

STATEMENT
2023 ANNUAL GENERAL MEETING
The Board of Supervisors' 2022 Report

To: GENERAL ASSEMBLY OF SHAREHOLDERS

Pursuant to the Enterprise Law No. 68/2014/QH13 by the 13th National Assembly of the Socialist Republic of Vietnam dated 26/11/2014;

Pursuant to the Corporate Charter of TRAPHACO JSC;

REPORT OF THE BOARD OF SUPERVISORS

MEMBER AND STRUCTURE OF THE BOARD OF SUPERVISORS

| No. | Member | Title | Number of shares | Notes |
|-----|------------------------|--------------|------------------|---|
| 1 | Nguyen Thi Luong Thanh | Head | 0 | Elected to the new term on March 31, 2021 |
| 2 | Nguyen Thanh Hoa | Commissioner | 0 | Elected to the new term on March 31, 2021 |
| 3 | Kwon Ki Bum | Commissioner | 0 | Elected to the new term on March 31, 2021 |
| 4 | Mr. Duong Duc Hung | | | Dismissed on March 31, 2021 |

MEETINGS OF THE BOARD OF SUPERVISORS

In 2022, Board of Supervisors Board held 04 regular meetings and attended all meetings of the Board of Directors. The main sessions of BoS are as follows:

| Meeting | Participants | Content |
|----------------------------------|---------------------|--|
| Session 1: Feb 2022 | 3/3 | - Analyzing and evaluating contracts, transactions with related parties in 2022, submitting to the AGM. - Review and evaluate the compliance with the law, resolutions of the General Assembly of Shareholders and the Board of Directors, and the implementation of KPIs by the Board of Management. |
| Session 2: April 2022 | 3/3 | - Assign tasks to BoS members. - Review and assess the compliance with the law, resolutions of the General Assembly of Shareholders and the Board of Directors |
| Session 3: August 2022 | 3/3 | - Assess and verify the semi-annual financial statements for 2022. |
| Session 4: Dec 2022 | 3/3 | - Evaluate the 2023 Plan. |

THE RESULTS OF MONITORING THE IMPLEMENTATION OF 2022 AGM'S RESOLUTION

- The Company has achieved consolidated revenue in 2022 of VND 2,399 billion, exceeding +2.3% of the 2022 plan, increasing by +11% compared to 2021; consolidated profit after tax is VND 293 billion, exceeding +2.6% of the plan in 2022, increasing by +11% compared to 2021. The average income of employees of the parent company in 2022 increases by +12.8% 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).
- The total number of registrations/publications exceeded the target with 200/170 numbers, an increase of 36 numbers compared to 2021.
- The Company has completed setting up funds as regulated; ensured the state budget contribution in accordance with the law.
- The Company (already completed) paid the dividend of 2021 in January and June 2022.
- The Company has paid remuneration of 2022 to the members of BoD and BoS as approved by the AGM.
- The contracts between Traphaco and Traphaco High-Tech Company and Traphaco Hung Yen Company Limited (contract with related parties, with

great value) has been signed and implemented under the Resolution of the General Meeting.

- The Company has selected Ernst & Young Vietnam as the auditor for 2022 financial statements.

THE RESULT OF MONITORING ON THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT

The Board of Directors have 7 members; In 2022, the Board of Directors held 13 meetings, 4 in-persons and 9 by written documents, according to the Company's Charter. The Board of Supervisors assess the year-round performance of the BoD as in line with legal regulations, the Company's Charter and the Regulations on corporate governance of the Company, towards the direction of advanced governance norms by OECD; following all activities, strategic development of the Company with effectiveness and high responsibility.

Board members attended all the Board meetings and actively participated in consulting the Board of Management to implement the Company's major solutions: splitting-up the activities of herbal vs non-herbal products, ETC channel development policies, solutions to improve the efficiency of Hung Yen modern medicine manufacturing-plant,...

The sub-committees under the Board of Directors organize meetings in accordance with the Board of Directors' operation regulations, advise the Board of Directors on the budget of the financial plan, technology-transfer, innovation for improvement of factories' operation, internal audit...

In 2022, the Board of Management recognize, assess, forecast, and give orientation, synchronization in planning, production, goods rotation and sales, meeting goods to the market with appropriate sales and marketing policies, bring in good performance well-exceed the yearly plan.

The Board of Directors, the Board of Management made reports and information disclosures as prescribed by law.

Board of Supervisors agreed with the report of the Board of Directors submitted to the 2023 AGM.

**THE RESULTS OF MONITORING THE OPERATIONS AND FINANCES OF
THE COMPANY
THE COMPANY'S CONSOLIDATED BUSINESS RESULTS**

Key indicators

| No. | Targets in Resolution | Plan of 2022 | Results in 2022 | The ratio compared to planned | Compared to 2021 |
|-----|--|-----------------|-----------------|-------------------------------|------------------|
| | | VND billion | VND billion | | |
| 1 | Net revenue from sales and services | 2,345 | 2,399 | +2.3% | +11% |
| | - Manufactured goods | 1,916 | 1,889 | -1.4% | +10.2% |
| | - Consigned Export-Import goods and services, other products | 192 | 292 | +52% | 52% |
| | - Revenue from subsidiaries | 237 | 218 | -8.1% | -14.2% |
| 2 | Net profit from business operation | 360 | 366 | +1.6% | +10.6% |
| | Consolidated profit (after tax) | 293 | 293 | +2.5% | +11% |
| | | (VND million) | (VND million) | | |
| 3 | Average income of employees | +5% | +12.8% | | |
| 4 | Contribution to the state budget | VND 124 billion | | | |

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.
- 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.
- 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.
- Prestige, brand of Traphaco is growing day by day.
- 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.

APPRAISAL OF 2022 FINANCIAL STATEMENTS

the Board of Supervisors has reviewed, verified and agreed with the 2022 consolidated financial statements and separate financial statements of the Company audited by Ernst & Young Việt Nam. The financial statements ended on Dec 31, 2022, the biannually and quarterly financial statements were clear and reasonable in all major aspects, including the financial status, business results and cash flows of the Company.

The Company has complied with the requirements of accounting standards, accounting regulations and current rules of financial, accounting and taxation management. The 2022 financial statements are promptly and correctly prepared.

EVALUATION ON THE COORDINATION OF THE BOARD OF SUPERVISORS, THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND SHAREHOLDERS

The Board of Directors and the Board of Management have close cooperation, facilitating the Board of Supervisors to fulfill the assigned tasks, providing sufficient information on the situation of production and business activities and the financial position of the Company, minutes of meeting of the Board of Directors and other information upon request.

The Board of Supervisors, the Board of Directors and the Board of Management closely cooperate to promptly solve the problems in the process of inspection and examination by the Board of Supervisors.

Periodically, the Board of Supervisors has reported and submitted written proposals to the Board of Directors and the Board of Management. The recommendations by the Board of Supervisors are all noted and implemented.

In 2022, there is no request from the General Assembly of Shareholders, shareholder group or individual shareholder under Clause 2, Article 115 of the Law on Enterprises to the Board of Supervisors on the examination of single specific issue in management, operations of the Company.

RECOMMENDATIONS

The Board of Supervisors recommends the following points for 2023:

- Improve the quality of making and analyzing reports for corporate governance.
- The Company focuses on improving risk management in the entire system, improving governance at subsidiaries and branches.
- The Company seeks solutions to maintain and promote the market's strengths in the herbal segment in the context of a rapidly changing business environment, focusing on improving the quality of modern medicines, diversifying products according to the reality of hospital channel treatment drugs to participate in high-class drug tenders.
- The Company continues to coordinate with partners to implement effective technical support activities for the production of new products.

**B.O BOARD OF SUPERVISORS
HEAD**

(signed)

Nguyen Thi Luong Thanh

