

Hanoi, April 14, 2023

STATEMENT

2023 ANNUAL GENERAL MEETING

re: results of production and business activities in 2022, BoD activities in 2022, and the plan of production and business activities for 2023

To: GENERAL ASSEMBLY OF SHAREHOLDERS TRAPHACO JSC.

The Board of Directors (BoD) reports to the General Assembly of Shareholders (AGM) the business performance & activities in 2022 and the plan for 2023, specifically as follows:

PART 1: BUSINESS PERFORMANCE & ACTIVITIES IN 2022

I. Overview of the pharmaceutical industry and business performance & activities in 2022

1. Overview of the pharmaceutical industry in 2022

- In Q1/2022, the number of Covid cases still increased in most provinces and cities across the country with about 120,000 cases per day, peaking at nearly 200,000 cases per day. People are looking to buy test kits, fever-reducing drugs, antibiotics, vitamins, nasal sprays, mouthwashes... Demand for products such as alcohol, physiological saline, medicine to treat colds, coughs, fevers ... increases.
- Raw material prices are volatile, tend to increase due to instability in the world, the war between Russia and Ukraine, along with many countries restricting exports, leading to scarcity supply of domestic and foreign raw materials, transportation faced many difficulties, the global supply chains are disrupted.
- The health industry has many officers being disciplined, affecting the operation of the industry, the bidding work at public hospitals is still inadequate, there is a shortage of drugs in some hospitals.
- The pharmaceutical industry has a very large number of expired registration numbers, advertising activities face many difficulties due to the expiration of registration numbers. Some pharmaceutical companies have increased production, stockpiled large quantities of goods and promoted promotions to push goods into pharmacies.
- Modern pharmacy chains develop strongly, on a large scale from urban to rural areas, in fierce competition with traditional pharmacies leads to traditional pharmacies being affected by sales, large inventory on the shelves, especially small scale pharmacies.

2. Business performance in 2022

(according to the consolidated report)

No.	Indicators	Plan 2022	Perform 2022	Ratio to plan	Growth vs 2021
1.	Net revenue from sales of goods and rendering of services	2,345 billion VND	2,399 billion VND	+2.3%	+11%
1.1	Parent company revenue	2,108	2,201	+4.4%	+14.9%
	- OTC revenue	1,936	2,025	+4.6%	+17.8%
	- ETC revenue	172	176	+2.3%	+23.9%
1.2	Revenue from subsidiaries	237	218	-8.0%	-14%
	- Bamepharm	220	204	-7.3%	-16%
	- Traphaco CNC	12	7	-41.7%	+4%
	- TraphacoSapa	5	7	+40%	+106%
1.3	Other revenue and adjustment	0	-20		
2	Consolidated profit after tax	286 billion	293 billion	+2.6%	+11%
3	Income of employees of parent company increases compared to 2021	+5%	+12.8%		+12.8%
4	Number of new products to be produced and launched to the market (in which chemical drugs ≥ 4)	8 products	16	+100%	
5	Sales of new products to market from 2021	65 billion	156 billion	+140%	
6	Annual registration number and ownership announcement.	170 numbers	200	+17.6%	

Proportion of revenue segments:

Unit: billion VND

	Herbal	Non-herbal	Total
OTC	1,503.4 (56.8%)	958.6 (36.2%)	2,462 (93%)
ETC	161.9 (6.1%)	23.85 (0.9%)	185.75 (7%)
Total	1,665.3 (62.9%)	982.45 (37.1%)	2,647.75 (100%)

- In 2022, the Company exceeded the revenue and profit targets assigned by the General Assembly of Shareholders.

- Traphaco's revenue grew +11%, profit increased +11% compared to the high base level of 2021, in the group of enterprises with good growth in terms of revenue and profit.
- Reasons for exceeding the revenue plan:
 - ✓ The Board of Directors closely supported and directed the Board of Management (BoM) to have timely solutions.
 - ✓ The success of the Company's Restructuring project implemented at the end of 2021 with a new management model and method that has changed the way the Company operates in a more efficient direction, promoting a breakthrough at all stages, bring in great efficiency.
 - ✓ Success of the policy of splitting herbal vs non-herbal segments: revenue from non-herbal products grew well, exceeding +25% of the plan, growing +38% over the same period; areas with significant increases: Nghe An (+46%), Phu Tho (+41%), Vinh Phuc (+35%), Khanh Hoa (+32%), Hanoi 1 (+26%)...
 - ✓ The blocs of Sales and Marketing worked closely together with many flexible and appropriate sales policies and programs. Sales policies are supported by customers, the business is faithful and mutual-benefit oriented. Epidemic-prevention products are manufactured and timely launched to the market during the complicated and stressful situation of the Covid-19 epidemic. Revenue of some product lines increased sharply, for example: coughing-cure products, immune booster...
 - ✓ The Company has a strong distribution system throughout the country, ensuring the continuous supply of goods to the market without interruption due to lockdown.
 - ✓ The Company has a well-managed manufacturing system, that fully meets goods with stable prices even when the demand for goods increases.
 - ✓ ETC channel completed the revenue target. Winning tender packages have been exploited well. Expansion of tenders-imposed to non-public hospitals.
 - ✓ Revenue of 3rd-party products: VND 214 billion, accounted for nearly 9% of total revenue, exceeded by 36% of the target, +50% growth over the same period.
 - ✓ Sales of modern trade pharmacies gradually increased over the years (over 63% was from Long Chau chain), up +60% over the same period.
 - ✓ Good support and welfare policies for employees during the epidemic, along with the efforts to overcome difficulties in epidemic conditions of the entire Company in general and the sales bloc in particular, which had created good business results for the Company.
 - ✓ Success in the implementation of the 2022 production and business plan mainly comes from the recognition, assessment, forecasting, and orientation of the Board of Management, synchronization in planning, production, goods rotation

and sales, meeting goods to the market with appropriate sales and marketing policies.

- Reasons for exceeding the profit target:
 - ✓ Sales of products with good profit margins meet the set plan.
 - ✓ The Company managed costs well through budget planning.
 - ✓ The Company well regulated production and inventory plans, maintained stable input prices.
 - ✓ The Company managed cash flow well, reduced financial expenses and increased financial revenue.
 - ✓ Revenue exceeded the target assigned by the General Assembly of Shareholders.

3. Financial indicators

No.	Financial indicator	Unit	2022	2021
1.	ROS	%	12.23	12.24
2.	ROE	%	16.66	15.75
3.	ROA	%	22.17	21.68
4.	Asset turnover	Time	1.32	1.27
5.	Inventory turnover	Time	5.92	5.14
6.	Current Ratio	Time	2.81	2.49
7.	Ratio of Inventory/Self-financed Working Capital	%	60.20	58.44
8.	Interest coverage ratio	Time	339.70	61.87
9.	Liabilities/Equity	%	34.18	37.63
10.	Average days of receivables	Day	25.94	26.98

II. Major activities of the Company in 2022

In 2022, the Board of Management implemented the Resolution of the General Assembly of Shareholders on March 31, 2022 and the directions of the Board of Directors:

- Closely implemented the Delegation of Authority, Restructure the departments in the direction of herbal vs non-herbal segment split-up. Rebuild procedures to align with organizational chart.
- Implement the herbal vs non-herbal medical representative split-up phase 2: continue to split 7 more provinces, bringing the total number of split-up provinces to 13.
- Enhance core competencies of the Company through the application of modern management technology:
 - ✓ Upgrade DMS system to support the administration and operation of the sales bloc's restructuring from early stages ,
 - ✓ Deploy BI smart reporting on new platform, ensuring effective control-activities from the Company to provinces,

- ✓ Review and evaluate implemented system such as ERP, DMS,...; propose to consult the development of digital transformation target in the period of 2023 – 2025.
- Deploy GMP-EU feasibility assessment for Traphaco Hung Yen plant.
- Strengthen customer care activities, direct communication to pharmacy's owners, series of activities to celebrate the 50th-year Company's traditional day anniversary in November 28, 2022.
- The Company is honored to receive the First-Class Labour Medal, creating great reputation and impression in the industry, thereby increasing Traphaco's brand value.
- The total number of registrations/publications exceeded the target with 200/170 numbers, an increase of 36 numbers compared to 2021.
- The number of new products exceeded the target with 16/8 new products (18 SKUs), the highest number in recent years. Sales of new products in 2022 reached VND 74 billion (+54% target). Sales of newly deployed products to the market from 2021 reached 156 billion (+140% target). This result confirms the capacity and spirit of the entire system.
- Enhance Technology transfer activities:
 - ✓ Deploy production of 4 phase-1 technology transfer products, initially deploying to the market on OTC channel.
 - ✓ Complete the signing of the Phase-2 technology transfer contract with Daewoong.
 - ✓ Gain bioequivalence certification for 3 products DW-TRA TimaRo5, DW-TRA TimaRo 10 and DW-TRA TimaRo 20. Bioequivalence results for 3 products Bexita 50/1000, Bexita 50/850, Bexita 50/500.
 - ✓ Organize and select 20 SKUs to negotiate to receive Phase-3 technology transfer with Daewoong and other partners.
- The Company implemented a project to reform salary regulations in order to build a competitive salary and bonus mechanism, attract talents, and ensure the rights and interests of employees.
- The Company has established a Project Management Unit to ensure stable and effective operation of the Company after the end of the land lease contract in Hoang Liet area (in 2029).
- Develop and complete regulations on financial management, purchasing...

Some considerable awards the company achieved in 2022

1. First-class Labor Medal awarded by the President on November 9, 2022.
2. Flag "Excellent unit of emulation movement" of Hanoi People's Committee on July 13, 2022
3. Emulation flag of the Vietnam General Confederation of Labor on December 20, 2022

BRAND

1. National Brand for the 6th consecutive time voted by the National Brand Council - Ministry of Industry and Trade on November 2, 2022.
2. Top 50 best listed companies in Vietnam voted by Forbes Vietnam on August 4, 2022.
3. Top 50 most effective business companies in Vietnam in 2022 voted by Nhịp Cầu Đầu Tư Magazine Organizing Committee on December 1, 2022.
4. Top 5 best governance enterprises by Ho Chi Minh City Stock Exchange on December 2, 2022.

SUSTAINABLE DEVELOPMENT

1. ACES Awards – Outstanding and Sustainable Enterprise in Asia 2022 voted by Mors Group on November 18, 2022.
2. Asian Experience Awards - The best customer experience in Asia 2022 voted by the international magazine The Asian Business Review on October 18, 2022.
3. Top 10 CSI 2022 Sustainable Enterprises voted by Vietnam Chamber of Commerce and Industry (VCCI), Vietnam Business Council for Sustainable Development (VBCSD) on December 1, 2022.
4. Typical Enterprise for Employees voted by the Vietnam General Confederation of Labor in collaboration with the The Ministry of Labor - Invalids and Social Affairs, and the Vietnam Chamber of Commerce and Industry (VCCI) on November 16, 2022.

The CEO was personally awarded with Second-class Labor Medal.

III. Performance of Subsidiaries

1. *Traphaco Hung Yen Co., Ltd*

- After the first 5 years of operation, Traphaco Hung Yen has effectively exploited the plant.
- Paid off the investment loan 31 months in advance.
- Completed the targets of revenue and profit, finishing 2 months ahead of plan.
- Some products account for a large proportion of revenue: coughing-cure, mouthwash, eye-nasal drops Natri Clorid 0,9%, Dibetalic, Stilux.
- Investments in the year: VND 12 billion, including main items: roofing the way between warehouses and production workshops, adding fire protection systems as prescribed, buying automatic capsule packing machine system, test equipment...

Business performance in 2022

No.	Targets	2022			
		Target 2022	Performed 2022	Ratio to target	Growth vs 2021
1	Net revenue (billion VND) (without VAT)	311	352	+13.5%	+46%

2	Profit after tax (billion VND)	26.2	37.5	+43.1%	+21%
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2. Traphaco CNC JSC

- Main targets: revenue reached VND 583.4 billion, exceed +2.7% of the plan; Profit reached VND 45 billion, exceed by +4.7% of the plan.
- Revenue of manufactured goods sold to Traphaco: exceeded the plan by VND 14 billion, equivalent to +13%, due to the growth in new products, anti-epidemic products such as Methorphan Bee increased by 5.7 times compared to the plan ~ VND 15,1 billion, Methorphan Bee throat spray, Xuyen Tam Lien, Slaska new, Ginger tea.
- Revenue from toll-manufactured goods sold to Traphaco: exceeded the plan by VND 2.5 billion, equivalent to +0.6%, due to the growth in sales of Hoat huyet duong nao sugar-coated capsules Cebraton-S 5 blisters, exceeding +87% compared to the plan, Cebraton 5 blister soft capsules exceeded +16.8% compared to plan, Hoat huyet duong nao film-coated tablet 5 blisters exceeded +19.3% compared to the plan and switched to glue-processing from Binh Luc to Traphaco CNC.
- Profit after tax exceeded the plan, however, over the same period only increased by +4.5% because from 2022 the company will no longer enjoy the preferential CIT rate of 10% for medicinal products. (CIT in 2022 is expected to be VND 12.6 billion, CIT in 2021 is VND 6.1 billion. If still enjoying the preferential CIT rate of 10% as in 2021, NPAT in 2022 will be VND 50.04 billion – growth +16.2%).
- Research and development of new products: New products' revenue in 2022 reached VND 28.5 billion, exceed by 42.5% of the plan (VND 20 billion). In 2022, Traphaco CNC owns 52 valid registration/publication numbers. (Besides, on August 25, 2022, Traphaco CNC owns 06 registration numbers of traditional medicines).
- Major investments in 2022: Total cost was VND 18.9 billion: investment in fluidized bed boiler 4 tons/h; multi-purpose herb extract; liquid chromatography system; 35/0.4kV substation; ERP business management software. The company is investing in sugar-coating machines; Gelatin cooking pot; invest in expanding soft capsule workshop...
- Successfully organized the General Meeting of Shareholders for the term 2022-2027, elected a new Board of Directors and Board of Management.

Business performance in 2022

No.	Targets	2022			
		Target 2022	Performed 2022	Ratio to target	Growth vs 2021

1	Net revenue (billion VND) (without VAT)	568	583.4	+2.7%	+7%
2	Profit after tax (billion VND)	43	45	+4.7%	+4.5%

3. Traphaco Sapa Co. Ltd

- Re-certified UEFT.
- Complete the GDP review and recertification.
- Receive the Decision on non-agricultural land tax exemption at Lao Cai Factory.
- Add 01 Cordyceps Capsule product into Traphaco distribution system.
- Develop the number of households, increase the production of artichokes to meet the demand for increased production in 2022.
- About the company's headquarters in Sa Pa: there is a document from the People's Committee of Lao Cai province directing Sapa town to determine and complete the next procedure to allocate new land to the company, the company has actively worked with the Provincial Department of Transport and Construction to promote the implementation of next steps.

Business performance in 2022

No.	Targets	2022			
		Target 2022	Performed 2022	Ratio to Target	Growth vs 2021
1	Net revenue (billion VND) (without VAT)	61.3	74.8	+22%	+32%
2	Profit after tax (billion VND)	3.023	3.424	+13%	+30%

4. Bamepharm

ETC revenue decreased since the health industry had many upheaval, OTC revenue increased but it is not enough to compensate for the missing revenue in ETC channel. Bamepharm has ensured the maintenance of business performance.

- Exploiting centralized tender packages in Dak Nong,
- Participating in tender packages at health facilities in Dak Lak,
- Stabilize the direct retail system,
- Successfully organized the General Meeting of Shareholders for the term 2022-2027, elected a new Board of Directors and Board of Management.

Business performance in 2022

No.	Targets	2022
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		Target 2022	Performed 2022	Ratio to target	Ratio to 2021
1	Net revenue (billion VND) (without VAT)	274	260	94%	88.3%
2	Profit after tax (billion VND)	7.5	6.32	84.3%	90%

IV. General assessment

- In 2022, Traphaco exceeded revenue and profit targets, which was the third consecutive year of double-digit growth. The Company exceeded the target number of new products, exceeded the number of registered/published products which was assigned. ETC channel revenue has been completed-exceeding the yearly target.
- Deploying the restructuring project of the Company, creating a driving force to promote research and development activities, market expansion, and promote the role of the Company's employees.
- The herbal – non-herbal split-up activity: With the support from customers, medical representative has more time for customer care, product introduction, customers don't miss the promotion programs implemented by the Company, increasing the number of orders, increasing the number of SKUs on pharmacy's shelves, which is one of the core reasons for revenue growth.
- The Company strengthens customer care activities, customer experience, builds reputation, good image and increases brand value of the Company through a series of activities towards the 50th anniversary of the Company's tradition day and receiving the First-class Labor Medal for the 2nd time. Prestige, brand of Traphaco is growing day by day.
- The registration numbers of key products and most of the Company's products that are about to be expired has been renewed in Q4/2022.
- Financial work is improved, ensuring resources for the Company's activities and meeting profit targets.
- Planning and manufacturing work are well managed, improving gross profit margin.
- Human resource has been rejuvenated with high quality, improving the internal capacity of the enterprise, creating competitive advantage in the future.
- The Board of Directors fulfilled its role well in accordance with the provisions of the law, the Company's Charter, closely grasped and directed the implementation of important development directions such as restructuring business operations, Delegation of Authority, MR split-up, actively supporting the Board of Management to achieve the Company's goals.
- The Board of Management strives to manage the Company's activities; Under the direction of the Board of Directors, the Chief Executive Officer and the Board of Management have built and directed to complete and exceed important goals,

maintain and develop the values that create the foundation for the development of the Company during the next period.

PART 2: ACTIVITIES OF THE BOARD OF DIRECTORS IN 2022

In 2022, the Board of Directors focused on working according to the functions, tasks and powers of the collective and individual members and complied with the Enterprise Law, the Securities Law, the Company's Charter and current laws. The meetings of the Board of Directors are organized and conducted in accordance with the provisions of the Internal Regulations on Corporate Governance. The minutes, resolutions and decisions of the Board of Directors are based on the consensus of the members and are kept in accordance with regulations.

1. Activities of the Board of Directors in 2022

- In 2022, the Board of Directors conducted a total of 13 meetings, 4 in-person and 9 in writing, issued 63 Resolutions and Decisions to resolve issues within the functions and authority of the BoD.
- In all meetings of the Board of Directors, the Board of Supervisors is invited to exchange, discuss and create a high consensus in the strategies, business orientations and direction of the Board of Directors towards the Board of Management.

Meeting attendance rate

No.	BoD member	Number of BoD meetings attended	Attendance rate
1.	Chung Ji Kwang	13/13	100%
2.	Nguyen Phu Khanh <i>(elected March 31, 2022)</i>	8/8	100%
3.	Tran Tuc Ma	13/13	100%
4.	Dao Thuy Ha	13/13	100%
5.	Kim Dong Hyu	13/13	100%
6.	Lee Tae Yoon	13/13	100%
7.	Nguyen Anh Tuan	13/13	100%
8.	Lai Tran Dong <i>(resigned March 31, 2022)</i>	5/5	100%

Resolutions issued by the Board of Directors in 2022

The Board of Directors approved 63 resolutions and Decisions on the following issues:

- Administration governance: 14 Resolutions, Decisions
- Human resources governance: 40 Resolutions, Decisions
- Organizational governance: 05 Resolutions, Decisions
- Governance (for interests) of shareholders: 04 Resolutions, Decisions

2. Activities of BoD's Sub-Committees

Business Restructuring Steering Committee

- Monitor the implementation of approved restructuring activities in 2021.
- Assess the performance results of 6 split-pioneering provinces in the first 6 months of 2022, considering and proposing 7 provinces for the second batch, advising the Board of Directors.

Development & Policy Subcommittee

- Advise on the 2022 Budget Plan: CAPEX, R&D, marketing...
- Evaluate business results in the first 6 months, direct the plan for the last 6 months of 2022,
- Meeting with the Business Restructuring Steering Committee, the Board of Management on the results of medical-representative splitting in the first 6 months of 2022, considering and proposing 7 provinces for the second batch, advising the Board of Directors,
- Review the development strategy in the new situation.
- Work with the Board of Management on revenue and separation plan of herbal vs non-herbal, Budget plan and Investment plan in 2023, advising the Board of Directors.

Human Resources and Remuneration Subcommittee

- Review and advise the Board of Directors to assign quarterly KPIs to the Board of Management,
- Proposing personnel and salary for personnel appointed by the Board of Directors,
- Orienting and supervising the development of training programs, formulating the Company's salary, bonus and remuneration policies,
- Consulting about senior personnel of the Company and its member companies and departments in the system,
- Advise the Board of Directors on the orientation of amending the Regulation on salary and bonus.

Audit Subcommittee

- Work with the audit firm and the Board of Supervisors on issues related to the financial statements in 2021, 6 months of 2022,
- Cooperate with the Board of Supervisors, consult on the selection of an audit firm for the financial statements in 2022,
- Directing the Internal Audit Committee to implement the audit plan as approved by the Board of Directors.

Internal Audit Subcommittee

- Promulgate the Auditing regulations, internal audit procedure
- Implement audit engagements according to target

1. Audit of Salary regulations and implementation	Feb 25 - Mar 18
2. Audit of Investment project of soft capsule workshop at Traphaco CNC	May 9 - May 24
3. Audit for sales policy; assigned cost, assigned salary for Sales bloc and implementation	Jun 20 - Jul 2
4. Delegation of Authority – Difficulty in Implementation and Compliance	Aug 1 - Aug 22
5. Procurement activities, material management and implementation	Sep 19 - Sep 30
6. Audit of the procedure: Selling price survey and market activities and implementation	Oct 24 - Nov 4

Non-herbal Subcommittee

- Lead the cooperation activities in 2nd phase of technology transfer with Daewoong,
- Review, evaluate the implementation situation & advise on ETC channel development policies.
- Appraise and propose solutions to improve the efficiency of Hung Yen western pharmaceutical plant.

3. Activities of BoD's independent member and the independent member's evaluation of the activities of the Board of Directors

3.1 BoD's independent member attend all BoD's meetings:

- BoD's independent member is also the Chairman of the Human Resources and Remuneration Subcommittee: consulting and deciding on senior personnel of the Company, its subsidiary companies and departments in the system.
- Work closely with the Board of Directors on issues related to corporate governance.
- Contribute frankly and objectively to the decisions of the Board of Directors to improve the quality of governance decisions.

3.2 BoD's independent member closely follow the activities of the Board of Management and the Company's business activities, enhancing transparency and fairness in governance activities.

3.3 Evaluation of the activities of the Board of Directors:

- The Board of Directors complies with the Enterprise Law, the Securities Law, the Company Charter and applicable laws. The meetings of the Board of Directors are organized and conducted in accordance with the provisions of the Internal regulations on corporate governance.
- The Board of Directors fully acknowledges the opinions and contributions of BoD's independent member.
- The Board of Directors has made changes to improve the quality of governance decisions based on these contributions.

4. Supervising results for the Chief Executive Officer, executives and managers of the Company

- Supervise the implementation of the Company's business plan,
- Monitor and direct the stabilization of production, business and other activities of the Company during the time of social distancing due to the Covid-19 epidemic,
- Direct the Board of Management to organize the Annual General Meeting of Shareholders in 2022,
- Direct the Board of Management to implement the "Business Restructuring" project, split medical representatives,
- Direct, supervise and support CEO and other executives, managers in the implementation of the Resolution of the General Assembly of Shareholders; Resolutions and decisions of the Board of Directors (details are listed in Section 1),
- Direct the strict implementation of quarterly financial statements, semi-annual financial statements, annual financial statements and the annual report,
- Monitor and ensure that information is disclosed fully, transparently and promptly in accordance with the regulations of the Stock Exchange and the State Securities Commission.

In general, in 2022, the Board of Directors has supervised and directed the Board of Management on Traphaco's business activities in accordance with the orientation and strategic goals; solutions are actively and synchronously implemented, ensuring the implementation of the roadmap and set goals, the targets have been completed and exceeded compared to the plan. The Board of Management complies with the provisions of the Enterprise Law, the Securities Law, the Pharmaceutical Law, the Traphaco Charter and the Resolutions of the Board of Directors in business direction and operation activities.

PART 3: PRODUCTION AND BUSINESS PLAN IN 2023

I. SWOT Analysis

1. Strengths (S):

- The success of the Company's Restructuring project in 2021 has changed the management method in a positive way with advanced governance structures, creating motivation for the Company and employees.
- The Delegation of Authority is strictly implemented, BoM members are capable and are given full and appropriate rights and responsibilities.
- Successfully implemented the segments of herbal vs non-herbal, strongly boosted sales of non-herbal products in the context of declining revenue from traditional products due to high competition.
- New-product development is promoted, new products bring well-growth in revenue. At the same time, technology transfer is emphasized and promoted.
- The Company has a healthy financial background and meets the resources for development.

2. Weaknesses (W):

- Main herbal products face high-competition.
- Some manufacturing lines and workshops at Traphaco Hung Yen and Traphaco CNC have low-capacity.
- Risk management has not yet met the requirements in the context of the rapidly changing business environment.
- Some projects are still slow to implement.

3. Opportunity (O):

- The ETC market shows signs of strong improvement and recovery when policy difficulties were taken care of and removed.
- People's demand for health care products has grown steadily in the context of an aging population and the post-Covid-19 epidemic.

4. Challenge (T):

- The macro environment is volatile such as high interest rates, high inflation and the risk of supply chain disruption.
- Fierce competition in the OTC market, along with the expansion of drugstore chains, changes the traditional market structure.

II. Main indicators

No.	Main indicators	Unit	Target 2023	Growth vs 2022
1	Net revenue from sales of goods and rendering of services		2,600	+8.4%
1.1	<i>Parent company revenue</i>	billion VND	2,339	+6.3%
	- OTC revenue		2,133	+5.3%
	- ETC revenue		206	+17.0%
1.2	<i>Revenue from subsidiaries</i>		239	+9.6%
	- Bamepharm		220	+7.8%
	- Traphaco CNC		12	+71.4%
	- TraphacoSapa		7	0%
1.3	<i>Other revenue and adjustment</i>		22	
2	Consolidated profit (after tax)			326
3	Income of employees of parent company increases compared to 2022	%	≥ 5%	≥ 5%
4	Number of new products to be produced and launched to the market (in which chemical drugs ≥4)	products	19	
5	Sales of new products to the market from 2021	billion VND	170 billion	
6	Annual registration number and ownership announcement.	number	≥ 210	

- The business plan for 2023 is given by Traphaco's Leadership based on evaluating and analyzing in detail the market and internal situation of the Company. The growth targets are set to ensure the targets according to the resolutions of the General Assembly of Shareholders, which are challenging.
- The distribution activities in OTC market has changed rapidly, modern trade pharmacy's activity role has been increased, online sales of medicines and health supplements have developed very swiftly nationwide. Consumer's shopping behavior and spending habits change.
- With the restructuring orientation of the shareholders, the Board of Directors and the Board of Management implemented the pilot split-up of herbal vs non-herbal segments in 13 areas in 2022 has achieved high-growth in revenue; in 2023, the Company splits all remaining areas, creating a new and sustainable development dynamic.
- As targetted, the revenue increases by > 8%, the consolidated profit (after tax) increases by > 11%.

- Traphaco set a challenging target for the ETC channel, with the growth of revenue is more than 17% compared to the performance of 2022, in the context when public hospitals still face difficulties in procurement and tender.
- For the Company's blockbuster products, protect current market share in the context of intense competition.
- Take advantage of growth opportunities, invest in the development of the group of products: Methorphan, Cebraton, Tottri, Antot, T-B, Dibetalic, Stilux, NatriClorid, ...
- New product deployment: put into production and market at least 19 products. The target of sales of newly implemented products in 2023 is about VND 36 billion; Sales of new products deployed to the market from 2021 is about VND 170 billion.
- Technology transfer activities:
 - ✓ Complete annual sales of technology transfer products phase-1 with Daewoong.
 - ✓ Deploy production of 05 products of technology transfer phase-1 according to the sales plan of OTC and ETC channels.
 - ✓ Promote for early registration numbers of phase-2 technology transfer products.
 - ✓ Sign the phase-3 technology transfer contract with Daewoong.
 - ✓ Search and sign cooperation agreement with 01 new partner for technology transfer.

III. Key focuses

1. 'Maintain the No. 1 position in herbal segment – Focus on investment and development of non-herbal segment'.
2. Improve manufacturing-capacity of non-herbal products:
 - ✓ Invest in the food supplement production line at Hung Yen Plant.
3. Increase the capacity of the distribution channel:
 - a. OTC channel:
 - ✓ The integrated 2023 selling policy helps to effectively split sales representatives for the whole system.
 - ✓ Ensure customers are better taken care of by the Company and enjoy more benefits when revenue growth.
 - ✓ Inherit strengths and overcome the existence of 2022 selling policy.
 - ✓ Adjust the way of management and sales for the pharma chain system, online channels to promote sales growth.
 - ✓ Improve the quality of customer management in terms of revenue and legality.
 - ✓ Ensure the unification of interests of customers separated - not separated, wholesale customers - retail customers.
 - b. ETC channel:
 - ✓ Develop the clinic prescribing segment.
 - ✓ Develop product portfolio through technology transfer products and BD products.
 - ✓ Develop specialized personnel for ETC channel.

- ✓ Strengthen marketing through conferences and seminars to introduce products to medical staff.
- c. Support activities:
 - ✓ Make the most of the opportunity to sell products into the pharma chain. Promote sales to online sales channels (thuocsi.vn)
 - ✓ Enhance health care activities. Exploit the opportunity for product introduction to pharmacies through consultation activities on zoom.
 - ✓ Enhance the strategy of herbal medicine and developing non-herbal.
- 4. Continue to split herbal - non-herbal segments throughout the system: convert some high-revenue areas with partner sales activities to branch models.
- 5. Elevate Traphaco brand: class, innovate after 50 years, affirm the position of high quality Herbal products, Traphaco's capability for the development of western products.
- 6. Digital transformation: Develop the target for the period of 2023-2025 and implement digital transformation activities for supply chain (production management, planning, logistic, distribution), increase customer experience, non-cash payment.
- 7. Emphasize on 'Overall wellness' of employees.
- 8. Complete the formulation of salary regulations and apply them before Q3, 2023, creating motivation for employees.
- 9. Based on the Company's goals, break-down to the goals of each department and individual, with specific completion time and specific responsibilities.
- 10. Complete the building and management according to the financial - budget plan.
- 11. Complete the working processes in line with the new organizational model. Along with that, conduct assessment, have a roadmap and measures to promote strengths, overcome weaknesses, take advantage of opportunities, and prevent threats, according to the SWOT analysis.
- 12. Finding the suitable M&A opportunity to create synergy value.

Submit to the General Assembly of Shareholders for consideration and approval.

Regards./.

Recipients:

- AGM 2023;
- BoD, BoS, BoM;
- Employees;
- Website TRAPHACO;
- Archive: BoD Office.

**B/O. BOARD OF DIRECTORS
CHAIRMAN**



Chung Ji Kwang

