOTAL | <u>575,259,287,655</u> | <u>564,857,625,463</u> |

31. OTHER INCOME AND EXPENSES

| | VND | |
|------------------------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Other income | 2,724,076,417 | 1,434,154,546 |
| Research services | 940,954,990 | 207,457,537 |
| Disposal of fixed asset | 830,667,000 | 450,169,979 |
| Others | 952,454,427 | 776,527,030 |
| Other expenses | (8,010,354,099) | (3,667,514,776) |
| Personal business support expenses | (5,512,107,034) | - |
| Depreciation expenses | (1,256,156,514) | (360,611,070) |
| Others | (1,242,090,551) | (3,306,903,706) |
| TOTAL | <u>(5,286,277,682)</u> | <u>(2,233,360,230)</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

32. PRODUCTION AND OPERATING COSTS

| | VND | |
|--------------------------------|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Raw materials | 1,175,758,441,964 | 1,264,207,404,169 |
| Labour cost | 481,191,390,611 | 493,025,877,268 |
| Expenses for external services | 151,468,352,268 | 124,596,105,524 |
| Depreciation and amortisation | 50,347,037,318 | 41,736,567,416 |
| Others | 123,406,010,915 | 125,967,367,966 |
| TOTAL | <u>1,982,171,233,076</u> | <u>2,049,533,322,343</u> |

33. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company is 20% of taxable income, except for the case that from 1 April 2018, DHG Pharmaceutical One-Member Limited Company ("DHG Pharmaceutical") and DHG 1 Packaging Printing One-Member Limited Company ("DHG 1 Packaging Printing") were merged into the Company, according to Documentary No. 5610/TCT-CS dated 06 December 2017 of the General Department of Taxation, the following incentives will still apply to the Company after the merger:

- According to Investment Registration Certificate No. 642041000005 of the Management Board of Industrial Parks of Hau Giang Province, DHG Pharmaceutical is entitled to a 10% corporate income tax rate for 15 years from 2015. DHG Pharmaceutical is exempt from corporate income tax for 4 years from 2015 and reduce the tax amount payable by 50% in the next 9 years from 2019.
- According to the Investment Registration Certificate, DHG 1 Packaging Printing is obliged to pay corporate income tax at 10% of taxable income from 2014 to 2028. The terms of DHG 1 Packaging Printing's Investment Registration Certificate allow the Company to income tax exemption from 2014 to 2017 and reduce the tax amount payable by 50% from 2018 to 2026.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

33. CORPORATE INCOME TAX (continued)

33.1 CIT expense

| | VND | |
|--|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Current tax expense | 48,567,877,120 | 55,547,943,105 |
| Adjustment for under accrual of tax from prior period | - | 324,925,359 |
| | <u>48,567,877,120</u> | <u>55,872,868,464</u> |
| Deferred tax income | (341,415,851) | (340,111,924) |
| TOTAL | <u>48,226,461,269</u> | <u>55,532,756,540</u> |

Reconciliation between current tax expense and the accounting profit before tax multiplied by
CIT rate is presented below:

| | VND | |
|--|--|--|
| | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Accounting profit before tax | <u>462,939,650,871</u> | <u>679,831,637,052</u> |
| At CIT rate of 20% applicable to the Company | 92,587,930,174 | 135,966,327,410 |
| <i>Adjustment of tax expense due to:</i> | | |
| Non-deductible expenses | 4,927,786,878 | 2,122,234,054 |
| Adjustment for under accrual of tax from prior period | - | 324,925,359 |
| Temporary CIT differences | 815,383,420 | (2,598,240,911) |
| Tax incentives | (49,763,223,352) | (79,942,377,448) |
| Current tax expense | <u>48,567,877,120</u> | <u>55,872,868,464</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

33. CORPORATE INCOME TAX (continued)

33.2 Current CIT

The current tax payable is based on taxable income for the period. The taxable income of the Company for the period differs from the profit as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the interim balance sheet date.

33.3 Deferred tax

The following are the deferred tax asset recognised by the Company, and the movements thereon during the current and previous period:

| | <i>Interim balance sheet</i> | | <i>Interim income statement</i> | |
|--|------------------------------|------------------------------|--|--|
| | <i>30 June 2024</i> | <i>31 December 2023</i> | <i>For the six-month period ended 30 June 2024</i> | <i>For the six-month period ended 30 June 2023</i> |
| Restoration costs | 7,441,825,368 | 7,048,056,353 | 393,769,015 | 393,769,015 |
| Severance allowance | 5,836,888,708 | 5,815,468,905 | 21,419,803 | 79,748,588 |
| Provisions for impairment long-term financial investment | 3,916,675,811 | 3,986,675,811 | (70,000,000) | (129,500,000) |
| Internal asset disposal transaction | 18,236,008 | 22,008,975 | (3,772,967) | (3,905,679) |
| Net deferred tax assets | <u>17,213,625,895</u> | <u>16,872,210,044</u> | | |
| Net deferred tax expense | | | <u>341,415,851</u> | <u>340,111,924</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

List of related parties that have a relationship with the Company and related parties that have transactions with the Company during the period and as at 30 June 2024 are as follows:

| <i>Related parties</i> | <i>Relationship</i> |
|---|---|
| Taisho Pharmaceutical Co., Ltd (“Taisho”) | Parent company |
| State Capital and Investment Corporation (“SCIC”) | Major shareholder |
| Hoe Pharmaceuticals Sdn Bhd | Related companies of Taisho |
| Taisho Viet Nam Co., Ltd | Related companies of Taisho |
| Taisho Pharmaceutical (Philippines) Co.,Ltd | Related companies of Taisho |
| Domesco Medical Import-Export Joint Stock Corporation | Related companies of SCIC |
| Traphaco Joint Stock Company | Related companies of SCIC |
| Ms Dang Thi Thu Ha | Chairwoman |
| Mr Jun Kuroda | Member of Board of Directors (“BOD”) |
| Mr Masashi Nakaura | Member of BOD (to 19 April 2023) |
| Mr Toshiyuki Ishii | Member of BOD cum General Director |
| Mr Maki Kamijo | Member of BOD |
| Mr Doan Dinh Duy Khuong | Member of BOD |
| | Chief Executive Officer (to 10 July 2024) |
| Mr Do Le Hung | Member of BOD |
| Ms Nguyen Thi Viet Thanh | Member of BOD |
| Mr Truong Anh Hung | Member of BOD |
| Ms Nguyen Ngoc Diep | Deputy General Director |
| Mr Tomoyuki Kawata | Deputy General Director |
| Mr Tran Duy Hung | Chief Marketing Officer (to 12 April 2024) |
| Ms Le Thi Hong Nhung | Chief Financial Officer (to 15 July 2024) |
| Ms Vu Thi Huong Lan | Chief Human Resources Officer (to 15 July 2024) |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions with related parties during current and previous periods were as follows:

| Related party | Transaction | VND | |
|---|--------------------------------|---|---|
| | | For the six-month period ended 30 June 2024 | For the six-month period ended 30 June 2023 |
| Taisho | Dividend | 266,788,208,000 | 233,439,682,000 |
| | Purchase of goods and services | 3,767,276,644 | 10,501,531,211 |
| | Other income | 11,732,160 | 153,971,549 |
| SCIC | Dividend | 226,504,948,000 | 198,191,829,500 |
| Taisho Pharmaceutical (Philippines) Co.,Ltd | Sale of goods | 1,003,422,232 | - |
| Taisho Viet Nam Co., Ltd | Purchase of goods | 611,295,200 | - |
| Hoe Pharmaceuticals Sdn Bhd | Sale of goods | - | 2,255,058,596 |
| | Purchase of goods and services | - | 363,143,218 |
| | Free gift | - | 19,199,936 |
| Traphaco Joint Stock Company | Sale of goods | 82,500,000 | - |
| Domesco Medical Import-Export Joint Stock Corporation | Sale of goods | - | 3,950,227,126 |

Amounts due from and due to related parties at the interim balance sheet dates were as follows:

| Related party | Transaction | VND | |
|---|---|----------------------|----------------------|
| | | 30 June 2024 | 31 December 2023 |
| Short-term trade receivable | | | |
| Taisho Pharmaceutical (Philippines) Co.,Ltd | Sale of goods | 1,003,382,500 | - |
| Hoe Pharmaceuticals Sdn Bhd | Sale of goods | - | 359,198,711 |
| | | <u>1,003,382,500</u> | <u>359,198,711</u> |
| Short-term trade payable | | | |
| Taisho | Purchase of goods | <u>809,648,969</u> | <u>5,538,404,113</u> |
| Short-term advance from customer | | | |
| Taisho | Advance to purchase of goods and services | 872,402,362 | 604,786,764 |
| Traphaco Joint Stock Company | Advance to purchase of goods | 107,100,000 | - |
| | | <u>979,502,362</u> | <u>604,786,764</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the interim balance sheet dates were as follows: (continued)

| Related party | Transaction | VND | |
|---------------------------------|-------------------|------------------------|------------------|
| | | 30 June 2024 | 31 December 2023 |
| Other short-term payable | | | |
| Taisho | Dividend payables | 233,439,682,000 | - |
| SCIC | Dividend payables | 198,191,829,500 | - |
| | | 431,631,511,500 | - |

Remuneration to members of the Board of Directors and Management including salary, bonus was as follows:

| | VND | |
|--------------------------|---|---|
| | For the six-month period ended 30 June 2024 | For the six-month period ended 30 June 2023 |
| Mr Toshiyuki Ishii | 2,921,371,497 | 1,292,870,520 |
| Mr Doan Dinh Duy Khuong | 2,694,015,138 | 2,398,804,000 |
| Ms Nguyen Ngoc Diep | 1,845,189,210 | 1,606,010,836 |
| Mr Tomoyuki Kawata | 1,756,062,850 | 1,580,546,836 |
| Ms Dang Thi Thu Ha | 450,000,000 | 450,000,000 |
| Mr Do Le Hung | 405,000,000 | 405,000,000 |
| Mr Jun Kuroda | 326,346,154 | 315,000,000 |
| Mr Maki Kamijo | 315,000,000 | 395,000,000 |
| Ms Nguyen Thi Viet Thanh | 235,576,923 | 345,000,000 |
| Mr Truong Anh Hung | 90,769,231 | - |
| Mr Masashi Nakaura | - | 1,378,686,904 |
| Mr Tran Duy Hung | - | 1,605,820,798 |
| Ms Le Thi Hong Nhung | - | 781,431,250 |
| Ms Vu Thi Huong Lan | - | 723,909,400 |
| TOTAL | 11,039,331,003 | 13,278,080,544 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

35. COMMITMENTS

35.1 Operating lease commitment

The Company leases lands under operating lease arrangements. The minimum lease commitment as at the interim balance sheet dates under the operating lease agreements are as follows:

| | VND | |
|-------------------|-------------------------------|-------------------------------|
| | 30 June 2024 | 31 December 2023 |
| Less than 1 year | 11,258,480,342 | 7,076,437,142 |
| From 2 to 5 years | 37,416,696,373 | 28,305,748,568 |
| More than 5 years | 102,495,774,858 | 107,988,278,643 |
| TOTAL | <u>151,170,951,573</u> | <u>143,370,464,353</u> |

35.2 Capital commitments

As at 30 June 2024, the Company has commitments worth VND 42,217,705,253 (31 December 2023: VND 52,292,931,544) related to expenditure to create fixed assets of the Company.

In addition to the explained above, the Board of Directors approved the investment policy for Phase 2 of Project "Investment and expansion of DHG Pharmaceutical Factory and Packaging Printing Factory" with amounting to VND 440 billion according to Decision No. 020/2020/QĐ.HĐQT dated 14 July 2020, expected to be implemented after the Company completes Phase 1 and Hau Giang Provincial People's Committee allocates land for the entire Phase 2.

36. OFF BALANCE SHEET ITEMS

| | 30 June 2024 | | 31 December 2023 | |
|------------------------------|--------------|-----------------------|------------------|-----------------------|
| Foreign currency: | | | | |
| - United States dollar (USD) | | 160,128 | | 277,633 |
| - Euro (EUR) | | 75,338 | | 1,500 |
| - Yen (JPY) | | 282,848 | | 283,574 |
| | | <u>518,314</u> | | <u>562,707</u> |
| Bad debts written off | | <u>12,863,556,888</u> | | <u>12,879,556,888</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2024 and for the six-month period then ended

37. CONTINGENCIES

On 29 November 2023, The National Assembly issued the Resolution No. 107/2023/QH15 relating to the application of top-up tax under the global anti-base erosion rules. However, without official guidance on implementation of this Resolution from Authorities, management of the Company cannot reliably estimate the value of additional relevant tax obligations that might arise. Accordingly, as at the date of the financial statements, no additional provision relating to the possible tax obligation has been recorded in the financial statements.

38. EVENT AFTER THE INTERIM BALANCE SHEET DATE


There is no significant matter or circumstance that has arisen since the interim balance sheet date that requires adjustment or disclosure to be made in the interim financial statements of the Company.



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director

Can Tho City, Vietnam

6 August 2024

