

DHG PHARMACEUTICAL JOINT STOCK COMPANY

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023

M.S.D.

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023**

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment decision No. 2405/QD-CT.UB dated 5 August 2004
This decision was issued by the People's Committee of Can Tho City.

Business registration Certificate No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City.

The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 03 January 2023 was issued by the Department of Planning and Investment of Can Tho City.

Board of Directors	Ms. Dang Thi Thu Ha	Chairwoman
	Mr. Jun Kuroda	Member
	Mr. Masashi Nakaura	Member (resigned from 19 April 2023)
	Mr. Toshiyuki Ishii	Member (appointed from 19 April 2023)
	Mr. Maki Kamijo	Member
	Mr. Doan Dinh Duy Khuong	Member
	Mr. Do Le Hung	Independence member
Ms. Nguyen Thi Viet Thanh	Independence member	

Management	Mr. Toshiyuki Ishii	General Director
	Mr. Doan Dinh Duy Khuong	Chief Operating Officer
	Ms. Nguyen Ngoc Diep	Deputy General Director
	Mr. Tomoyuki Kawata	Deputy General Director
	Mr. Tran Duy Hung	Marketing Director (under the Board of Management from 1 May 2023)
	Ms. Le Thi Hong Nhung	Finance Director (under the Board of Management from 1 May 2023)
	Ms. Vu Thi Huong Lan	Human Resources Director (under the Board of Management from 1 May 2023)

Audit Committee	Mr. Do Le Hung	Head
	Ms. Dang Thi Thu Ha	Member
	Mr. Maki Kamijo	Member

Legal representative Mr. Toshiyuki Ishii General Director

Head office 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam

BALANCE SHEET

Codes	ASSETS	Notes	As at 31.12.2023	As at 31.12.2022
			VND	VND
100	CURRENT ASSETS		4,635,130,098,041	4,218,772,327,716
110	Cash and cash equivalents	4	94,134,026,358	34,017,813,791
111	Cash		94,134,026,358	34,017,813,791
120	Short-term financial investments	5	2,230,000,000,000	2,355,000,000,000
123	Held-to-maturity investments		2,230,000,000,000	2,355,000,000,000
130	Short-term receivables		720,853,339,751	550,503,358,957
131	Short-term trade receivables	6	564,316,568,263	320,497,731,135
132	Short-term advances to suppliers		97,870,766,106	188,966,257,070
135	Short-term loan receivables	7	257,622,204	257,622,204
136	Other short-term receivables	8	93,865,682,771	81,417,096,027
137	Provision for short-term doubtful debts	9	(35,457,299,593)	(40,635,347,479)
140	Inventories	10	1,527,573,501,342	1,250,833,919,138
141	Inventories		1,531,740,491,165	1,251,913,300,453
149	Provision for devaluation of inventories		(4,166,989,823)	(1,079,381,315)
150	Other short-term assets		62,569,230,590	28,417,235,830
151	Short-term prepayments	11	10,348,451,125	12,401,507,959
152	Value added tax deductibles		38,299,117,713	16,015,727,871
153	Taxes and other receivables from the State budget	12	13,921,661,752	-
200	NON-CURRENT ASSETS		1,436,464,595,386	949,414,175,129
210	Long-term receivables		205,000,000	822,061,880
216	Other long-term receivables		205,000,000	822,061,880
220	Fixed assets		816,151,349,895	787,387,089,074
221	Tangible fixed assets	13	634,290,806,084	585,574,876,927
222	Cost		1,605,054,855,405	1,481,802,489,560
223	Accumulated depreciation		(970,764,049,321)	(896,227,612,633)
227	Intangible fixed assets	14	181,860,543,811	201,812,212,147
228	Cost		234,288,626,721	252,779,142,186
229	Accumulated amortization		(52,428,082,910)	(50,966,930,039)
230	Investment properties	15	31,481,004,375	14,308,981,880
231	Cost		44,826,611,143	17,304,956,819
232	Accumulated depreciation		(13,345,606,768)	(2,995,974,939)
240	Long-term assets in progress	16	521,776,865,055	92,596,259,917
242	Construction in progress		521,776,865,055	92,596,259,917
250	Long-term financial investments	5	4,175,000,000	3,860,000,000
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(19,933,379,057)	(20,248,379,057)
260	Other long-term assets		62,675,376,061	50,439,782,378
261	Long-term prepayments	11	45,803,166,017	34,594,969,043
262	Deferred tax assets	17	16,872,210,044	15,844,813,335
270	TOTAL ASSETS		6,071,594,693,427	5,168,186,502,845

BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 31.12.2023 VND	As at 31.12.2022 VND
300	LIABILITIES		1,217,832,533,834	876,649,599,388
310	Current liabilities		1,149,534,968,613	811,536,702,268
311	Short-term trade payables	18	210,913,684,017	364,379,191,011
312	Short-term advances from customers		17,052,802,354	44,183,901,316
313	Taxes and amounts payable to the State budget	12	39,244,682,085	37,036,207,791
314	Payables to employees		200,602,151,395	170,724,651,834
315	Short-term accrued expenses	19	32,162,417,651	24,364,389,787
318	Short-term unearned revenue	20	43,702,028,314	34,043,466,112
319	Other current payables	21	2,155,779,020	1,844,519,967
320	Short-term loans	22	572,164,547,560	114,723,409,074
322	Bonus and welfare funds	23	31,536,876,217	20,236,965,376
330	Long-term liabilities		68,297,565,221	65,112,897,120
342	Long-term provisions	24	64,317,626,290	58,827,249,515
343	Science and technology development fund	25	3,979,938,931	6,285,647,605
400	EQUITY		4,853,762,159,593	4,291,536,903,457
410	Owner's equity	26	4,853,762,159,593	4,291,536,903,457
411	Owner's contributed capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares carrying voting rights		1,307,460,710,000	1,307,460,710,000
412	Share premium		6,778,948,000	6,778,948,000
418	Investment and development fund		2,458,122,657,972	1,958,932,899,782
421	Retained earnings		1,081,399,843,621	1,018,364,345,675
421a	- Retained earnings accumulated to the prior year end		29,909,699,603	29,909,699,603
421b	- Retained earnings of the current period		1,051,490,144,018	988,454,646,072
440	TOTAL RESOURCES		6,071,594,693,427	5,168,186,502,845

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant



Toshiyuki Ishii
General Director
19 January 2024



INCOME STATEMENT

Codes	Notes	For the 3-month period ended		For the year ended		
		31.12.2023 VND	31.12.2022 VND	31.12.2023 VND	31.12.2022 VND	
01	Gross revenue from goods sold and services rendered	28	1,841,568,491,219	1,459,017,050,725	5,767,734,511,921	5,181,739,797,774
02	Deductions	28	306,843,128,195	128,728,568,718	752,339,471,200	505,723,789,947
10	Net revenue from goods sold and services rendered	28	1,534,725,363,024	1,330,288,482,007	5,015,395,040,721	4,676,016,007,827
11	Cost of sales	29	881,629,694,259	709,404,212,379	2,671,849,997,386	2,418,521,064,699
20	Gross profit from goods sold and services rendered		653,095,668,765	620,884,269,628	2,343,545,043,335	2,257,494,943,128
21	Financial income	30	52,399,394,649	40,597,420,764	217,890,286,468	137,142,907,707
22	Financial expenses	31	24,877,754,039	29,286,206,550	90,909,165,233	101,162,960,616
23	<i>In which: Interest expense</i>		7,716,330,263	398,431,376	29,529,505,062	12,558,694,966
25	Selling expenses	32	297,092,275,595	287,581,254,321	978,424,470,755	913,204,497,923
26	General and administrative expenses	32	84,349,228,647	73,354,228,494	312,095,187,859	268,212,758,590
30	Operating profit		299,175,805,133	271,260,001,027	1,180,006,505,956	1,112,057,633,706
31	Other income	33	2,023,579,072	108,986,971	5,105,942,083	9,673,632,221
32	Other expenses	33	8,561,383,474	8,141,340,542	25,194,077,802	22,117,946,991
40	Losses from other activities		(6,537,804,402)	(8,032,353,571)	(20,088,135,719)	(12,444,314,770)
50	Accounting profit before tax		292,638,000,731	263,227,647,456	1,159,918,370,237	1,099,613,318,936
51	Current corporate income tax expense	35	31,705,636,176	24,928,783,134	109,455,622,928	109,468,546,668
52	Deferred corporate tax (income)/ expenses	35	(183,346,780)	2,101,316,124	(1,027,396,709)	1,690,126,196
60	Net profit after corporate income tax		261,115,711,335	236,197,548,198	1,051,490,144,018	988,454,646,072
70	Earnings per share (VND)	36	1,933	1,749	7,786	7,318

Tran Ngoc Hien
Preparer

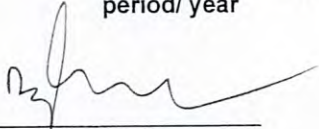
Ho Bui Huan
Chief Accountant

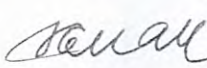


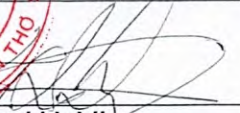
Toshiyuki Ishii
General Director
19 January 2024

CASH FLOW STATEMENT
(Indirect method)

Items	Codes	Fiscal year ended	
		31.12.2023 VND	31.12.2022 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	1,159,918,370,237	1,099,613,318,936
2. Adjustment for:			
Depreciation and amortization of fixed assets and investment properties	02	87,959,995,486	81,001,086,959
Provisions	03	3,723,124,554	(16,073,768,863)
Foreign exchange losses/ (gains) arising from translating foreign currency items	04	7,141,016	(6,894,188,664)
Gain from investing activities	05	(203,609,379,866)	(112,318,649,197)
Interest expense	06	29,529,505,062	12,558,694,966
3. Operating profit before movements in working capital	08	1,077,528,756,489	1,057,886,494,137
Changes in receivables	09	(268,588,751,196)	34,205,818,824
Changes in inventories	10	(279,827,190,712)	(177,949,878,039)
Changes in payables	11	(136,114,094,240)	160,320,946,149
Changes in prepaid expenses	12	772,148,681	(15,714,025,517)
Interest paid	14	(29,298,951,564)	(12,557,573,654)
Corporate income tax paid	15	(104,854,037,567)	(100,998,733,008)
Other cash outflows	17	(19,446,665,124)	(43,908,442,589)
Net cash generated by operating activities	20	240,171,214,767	901,284,606,303
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchasing, construction of fixed assets and other long-term assets	21	(486,342,533,930)	(233,991,633,058)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	1,654,183,545	3,334,204,498
3. Cash outflow for lending, buying debt instruments of other entities	23	(2,560,000,000,000)	(3,770,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	2,685,000,000,000	3,525,000,000,000
5. Cash recovered from investments and capital contributions in other entities	26	-	3,205,772,441
6. Interest earned, dividends and profits received	27	179,869,198,694	118,722,503,640
Net cash used in investing activities	30	(179,819,151,691)	(353,729,152,479)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,524,390,415,627	737,940,850,410
2. Repayment of borrowings	34	(1,066,949,277,141)	(830,608,618,329)
3. Dividends and profits paid	36	(457,611,248,500)	(457,611,248,500)
Net cash used in financing activities	40	(170,110,014)	(550,279,016,419)
Net increase/ (decrease) in cash	50	60,181,953,062	(2,723,562,595)
Cash and cash equivalents at the beginning of the year	60	34,017,813,791	36,963,568,653
Effects of changes in foreign exchange rates	61	(65,740,495)	(222,192,267)
Cash and cash equivalents at the end of the period/ year	70	94,134,026,358	34,017,813,791


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant


Toshiyuki Ishii
General Director
19 January 2024

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION****Structure of ownership**

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company under the Business Registration Certificate No.5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

The Company's shares were listed on Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

The largest shareholder of the Company is Taisho Pharmaceutical Co., Ltd which owned 51.01% and the State Capital Investment Corporation ("SCIC") which owned 43.31% of share capital of the Company. SCIC is controlled by Commission for the Management of State Capital at Enterprises.

The Company's head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, S.R. Vietnam.

The number of employees of the Company as at 31 December 2023 was 2,789 (as at 31 December 2022: 2,700).

Operating industry and principal activities

The Company's operating industry is to manufacture and sell pharmaceutical products.

The Company's principal activities are to manufacture and trade pharmaceuticals, health supplement and cosmeceuticals.

Normal production and business cycle

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

Disclosure of information comparability in the financial statements

The comparative figures are the figures of the audited financial statements for the fiscal year ended 31 December 2022.

2 ACCOUNTING CONVENTION AND FISCAL YEAR**Accounting convention**

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

The financial statements are prepared solely to present the financial position of the Company as at 31 December 2023, and its results of operations and cash flows for the Fiscal year ended 31 December 2023. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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



2 ACCOUNTING CONVENTION AND FISCAL YEAR (cont.)**Fiscal year**

The Company's Fiscal year begins on 1 January and ends on 31 December.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of the financial statements, are as follows:

Estimates

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial investments**Held-to-maturity investments**

Held-to-maturity investments comprise investments that the Company's Board of Management has the positive intent or ability to hold to maturity.

Held-to-maturity investments include term deposits to earn periodic interest (except for term deposits presented in Note "Cash and cash equivalents") for the purpose of earning annual interest. These investments are measured at cost less provision for impairment of financial investments. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Interest income from term deposits is recognized in the income statement on accrual basis.

Loan receivables

Loan receivables are measured at cost less provision. Provision for loan receivables is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of investments is made when there is a reliable evidence for declining in value of these investments at the balance sheet date, except for loss that was anticipated in their business plan before the date of investment.

Receivables

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The Company applies the perpetual inventory procedure. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 50
Machinery and equipment	3 - 20
Motor vehicles	3 - 20
Office equipment	3 - 10

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognized in the income statement.

LeasesThe Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

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

Intangible fixed assets and amortization

Intangible fixed assets represent land use rights and computer software that are stated at cost less accumulated amortization.

Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

Computer software is amortized using the straight-line method from 3 to 8 years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Investment properties**

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Company to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 16 years.

Construction in progress

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

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

Land rentals represent the prepaid land rentals. The prepaid land rentals are allocated to the income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labor Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the six consecutive months nearest to the date of the financial statements at the end of each fiscal year. The increase or decrease in the accrued amount shall be recorded in the income statement.

Provision for dismantling and restoration costs

In accordance with Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Unearned revenue**

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. Unearned revenue is recognized for the portion of obligation that the Company has not yet fulfilled to customers.

Revenue recognition

Revenue from the sale of goods is recognized when all five (5) following conditions are satisfied:

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

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

- (a) the amount of revenue can be measured reliably.
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognized when the Company's right to receive payment has been established.

Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of sales of products, goods and services are recorded as deduction of revenue of that year.

Sales deductions for the products, goods or services which are sold in the previous year, incurred after the balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the reporting year.

Customer loyalty programs

Revenue is recognized at total consideration received less fair value of goods and services which are provided to customers for free or at discount. Fair value amounts of goods and services provided for free or at discount are recognized as unearned revenue. If customers do not meet the required conditions stated in the customer loyalty programs at the end of the programs and hence, are not entitled to the free or discounted goods and services, the unearned revenue is realized into the revenue of goods sold and services rendered.

When customers meet all the required conditions and the Company is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Company's income statement at the time that obligations to customers are fulfilled, which means goods are delivered and services are rendered to customers.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Customer loyalty programs (con.t)**

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Company does not act as an agent of the third party, the unearned revenue is realized into the revenue of goods sold and services rendered at the time that third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers. The amount payable to the third party is settlement for payable.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the income statement.

Borrowing costs

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

Taxation

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

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

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply during the year when the liability is settled or the asset realized. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Dividend distribution (cont.)**

The Company's profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting of Shareholders.

Final dividends are declared and paid from retained earnings based on the approval of shareholders at the Annual General Meeting of Shareholders.

Appropriation of the Company's net profit after tax of 2022 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2022: 35% of par value
- Appropriation to the bonus and welfare fund: 3% of net profit after tax
- Operation Fund for Board of Directors, Audit Committee, Committees under the Board of Directors and the Board of Directors' secretary: VND 2,000,000,000
- Remaining net profit after tax was appropriated to the investment and development fund.

4 CASH AND CASH EQUIVALENTS

	31.12.2023 VND	31.12.2022 VND
Cash on hand	12,018,469,000	14,087,199,700
Demand deposits	82,115,557,358	19,930,614,091
	<u>94,134,026,358</u>	<u>34,017,813,791</u>

5 FINANCIAL INVESTMENTS**(a) Short-term financial investments**

Short-term held-to-maturity investments represent term deposits with the original maturity terms from more than 3 months and remaining maturity terms of less than 12 months from reporting date.

Held-to-maturity investments

	31.12.2023		31.12.2022	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>2,230,000,000,000</u>	<u>2,230,000,000,000</u>	<u>2,355,000,000,000</u>	<u>2,355,000,000,000</u>

(b) Long-term financial investments

	31.12.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	24,108,379,057	(19,933,379,057)	24,108,379,057	(20,248,379,057)
	<u>24,108,379,057</u>	<u>(19,933,379,057)</u>	<u>24,108,379,057</u>	<u>(20,248,379,057)</u>

5 FINANCIAL INVESTMENTS (cont.)**(b) Long-term financial investments (cont.)**

(*) Equity investments in other entities:

	31.12.2023 VND	31.12.2022 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	4,108,379,057	4,108,379,057
	<u>24,108,379,057</u>	<u>24,108,379,057</u>

The provision balance as at 31 December 2023 and 31 December 2022 represents the provision for long-term investments in the following other entities:

	31.12.2023 VND	31.12.2022 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,533,379,057	2,848,379,057
	<u>19,933,379,057</u>	<u>20,248,379,057</u>

6 SHORT-TERM TRADE RECEIVABLES

	31.12.2023 VND	31.12.2022 VND
Related parties (Note 38)	359,198,711	777,311,258
Third parties	563,957,369,552	319,720,419,877
	<u>564,316,568,263</u>	<u>320,497,731,135</u>

As at 31 December 2023 and 31 December 2022, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

7 LOAN RECEIVABLES

Short-term loan receivables	31.12.2023 VND	31.12.2022 VND
Loan receivables from customers	257,622,204	257,622,204
	<u>257,622,204</u>	<u>257,622,204</u>

8 OTHER SHORT-TERM RECEIVABLES

	31.12.2023 VND	31.12.2022 VND
Accruals of interest income	77,288,046,583	54,984,580,814
Receivable from employees	11,377,183,395	15,756,494,986
Other receivables	5,200,452,793	10,676,020,227
	<u>93,865,682,771</u>	<u>81,417,096,027</u>

9 BAD DEBTS

	31.12.2023		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	85,898,997,236	50,441,697,643	(35,457,299,593)

	31.12.2022		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	79,342,361,904	38,707,014,425	(40,635,347,479)

As at 31 December 2023 and 31 December 2022, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

Movements in the provision for doubtful debts during the period/year were as follows:

	Fiscal year ended 31.12.2023 VND	Fiscal year ended 31.12.2022 VND
Opening balance	40,635,347,479	49,257,087,303
Reversal of provision in the period/year	(745,684,747)	(5,767,496,131)
Write off in the period/ year	(4,432,363,139)	(2,854,243,693)
Closing balance	35,457,299,593	40,635,347,479

10 INVENTORIES

	31.12.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	141,784,921,498	-	176,818,014,490	-
Raw materials	714,496,974,952	(1,363,391,273)	665,502,268,079	-
Work in progress	61,543,767,889	-	71,622,857,577	-
Finished goods	493,464,850,314	(2,803,598,550)	304,758,756,394	(1,079,381,315)
Merchandise	120,449,976,512	-	33,211,403,913	-
	<u>1,531,740,491,165</u>	<u>(4,166,989,823)</u>	<u>1,251,913,300,453</u>	<u>(1,079,381,315)</u>

10 INVENTORIES (cont.)

Movements in the provision for inventories during the period/year were as follows:

	Fiscal year ended 31.12.2023 VND	Fiscal year ended 31.12.2022 VND
Opening balance	1,079,381,315	1,357,913,392
Additional/ (Reversal) in provision in the period/year	3,087,608,508	(278,532,077)
Closing balance	<u>4,166,989,823</u>	<u>1,079,381,315</u>

The provision for devaluation of inventories was made for inventories of which costs were higher than net realizable value.

As at 31 December 2023 and 31 December 2022, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS**Short-term prepayments**

	31.12.2023 VND	31.12.2022 VND
Prepayment related to operating lease	2,341,616,129	2,200,784,543
Others	8,006,834,996	10,200,723,416
	<u>10,348,451,125</u>	<u>12,401,507,959</u>

Prepayments are allocated within 12 months since the time of prepayment.

Long-term prepayments

	31.12.2023 VND	31.12.2022 VND
Tools and supplies	15,012,818,726	9,960,136,919
Others	30,790,347,291	24,634,832,124
	<u>45,803,166,017</u>	<u>34,594,969,043</u>

Prepayments are allocated in a period of more than 12 months since the time of prepayment.

Movements in long-term prepayments were as follows:

	Fiscal year ended 31.12.2023 VND	Fiscal year ended 31.12.2022 VND
Opening balance	34,594,969,043	15,525,924,704
Increase in the period/year	37,419,236,698	32,829,446,160
Allocation in the period/year	(26,211,039,724)	(13,760,401,821)
Closing balance	<u>45,803,166,017</u>	<u>34,594,969,043</u>

12 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Taxes and other receivables from the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Other paid during the period/year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for domestic goods	-	-	-	-	-
Value added tax for import goods	-	-	-	-	-
Import and export duties	-	-	-	-	-
Corporate income tax	-	-	-	-	-
Personal income tax	-	-	-	(11,712,427,300)	(11,712,427,300)
Land rental fee, land use tax	-	-	(2,125,372,645)	-	(2,125,372,645)
Other taxes	-	-	(83,861,807)	-	(83,861,807)
	-	-	(2,209,234,452)	(11,712,427,300)	(13,921,661,752)

Taxes and other payables to the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Other payables during the period/year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for domestic goods	5,041,879,162	67,674,727,638	(62,521,014,242)	-	10,195,592,558
Value added tax for import goods	-	77,624,703,962	(77,624,703,962)	-	-
Import and export duties	-	15,201,678,091	(15,201,678,091)	-	-
Corporate income tax	12,678,129,908	109,455,622,928	(104,854,037,567)	2,000,000	17,281,715,269
Personal income tax	12,069,460,922	56,076,277,808	(62,899,980,214)	-	5,245,758,516
Land rental fee, land use tax	-	3,118,337,702	(3,118,337,702)	-	-
Other taxes	7,246,737,799	22,902,016,936	(23,627,138,993)	-	6,521,615,742
	37,036,207,791	352,053,365,065	(349,846,890,771)	2,000,000	39,244,682,085

13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2023	578,613,089,225	682,541,039,515	139,507,907,276	81,140,453,544	1,481,802,489,560
Transfer from construction in progress (Note 16)	5,406,899,727	118,798,302,395	10,230,942,289	2,405,701,054	136,841,845,465
Transfer to investment properties (Note 15)	(8,531,138,859)	-	-	-	(8,531,138,859)
Disposals	-	-	(4,972,702,579)	-	(4,972,702,579)
Write off	-	-	-	(85,638,182)	(85,638,182)
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
Accumulated depreciation					
As at 01 January 2023	289,824,233,234	429,607,263,118	105,833,122,063	70,962,994,218	896,227,612,633
Charge for the period/ year	24,418,691,390	51,499,266,358	7,954,635,901	2,842,323,123	86,714,916,772
Transfer to investment properties (Note 15)	(7,352,933,895)	-	-	-	(7,352,933,895)
Disposals	-	-	(4,755,234,437)	-	(4,755,234,437)
Write off	-	-	-	(70,311,752)	(70,311,752)
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
Net book value					
As at 01 January 2023	288,788,855,991	252,933,776,397	33,674,785,213	10,177,459,326	585,574,876,927
As at 31 December 2023	268,598,859,364	320,232,812,434	35,733,623,459	9,725,510,827	634,290,806,084

As at 31 December 2023, the cost of tangible fixed assets included VND 423,984,610,315 (as at 31 December 2022: VND 360,830,354,698) of assets which were fully depreciated but are still in active use.

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
Cost				
As at 01 January 2023	88,310,158,166	143,438,814,993	21,030,169,027	252,779,142,186
Transfer from construction in progress (Note 16)	-	-	500,000,000	500,000,000
Transfer to investment properties (Note 15)	(5,189,553,965)	(13,800,961,500)	-	(18,990,515,465)
As at 31 December 2023	<u>83,120,604,201</u>	<u>129,637,853,493</u>	<u>21,530,169,027</u>	<u>234,288,626,721</u>
Accumulated amortization				
As at 01 January 2023	-	32,766,612,466	18,200,317,573	50,966,930,039
Charge for the period/year	-	2,781,096,174	984,095,773	3,765,191,947
Transfer to investment properties (Note 15)	-	(2,304,039,076)	-	(2,304,039,076)
As at 31 December 2023	-	<u>33,243,669,564</u>	<u>19,184,413,346</u>	<u>52,428,082,910</u>
Net book value				
As at 01 January 2023	<u>88,310,158,166</u>	<u>110,672,202,527</u>	<u>2,829,851,454</u>	<u>201,812,212,147</u>
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 31 December 2023, the cost of intangible fixed assets included VND 16,285,369,257 (as at 31 December 2022: VND 16,241,274,257) of assets which were fully amortized but are still in use.

15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
Cost	
As at 01 January 2023	17,304,956,819
Transfer from tangible fixed assets (Note 13)	8,531,138,859
Transfer from intangible fixed assets (Note 14)	18,990,515,465
As at 31 December 2023	<u>44,826,611,143</u>
Accumulated depreciation	
As at 01 January 2023	2,995,974,939
Charge for the period/ year	692,658,858
Transfer from tangible fixed assets (Note 13)	7,352,933,895
Transfer from intangible fixed assets (Note 14)	2,304,039,076
As at 31 December 2023	<u>13,345,606,768</u>
Net book value	
As at 01 January 2023	<u>14,308,981,880</u>
As at 31 December 2023	<u>31,481,004,375</u>

15 INVESTMENT PROPERTIES (cont.)

As at 31 December 2023, the cost of investment properties which were fully depreciated but are still in active use included VND 921,497,780 (as at 31 December 2022: VND 232,067,069).

Pursuant to the Evaluation Results Report issued by DHG's Finance Department on 31 Dec 2023, the fair value of the Company's investment properties was VND 109,233,000,000 which was still determined according to the valuation certificate issued by South East Appraisal and Consulting Corporation Company on 05 August 2020 and the valuation certificate issued by VAS Valuation Co., Ltd on 17 January 2023. South East Appraisal and Consulting Corporation Company and VAS Valuation Co., Ltd are independent valuation companies, not related parties of the Company. These companies have a valid practicing certificate and have experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

16 LONG-TERM ASSETS IN PROGRESS

	31.12.2023 VND	31.12.2022 VND
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Other repairs and renovation	3,360,669,025	3,949,522,139
Purchasing machineries	6,833,612,393	32,006,271,272
REB product project	3,141,815,687	3,143,357,535
CTP product project	-	202,029,350
BUD product project	-	1,293,522,895
LUS product project	4,876,289,803	1,722,095,670
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	500,090,529,373	46,805,512,282
	<u>521,776,865,055</u>	<u>92,596,259,917</u>

Movements of construction in progress in the period/year:

	Fiscal year ended 31.12.2023 VND	Fiscal year ended 31.12.2022 VND
Opening balance	92,596,259,917	69,507,677,936
Purchases	614,480,402,114	150,100,167,202
Transfer to tangible fixed assets (Note 13)	(136,841,845,465)	(105,713,348,334)
Transfer to intangible fixed assets (Note 14)	(500,000,000)	-
Transfer to prepayments, tools and supplies	(9,927,288,821)	(9,153,400,385)
Transfer to expenses in the period/year	(38,030,662,690)	(12,144,836,502)
Closing balance	<u>521,776,865,055</u>	<u>92,596,259,917</u>

17 DEFERRED TAX ASSETS

	31.12.2023 VND	31.12.2022 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	84,361,050,220	79,224,066,675
Deferred tax assets	<u>16,872,210,044</u>	<u>15,844,813,335</u>

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits arising from intra-group transactions of assets acquisition between the Company and its old subsidiaries in the Company which are dissolved.

17 DEFERRED TAX ASSETS (con.t)

Movements of deferred tax assets in the period/year were as follows:

	Fiscal year ended 31.12.2023 VND	Fiscal year ended 31.12.2022 VND
Opening balance	15,844,813,335	17,534,939,531
Additional/ (Reversal) in deferred tax assets	1,035,075,355	(1,646,891,427)
Change of eliminated entry of fixed assets	(7,678,646)	(43,234,769)
Closing balance	<u>16,872,210,044</u>	<u>15,844,813,335</u>

18 SHORT-TERM TRADE PAYABLES

	31.12.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 38)	2,101,677,528	2,101,677,528	-	-
Third parties (*)	<u>208,812,006,489</u>	<u>208,812,006,489</u>	<u>364,379,191,011</u>	<u>364,379,191,011</u>
	<u>210,913,684,017</u>	<u>210,913,684,017</u>	<u>364,379,191,011</u>	<u>364,379,191,011</u>

(*) Suppliers accounting for 10% or more of total trade accounts payable balance were as follows:

	31.12.2023 VND	31.12.2022 VND
APC Pharmaceuticals and Chemical Limited	-	64,276,216,447
Nomura Trading Co., Ltd	69,114,460,800	56,688,597,000

As at 31 December 2023 and 31 December 2022, there was no balance of short-term trade payables that were past due.

19 SHORT-TERM ACCRUED EXPENSES

	31.12.2023 VND	31.12.2022 VND
Interest payable	340,176,821	109,623,323
Payment discount	4,547,353,282	4,520,921,880
Other accruals	27,274,887,548	19,733,844,584
	<u>32,162,417,651</u>	<u>24,364,389,787</u>

20 SHORT-TERM UNEARNED REVENUE

	31.12.2023 VND	31.12.2022 VND
Unearned revenue from customer loyalty programs (Note 3)	<u>43,702,028,314</u>	<u>34,043,466,112</u>

21 OTHER SHORT-TERM PAYABLES

	31.12.2023 VND	31.12.2022 VND
Union fee	609,770,604	557,184,346
Others	1,546,008,416	1,287,335,621
	<u>2,155,779,020</u>	<u>1,844,519,967</u>

22 SHORT-TERM LOANS

	31.12.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	572,164,547,560	572,164,547,560	114,723,409,074	114,723,409,074
	<u>572,164,547,560</u>	<u>572,164,547,560</u>	<u>114,723,409,074</u>	<u>114,723,409,074</u>

Movements of short-term loans during the period/year were as follows:

	As at 01.01.2023 VND	Increases VND	Decreases VND	As at 31.12.2023 VND
Loans from banks (*)	114,723,409,074	2,010,535,541,031	(1,553,094,402,545)	572,164,547,560
	<u>114,723,409,074</u>	<u>2,010,535,541,031</u>	<u>(1,553,094,402,545)</u>	<u>572,164,547,560</u>

(*) These loans bear interests at the rates ranging from 0.26% to 0.58% per month (in 2022: from 0.27% to 0.58% per month).

As at 31 December 2023 and 31 December 2022, there was no short-term loan that was past due.

23 BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and to use for Operation Fund for Board of Directors in accordance with the Company's AGM Resolution.

Movements of bonus and welfare funds during the period/year were as follows:

	Bonus and welfare fund VND	Welfare fund in form of assets VND	Operation Fund for Board of Directors VND	Total VND
Opening balance	4,117,498,016	8,518,827,326	7,600,640,034	20,236,965,376
Appropriation to the funds in the period/year	29,653,639,382	-	2,000,000,000	31,653,639,382
Depreciation of assets formed from the funds	-	(907,063,417)	-	(907,063,417)
Utilization	(18,673,987,931)	-	(772,677,193)	(19,446,665,124)
Closing balance	<u>15,097,149,467</u>	<u>7,611,763,909</u>	<u>8,827,962,841</u>	<u>31,536,876,217</u>

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	31,302,591,613	27,524,657,902	58,827,249,515
Additional provision in the period/year	3,937,690,152	2,190,873,780	6,128,563,932
Utilization of provisions	-	(638,187,157)	(638,187,157)
Closing balance	<u>35,240,281,765</u>	<u>29,077,344,525</u>	<u>64,317,626,290</u>

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 05/2022/TTLT-BKHCHN-BTC dated 31 May 2022 issued by the Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 7 November 2022 issued by the Ministry of Finance, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement is paid for research and development activities.

Movements of science and technology development funds during the period/year were as follows:

	Science and technology development fund in form of assets VND
Opening balance	6,285,647,605
Depreciation of assets formed from the funds	<u>(2,305,708,674)</u>
Closing balance	<u>3,979,938,931</u>

26 OWNER'S EQUITY

Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2022	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,636	3,790,010,097,666
Net profit for the year	-	-	-	988,454,646,072	988,454,646,072
Dividends for 2021	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	290,291,885,752	(290,291,885,752)	-
Appropriation to bonus and welfare funds	-	-	-	(23,316,591,781)	(23,316,591,781)
Appropriation to Operation Fund for Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance 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/year	-	-	-	1,051,490,144,018	1,051,490,144,018
Dividends for 2022	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	499,189,758,190	(499,189,758,190)	-
Appropriation to bonus and welfare funds	-	-	-	(29,653,639,382)	(29,653,639,382)
Appropriation to Operation Fund for Board of Directors	-	-	-	(2,000,000,000)	(2,000,000,000)
Balance as at 31 December 2023	1,307,460,710,000	6,778,948,000	2,458,122,657,972	1,081,399,843,621	4,853,762,159,593

26 OWNER'S EQUITY (cont.)

Charter capital

	31.12.2023		31.12.2022	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets.

Dividends

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2022 at 35% in cash, equivalent to VND 457,611,248,500. On 19 May 2023, the Company paid all the dividends of the year 2022.

Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2022 at the rate of 3%, equivalent to the amount of VND 29,653,639,382, and also used for the Operation Fund for Board of Directors, Audit Committee, members of other Committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 2,000,000,000. The remaining profit after tax of 2022 is distributed to the Investment and Development Fund.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

	31.12.2023	31.12.2022
United states Dollar (USD)	277,633	127,152
Euros (EUR)	1,500	796
Yen (JPY)	283,574	28,523

Bad debts written off

	31.12.2023 VND	31.12.2022 VND
Bad debts written off	12,879,556,888	8,501,993,749

28 REVENUES

	For the 3-month period ended		For the year ended	
	31.12.2023 VND	31.12.2022 VND	31.12.2023 VND	31.12.2022 VND
Sales				
Sales of finished goods	1,579,581,504,628	1,323,011,975,280	5,157,905,537,774	4,674,068,394,415
Sales of merchandise	261,469,418,120	135,492,372,913	607,797,471,503	505,553,260,115
Others	517,568,471	512,702,532	2,031,502,644	2,118,143,244
	<u>1,841,568,491,219</u>	<u>1,459,017,050,725</u>	<u>5,767,734,511,921</u>	<u>5,181,739,797,774</u>
Deductions				
Sales discount	306,522,723,069	128,381,079,318	750,774,864,059	503,283,761,465
Sales return	320,405,126	347,489,400	1,564,607,141	2,440,028,482
	<u>306,843,128,195</u>	<u>128,728,568,718</u>	<u>752,339,471,200</u>	<u>505,723,789,947</u>
Net sales	<u>1,534,725,363,024</u>	<u>1,330,288,482,007</u>	<u>5,015,395,040,721</u>	<u>4,676,016,007,827</u>
In which:				
Sales of finished goods	1,274,839,122,241	1,196,325,302,143	4,412,391,121,835	4,173,279,672,475
Sales of merchandise	259,368,672,312	133,450,477,332	600,972,416,242	500,618,192,108
Others	517,568,471	512,702,532	2,031,502,644	2,118,143,244

Goods in transit's revenue have not been recognized as at 31 December 2023: VND 1,133,744,189 (as at 31 December 2022: VND 112,494,990,265).

29 COST OF SALES

	For the 3-month period ended		For the year ended	
	31.12.2023 VND	31.12.2022 VND	31.12.2023 VND	31.12.2022 VND
Cost of finished goods sold	627,106,753,582	586,868,706,455	2,104,175,068,078	1,953,900,896,261
Cost of merchandise sold	251,194,816,509	122,397,635,863	564,587,320,800	464,898,700,515
Additional/ Reversal provision for devaluation of inventories	3,328,124,168	137,870,061	3,087,608,508	(278,532,077)
	<u>881,629,694,259</u>	<u>709,404,212,379</u>	<u>2,671,849,997,386</u>	<u>2,418,521,064,699</u>

30 FINANCIAL INCOMES

	For the 3-month period ended		For the year ended	
	31.12.2023 VND	31.12.2022 VND	31.12.2023 VND	31.12.2022 VND
Interest income	47,989,914,474	28,912,042,213	202,172,664,463	120,337,046,098
Foreign exchange gain	4,409,480,175	11,685,378,551	15,717,622,005	16,805,861,609
	<u>52,399,394,649</u>	<u>40,597,420,764</u>	<u>217,890,286,468</u>	<u>137,142,907,707</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the year ended	
	31.12.2023 VND	31.12.2022 VND	31.12.2023 VND	31.12.2022 VND
Interest expenses	7,716,330,263	398,431,376	29,529,505,062	12,558,694,966
Foreign exchange losses	1,996,900,895	7,652,883,524	10,137,812,250	13,218,545,603
Settlement discount	15,181,871,681	20,973,347,896	51,502,198,439	74,558,518,072
(Reversal)/ Additional provision for impairment of long-term financial investments	(17,500,000)	261,398,854	(315,000,000)	772,552,493
Other financial expenses	151,200	144,900	54,649,482	54,649,482
	<u>24,877,754,039</u>	<u>29,286,206,550</u>	<u>90,909,165,233</u>	<u>101,162,960,616</u>

32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	VND	VND	VND	VND
Staff cost	133,521,270,933	119,405,454,195	492,922,268,110	467,513,227,004
Advertising expenses	42,411,033,587	60,527,584,421	128,161,573,161	138,011,427,976
Others	121,159,971,075	107,648,215,705	357,340,629,484	307,679,842,943
	<u>297,092,275,595</u>	<u>287,581,254,321</u>	<u>978,424,470,755</u>	<u>913,204,497,923</u>

General & administrative expenses

	For the 3-month period ended		For the year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	VND	VND	VND	VND
Staff cost	52,024,229,753	53,090,840,090	198,812,114,685	187,184,736,798
Others	32,324,998,894	20,263,388,404	113,283,073,174	81,028,021,792
	<u>84,349,228,647</u>	<u>73,354,228,494</u>	<u>312,095,187,859</u>	<u>268,212,758,590</u>

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended		For the year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	VND	VND	VND	VND
Gain from disposals of fixed assets and other long-term assets	877,176,424	(340,453,024)	1,436,715,403	2,518,290,658
Receiving supports from Taisho and related companies of Taisho	-	603,385	52,898,599	4,217,453,993
Technology transfer and product development	199,402,500	-	199,402,500	1,280,950,000
Income from research services	-	-	207,457,537	-
Royalty fee for the products	160,738,718	-	160,738,718	-
Others	786,261,430	448,836,610	3,048,729,326	1,656,937,570
	<u>2,023,579,072</u>	<u>108,986,971</u>	<u>5,105,942,083</u>	<u>9,673,632,221</u>

Other expenses

	For the 3-month period ended		For the year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	VND	VND	VND	VND
Depreciation expense	169,097,873	220,280,551	710,014,478	1,107,292,238
Incurred expenses due to the impact of the Covid-19 pandemic	-	-	-	58,333,676
Supporting fee for business households	6,228,167,271	6,967,396,682	18,510,618,622	18,000,000,000
Others	2,164,118,330	953,663,309	5,973,444,702	2,952,321,077
	<u>8,561,383,474</u>	<u>8,141,340,542</u>	<u>25,194,077,802</u>	<u>22,117,946,991</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Raw materials and consumables	2,613,642,695,128	2,300,681,436,877
Staff cost	1,018,927,992,329	969,929,752,879
Depreciation and amortization	87,249,981,008	79,893,794,721
Out-sourced services	295,989,821,950	276,728,105,018
Other expenses	345,641,420,181	293,218,331,597
	<u>4,361,451,910,596</u>	<u>3,920,451,421,092</u>

35 CURRENT AND DEFERRED CORPORATE INCOME TAX

The current corporate income tax expense for the period/year was computed as follows:

	Fiscal year ended	
	31.12.2023 VND	31.12.2022 VND
Accounting profit before tax	1,159,918,370,237	1,099,613,318,936
Tax calculated at a normal rate of 20%	231,983,674,047	219,922,663,787
Adjustments for:		
Expenses not deductible for tax purposes	11,548,123,162	8,283,157,549
Under provision of tax in the prior year	324,925,359	64,336,348
Non-taxable income	(4,236,461,068)	-
Corporate income tax incentives at branches	(130,164,638,572)	(118,801,611,016)
Corporate income tax expense	<u>109,455,622,928</u>	<u>109,468,546,668</u>

Movements in deferred corporate tax expense/ (income) during the period/year were as follows:

	Fiscal year ended	
	31.12.2023 VND	31.12.2022 VND
Deferred corporate tax (income)/ expense	(1,035,075,355)	1,646,891,427
Change of eliminated entry of fixed assets	7,678,646	43,234,769
	<u>(1,027,396,709)</u>	<u>1,690,126,196</u>

Applicable tax rates

Since 01 April 2018, DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) and DHG Packaging and Printing 1 One Member Limited Company (DHG PP1) have been merged into the Company and still have the following preferential tax rates:

- Pursuant to the investment certificate, DHG PP1 is obliged to pay corporate income tax (CIT) at the rate of 10% of taxable income from 2014 to 2028. Under terms in investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and 50% tax reduction from 2018 to 2026.
- Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is obliged to pay CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma Ltd. is entitled to the CIT exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma Ltd. has registered to apply the above tax incentives effective from the fiscal year 2015.

All above tax incentives are not applicable to remaining income which is entitled to the normal rate of 20%.

36 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the period/year, excluding ordinary shares repurchased by the Company and held as treasury shares.

	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Accounting profit after corporate income tax	1,051,490,144,018	988,454,646,072
Appropriation to fund (*)	(33,544,704,321)	(31,653,639,382)
Profit attributable to ordinary shareholders	<u>1,017,945,439,697</u>	<u>956,801,006,690</u>
Weighted average ordinary shares in circulation for the period (share)	130,746,071	130,746,071
Basic earnings per share	7,786	7,318

(*) Estimated amounts appropriated to the bonus and welfare funds and the operation fund of Board of Management for the year ended 31 December 2023 are determined based on the planned appropriation percentage of profit distribution to the bonus and welfare funds at the rate of 3% and the operation fund of Board of Management with amount of VND 2,000,000,000 in accordance with Resolution of the Parent Company's Annual General Meeting No. 001/2023/NQ.DHDCD dated 19 April 2023.

The Company does not have potentially diluted ordinary shares.

37 COMMITMENTS

a) Operating lease commitment

	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	2,860,574,856	7,100,437,142

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases as follows:

	Land lease	
	31.12.2023	31.12.2022
	VND	VND
Within one year	7,076,437,142	7,076,437,142
In the first to fifth year inclusive	28,305,748,568	28,305,748,568
After five years	107,988,278,643	115,162,999,634
	<u>143,370,464,353</u>	<u>150,545,185,344</u>

b) Capital commitment

Capital expenditure contracted for at the balance sheet date was as follows:

	31.12.2023	31.12.2022
	VND	VND
Approved but not contracted	77,981,246,963	126,365,032,147
Approved and contracted but not implemented	8,673,735,519	407,802,027,692
	<u>86,654,982,482</u>	<u>534,167,059,839</u>

38 TRANSACTIONS WITH RELATED PARTIES (cont.)

Remuneration paid to the Company's the Board of Directors and the Management during the period was as follows:

Name	Title	Fiscal year ended	
		31.12.2023	31.12.2022
		VND	VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	850,000,000	700,000,000
Mr. Jun Kuroda	Board of Directors Member	595,000,000	490,000,000
Mr. Masashi Nakaura	Board of Directors Member (resigned from 19 April 2023) cum General Director (resigned from 31 December 2022)	1,378,686,904	5,429,405,676
Mr. Toshiyuki Ishii	Board of Directors Member (appointed from 19 April 2023) cum General Director (appointed from 1 January 2023)	3,711,415,463	
Mr. Maki Kamijo	Board of Directors Member	675,000,000	490,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	4,608,311,860	4,675,582,978
Mr. Do Le Hung	Board of Directors Member	765,000,000	765,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member	625,000,000	595,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	2,991,480,986	2,949,130,423
Mr. Tomoyuki Kawata	Deputy General Director	2,994,189,911	2,860,483,376
Mr. Tran Duy Hung	Marketing Director (under the Board of Management from 1 May 2023)	3,102,982,760	2,676,854,365
Ms. Le Thi Hong Nhung	Finance Director (under the Board of Management from 1 May 2023)	1,560,786,553	1,397,437,128
Ms. Vu Thi Huong Lan	Human Resources Director (under the Board of Management from 1 May 2023)	1,578,491,310	1,399,725,368
		<u>25,436,345,747</u>	<u>24,428,619,314</u>

Related party balances at the balance sheet date were as follows:

	31.12.2023	31.12.2022
	VND	VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	359,198,711	777,311,258
Trade payables		
Taisho Pharmaceutical Co.,Ltd	2,101,677,528	-
Short-term advances from customers		
Taisho Pharmaceutical Co.,Ltd	604,786,764	-

39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(a) Non-cash transactions affecting the cash flow statement

	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Appropriation to reserves from profit	530,843,397,572	319,608,477,533
Transfers from construction in progress to tangible fixed assets	136,841,845,465	105,713,348,334
Transfers from construction in progress to intangible fixed assets	500,000,000	-
Transfers from construction in progress to prepayments, tools and supplies	9,927,288,821	9,153,400,385
Transfers from tangible fixed assets to investment properties	8,531,138,859	-
Transfers from intangible fixed assets to investment properties	18,990,515,465	-
Accrued interest payables	340,176,821	109,623,323
Accrued interest income	77,288,046,583	54,984,580,814

(b) Proceeds from borrowings

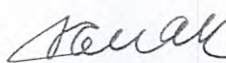
	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Proceeds from borrowings under normal contracts not over 3 months	486,145,125,404	221,316,648,610
Proceeds from borrowings under normal contracts over 3 months	1,524,390,415,627	737,940,850,410

(c) Repayment of borrowings

	Fiscal year ended	
	31.12.2023	31.12.2022
	VND	VND
Repayment of borrowings under normal contracts not over 3 months	486,145,125,404	221,316,648,610
Repayment of borrowings under normal contracts	1,066,949,277,141	830,608,618,329



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
19 January 2024

