

Traphaco[◆]
The way of green health

TRAPHACO JOINT STOCK COMPANY - ANNUAL REPORT 2022



Traphaco[◆]
The way of green health

TRAPHACO JOINT STOCK COMPANY

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SCAN TO VIEW
ONLINE VERSION

SPEED UP[📶]
ANNUAL REPORT 2022

ACRONYMS

3Ps	: Position, Person, Performance
BoS	: Board of Supervisors
FS	: Financial statements
CBEI	: Consumer Brand Emotion Index
BI	: Business Intelligence
JSC	: Joint Stock Company
QA	: Quality Assurance
AGM / GAS	: Annual General Meeting of Shareholders/General Assembly of Shareholders
DMS	: Distribution Management System
ERP	: Enterprise Resource Management
ETC	: Ethical
GACP- WHO	: Good agricultural and collection practice, recommended by the World Health Organization
GMP-WHO	: Good manufacturing practice, recommended by the World Health Organization
GMP-EU	: Good manufacturing practice, according to European standards
GRI G4	: 4 th Generation Global Reporting Initiative
BoD	: Board of Directors
ICOR	: Incremental Capital Output Ratio
ISO	: International Standardization Organization
IT	: Information technology
KPI	: Key Performance Indicator
R&D	: Research and Development
OTC	: Over-the-counter
QM	: Quality Management
SCIC	: State Capital Investment Corporation
SDGs	: United Nations Sustainable Development Goals
SWOT	: Strengths - Weaknesses - Opportunities - Challenges
RBEI	: Retailer Brand Emotion Index
CEO	: Chief Executive Officer
Ltd.	: Limited
VSDGs	: Vietnam Sustainable Development Goals
WEF	: World Economic Forum
WIPO	: World Intellectual Property Organization



SPEED UP

This affirms that Traphaco, after its 50 years of establishment and development, has got ready to grasp new opportunities and conquer all challenges of the market, accelerating **“Speed, Digitization, Connection”** through the business solutions with speed, digitization and connection inside and outside the Company, maintaining a double growth momentum, completing and exceeding the targets approved by the General Meeting of Shareholders for the term 2021-2026.

Integrating 17 sustainable development goals of the world (SDGs) and Vietnam (VSDG) into Traphaco's activities



Highlight

ANNUAL REPORT
TRAPHACO 2022



Access the website:

www.traphaco.com.vn/ir

or scan the QR Code



Download the annual report application at



iOS: Enter the keyword "Traphaco-IR"

Android: Enter the keyword "Traphaco-IR"

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INTERACTIVE GUIDELINES

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Vision, Mission Core values



VISION

Being Vietnam's No. 1 Pharmaceutical Enterprise in terms of growth of revenue-and-profit.



MISSION

Pioneering in manufacturing Green product to protect people's health.



PHARMACEUTICALS

GREEN

The pharmaceuticals are produced based on a green supply chain from clean materials to clean production technology with an environment-friendly distribution systems and services.

Highlights of 2022

1

Traphaco Joint Stock Company celebrated the 50th Anniversary of Traditional Day and received the First Class Labor Order



On November 30, 2022, at the National Convention Center, Traphaco Joint Stock Company held a solemn ceremony to mark its 50th Traditional Day and was honored to receive the First Class Labor Order with the attendance of nearly 2,500 guests. The solemn and meaningful ceremony has recreated the heroic and proud 50-year journey of Traphaco and at the same time opened a bright future with new breakthroughs of the Company.

2

Commemorative Award “For Traphaco Development”



In gratitude for the contributions Traphaco’s leaders and employees Over the years, Traphaco Joint Stock Company held a ceremony to award the medal “For Traphaco Development” on October 10, 2022. The Ceremony has honored 128 individuals who are the employees working at Traphaco for over 25 years and the leaders and senior managers engaging with the Company for over 10 years, contributing to the Company’s development.

3

Restructuring & deploying new Organizational Model



Since January 2022, departments have set up and staffed according to new Organizational Model and Decentralization Matrix. Key positions such as Deputy General Director, Chief Accountant, and middle managers also have been appointed. In 2022, 13 business localities pioneered to separate pharmacists into 2 areas i.e., oriental medicine and non-oriental medicine. The restructuring of functional areas: Sales & Marketing, Research & Development, Finance & Planning and support departments has created a strong motivation for good growth of both oriental medicine and non-oriental medicine in 2022.

4

Traphaco accompanies pharmacy customers to update new trends in the pharmaceutical industry



In the third quarter, the Company launched a series of customer gratitude conferences with the highlight being the Workshop “Development trends of the pharmaceutical industry & Effective business solutions” for pioneering areas. The programs mentioned the outstanding issues in the pharmaceutical industry and solutions in the context of competition between traditional drugstore and chain drugstore as well as online sales system which are strongly developing.

5

Announcement of bioequivalence (BE) for 5 new modern medicines of Traphaco



The products are all manufactured at Traphaco Hung Yen Factory, including antibiotic Azizi (Azithromycin), antibiotic Claritra (Clarithromycin), blood fat lowering drug Rosuvastatin 3 of 5mg, 10mg and 20mg. This result affirms Traphaco’s ability to research and develop high-quality modern medicines and opens up opportunities in the field of drug bidding into the treatment system.

6

Traphaco was honored at sustainable development awards



On November 18, 2022, Traphaco was honored as Asia’s Outstanding and Sustainable Enterprise 2022 - an award for sustainable and pioneering businesses in Asia, in the term of Initiatives for the community. On December 1, 2022, Traphaco was honored in Top 10 Sustainable Enterprises 2022 and performed effectively in three thematic categories including promoting women’s power and gender equality in the workplace, respecting human rights and children’s rights in business, and implementing the circular economy model, contributing to climate change response.

7

Traphaco was honored for the 6th time in a row as National Brand 2022



On November 2, 2022, at the Announcement Ceremony of Enterprises of which products achieved the National Brand 2022, Traphaco Joint Stock Company was honored to receive National Brand Logo for the 6th consecutive time in a row for its 6 product brands, including Boganic, Hoat Huyet Duong Nao, Cebraton, Tottri, Methorphan and T-B.

8

Typical enterprise for employees 2022



In 2022, Traphaco received the Certificate of Merit from the Minister of Labour, Invalids and Social Affairs for the protection and care of children in Vietnam and the title of "Typical Enterprise for Employees 2022". Creating green products to take care of people's health, sharing sustainable benefits with stakeholders and bringing value to the community is always a mission that Traphaco has consistently pursued for the past 50 years.

9

Traphaco was honored "Top 50 Best listed companies in 2022"



On August 4, 2022, Traphaco was one of the two leading pharmaceutical companies to be included in the list of "Top 50 Best listed companies" in 2022 by Forbes Vietnam. On December 1, 2022, Traphaco was honored to be in the Ranking of "50 Most effective listed companies in Vietnam" in 2022 organized

by Nhip Cau Dau Tu Magazine. After 22 years of equitization and 14 years of listing on HOSE, Traphaco is well appreciated for corporate governance for the tenth year in a row, published by Forbes Vietnam in the context of the global economy strongly impacted by the Covid-19 pandemic.

10

Receiving the Emulation Flag of Hanoi City People's Committee



On November 22, 2022 Traphaco was awarded the Emulation Flag and Certificate of Merit from Hanoi City People's Committee for the Company and 01 outstanding individual. The Company also received the Certificate of Merit from the Ministry of Health, the General Confederation of Labor, and the Vietnam Transport Union for collectives and individuals with good achievements in business and production, contributing to the strong development of the Company.

Typical awards over the years



Labor Hero



First-Class Labor Order



First-Class Labor Order for Company Union



WIPO Awards



Asia Pacific International Quality Award



National Quality Golden Award



State level



On scientific research and application of intellectual property solutions



National Brand (Vietnam Value) 6th consecutive times



Top 50 Vietnam Leading Brands 2019 voted by Forbes



Certificate of merit from the Prime Minister



Top 10 Vietnam Golden Stars



Top 10 Typical Vietnamese Trademark Product and Service



Top 10 Typical Vietnam Golden Star Enterprises for Social Responsibility



Top 10 sustainable enterprises in Vietnam (CSI)



Top 10 most prestigious pharmaceutical companies in Vietnam



Vietnam record "First pharmaceutical company to modernize Herbal Medicine and have three best-selling Herbal Medicine product lines in Vietnam (Boganic, Hoat huyet duong nao, and Tottri)"



Enterprise for Employees



Top 40 Most Valued Vietnamese Brands voted by Forbes magazine



Excellent and Sustainable Enterprises in Asia in 2022



On Branding



On social responsibilities

Basic business indicators in 2022

Contracted-pharmacies nationwide

30,000

414.5

Charter capital (Billion VND)

28

Branches nationwide

Maintaining the No. 1 POSITION in herbal industry - Focusing on development investment of non-herbal segment

1,380

Owner's equity (Billion VND)

368

Profit before tax (Billion VND)

30%

The rate of annual dividend payment



GROSS REVENUE FROM GOODS SOLD AND SERVICES RENDERED

Unit: Billion VND

2,399



CONSOLIDATED PROFIT AFTER TAX

Unit: Billion VND

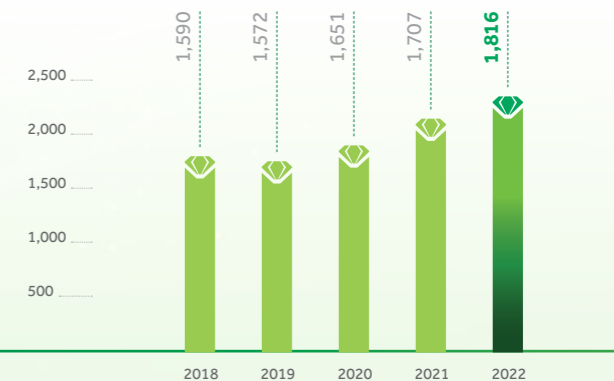
293



TOTAL ASSETS IN 2022

Unit: Billion VND

1,816



Chairman's message

Dear Shareholders, Investors,
Customers, Partners and all Employees



Warm welcome all of our valued shareholders!
It is my great pleasure to speak and greet all Traphaco shareholders today.

When I look back on the past year as Chairman of the Board of Directors, Traphaco achieved impressive results in 2022 with strong revenue growth, reaching VND 2,399 billion (VND 2,168 billion in 2021) even in the hardest time of the global pandemic. Therefore, today I would like to take a few minutes to express my sincere gratitude to all staff and the leaders of Traphaco for your outstanding efforts in the past year. I believe that Traphaco's shareholders also appreciate the dedication and professionalism that Traphaco's team has shown. This gives us great motivation and will certainly continue to encourage us about the Company's bright future. I am confident we can maintain our momentum while focusing on operational excellence and creating values for shareholder in all respects.



CHUNG JI KWANG
Chairman of Traphaco JSC

First

New sales strategy

During the past year, Traphaco has continued to make significant efforts in implementing a new sales strategy: splitting herbal and non-herbal and I am pleased to share that the profits are very worth encouraging. In the non-herbal segment, we witnessed a growth of +37% from 2021 and brought a growth of +16% in both herbal and non-herbal products. We will continue our efforts to further expand this strategy to other regions across the country in 2023, thereby achieving solid growth in both traditional and non-herbal.

Second

Launching new products and strengthening ETC business

Since 2021, we have launched 16 new products and quickly become an important factor in Traphaco's growth in the 2021-2022 period, reaching sales of VND 156 billion, exceeding +140% of the plan. Particularly in 2022, sales of new products reached VND 74 billion, exceeding +54% of the plan. We will continue our ETC business, expanding diversified product portfolio across different diseases through technology transfer and products. We will be more active in reaching out to medical staff and promoting marketing such as sponsoring conferences and scientific seminars in 2023. I believe that the new product portfolio and the business capacity improvement in ETC business are not only a foundation for Traphaco grown but also our long-term commitment to a better health for the community.

Third

Improve distribution channel capacity

Traphaco has also made a great improvement in enhancing its distribution channel capacity, which is an essential part of our strategy. We have boosted sales through drugstore chains (including Long Chau and Pharmacy, etc.), helping to bring revenue growth of +60% in 2022 (VND 61.8 billion in 2021) and continuing efforts in online channels such as e-commerce, reaching sales increase of +50% (8.6 billion in 2021).

Fourth

Professional cooperation

During the past few years, we have witnessed the global Covid-19 pandemic accelerate partnerships in unprecedented ways, bringing results at an unprecedented speed and scale in history. It is clear that the such cooperation between governments, academia and private companies should be continued. I truly believe that the more data and insights we share across the enterprise and across the industry, the better we can respond to future challenges and drive innovation. In 2023, Traphaco will continue to make efforts to further expand partnerships across the industry. Whether from internal or external sources, through partnerships or acquisitions, we will drive these ideas towards the goal of creating a healthier community.

Dear Valued Shareholders!

IN 2023,
WE SET CHALLENGING GOAL:



REVENUE IN 2023
GROWTH +8% COMPARED TO 2022



PROFIT IN 2023
GROWTH OF +11.2% COMPARED TO 2022

To achieve this goal, we will continue our efforts to implement new sales strategies, expand distribution channels, continue to launch new products and strengthen partnerships across the industry. As Chairman, I can't wait to see the Company's achievements in 2023, continuing to exceed our goals and ideas to move further on our journey towards a healthier future for all.

Both BOD and BOM are committed to



enhancing excellent operation and governance. We have comprehensively assessed our business in 2022 and will continue our efforts in 2023. Through extensive dialogue with all stakeholders in Traphaco, I believe that Traphaco will continue to maintain its leading position in the pharmaceutical industry in Vietnam and strengthening trust in society.

I would like to thank all of you for placing your trust in Traphaco and am delighted to share the growing partnership between Mirae Asset and SCIC. Together, we will continue to drive innovation and the well-being of Traphaco and its employees for the benefit of our shareholders in 2023.

Wishing you all health and happiness.

Best regards.

CHUNG JI KWANG
Chairman of Traphaco JSC

CEO'S MESSAGE



Mr. TRAN TUC MA
CEO of Traphaco JSC

REVENUE REACHED IN 2022



UP +11% COMPARED TO 2021

PROFIT REACHED IN 2022



UP +11% COMPARED TO 2021

Dear Customers, Shareholders, Partners and Employees!

2022 is a year with many difficulties and fluctuations in economy and society as well as the changes in Traphaco.

The Covid-19 pandemic has changed strongly and unpredictably in the early 2022. In the first quarter of the year, the Covid-19 spread rapidly but the symptoms were not severe because most of the people have vaccinated. The pandemic was also controlled quickly. After Covid-19, when the economy returned to normal activities, the global supply chain is in high risk of disruption due to Russia-Ukraine conflict, China's Zero-Covid policy, fluctuations in oil prices, inflation going up, complicated and unpredictable market situation. The health sector in 2022 also faced many difficulties in maintaining and granting registration numbers, bidding at public hospitals and many other activities.

Given that situation, Traphaco has flexibly and effectively adapted and performed in pandemic prevention to maintain and stabilize production and business, taking good care of employees' lives, overcoming difficulties and obstacles, drastically directing and seizing opportunities to increase revenue and profit, improving competitive advantage in the market.

It can be said that 2022 is a successful year in all fields of Traphaco. Revenue reached VND 2,399 billion, increased by +11%; profit reached VND 293 billion, increased by +11% from 2021, to be in the group of good growth in the market in terms of revenue and profit. The targets of registration number, new product development and other targets have all been completed and exceeded the set plan.

In order to implement the development strategy in the new period, the Company's leadership has restructured departments and business systems in the direction of separating herbal and non-herbal medicines, rebuilding working processes to be suitable to the new organizational model.

The Company has achieved initial success in splitting TDV herbal and Non-herbal. Total number of provinces splitted reached 13 provinces in 2022 and aims to the entire business system in 2023.








Enhancing the core competencies of the Company through modern management technology such as: Upgrading DMS system to well support the management and operation of business restructuring from the beginning; deploying BI intelligent reports on the new platform to ensure the Company's effective control to the provinces; reviewing and evaluating systems already deployed such as ERP, DMS, etc. to propose the development of digital transformation goals for the period of 2023-2025.

The total number of registrations/publications exceeded the target with 200/180 turns, an increase of 36 turns compared to 2021. The number of new products sold to the market exceeded the target with 16/8 new products (18 SKUs), the most in the past years. Sales of new products in 2022 reached nearly VND 74 billion (exceeding +54% of the plan). Sales of new products launched into the market from 2021 reached VND 156 billion (exceeding +140% of the plan). This result confirms the capacity and spirit of the whole system.

Deploying cooperation with reputable partners, conducting GMP-EU feasibility assessment for Traphaco Hung Yen Factory, in order to promote strong growth of new pharmaceutical products, bioequivalent drugs and high-end oriental medicinal products.

In 2022, the Company has enhanced customer care and direct communication to drugstore owners through a series of customer conferences, training, updating new knowledge for customers, and other activities to promote customer satisfaction to celebrate the 50th anniversary of Traphaco's Traditional Day on November 28, 2022, thereby creating a great reputation in the industry, contributing to increasing the value of Traphaco's brand.

With its growth in production and business, taking good care of employees and outstanding customer care, in 2022 Traphaco was honored to receive many valuable awards by domestic and foreign organizations such as:

-  National Brand in 2022 (6th time in a row).
-  Top 10 sustainable development enterprises in Vietnam.
-  Typical enterprise for employees, awarded by the Ministry of Labor.
-  ACES Awards 2022 - Sustainable Business in Asia.
-  Best Customer Experience Enterprise in Asia 2022.
-  TOP 50 most effective companies in Vietnam.
-  "List of 50 best listed companies" in 2022 by Forbes Vietnam.

Particularly in 2022, Traphaco was honored to receive the First-Class Labor Order by the Party and Government.

Despite many difficulties in the health sector and the market in 2022, the Company's leadership and staff have made great efforts to overcome difficulties, turning challenges into opportunities, completing and exceeding the targets to celebrate the 50th Anniversary of the Company's Traditional Day, thereby creating a foundation for sustainable development in the new era.

In 2023, Traphaco sets targets of VND 2,600 billion and VND 326 billion for consolidated revenue and consolidated profit after tax, respectively and selects "Speed and Digitization, connect for success" for the message of the year.

Marking 50-year milestone, Traphaco confidently enters a new stage of development, which requires the connection among departments and the speed to seize opportunities from the market. All leaders, Party members and employees in Traphaco promote patriotism, national self-respect, implementing 6 supreme cultural principles, promoting Traphaco tradition, expressing will, bravery, wisdom, spirit and strength to overcome difficulties and challenges, emulating production and business development, turning risks, difficulties and challenges into development opportunities.

To achieve the goals of 2023, Traphaco will implement the following main duties:

01 Improving management efficiency by KPI

Assigning targets on increasing sales of product groups, taking care of customers, developing new products, promoting sales and enhancing marketing activities, communicating new products to customers.

02 Continuing to separate pharmacists of herbal and Non-herbal throughout OTC system

Pharmacist split in the entire OTC system was completed and put into stable operation in the first quarter of 2023.

03 Deploying Digital Transformation, digitize working processes and internal document systems

Implementing comprehensive digitization of management system, improving productivity, increasing the reporting speed of the system in real time.

Investing in journey monitoring system with delivery cars, reducing delivery time and improving customer experience.

04 Using cost management system by budget plan

Controlling costs from the stage of making estimates, allocating budgets to departments, regularly reviewing costs to ensure the achievement of the consolidated profit target.

05 Strongly investing in R&D activities to develop new products in Western medicine, Oriental medicine and providing new services

Building and equipping new and modern technological equipment, expanding research laboratories, testing laboratories and advanced monitoring information technology systems.

06 Strengthening technology transfer activities

Promoting sales of 4 technology transfer products – Phase 1 already sold on the OTC system, continuing to promote sales throughout the ETC system.

Deploying and putting into production bioequivalent products received the transfer in Phase 2 and continuing to deploy and receive 20 SKUs in Phase 3 with partner Daewoong and other partners.

07 Implement salary regulation reform with a reputable consulting unit

The Company chooses a consulting partner to amend the Salary regulation, reviewing the current salary system, comparing with the reality in the market, researching and proposing principles and salary payment to be suitable to the Company's salary fund, ensuring the harmony of interests and creating motivation for employees, ensuring fairness, transparency, full recognition of job positions, personal capacity, and performance.

Creating a reasonable remuneration mechanism to attract experts and highly qualified personnel in the market and retaining good personnel at the Company.

With clear orientations, specific action plans and determination from the beginning of the year, the Company believes that 2023 will be a year with many successes which is a premise for the development of the Company's strong development in the new phase of Traphaco.

SPEED



1 OVERVIEW OF TRAPHACO

TRAPHACO



Overview of Traphaco



Traphaco joint stock company
was established on

28.11.1972

50 years of establishment & development, Traphaco has become
THE NO.1 PHARMACEUTICAL BRAND IN VIETNAM

Headquarters: 75 Yen Ninh, Ba Dinh, Hanoi

Office: Hoang Liet factory
Lane 15, Ngoc Hoi Road - Hoang Liet Ward - Hoang Mai District - Ha Noi



04

SUBSIDIARIES, AFFILIATES

03

GPS-WHO PHARMACEUTICAL & HEALTH-
PROTECTION-FOOD MANUFACTURING FACTORIES

05

GACP-WHO PLANTING/HARVESTING ZONES
OF MEDICINAL PLANTS

01

GMP-WHO EXTRACT FACTORY

28

BRANCHES NATIONWIDE

30,000

CONTRACTED PHARMACIES NATIONWIDE

The establishment and development history



2022 is also the year Traphaco celebrates the 50th anniversary of Tradition Day (1972 - 2022) as a leader in Vietnam's pharmaceutical industry, Traphaco determines the strategic goal in the coming period which is "Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment".



1972

- 1972**
Established the production team belonging to the Railway Medical Service (the predecessor of Traphaco).
- 1993**
Established the Railway Pharmaceutical Enterprise.
- 1994**
Established the Transportation pharmaceutical and medicinal supplies Company.
- 1998**
Owned the first GMP-ASEAN pharmaceutical factory in the North, in Tay Ho, Hanoi.
- 11/1999**
The first equitized company in the pharmaceutical industry in Vietnam.

2000-2010

- 2000**
Annual General Meeting of founding shareholders, Traphaco became one of the pioneering pharmaceutical enterprises in equitization.
- 2002**
Established TraphacoSapa Two-Member Co. Ltd.
- 2004**
Owned a GPs-WHO drug-manufacturing factory in Hoang Mai, Hanoi.
- 2006**
Established Traphaco High-Tech JSC (Traphaco CNC).
- 2008**
The Company's stock code TRA was officially traded on the Ho Chi Minh City Stock Exchange (HOSE).
- 2009**
Owned the first GPs - WHO herbal-medicine manufacturing factory in the North, in Van Lam, Hung Yen.
Traphaco owns 100% of TraphacoSapa Co. Ltd.
- 2010**
Received the title of Hero of Labor.

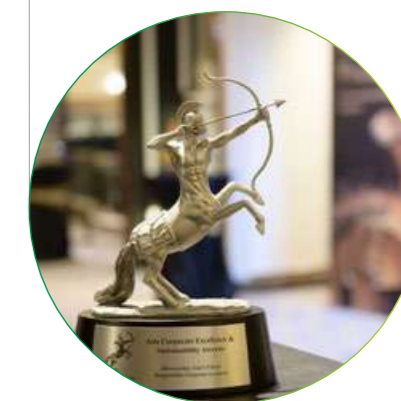
2011-2021

- 2012**
Received the First-Class Labor Order;
Traphaco owned 58% of Daklak Pharmaceutical & Medical Supplies JSC (Bamepharm became a subsidiary of Traphaco);
Traphaco owned 51% of Traphaco Hi-tech JSC (Traphaco CNC became a subsidiary of Traphaco).
- 08/2017**
Inaugurated the most modern GPs - WHO western-medicine manufacturing factory in Vietnam in Van Lam, Hung Yen.
- 2019**
Received the First-Class Labor Medal for the Company's Trade Union.
- 2020**
Building Traphaco Culture in a new period: Honest, Courage, Initiative, Connect, Creative, Responsible.
- 2021**
General Meeting of Shareholders for the term 2021-2025. Launched new Board of Directors.
Announced new organizational model.

2022

Celebrated 50 years of Tradition Day and received First-Class Labor Order

Received the Asia Excellence and Sustainability Enterprise Award in 2022.



Business lines and business location

Business Lines

- Producing and trading pharmaceuticals, chemicals and medical supplies
- Purchasing, cultivating and processing medicine
- Preparing prescribed medication
- Consulting on pharmaceuticals and cosmetics manufacturing
- Importing and exporting medicine-manufacturing raw materials, auxiliary materials, medicines
- Manufacturing and trading chemicals (excluding chemicals banned by the State)
- Manufacturing and trading cosmetics
- Manufacturing and trading food
- Consulting on scientific services, technology transfer in the medical and pharmaceutical field
- Manufacturing and trading alcohol, beer, beverage (not including bar business)
- Importing and exporting the Company's trading products
- Retail sale of pharmaceuticals, medical supplies, perfume, cosmetics and hygiene products, food in specialized
- Retail stores by mail order or internet (except auction activities).

Business location



30,000+
CONTRACTED-PHARMACIES NATIONWIDE

28
BRANCHES NATIONWIDE

2,005
TOTAL OTC REVENUE IN 2022
(Billion VND)

176
TOTAL ETC REVENUE IN 2022
(Billion VND)



Branches

1. South Branch;
2. Central Branch;
3. North Central Branch;
4. Thai Nguyen Branch;
5. Yen Bai Branch;
6. Bac Giang Branch;
7. Quang Ninh Branch;
8. Hai Duong Branch;
9. Hai Phong Branch;
10. Hung Yen Branch;
11. Nam Dinh Branch;
12. Thanh Hoa Branch;
13. Phu Tho Branch;
14. Gia Lai Branch;
15. Quang Ngai Branch;
16. Khanh Hoa Branch;
17. Thừa Thiên Huế Branch;
18. Tien Giang Branch;
19. Vinh Long Branch;
20. Can Tho Branch;
21. Binh Thuan Branch;
22. Dong Nai Branch;
23. Binh Duong Branch;
24. Kien Giang Branch;
25. Long An Branch;
26. Binh Dinh Branch;
27. Vung Tau Branch;
28. Vinh Phuc Branch.



HOANG LIET FACTORY

Function

- Producing food and cosmetics; dosage forms of tablets, film-coated tablets, hard capsules, soft capsules, nuggets, powders, microbiological nuggets, microbiological powders, solutions, suspensions, fats, creams.
- Managing production equipment.
- Implementing initiatives to improve and rationalize production, and applying scientific and technological advances to production.

MEDICATION TRADING LOCATIONS IN HA NOI

Traphaco Product Showroom
74 Ngo Quyen, Quang Trung, Ha Dong, Hanoi.

Counter No. 207
2nd Floor, Hapu Pharmaceutical and Medical Equipment Distribution Center, No. 1 Nguyen Huy Tuong, Thanh Xuan, Hanoi.

Traphaco's Long Bien Distribution Center
295 Thanh An Street, Thuong Thanh Ward, Long Bien District, HaNoi.

Subsidiaries of Traphaco

- ① TraphacoSapa Co. Ltd.
- ② Traphaco Hung Yen Co. Ltd.
- ③ Daklak Pharmaceutical & Medical Supplies JSC.
- ④ Traphaco High Technology JSC.



Subsidiaries of Traphaco

①

TRAPHACOSAPA CO. LTD.

Traphaco's ownership proportion

100%

Charter capital (VND)

25,000,000,000

Headquarter:

Group 2, Phan Si Păng Ward, Sapa Town, Lao Cai Province

Main functions: Toll-manufacturing raw materials, input medicine, GACP research practice of Traphaco. At the same time, it is the center for developing the medicinal plantation zones to supply raw materials for Traphaco.

②

TRAPHACO HUNG YEN CO., LTD.

Traphaco's ownership proportion

100%

Charter capital (VND)

25,000,000,000

Headquarter:

Tan Quang Commune, Van Lam District, Hung Yen Province

Main functions: Manufacturing drugs, pharmaceuticals.

③

TRAPHACO HIGH-TECH JSC (Traphaco CNC)

Traphaco's ownership proportion

51%

Charter capital (VND)

113,643,250,000

Headquarter:

Tan Quang Commune, Van Lam District, Hung Yen Province

Main functions: Toll-manufacturing products and finished products of Traphaco.

④

(BAMEPHARM)

DAKLAK PHARMACEUTICAL - MEDICAL SUPPLIES JSC

Traphaco's ownership proportion

58%

Charter capital (VND)

19,415,880,000

Headquarter:

9A Hung Vuong Street, Buon Ma Thuot City, Daklak Province

Main functions: Specializing in distribution of pharmaceutical products - medical supplies in 02 provinces of Daklak and Dak Nong.

Introduction of The Board of Directors



Mr. CHUNG JI KWANG

Chairman of the Board of Directors



Date of birth: 21/6/1974
Nationality: Korean
Qualification: Bachelor of Business Administration

Employment history:

03/2021 - present: Chairman of Traphaco JSC
03/2020-03/2021: Director
2017 - present: Managing Director – New Growth Investment Department, Mirae Asset Capital Co. Ltd.
2016 - 2017: Team Leader, Post-Merger Integration Group, Mirae Asset Securities
2005 - 2015: Team Leader, Investment Banking Division, Mirae Asset Securities
2003 - 2005: Senior Manager, Investment Banking Division, Woori Securities

Positions assigned in other organizations:

Managing Director – New Growth Investment Department, Mirae Asset Capital Co. Ltd.

Mr. NGUYEN PHU KHANH

Vice Chairman of the Board of Directors



Date of birth: 24/09/1981
Nationality: Vietnamese
Qualification: Master of Economics

Employment history:

05/2022 – present: Vice Chairman of the Board of Directors - Traphaco JSC
08/2006 – present: Specialist, Deputy Head of State Capital Investment Corporation (SCIC)
06/2020 – 05/2022: Chairman of the Board of Directors, Labor and Technical Experts Import-Export Joint Stock Company
04/2014 - 03/2020: Deputy General Director, General Director, BOD members of Trang Tien Trading Investment Co., Ltd.

Positions assigned in other organizations:

12/2022 – present: BOD members, Vice Chairman of the Board of Directors, Dien Bien Trading, Tourism and General Services Joint Stock Company

Mr. TRAN TUC MA

Director



Date of birth: 17/6/1965
Nationality: Vietnamese
Qualification: Master of Pharmacist

Employment history:

04/2016 - present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.
03/2011 - 03/2016: Secretary of the Party Executive Committee, Deputy Chairman of BoD, CEO at Traphaco JSC.
06/2010 - 02/2011: Secretary of Party Executive Committee, Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.
04/2006 - 05/2010: Board member, Deputy CEO in charge of Sales, Traphaco JSC.
01/2005 - 03/2006: Member of Board of Directors, Deputy Director in charge of Sales, Traphaco JSC.
03/2003 - 12/2004: Chairman of the Board of Supervisors, Sales Manager of Traphaco JSC.
11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.
05/1997 - 10/2000: Deputy Head of Quality Control Department, Traphaco JSC.
01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.
09/1992 - 12/1993: Staff at Sales Division - Hanoi Railway Pharmaceutical Company.
03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.

Positions assigned in other organizations:

Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.



Mr. LEE TAE YON

BOD member



Date of birth: 10/01/1974
Nationality: Korean
Qualification: Bachelor of Chemistry

Employment history:

03/2020 – present: BOD member - Traphaco JSC.
02/2020 – present: Director - Super Delta Pte. Ltd.
06/2014 – present: Team Leader - Daewoong Pharmaceutical Corporation.
09/2019 – 10/2021: Chief Representative - Daewoong Vietnam.
10/2010 – 5/2014: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
11/2007 – 9/2010: Business Development Officer at Hanall Biopharma Co. Ltd.
01/2004 – 10/2007: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
01/2001 – 12/2003: Pharmacist - MSD Korea.

Positions assigned in other organizations:

Director - Super Delta Pte. Ltd.

Mr. NGUYEN ANH TUAN

BOD member



Date of birth: 27/6/1978
Nationality: Vietnamese
Qualification: Bachelor of External Economics, Master of International Business Law

Employment history:

05/2022 – present: BOD member, Traphaco JSC
04/2016 – 05/2022: Deputy Chairman of the Board of Directors at Traphaco JSC
09/2015 – 03/2021: Head of No. 3 Investment Capital Management Board, now No. 3 Investment Board, SCIC
08/2006 – 08/2015: Deputy Administration Manager at SCIC

Positions assigned in other organizations:

Chairman of the Board of Directors Vietnam National Reinsurance Corporation.

Mrs. DAO THUY HA

BOD member



Date of birth: 06/6/1975
Nationality: Vietnamese
Qualification: Master of Pharmacist/Master of Business Administration

Employment history:

07/2022 – present: Member of the Party Executive Committee; Party Secretary of the Hoang Liet Branch; BOD member.
11/2021 – 06/2022: Member of the Party Executive Committee; Party Secretary of the Hoang Liet Branch; BOD member; Chief Operating Officer, Traphaco JSC.
04/2021 – 10/2021: Member of the Party Executive Committee; BOD member; Chief Operating Officer, Traphaco JSC.
07/2020 – 03/2021: Member of the Party Executive Committee; Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.
11/2018 – 06/2020: Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.
01/2008 – 10/2018: Head of Marketing Department - Traphaco JSC.
01/2005 – 12/2007: Assistant to Director, Staff at Research & Development Department - Traphaco JSC.
07/2001 – 12/2004: Staff at Research & Development Department - Traphaco JSC.
09/1996 – 06/2001: Planning Department - Traphaco JSC.

Mr. KIM DONG HYU

BOD member



Date of birth: 25/12/1981
Nationality: Korean
Qualification: Bachelor of Bio-technology

Employment history:

11/2021 – present: BOD member; Executive Vice CEO, Traphaco JSC.
10/2019 – 10/2021: BOD member; Executive Vice CEO, Traphaco JSC.
07/2018 – 09/2019: BOD member; Traphaco JSC.
07/2016 – 07/2018: Representative of Daewoong Pharmaceuticals - Vietnam Office.
04/2015 – 06/2016: Team Leader of Planning - Marketing - Daewoong Pharmaceutical Corporation.
04/2013 – 03/2015: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
12/2008 – 03/2013: Team Leader of Finance and Planning - Daewoong Pharmaceutical Corporation.

Introduction of the Board of Management



Mr. TRAN TUC MA

Chief Executive Officer



Date of birth: 17/6/1965
Nationality: Vietnamese
Qualification: Master of Pharmacist

Employment history:

04/2016 - present: Secretary of Party Executive Committee, BoD member, CEO at Traphaco JSC.
03/2011 - 03/2016: Secretary of the Party Executive Committee, Deputy Chairman of BoD, CEO at Traphaco JSC.
05/2010 - 03/2011: Secretary of Party Executive Committee, Member of Board of Directors, Deputy CEO in charge of Sales, Traphaco JSC.
04/2006 - 05/2010: Board member, Deputy CEO in charge of Sales, Traphaco JSC.
01/2005 - 03/2006: Member of Board of Directors, Deputy Director in charge of Sales, Traphaco JSC.
03/2003 - 12/2004: Chairman of the Board of Supervisors, Sales Manager of Traphaco JSC.
11/2000 - 02/2003: Head of Sales Department, Traphaco JSC.
05/1997 - 10/2000: Deputy Head of Quality Control Department, Traphaco JSC.
01/1994 - 04/1997: Staff at Sales Department, Traphaco JSC.
09/1992 - 12/1993: Staff at Sales Division - Hanoi Railway Pharmaceutical Company.
03/1990 - 8/1992: Staff at Experimental Institute - Ministry of Health.

Positions assigned in other organizations:

Chairman of the Board of Directors at Traphaco Hung Yen Co. Ltd.

Mrs. DAO THUY HA

Chief Operating Officer



Date of birth: 06/6/1975
Nationality: Vietnamese
Qualification: Master of Pharmacist/Master of Business Administration

Employment history:

07/2022 - present: Member of the Party Executive Committee; Party Secretary of the Hoang Liet Branch; BOD member;
11/2021 - 06/2022: Member of the Party Executive Committee; Party Secretary of the Hoang Liet Branch; BOD member; Chief Operating Officer, Traphaco JSC
04/2021 - 10/2021: Member of the Party Executive Committee; BOD member; Chief Operating Officer, Traphaco JSC
07/2020 - 03/2021: Member of the Party Executive Committee; Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.
11/2018 - 06/2020: Chief Marketing Director cum Head of Marketing Department - Traphaco JSC.
01/2008 - 10/2018: Head of Marketing Department - Traphaco JSC.
01/2005 - 12/2007: Assistant to Director, Staff at Research & Development Department - Traphaco JSC.
07/2001 - 12/2004: Staff at Research & Development Department - Traphaco JSC.
09/1996 - 06/2001: Planning Department - Traphaco JSC.

Mr. KIM DONG HYU

Executive Vice CEO



Date of birth: 25/12/1981
Nationality: Korean
Qualification: Bachelor of Bio-technology

Employment history:

11/2021 - present: BOD member; Executive Vice CEO, Traphaco JSC.
10/2019 - 10/2021: BOD member; Executive Vice CEO, Traphaco JSC.
07/2018 - 09/2019: BOD member; Traphaco JSC.
07/2016 - 07/2018: Representative of Daewoong Pharmaceuticals - Vietnam Office.
04/2015 - 06/2016: Team Leader of Planning - Marketing - Daewoong Pharmaceutical Corporation.
04/2013 - 03/2015: Team Leader of Business Development - Daewoong Pharmaceutical Corporation.
12/2008 - 03/2013: Team Leader of Finance and Planning - Daewoong Pharmaceutical Corporation.

Mr. NGUYEN HUY VAN

Chief R&D and Quality Officer



Date of birth: 10/03/1967
Nationality: Vietnamese
Qualification: Master of Pharmacist

Employment history:

01/2022 - present: Vice Secretary of the Party Executive Committee, Chief R&D and Quality Officer, Traphaco JSC.
05/2015 - 12/2021: Vice Secretary of the Party Executive Committee; Deputy CEO of R&D at Traphaco JSC.
04/2011 - 04/2015: Deputy CEO of R&D, Traphaco JSC.
04/2006 - 03/2011: BOD member; Deputy CEO of R&D, Traphaco JSC.
01/2005 - 03/2006: BOD member; Deputy Director of R&D, Traphaco JSC.
01/2000 - 12/2004: BOD member; Head of R&D Department, Traphaco JSC.
07/1996 - 12/1999: Head of R&D Department, Traphaco Pharmaceutical.
07/1995 - 06/1996: Deputy Head of Marketing Department, Traphaco Pharmaceutical.
06/1994 - 06/1995: Staff of Sales Division, Traphaco Pharmaceutical.



Introduction of the Board of Supervisors



Mr. NGUYEN VAN BUI

Chief OTC Sales Officer



Date of birth: 16/10/1963
Nationality: Vietnamese
Qualification: Bachelor of Pharmacist

Employment history:

11/2021 - present: Chief OTC Sales Officer, Traphaco JSC.
02/2017 - 10/2021: Deputy CEO in charge of Sales, Traphaco JSC.
08/2013 - 01/2017: Sales Director, Traphaco JSC.
05/2011 - 07/2013: Head of Sales Department, Traphaco JSC.
07/2008 - 04/2011: Deputy Head of Marketing Department, Traphaco JSC.
01/2008 - 06/2008: Staff of Marketing Department, Traphaco JSC.
06/2004 - 12/2007: Staff of Sales Department, Traphaco JSC.
12/2003 - 05/2004: Staff of R&D Department, Traphaco JSC.
01/2001 - 12/2004: Director, Huu Nghi Pharmaceutical Co., Ltd.
01/1997 - 12/1997: Staff, Hung Yen Social Diseases Prevention Center.
03/1988 - 12/1996: Staff, Hai Hung Tuberculosis Hospital.

Mr. PHAM HOANG ANH

Deputy Chief Financial and Planning Officer



Date of birth: 05/01/1989
Nationality: Vietnamese
Qualification: MBA in Finance, CPA (Australia) - Australian Auditor, CIMA, CGMA

Employment history:

01/2021 - present: Chief Finance & Planning Officer - Traphaco JSC.
5/2016 - 12/2020: Assistant to CEO, Traphaco JSC.
2012 - 2016: Staff at Finance Department - Mobifone.
2011-2012: Assistant to General Director - Petroleum Materials JSC - PetroVietnam Energy Corporation - PVN.

Positions assigned in other organizations:

Vice Chairman of the Board of Directors, Traphaco CNC JSC.

Mrs. NGUYEN THI LUONG THANH

Head of the Board of Supervisors



Date of birth: 18/4/1978
Nationality: Vietnamese
Qualification: Master of Economic Management, Bachelor of Finance

Employment history:

04/2021 - present: Head of the Board of Supervisors, Traphaco JSC.
03/2014 - 03/2021: Member of the Board of Supervisors, Traphaco JSC.
11/2009 - nay: Staff, No. 3 Investment Board - SCIC.
01/2001 - 10/2009: General Accountant, Chief Accountant - Hoang Dao Investment JSC.

Positions assigned in other organizations:

Supervisor, Ha Giang Mineral and Mechanical JSC

Mrs. NGUYEN THANH HOA

Member of the Board of Supervisors



Date of birth: 10/12/1983
Nationality: Vietnamese
Qualification: Master of Business Administration, Bachelor of Accounting, CPA

Employment history:

2016 - present: Member of the Board of Supervisors, Traphaco JSC
2012 - present: Officer at Risk Management Department, SCIC.
2007 - 2012: Officer at Financial and Accounting Department, SCIC.
2006 - 2007: Accounting Officer, BIDV.

Positions assigned in other organizations:

No

Mr. KWON KI BUM

Member of the Board of Supervisors



Date of birth: 05/07/1988
Nationality: Korean
Qualification: Pharmacist

Employment history:

04/2021 - present: Member of the Board of Supervisors, Traphaco JSC.
08/2022 - present: Business Development Manager, Open Innovation Department, Daweong Pharma Corp.
04/2018 - 07/2022: Global Sales Team, Assistant to CEO - Daewoong Pharmaceutical Corp.
9/2016 - 3/2018: Marketing Department - Guju. Pharmaceutical Co.
4/2015 - 8/2016: Planning Department - White Lifescience Co.

Positions assigned in other organizations:

08/2022 - present: Business Development Manager, Open Innovation Department, Daweong Pharma Corp.

2 PRODUCTION AND BUSINESS RESULTS IN 2022 & PLAN IN 2023

CONNECT



Report & analysis of the Board of Management



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

Overview of the pharmaceutical industry in 2022

- In Quarter 1/2022, 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.

Production and Business Results in 2022

2,399
BILLION VND

Net revenue from sales and services
up 11% compared to 2021

293
BILLION VND

Consolidated profit after tax
up 11% compared to 2021

In 2022, Traphaco achieved revenue and profit that belonged to the top growth group in the market.

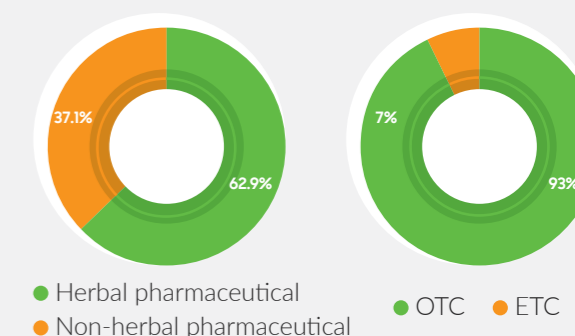
(According to the consolidated report - UNIT: Billion VND)

No.	Indicator	Plan of 2022	Results in 2022	The ratio compared to the Plan	Growth compared to 2021
1	Net revenue from sales of goods and rendering of services	2,345	2,399	+2.3%	+11%
1.1	Parent Company's Revenue	2,108	2,181	+3.5%	+13.9%
	- OTC revenue	1,936	2,005	+3.3%	+16.6%
	- ETC revenue	172	176	+2.3%	+23.9%
1.2	Revenue from subsidiaries	237	218	-8.0%	-14%
	- Daklak Pharmaceutical Medical Equipment JSC.	220	204	-7.3%	-16%
	- Traphaco CNC	12	7	-41.7%	+4%
	- TraphacoSapa	5	7	+40.0%	+106%
2	Consolidated profit after tax	286	293	+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 sp	+100%	
5	Sales of new products to market from 2021	65	156	+140%	
6	Annual registration number and ownership announcement	170 No.	200	+17.6%	

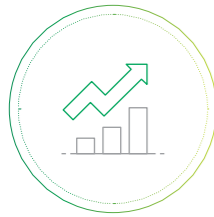
Proportion of revenue segments

2,462 BILLION VND **185,75** BILLION VND **2.647,75** BILLION VND
OTC Channel ETC Channel Total

	Herbal pharmaceutical	Non-herbal pharmaceutical	Total
OTC Channel	1,503.4 (56.8%)	958.6 (36.2%)	2,462 (93%)
ETC Channel	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

- 1 The Board of Directors closely supported and directed the Board of Management (BOM) to have timely solutions.
- 2 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.
- 3 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%)...
- 4 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...
- 5 The Company has a strong distribution system throughout the country, ensuring the continuous supply of goods to the market without interruption due to lockdown.
- 6 The Company has a well-managed manufacturing system, that fully meets goods with stable prices even when the demand for goods increases.



Reasons for exceeding the profit target

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

- 7 ETC channel completed the revenue target. Winning tender packages have been exploited well. Expansion of tenders-imposed to non-public hospitals.
- 8 Revenue from product exploitation: VND 214 billion, accounted for nearly 9% of total revenue, exceeded by +36% of the target, +50% growth over the same period.
- 9 Sales of modern trade pharmacies gradually increased over the years (over 63% was from Long Chau chain), up +60% over the same period.
- 10 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.
- 11 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.



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:
 - » NUUpgrade 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.

• Salary Regulation Reform Project:

- » The Company established a Project Committee of Salary Regulations Amendment: Deputy General Director Kim Dong Hyu (BOD Chairman representative - Head of Human Resources and Compensation Subcommittee) is the Head of the Committee and the members include General Director (Chairman of Salary Council), Deputy General Directors of divisions, Chairman of Trade Union (labor representative), managers at all levels of human resources department.
- » The Project Committee actively reviews the Company's current salary system, comparing to the market salary, researching and setting up principles and methods of salary payment suitable to the salary fund of the Company, ensuring harmonious benefits and encouraging employees, ensuring fairness, transparency, full recognition of positions, personal capacity and performance of employees. The Company has a reasonable remuneration mechanism to attract experts and highly qualified personnel in the market as well as keep talents for the Company.
- » New Salary Regulation is expected to be applied by the third quarter of 2023.
- Plan for the land area at Hoang Liet: BOD temporarily determines 3 approaches. The Company has established a Project Board to be responsible for analyzing, evaluating, developing plans and implementing related works to ensure the Company's stable and effective operation after the land lease contract at Hoang Liet is expired (in 2029).
- Develop and complete regulations on financial management, purchasing, etc.

Major awards that the company achieved in 2022



First-class Labor Medal awarded by the President on November 9, 2022.



Flag "Excellent unit of emulation movement" of Hanoi People's Committee on July 13, 2022.



Emulation flag of the Vietnam General Confederation of Labor on December 20, 2022.



Mr. Tran Tuc Ma, The CEO was personally awarded with Second-class Labor Medal.



BRAND

National Brand

for the 6th consecutive time voted by the National Brand Council - Ministry of Industry and Trade on November 2, 2022.

Top 50 best listed companies in Vietnam

voted by Forbes Vietnam on August 4, 2022.

Top 50 most effective business companies in Vietnam in 2022

voted by Nhip Cau Dau Tu Magazine Organizing Committee on December 1, 2022.

Top 5 best governance enterprises

by Ho Chi Minh City Stock Exchange on December 2, 2022.



SUSTAINABLE DEVELOPMENT

ACES Awards - Outstanding and Sustainable Enterprise in Asia 2022

for the 6th consecutive time voted by National Brand Council - Ministry of Industry and Trade on November 2, 2022.

Asian Experience Awards - The best customer experience in Asia 2022

voted by the international magazine The Asian Business Review on October 18, 2022.

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.

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.

PROUD OF 50 YEARS OF CREATING GREEN ERA



General assessment



Achievements

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.

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.

Management work has been improved.

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.



With trust, unity, determination, and strong connections between the Company's Leadership Board and all employees, as well as between departments within the Company, Traphaco is certain to continue achieving success in the present and future.



Financial analysis for the year 2022



Financial Results 2018 - 2022

Indicator	ĐVT	2018	2019	2020	2021	2022
Business results						
Net revenue from sales and services	Billion VND	1,798	1,710	1,909	2,161	2,399
Gross profit	Billion VND	864	940	1,031	1,147	1,343
Profit before tax	Billion VND	216	215	267	331	368
Profit after tax	Billion VND	175	171	217	264	293
The balance sheet						
Total assets	Billion VND	1,590	1,572	1,651	1,707	1,816
Short-term asset:	Billion VND	859	888	1,010	1,094	1,226
Long-term assets:	Billion VND	730	683	641	613	590
Liabilities	Billion VND	483	453	478	440	435
Equity	Billion VND	1,107	1,118	1,172	1,268	1,381
Charter capital	Billion VND	415	415	415	415	415
The cash flow statement						
Net cash flow from business operation	Billion VND	169	217	346	290	247
Net cash flow from investing activities	Billion VND	(43)	(32)	(132)	(198)	(73)
Net cash flow from financial activities	Billion VND	30	(204)	(202)	(190)	(209)
Net cash flow in the period	Billion VND	155	(19)	11	(98)	(35)
Cash and cash equivalents at the first of the period	Billion VND	161	316	297	309	211
Cash and cash equivalents at the end of the period	Billion VND	316	297	309	211	176
Basic financial indicators						
Gross profit margin	%	48.03%	54.98%	54.03%	53.10%	55.98%
Profit before tax	%	12.03%	12.56%	13.97%	15.30%	15.36%
ROS	%	9.72%	9.97%	11.35%	12.24%	12.23%
ROA	%	11.28%	10.79%	13.45%	15.75%	16.66%
ROE	%	15.70%	15.33%	18.93%	21.68%	22.17%
Stock information						
Market value as of December 31 st	VND/share	70,000	60,500	71,600	91,200	89,000
Basic earnings per share	VND/share	3,352	3,269	4,185	5,064	5,691
Dividend	VND/share	3,000	3,000	3,000	3,000	3,000



Revenue reached

102%

Compared to the plan
and increased 13% compared to
the same period 2021



Profit after tax reached

101%

Compared to the plan
and increased 11% compared to
the same period 2021



The Vietnamese economy in 2022 took place in the context of the global economy facing significant challenges, rapid and unpredictable fluctuations, and high instability. Inflation has reached its highest level in decades, forcing countries to tighten monetary policies. However, the Vietnamese economy in 2022 experienced strong recovery, with stable macroeconomic conditions, controlled inflation, and improved business investment environment, contributing positively to the economic and social recovery and development.

Despite overcoming difficulties in the early months of the year, such as the outbreak of the Covid-19 pandemic in Hanoi with a daily increase of up to 30,000 cases, escalating tensions between Russia and Ukraine in February leading to high prices of gold and fuel, TRA has been proactive, flexible, and resolute in seizing opportunities, enhancing the supply of goods, strengthening internal digital transformation, and improving staff capacity, paving the way for sustainable long-term development of the company.

In 2022, TRA maintains a robust double-digit growth rate in both revenue and profit, achieving 111% compared to the same period and a growth of approximately 3% over the plan, solidifying its strong position as a leading enterprise. TRA believes that it will overcome all challenges and common economic difficulties to find new directions for the future, enabling TRA to make significant breakthroughs in the upcoming years.

Production and business results of 2022



With the achieved results in 2022, where revenue and profit maintained a stable growth rate, it demonstrates that the company has been implementing its business strategy very effectively. TRA has successfully maintained its leading position in the herbal sector and has been focusing on and vigorously developing the non-herbal sector.

No.	Indicator	2021	2022	Growth 2022/2021
1	Sales of finished products ⁰²¹	1,714,139,608,590	1,889,352,105,714	110.2%
2	Net sales of goods	191,885,967,263	291,882,582,707	152.1%
3	Revenue from subsidiaries	254,814,469,689	217,683,270,347	85.4%
4	Cost of finished products	652,084,954,288	686,057,356,220	105.2%
5	Cost of goods sold	149,820,005,080	179,518,250,766	119.8%
6	COGS of products by subsidiaries	211,499,105,527	190,145,394,840	89.9%
7	Revenue from financial activities	11,306,714,363	18,356,000,655	162.3%
8	Selling expenses	554,762,184,402	660,732,503,060	119.1%
9	Operating expenses	266,092,792,321	331,885,990,686	124.7%
10	Financial expenses	6,181,998,037	2,297,136,122	37.2%
11	Profit before tax	330,710,077,611	368,455,950,854	111.4%



11%

Net revenue growth compared to the same period in 2021

162%

Revenue from financial activities growth

Financial expenses have shown a decreasing trend, reducing from 11.5 billion in 2020 to

2,2

BILLION VND in 2022

Net revenue experienced an 11% growth compared to the same period in 2021, with finished product revenue increasing by 10.2%. This product category plays a significant role in the company's overall net revenue, accounting for 79% of total sales revenue. Revenue from goods showed a remarkable growth rate of 152.1% compared to the same period in 2021, representing 12% of total sales revenue. The achieved results can be attributed to the following factors:



The correct direction of the geographical separation plan between the herbal and non-herbal markets, with impressive growth in the non-herbal product category.



The company's sales policy has gained customer trust.



Exploring new suitable sources of goods that align with consumer preferences, resulting in good profit margins.



Professional sales staff, along with IT support, assist customers in controlling profits when selling the company's products.

Revenue from financial activities has been continuously growing in recent years, with a growth rate of 162% in 2022. This indicates effective cash management by the company, providing sufficient capital for production, business activities, and investment. The company has effectively utilized idle cash flow to drive revenue growth in financial operations.

While financial revenue continues to grow, financial expenses have shown a decreasing trend, reducing from 11.5 billion in 2020 to 2.2 billion in 2022. This reflects the company's focus on efficiently managing cash flow, including a plan to fully repay long-term debts and gradually decrease short-term borrowings from banks and credit institutions.



Revenue of pharmaceutical companies in 2021 - 2022

Growth of pharmaceutical companies in 2022/2021

Unit: %



Indicator	TRA	DHG	PMC	DMC	IMP	OPC	DBD	MKP	DHT
Revenue in 2021	2,161	4,003	414	1,498	1,267	1,124	1,559	1,130	1,609
Revenue in 2022	2,399	4,676	472	1,593	1,644	1,173	1,555	1,192	1,837
Growth 2022/2021	111.02%	116.81%	114.01%	106.31%	129.80%	104.37%	99.78%	105.49%	114.14%

TRA's net revenue in 2022 ranked second among the compared companies, following DHG, with a growth rate of 11%. The net revenue of the companies in 2022 ranged from 472 billion to 4,676 billion Vietnamese dong, indicating that TRA's net revenue is significantly higher than the average of the compared companies. However, the company also needs to seize market opportunities, further focus on and enhance its core product lines to achieve even higher growth in the upcoming period.

Profitability ratio of TRA in the period 2018 - 2022

Revenue target	2018	2019	2020	2021	2022
Gross margin	48.03%	54.98%	54.03%	53.10%	55.98%
Of which:					
Gross profit margin of finished goods	60.76%	62.83%	60.53%	61.96%	63.69%
Gross profit margin of goods	13.37%	18.84%	34.73%	21.92%	38.50%
Profit before tax	12.02%	12.56%	13.97%	15.30%	15.36%
After-tax Profit Margin (ROS)	9.72%	9.97%	11.35%	12.24%	12.23%
ROA	11.28%	10.79%	13.45%	15.75%	16.66%
ROE	15.70%	15.33%	18.93%	21.68%	22.17%

TRA's gross margin has continuously grown in recent years and is the best gross profit margin among comparable pharmaceutical companies. TRA's gross profit margin gained the highest increase in 2022 when gross profit margin reached approximately 56%, showing that the Company has effectively managed input costs in production as:

56%
Gross profit margin with the highest increase in 2022



- ◆ Looking for stable quality raw materials with competitive price
 - ◆ Managing production costs
 - ◆ Enhancing productivity of finished products
 - ◆ Having a purchase plan for seasonal products
- TRA's profitability ratio has grown at a high and stable ratio in recent years:**
- ◆ The pre-tax and after-tax profit margins in 2022 had a slight growth during the year, showing the effectiveness in corporate governance.
 - ◆ ROA had a relatively high growth ratio, reaching 16.66% in 2022 and increasing by nearly 1% over the same period in 2021.
 - ◆ ROE increased slightly by 0.49% over the same period in 2021 and reached 22.17%, showing that TRA's performance is in the TOP of companies with the highest index in the industry.

Profit ratio of companies in the industry in 2020 - 2022

	TRA	DHG	PMC	DMC	IMP	OPC	DBD
2020							
ROS	11.35%	19.66%	16.19%	12.36%	15.31%	10.66%	12.55%
ROA	13.45%	17.19%	18.35%	11.98%	10.63%	8.82%	10.32%
ROE	18.93%	21.27%	21.43%	13.98%	12.74%	14.72%	16.43%
2021							
ROS	12.24%	19.39%	15.62%	10.63%	14.92%	10.97%	12.13%
ROA	15.75%	17.13%	14.70%	10.32%	8.61%	10.31%	12.61%
ROE	21.68%	21.09%	17.19%	11.87%	10.72%	16.97%	17.75%
2022							
ROS	12.23%	21.14%	17.66%	12.56%	13.60%	12.15%	15.66%
ROA	16.66%	20.20%	17.64%	11.56%	9.78%	11.46%	14.09%
ROE	22.17%	24.45%	20.43%	14.16%	12.12%	17.62%	19.52%

12.23% ROS

TRA's profitability ratio ranks a high level among comparable companies, in which ROA reaches 16.66% and ranks in the TOP of companies with highest ROA. This is adjusted up by 1 percentage point compared to the same period in 2021 and is the leading company in terms of ROA growth.

16.66% ROA

ROS kept the same ratio in 2021 at 12.23% while ROE increased by 0.5%, showing that the Company is focusing on improving and enhancing ROE.

22.17% ROE



2022 is a year of strong development in the pharmaceutical industry when most companies get grown in revenue and profit, leading to positive growth in profit margins of pharmaceutical companies. In which, TRA's profitability indicators all showed growth, proving the Company's ability to adapt flexibly in the context of the economic downturn and heavily affected by market fluctuations.

Profit growth rate of companies in the industry

	TRA	DHG	PMC	DMC	IMP	OPC	DBD
Profit before tax 2021	331	864	81	199	239	159.24	232.44
Profit before tax 2022	368	1,100	104	250	291	180.00	298.81
Profit before tax 2022/2021	11.40%	27.27%	28.67%	25.57%	22.03%	13.04%	28.55%
Profit after tax 2021	264	776	65	159	189	123	189
Profit after tax 2022	293	988.45	83	200	224	142.48	243.89
Profit after tax 2022/2021	10.98%	27.35%	28.90%	25.58%	18.25%	15.50%	28.84%

TRA's profit before tax and profit after tax in 2022 ranked second after DHG, showing good efficiency in controlling revenue - costs to bring high business efficiency. However, the Company needs to further improve its profit growth to become one of the companies with highest growth rate in the pharmaceutical industry.

Analysis of ROE of TRA following dupont model

Indicator	2018	2019	2020	2021	2022
ROE according to Dupont	15.79%	15.26%	18.49%	20.86%	21.26%
Profit after tax / net sales	9.72%	9.97%	11.35%	12.24%	12.23%
Asset turnover	1.13	1.09	1.16	1.27	1.32
Financial leverage coefficient	1.44	1.41	1.41	1.35	1.32

The efficiency of utilizing asset has increased steadily over the past years, which is a positive sign that the Company's level of exploitation and use of assets has always been efficient and improved day by day.

ROE according to Dupont increased by 0.4 percentage points compared to 2021 and asset turnover also increased, showing that the Company has effectively managed assets to convert into cash in business activities. Good control of the above factors helps ROE to increase slightly in 2022.

Operation efficiency

Indicator	2018	2019	2020	2021	2022
Inventory rotation	2.58	2.19	2.45	2.76	2.45
Short-term receivables turnover	10.17	10.81	10.94	11.97	12.69
Short-term payables turnover	2.49	2.35	2.26	2.32	2.41
Average days of inventory	141.65	166.33	148.93	132.23	148.98
Average days of receivables	35.89	33.78	33.37	30.49	28.76
Average days of payables	146.42	155.40	161.67	157.29	151.45
Cash conversion cycle	31.12	44.71	20.63	5.43	26.28

Efficiency of operation went up over the same period in 2021, in which:

Receivables turnover increased by 0.72 rounds, corresponding to the number of days receivable from 30.49 days in 2021 down to 28.76 days in 2022 thanks to implementing the policy of sales in cash combined with solutions to reduce bad debts and NPLs.

Inventory turnover also increased slightly because the company adjusted according to the situation of registration number and market price of raw materials.

Payable turnover is adjusted reasonably when the Company balances payments to suppliers in accordance with the signed contract.

EBIT and EBITDA Index of TRA

Indicator	Năm 2018	Năm 2019	Năm 2020	Năm 2021	Năm 2022
EBIT	228,414,183,604	232,602,814,093	278,091,594,345	336,137,143,272	369,543,851,808
EBIT margin	12.70%	13.60%	14.57%	15.56%	15.40%
EBITDA = EBIT + Depreciation	300,166,119,033	295,719,135,724	357,168,541,789	420,783,270,154	456,400,527,724
EBITDA margin	16.69%	17.29%	18.71%	19.47%	19.03%

The company's EBIT in 2022 keeps a stable level over the same period and tends to increase steadily in the years from 2018 to 2021, showing the Company's efficiency in controlling operating expenses, along with decreasing interest expense, creating a premise for increasing profits for owners. TRA's EBIT has always remained at a high level and growth, proving that the Company is following its core business direction.

Like EBIT, the Company's EBITDA margin in recent years has remained stable, reaching 19.47% and 19.03% in 2021 and 2022, respectively. EBITDA margin for two consecutive years has been kept at a high level, showing profitability as well as clearly reflecting TRA's performance in the current period.

Production and business results of 2021 - 2022

During the past 50 years, TRAPHACO has always promoted and affirmed its position as a leading pharmaceutical enterprise by inheriting tradition and developing traditional medicine to a new height with modern technology to take care of the community health. 2022 is considered a successful year for Traphaco when the Company exceeded the plan in both revenue and profit, successfully held the 50th Anniversary of Traditional Day and received the First-Class Labor Medal for the second time.

Implementing the strategy of " MAINTAINING THE NO. 1 POSITION IN HERBAL INDUSTRY - INVESTING IN DEVELOPING HIGH-QUALITY WESTERN MEDICINE" has been creating a strong momentum for the Company's strong development in the new era.

Indicator	2021	2022	% Net revenue 2021	% Net revenue 2022	Growth
Net revenue from sales and services	2,160,840,045,542	2,398,917,958,769	100.00%	100.00%	111.02%
Cost of goods sold	1,013,404,064,894	1,055,721,001,826	46.90%	44.01%	104.18%
Gross profit from sales and services	1,147,435,980,648	1,343,196,956,943	53.10%	55.99%	117.06%
Revenue from financial activities	11,306,714,363	18,356,000,665	0.52%	0.77%	162.35%
Financial expenses	6,181,998,037	2,297,136,122	0.29%	0.10%	37.16%
Interest expenses	5,427,065,661	1,087,900,956	0.25%	0.05%	20.05%
Selling expenses	554,762,184,402	660,732,503,060	25.67%	27.54%	119.10%
Operating expenses	266,092,792,321	331,885,990,686	12.31%	13.83%	124.73%
Net profit from business operation	331,705,720,251	366,637,327,740	15.35%	15.28%	110.53%
Other profit	(995,642,640)	1,818,623,114	-0.05%	0.08%	-182.66%
Profit before tax	330,710,077,611	368,455,950,854	15.30%	15.36%	111.41%
Corporate Income tax	69,951,317,807	75,032,050,978	3.24%	3.13%	107.26%
Delayed corporate income tax	(3,708,096,338)	(91,577,741)	-0.17%	0.00%	2.47%
Profit after corporate income tax	264,466,856,142	293,515,477,617	12.24%	12.24%	110.98%
Profit after tax of minority shareholders	22,876,305,738	24,370,612,958	1.06%	1.02%	106.53%
Profit after tax attributable to the parent company's shareholders	241,590,550,404	269,144,864,659	11.18%	11.22%	111.41%

Structure of assets - Capital sources

Indicator	2018	2019	2020	2021	2022
Asset Structure					
Fixed asset/Total assets	42.13%	40.34%	36.13%	32.35%	28.88%
Current asset/Total assets	54.05%	56.51%	61.19%	64.08%	67.53%
Capital structure					
Liabilities/Total assets	30.36%	28.86%	28.98%	25.75%	23.99%
Equity/Total assets	69.64%	71.14%	71.02%	74.25%	76.01%

Fixed assets/Total assets ratio tends to decrease when the Company promotes current assets in production and business activities. The reasonable asset restructuring helps the Company to effectively use its fixed assets and current assets.

The proportion of other current assets increased by 3% compared to 2021, the increase was mainly in short-term assets, in which working capital in the form of cash and deposits always ensured sufficient capital for the

Company's production and business activities. Financial investments climbed strongly and accounted for a large proportion of total assets.

Liabilities and equity to total capital ratio has a slight adjustment in 2022, in which equity to total capital reached 76.01%, up 1.76% while liabilities decreased by nearly 2 percentage points, showing the transparent and sustainable financial structure of the Company.

Business plans in 2023



The business plan for 2023 is given by Traphaco's Board of Directors based on the difficult socio-economic situation, high global inflation and economic slowdown, stalling health spending. The supply of APIs and excipients is unstable; therefore, input costs and COGS are expected to increase.



NET REVENUE FROM SALES AND SERVICES (Unit: billion VND)

2,600

Growth of 8.4% compared to 2022

Parent Company's Revenue: VND 2.339 billion

- OTC revenue: VND 2,133 billion
Increasing by 5.3% from 2022
- ETC revenue: VND 206 billion
Increasing by +17.0% from 2022
- Revenue and other adjustments: VND 22 billion

Revenue from subsidiaries: VND 239 billion

- Bamepharm : VND 220 billion (Growth of +7,8% compared to 2022)
- Traphaco CNC : VND 12 billion (Growth of +71,4% compared to 2022)
- TraphacoSapa : VND 7 billion



CONSOLIDATED PROFIT AFTER TAX (Unit: billion VND)

326

Growth of 11.2% compared to 2022



THE INCOME OF EMPLOYEES (Unit: billion VND)

≥5%

Increase in the income of employees at Parent Company's compared to 2022

KEY INDICATORS

19

Number of new products to be produced and put on the market
(in which chemical drugs ≥4)

170

Sales of new products launched in the market from 2021
(Unit: Billion VND)

≥210

Annual registration number and ownership announcement
(Unit: SDK/CB)

Distribution activities in the OTC market change rapidly. Pharmacy chains play an increasingly large role. Online sales of drugs and dietary supplements develop rapidly and nationwide. Consuming behavior and spending habits also change.

Key indicators (Continued)



With the restructuring orientation of the Board of Directors and the Board of Management, the pilot separation of oriental medicine and non-oriental medicine in 13 locations in 2022 has achieved high growth in revenue. In 2023, the Company splits all remaining areas, creating a new and sustainable development motivation.



As planned, revenue and consolidated profit (after tax) increase by >8% and >11%, respectively.



Traphaco set a challenging target for the ETC channel with revenue increase by more than 16% compared to the result in 2022, in the context that public hospitals still have difficulties in procurement and bidding, and HHDN is no longer bidding advantage.



For the Company's main products: protecting the current market share in the context of fierce competition, maintain the No. 1 position in the liver tonic, quickly reasserting the No. 1 position in the brain tonic.



Taking advantage of growth opportunities, investing in developing product groups: Methorphan, Cebraton, Tottri, Antot, T-B, Dibetalic, Stilux, NatriClorid, etc.



Deployment of new products: putting into production and on the market at least 19 products. The sales target of new products in 2023 is about VND 36 billion; sales of new products launched in the market from 2021 are about VND 170 billion.

Technology transfer:

- Completing sales target for technology transfer products - Phase 1 with Daewoong.
- Manufacturing 5 technology transfer products - Phase 1 according to sales plan of OCT and ETC.
- Pushing up new registration numbers for technology transfer products - Phase 2.
- Signing technology transfer - Phase 3 with Daewoong.
- Searching and signing technology transfer contract with a new partner.

Main tasks



Strengthening distribution channel operation capacity:

OTC channel:

- The integrated sales policy in 2023 helps the pharmacist split in the entire system effective.
- Inheriting strengths and overcoming the outstanding issues in Sales policy in 2022.
- Adjusting the way of management and sales for the chain system, online channels to promote sales growth.
- Improving the quality of customer management in terms of revenue and legality.
- Ensuring interests of customers separated and not separated, wholesale customers - retail customers.

ETC channel:

- Developing the clinic prescribing segment.
- Developing product portfolio through technology transfer and exploiting products.
- Developing specialized personnel for ETC channel
- Strengthening marketing through conferences and seminars to introduce products for medical staff.

Support activities:

- Maximizing opportunities to sell products into the chain. Promoting sales to online sales channels (thuocsi.vn)
- Enhancing health care activities. Exploiting the opportunity to introduce products to pharmacies through consultation activities on zoom.
- Enhancing the Strategy of Oriental Medicines and developing Western Medicines.



MAINTAINING THE NO. 1 POSITION in herbal industry - focusing on development and investment of non-herbal segment"



Improving production capacity in non-herbal segment:

Considering investment in GMP-EU line after the feasibility report is available.

Investing in a health food chain at Hung Yen Factory.



Continuing to split Herbal and Non-Herbal in the entire system, converting some localities with high revenue from partner to branch model.



Elevating Traphaco's brand: class and innovation after 50 years, affirming the position of high-quality Herbal medicine products and ability to develop Western medicines.



Digital transformation: setting goals for the period 2023-2025 and implementing activities to digitize the supply chain (manufacturing management, planning, logistics, distribution), improving customer experience, payment non-cash and so on.



Maintaining a high gross profit margin: Well control the gross profit margin of the Company's key products, optimizing operating costs.



Focusing on "Overall happiness" of employees.









TRAPHACOSAPA CO., LTD.



As an important link in the Green Value Chain of Traphaco, TraphacoSapa researches and develops areas of herbal materials, ensures the stability of quantity and quality, manufactures local healthcare products as directed by the parent company. Traphacosapa has been contributing to the development of TRAPHACO's brand.

In 2022, adhere to Traphaco's strategic development orientation; TraphacoSapa Company has products for taking care of human health. Fulfilled 122% of the year plan with the profit reached 113% of the year plan. Revenue compared to 2021 increased 32%, profit increased 30.1%.

To achieve the above results, the Company has applied the following measures:

-  Adhere to the quality goals established at the beginning of the year, focusing on directing production, sales, quality management of goods, building a professional personnel team, investing and upgrading machinery and equipment to improve productivity.
-  Maintain the application of the GPs-WHO Quality Management System.
-  Maintain the application of the ISO 9001:2015 Quality Management System.
-  Manage medicinal plantations that met GACP-WHO standards.
-  Implement the principles of the Global Union for Ethical Biology UEFT.



Mr. DO TIEN SY
Director



100%
Ownership of Traphaco JSC



Revenue increased by
32%
compared to 2021

Profit grew by
30,1%
compared to 2021



TraphacoSapa Co. Ltd.
was established in
August 07, 2001

BUSINESS LINES

Overview introduction

It used to be a joint venture between Traphaco JSC., and Lao Cai Pharmaceutical & Medical Supplies JSC. In 2009, this company was changed into Traphaco Sapa One-member Co. Ltd., which was 100% funded by Traphaco JSC. Currently, Traphacosapa is the only medicinal materials manufacturing company in Lao Cai province. Traphacosapa is always proud to be a subsidiary of Traphaco JSC with the mission to create green products for taking care of human health.

- Growing spices & medicinal plants.
- Cultivate & process herbal materials, agro-forestry products and food; Produce and sell medicines, herbal materials, food; Transfer know-how of planting, processing and producing herbal materials.
- Import and export agro-forestry products and chemicals.
- Import and export herbal and drug materials.
- Produce and sell wine, beer, beverages and cosmetics.
- Produce, sell, import, export and consign import and export of machines and equipments.

QUALITY TARGET IN 2022

1

Revenue and profit

61.3 BILLION VND
Total Revenue

3.0 BILLION VND
Profit

2

Quality system

Perform the quality management system in compliance with ISO 9001:2015 and GPs standards.

Adhered to Ethical BioTrade (EBT) guidelines; proud to be the only Vietnamese member of the Union for Ethical Biotrade (UEBT).

Re-evaluated and obtained the certificate of maintaining the satisfaction of "Good manufacturing practice for drugs and medicinal ingredients according to the standards of the World Health Organization (GMP-WHO), and good storage practice for drugs (GSP)."

Re-evaluated and achieved ISO 9001:2015 maintenance certification.

Re-evaluated and obtained GACP-WHO certification for the ampelopsis cantoniensis harvesting areas.

Controlled artichoke growing and harvesting areas, growing areas and medicinal herbs harvesting areas 100% compliance with GACP-WHO standards.



3

Employee

Average income increased at least 8% compared to 2021.

No complaint from staffs about issues related to workers' rights and legal regulations.

4

Client

Ensured 100% of orders are delivered as committed.

5

Environment

Complied with the provisions of the law, there was no violation that had to be sanctioned.

Complied with regulations relating to biodiversity conservation, sustainable development and equal sharing of benefits among stakeholders, in compliance with the Convention on Biological Diversity.

SIGNIFICANT HERBAL MATERIALS



Artichoke leaves



Ampelopsis cantoniensis



Glinus oppositifolius



Cordyceps militaris

OUTSTANDING PRODUCTS



- Spraying-drying artichoke extract
- Glinus oppositifolius products from spraying-drying process
- Condensed paste of Ampelopsis cantoniensis
- Sapa soft Artichoke extract
- Ginseng Artichoke soft paste
- Chocolate detox
- Cordyceps capsules
- Soft paste of Ampelopsis cantoniensis
- Cyanophyta Tea
- Ampelopsis cantoniensis Tea
- Black Musk Tea
- Cordyceps militaris
- Dried Cordyceps militaris

Typical achievements (2018-2022)



EMULATION TITLES

2018

Outstanding Individual title

Mr. Do Tien Sy is one of 60 individuals, together with the Vice Chairman of Lao Cai province, to report at the Presidential Palace.

2020

Delegates - National patriotic emulation congress

- Certification for Mr. Do Tien Sy - Director of the company to be an advanced example in the patriotic emulation movement of Lao Cai province in the 2016-2020 period. Decision No. 3504/QĐ-UBND dated October 14, 2020.
- Elected to join the delegation of 12 Lao Cai province delegates to attend the 10th national patriotic emulation congress, on 9/12/2020.

FORMS OF REWARD

2018

Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

Excellent achievements in the special emulation to celebrate the 60th anniversary of Uncle Ho's visit to Lao Cai and 70 years of Uncle Ho's appeal for patriotic emulation.

Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

Having outstanding achievements in building cultural environment in enterprises outside of the state sector in 2018.

Ministry of Health, Vietnam

Certificate of GMP - WHO for pharmaceuticals, medicinal herbs, dietary supplements.

Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

Excellent achievements in implementing Resolution No.26-NQ/TW of the Central Executive Committee on agriculture, farmers and rural areas.

2019

Certificate of Vietnam Fatherland Front Committee of Lao Cai province

Excellent performance in 10 years of implementing the 'Buy Vietnamese' campaign.

2020

Asean Enterprise Award

Inclusive Business Award 2020- ABA 2020 - awarded to enterprises for the impact of inclusive business creating jobs and increasing income for low-income people.

Science and technology innovation contest Award

01 first prize: Research of production goods from Sa Pa cordyceps militaris.
01 third prize: Research on improving production process of spraying/drying artichokes extract.

2021

Lao Cai Provincial Labor Confederation

Certificate of Merit for Mr. Do Tien Sy, Mr. Le Quan for scientific and technical innovation in Lao Cai province.

Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

Having excellent achievement in implementing the program "Each commune has one OCOP product" in 2018-2020 period.

Chairman of Lao Cai Provincial People's Committee

Certificate of Merit for Mr. Le Quan, Mr. Nguyen Phu Tri for the 7th time on the scientific and technical creativity of Lao Cai province.

Ministry of Health, Vietnam

Continuing to achieve Certificate of GMP - WHO for pharmaceuticals, medicinal herbs, dietary supplements.

Vietnam General Confederation of Labor

Certificate of Merit for Mr. Do Tien Sy for the program of "75,000 initiatives in production and business".

2022

Certificate of Merit from the Executive Committee of Lao Cai City Party Committee

Typical strong branch in 2021.

Certificate of Merit from the Director of the Department of Labor Safety

Achievements in Labor Safety in 2021.

Vietnam General Confederation of Labor

Awarded Merit for creative labor to Mr. Do Tien Sy: won the title of creative worker in the patriotic emulation movement in 2021.

Certificate of Merit from Chairman of Lao Cai Provincial People's Committee

Awarded to Secretary of the Party cell - Director of the Company Mr. Do Tien Sy for his excellent achievements in the emulation movement "Good Labor, Creative Labor" among employees, Lao Cai Province.

Production and business results of 2022

Indicator	Unit	2017	2018	2019	2020	2021	2022
Net revenue from sales and services	Billion VND	54.2	48.5	46.6	51.6	56.6	74.8
Profit before CIT	Billion VND	2.4	2.2	2.1	2.4	3.0	3.9
Profit after CIT	Billion VND	2.0	2.1	2.0	2.2	2.6	3.4
Total number of employees (As of 31 December)	Person	63	60	52	49	54	54
Charter capital	Billion VND	25	25	25	25	25	25
Profit before tax/Charter capital ratio	%	9.6	8.8	8.4	9.6	12.0	15.6
Profit after CIT/Charter capital ratio	%	8.0	8.4	8.0	8.8	10.4	13.6



THE COMPANY'S ACHIEVED IMPROVEMENTS IN 2022

- Completed 100% of the revenue and profit plan
- Ensuring jobs for employees, employee's income increased by 23.9% compared to 2021
- Effective application of software in work management
- Improving labor capacity, helping increase output, saving production costs, ensuring profit margin in the context of high production material prices.
- Adding 01 local product into the sales system of Traphaco JSC, reaching VND 5.1 billion in revenue.

Development orientation for 2023

In order to achieve these targets, the Company will focus on the following measures:

1. _____ Focusing on deploying activities according to the Parent company's message: "Speed and Digitization - Connect for Success".
2. _____ Continuing to improve work processes to enhance efficiency and product quality.
3. _____ Strengthen cost control, reduce costs in the production and business processes.
4. _____ Deploying new business forms for local products on a digital technology platform to create a breakthrough in revenue.
5. _____ Coordinating with the Oriental Medicine Research Department and other departments of the Parent company, continuing to research, innovate and create new indigenous products, bringing new revenues.
6. _____ Strengthen coordination with the TRA sales team to achieve sales targets for 2023.





TRAPHACO CNC JSC



Traphaco High-tech JSC (referred to as Traphaco CNC) was established on June 6, 2006 and officially came into operation on January 1, 2007 to carry out the noble mission: bring green health to the community with medicinal products derived from nature.



Overview of Traphaco CNC

Based on more than 50 years of establishment and development of Traphaco JSC, Traphaco CNC has invested in modern and high-tech equipment and machines to manufacture and distribute products. The company was formed on the basis of the pharmaceutical factory project - GMP standard with a total investment of up to 130 billion VND on a total area of about 40,000 m² in Tan Quang commune, Van Lam district, Hung Yen province.



The company applies the Quality Management System in the Pharmaceutical industry according to the standards of the World Health Organization GMP - WHO, the Quality Management System ISO 9001: 2015, the Environmental Management System ISO 14001: 2015 and 5S tool. In September 2009, Traphaco CNC was the first enterprise of manufacturing and trading pharmaceutical derived from natural herbs in Vietnam to be certified by the Drug Administration - Ministry of Health to meet GMP - WHO, GSP - WHO, GLP - WHO.

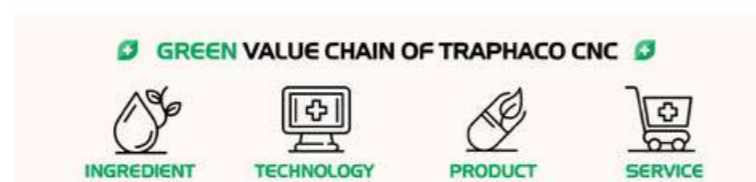
With a view of sustainable development based on constantly improving product quality, service quality, linking business development with environmental protection and implementing Traphaco culture in the new period, Traphaco CNC has not stopped research and develop green value chains from: Materials - Technology - Products - Services distribute and market unique products with high treatment efficiency and safety for users. For many years, the company has always maintained its performance with the leading role in the field of herbal medicine with 2 outstanding products in the consumer market: hepatobiliary drugs (Boganic) and neuroleptic drugs (Hoat huyet duong nao - Cebraton). In addition, the company has many products that are wellpositioned in the market, reputable and trusted by many customers such as: Tottri (Hemorrhoids medicine), Duong Cot Hoan (Bone supplement), ... Especially in 2021, many new high-selling product lines will be developed such as Xuyen Tam Lien, Seacan Plus, Methorphan Bee,...

In the context of the early 2022, when the Covid-19 pandemic spread quickly, about 60% of the Company's employees had Covid-19 from the first quarter to the second quarter of 2022. The employees had to take sick leave due to the pandemic and health effects after the pandemic. The need for products to support Covid-19 treatment is very urgent. Traphaco CNC has arranged to work with 3 consecutive shifts and 3 on-site to promptly produce products to support the pandemic treatment such as Methorphan Bee syrup, Methorphan Bee spray, Xuyen Tam Lien, hand sanitizer, Trafresh, Antot, and so on. Thanks to the efforts and consensus of all employees of Traphaco CNC as well as the effective operation, in 2022 Traphaco achieved 100% of the assigned production and business targets.

Traphaco CNC is always proud to provide consumers with products of high value in terms of quality as well as use value. And commits to continue to be a pioneer in the development of products of natural origin and always invest in upgrading for scientific and technological development, while maintaining the No. 1 position in manufacturing of herbal medicine in Vietnam.



Mrs. TRINH THANH HUYEN
Director



Main business lines

Producing and selling herbal medicine, materials, additives, supplement dietary, cosmetics, chemicals, pharmaceutical and medical equipment.

The Company is producing and distributing its products for an exclusive client which is Traphaco JSC. From 09/07/2020 Traphaco CNC has developed a business department. Currently, the business department performs the product research and development function; customer development and customer relationship management outside of Traphaco.

Development orientation for 2023

With the goals of speed, digitization, and connectivity for success. Traphaco CNC is committed to continuing to be a pioneer in the direction of developing products of natural origin, ensuring health for consumers and invest in the development of modern technology at the highest level.



~51%
Ownership of Traphaco JSC



583.4
Total revenues
(Unit: billion VND)

45
Profit after tax
(Unit: billion VND)

Production and business results of 2022

Traphaco CNC has continuously researched and developed the green value chain for raw materials - technology - products, providing the market with unique products in formula, effective treatment and safety for users; taking the community interest as the starting point for all activities and good competitiveness with imported products in order to affirm the quality and show the pioneering aspirations, confidently maintaining the

No. 1 position in manufacturing of herbal medicine and aiming to become the No. 1 pharmaceutical enterprise in Vietnam. With the close attention and direction of the Board of Directors in production and business along with the determination of the Board of Management and the efforts and professionalism of employees throughout the Company, in 2022 Traphaco CNC has completed the following plan targets:



Financial Resource

In 2022, the Company has well performed financial management, enhancing the financial efficiency in accordance with the Company's Charter and the provisions of the Law; welcoming the tax inspection team of Hung Yen Province to inspect at the Company from November 11, 2022 and on December 20, 2022, the inspector's conclusion showed that the Company has well implemented the provisions of the law on taxes and payables to the State budget without payables incurred. Well implementing budget limits: Making decisions to assign budget limits to each department in the Company from the beginning of the year and perform quarterly budget control.

THE COMPANY'S ACHIEVED IMPROVEMENTS IN 2022

The average income of employees in 2022 is guaranteed to be 5% higher than the same period in 2021 (23.5/20.4 VND million/person/month)

313 /322 PEOPLE

The Company's personnel as of December 31, 2022 decreased by 2.8% compared to the same period.

- Production of 14 new products reached 28,5 VND billion, exceeding 42,5% of the income goal for new product (20 VND billion).
- Registering new products with 18 registration numbers/SCBs. Currently Traphaco CNC owns 58 registrations/SCBs (20 drugs, 26 Health Protection Food, 2 cosmetic chemicals, 4 medical equipment and 6 traditional medicines).
- Maintaining Quality Management System (ISO, GPs); successfully protecting ISO 13485:2016, ISO 22000:2018.
- Total investment capital in 2022 is 18.9 billion VND, to be specific:

4-ton boiler: Replacing the old boiler with new technology, currently fully meeting the needs of steam use of the parts. Besides, the new boiler can also burn medicinal plant residues, saving billions of dong to dump the residue, the cost of fuel to burn the furnace, helping to protect the environment.

Concentration and extraction pot: Increasing concentration capacity to 150% and stable quality.

Power station: Addressing safety risks and load development.

- Strictly complied with the provisions of the law, ensuring the safety and quality of products supplied to the market, with no violations in 2022.

Development orientation for 2023

According to the development orientation of the parent Company, vision to 2025, to be Vietnam's No. 1 Pharmaceutical Enterprise in terms of revenue-and-profit growth and follow the Traphaco culture in the new period.

Traphaco CNC sets the following planning objectives:



Total revenues 2023: 612 Billion VND ~ Increasing 7,7% compared to 2022, in which: Revenue from sales to the parent Company is VND 600 billion, revenue from new products made by Business Development Division is 12 billion VND.

Profit after tax 47 tỷ đồng ~ Increasing 9,3% compared to planning of 2022

The ratio of NPAT to charter capital in 2023 is 0.41 (Profit after tax/charter capital in 2022 is 0.39)

Average income of employees in 2023: Increase \geq 5% compared to 2022.

Strategic orientation "Traphaco CNC maintains the No. 1 enterprise in Vietnam in producing medicines from herbs; being an important link in Traphaco's mission; creating green products to take care of human health".



TRAPHACO HUNG YEN CO., LTD.



As a core important link to realize the “double wave” strategy: “Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment”, the Company continuously conducts technology transfer activities, granting new registration numbers and deploying new products into production, researching and upgrading production lines according to GMP-EU standards.



Mrs. PHAM THI THANH DUYEN
Director



100%

Ownership of Traphaco JSC



352

Total revenues
(Unit: Billion VND)

37.5

Profit After tax
(Unit: Billion VND)



Overview Introduction

Traphaco Hung Yen Co., Ltd was established with 100% capital contribution of Traphaco JSC on the basis of an investment project to build a western medicine factory located in Tan Quang Commune - Van Lam District - Hung Yen Province and Officially put into operation since 2017.

The company's major line of business:

- Production and sales of drugs
- Medical equipment
- Healthy food
- Medicinal chemistry and medicinal herbs.

Overview of Traphaco Hung Yen

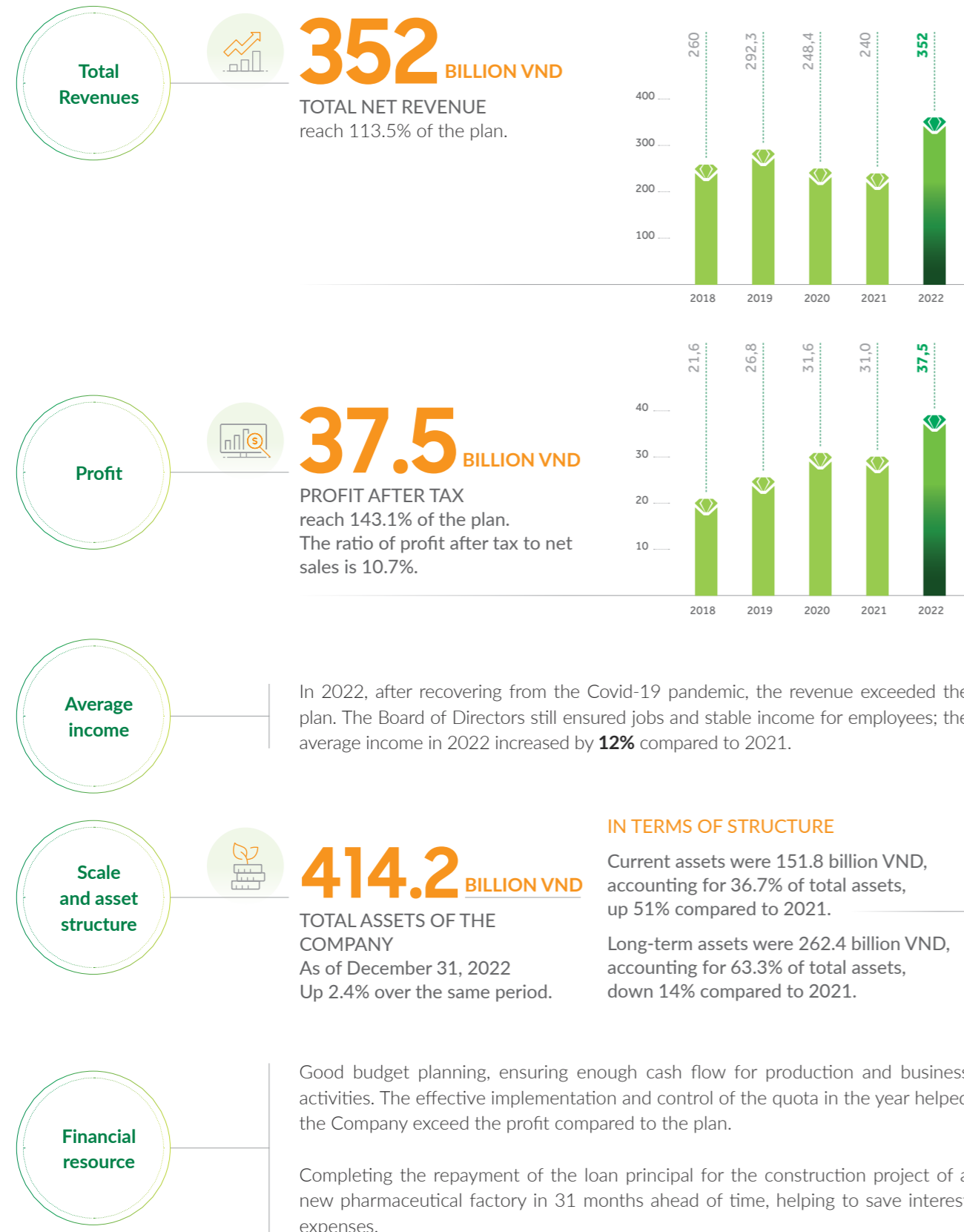
As a member company of Traphaco Joint Stock Company, in the strategy of building and developing a leading modern pharmaceutical manufacturer in Vietnam, the Company is invested in building a 4.0 smart pharmaceutical factory, meeting GMP - WHO with a total capital of nearly VND 500 billion on an area of more than 46,000 m2, including 5 main production lines: eye drops, nose drops; liquid drugs for internal use; liquid drugs for external use; tablets; ointment-cream.

Up to now, the Company has had reputable products, trusted by consumers, bringing in major revenue such as: Eye drops, Nasal Sodium Chloride 0.9%, Samaca eye drops, Dibetalic Skin Ointment, Methorphan Cough Film-coated Tablets, Stilux 60 Tablets, Traflu Flu Day Film-coated Tablets, Ofloxacin 0.3% Eye Drops Solution, Azizi Film-coated Tablets, etc.

As a core important link to realize the “double wave” strategy: “Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment”, the Company continuously conducts technology transfer activities, granting new registration numbers and deploying new products into production, researching and upgrading production lines according to GMP-EU standards.

Report on production and business results 2022

Business results in 2022



Achievements of the company in 2022

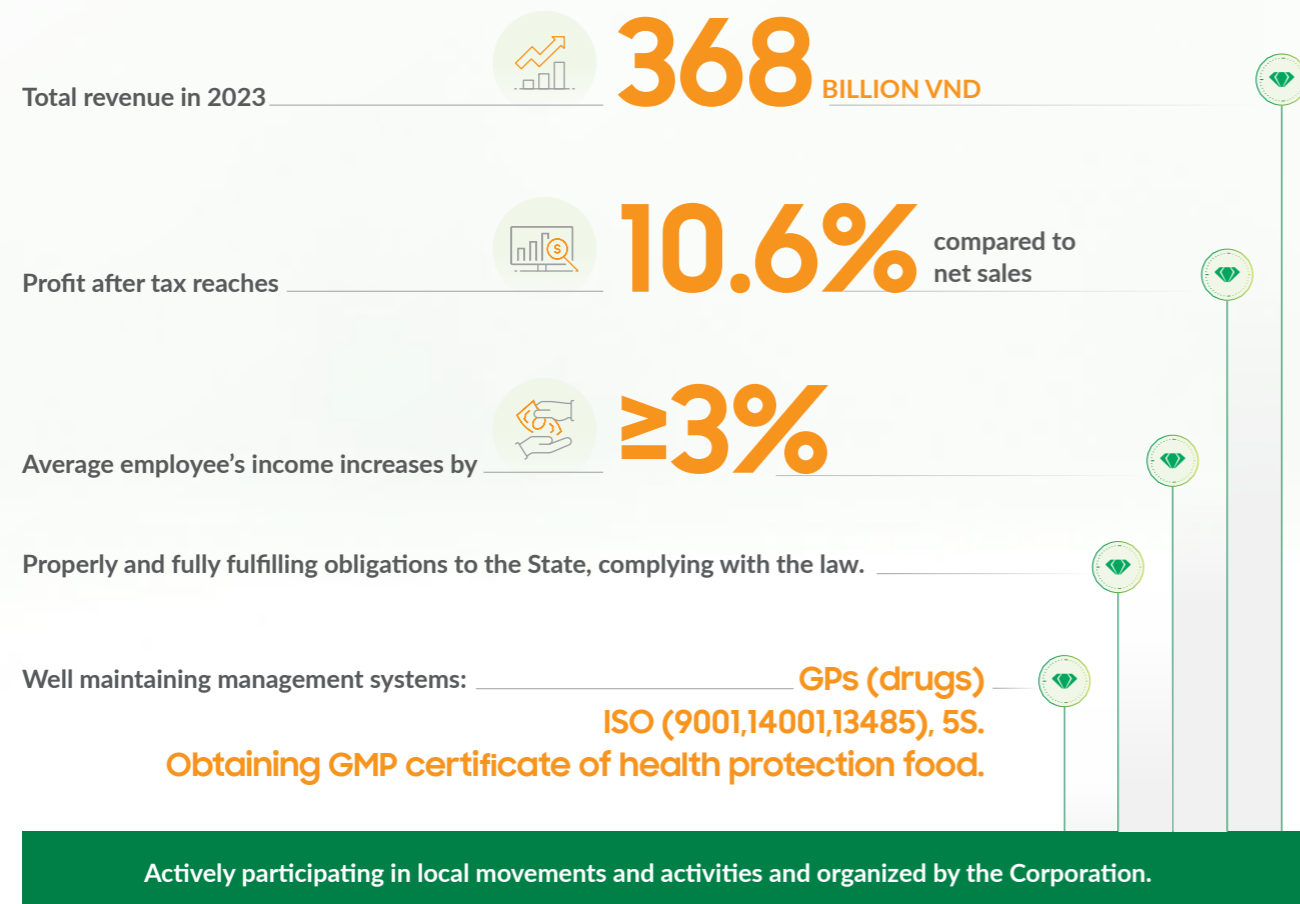


After 5 years of stabilizing factory operations, improving technology processes, transferring cooperation, and so on, in 2022, the Company has exceeded all planned targets, marking a milestone for the Company's development stage. Notable results are as follows:

- Arranging reasonable production plans, promptly meeting goods for customers, even during the period when the demand for the Covid-19 pandemic increases sharply.
- Revenue and profit exceeded the plan in 2022 and increased significantly compared to 2021.
- Successfully deploying and producing 09 new products, contributing 7.4% of total revenue in 2022 and exceeding the target of new product revenue in 2022 by 116%.
- Obtaining ISO13485 certification to deploy the production of medical equipment products and ensuring good quality management systems.
- Improving the production process of 12 products, contributing to improving productivity and saving costs.
- Continuing to deploy technology transfer products and preparing for the next stages.
- Improving labor quality, strengthening the engagement between the Company and the employees through training programs, overseas training, and movement activities on the occasion of major holidays of the year, the 5th anniversary of the Company's operation and the 50th anniversary of Traphaco's tradition.
- Contributing to maintaining and promoting TRAPHACO brand through activities of welcoming customers throughout the country to visit the factory; actively participating in the emulation program launched by the Company's Party Committee, in which the Company has 01 program to win the second prize, 03 programs to reach the TOP 35 highly appreciated programs.
- Receiving the Certificate of Merit from the Chairman of the People's Committee of Hung Yen Province for outstanding achievements in production and business, building and developing the business community.

Development Orientation 2023

Production and business plan of 2023



Solutions

- Actively coordinating, proposing purchase and sale plans, allocating resources, developing reasonable monthly and quarterly plans to maintain and grow revenue.
- Improving capital management, controlling costs to maximize profits for the Company.
- Strengthening compliance training, advanced training, continuing to improve processes, maintaining internal supervision for better work and enhancing labor productivity.
- Investing in upgrading and repairing factories, machinery and equipment, inspecting and reviewing conditions in order to re-grant GPs good manufacturing practice certificates, appraising and issuing new GMP certificates of health foods.
- Launching and propagating to each department and individual to participate in the production and business emulation program with the message of 2023 **"Speed and Digitization - Connect for Success"**.





BAMEPHARM DAKLAK PHARMACEUTICAL & MEDICAL EQUIPMENT JSC



With a harmonious development strategy among business goals, serving and ensuring jobs, constantly improving employees' living in association with the existence and development of businesses, Bamepharm has built its reputation, brand and customer trust. After 47 years of establishment and development, especially in the period after 20 years of equitization, Bamepharm has not only become the No. 1 enterprise in the pharmaceutical market in the Central - Central Highlands in terms of direct retail but also is proud of implementing “mission of service”, shifting from a management mindset to a serving mindset and from a serving mindset to service providing mindset.

2022 is a challenging year not only for the Vietnamese economy in particular, but also for the global economy in general. Bamepharm is also not outside these changes. Implementing the business directions and targets assigned by the Board of Directors in 2022, the Company has ensured to maintain business performance, determining Traphaco's products as the Company's key product and the efforts of the whole system to make the revenue picture of Traphaco more and more prosperous even though the unfavorable economic and pandemic situation during the year. Compared to the previous year, delivery plan reached 100.5% (up 9.5% over the same period). In addition, achieving the goal of Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment, increasing revenue of non-herbal significantly (reaching 141% of the plan, up 124% compared to the same period).

Besides doing business, Bamepharm also actively participates in local social security such as hunger eradication and poverty reduction fund, gratitude fund, disaster prevention and flood control valued to hundreds of millions of dong. Particularly, in the COVID-19 pandemic, the Company has transported hundreds of tons of medicines and medical supplies to serve people in Dak Lak and Dak Nong provinces.

Looking forward to 2023, despite difficulties and challenges, we will turn challenges into opportunities, stepping out of the normal practices to create a vision of exemplary leadership. This vision will be built from “Doing the right things in a right way”. This is a simple step in our journey towards the common goal of affirming the Company's No. 1 position in the Central Highlands. Promoting the achieved results, in the coming time, Bamepharm will focus on investing in more facilities to develop retail network; improving management methods, enhancing labor quality in order to further improve business efficiency and save costs. At the same time, constantly improving material and spiritual life of employees; striving to accomplish better and better in the supply of drugs, medical supplies, chemicals and biological products to best serve health care and disease treatment for people in the provinces and outside the provinces.

In 2023, Bamepharm will celebrate 20 years of transforming its operations from a State-owned enterprise to a Joint Stock Company, we believe that your trust will be rewarded. The Company focuses on business innovation based on its competence and experience. We look forward to working closely with our partners to become a Bamepharm that is not only bigger but also better for shareholders, customers, employees and the community.



General introduction

Daklak Pharmaceutical & Medical Supplies JSC

Acronym: **Bamepharm**

Dak Lak Pharmaceutical & Medical Supplies JSC. (Bamepharm), with a distribution channel of more than 800 GPP certified outlets which fully covered Dak Lak and Dak Nong from urban to rural and remote areas.

Bamepharm used to be a State-owned company. The company is considered the key enterprise of Dak Lak in terms of business and has actively supported local health service in diseases prevention and social welfare.

Current activities: Mainly distributing and selling specialized products (agent) for both domestic and foreign manufacturers.

BUSINESS ACTIVITIES

- Producing drugs to treat human diseases, nutritional food products, drugs derived from medicinal herbs.
- Trading in drugs, pharmaceuticals, vaccines-biological products, chemicals of all kinds and nutritional food products.
- Planting medicinal plants, processing medicinal herbs
- Exporting and importing of drugs, pharmaceutical materials and medical equipment.
- Affordable accommodation services, commercial activities and services.
- Buying and selling optical equipment, medical equipment, dental equipment, hospital equipment.
- Repair and maintenance services for specialized medical equipment and machinery.



Mr. PHAN THANH TRINH
General Director



58%

Ownership of Traphaco JSC



260

Total revenues
(Billion VND)

6.32

Profit after tax
(Billion VND)

Production and business results of 2022

Business results in 2022

In 2022, Bamepharm kept being the top enterprise in terms of distribution channel in Dak Lak and Dak Nong with more than 800 loyal usual clients.



The Company's achieved improvements in 2022

- Stabilizing and developing the retail system;
- Continuing to improve the overall enterprise management system (ERP).

Achievements: Awarded a flag by the People's Committee of Dak Lak Province to the emulation movement in 2022.

Development orientation for 2023



Solutions

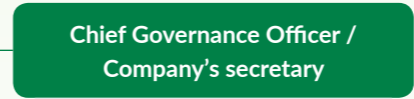
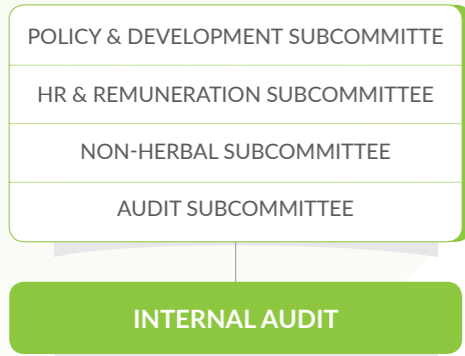
- In 2023, Bamepharm continues to develop and implement the orientation of "exploiting ERP software data" to apply to the business management, increasing market share, well managing traditional customers, increasing the ability to successfully process orders, in addition to keeping the current market share, expanding activities into market outside the system or the current clinic not yet reached or limited.
- Identifying Traphaco products as the key products to optimize the advantage of drugstore distribution channels.
- Increasing service quality, focusing on correct, complete, under 30 hours delivery and customer care.
- Increase the market share of Hospitals and Clinics channels.
- Build professional sales representatives.

DIGITALIZATION

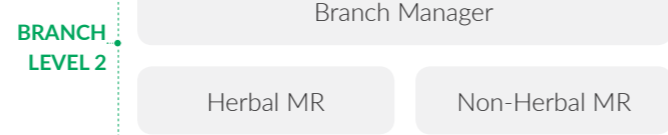
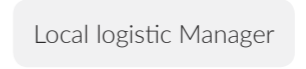
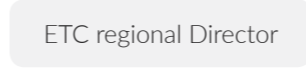
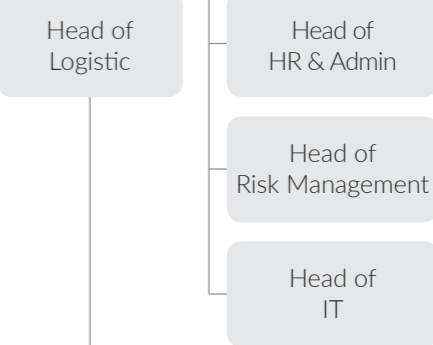
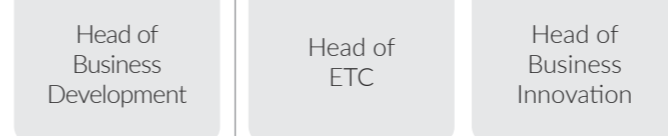
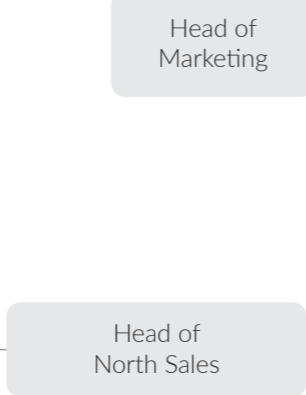
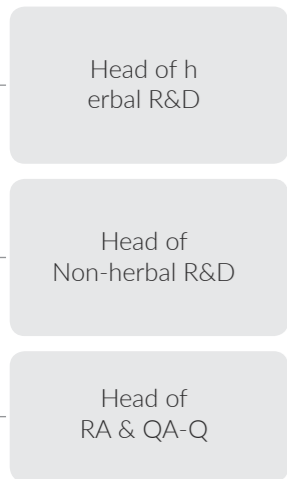
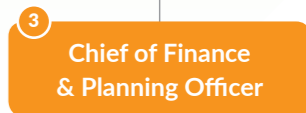
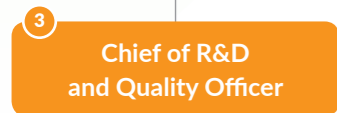


3 CORPORATE GOVERNANCE

Model and Governance structure of Traphaco



Report on the business segment of Non-herbal



- 1 The title of CEO is the legal representative of the Company, exercising the rights and obligations as stipulated in the Company's Charter and relevant legal documents such as the Enterprise Law, the Securities Law and related laws.
- 2 The title of COO is authorized by the Board of Directors to make decisions in the scope of work and business areas, including the non-herbal business being independently responsible to achieve business goals.
- 3 The titles of Chief and other positions in the Management apparatus specified in the DoA are authorized by the Board of Directors to make decisions in the scope of work, business areas, to achieve business goals.

Activities of The Board of Directors



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.

Activities of The Board of Directors in 2022

- In 2022, the Board of Directors conducted 13 meetings, 4 in-person and 9 in writing, issued 63 Resolutions and Decisions to resolve issues within the functions and authority of the Board of Directors.
- 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.

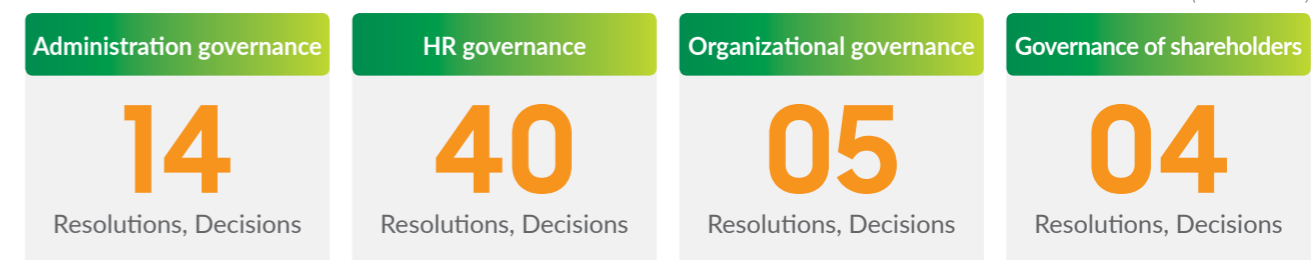


Meeting attendance rate

No.	BOD Member	Number of BOD meetings attended	Attendance rate
1.	Mr. Chung Ji Kwang	13/13	100%
2.	Mr. Nguyen Phu Khanh (Appointed on March 31, 2022)	8/8	100%
3.	Mr. Tran Tuc Ma	13/13	100%
4.	Mrs. Dao Thuy Ha	13/13	100%
5.	Mr. Kim Dong Hyu	13/13	100%
6.	Mr. Lee Tae Yon	13/13	100%
7.	Mr. Nguyen Anh Tuan	13/13	100%
8.	Mr. Lai Tran Dong (Resigned on March 31, 2022)	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:



No.	Resolution/ Decision No.	Date	Content
1.	02/QĐ-HĐQT	14/01/2022	The detailed Organizational Structure of Traphaco JSC
2.	03/NQ-HĐQT	24/01/2022	Appointment of Chief Accountant of Traphaco Hung Yen Co., Ltd. - Ms. Dao Hong Anh
3.	04/QĐ-HĐQT	24/01/2022	Approve the proposal of the Traphaco HY's Chairman on the personnel appointed to the position of Chief Accountant of Traphaco Hung Yen Co., Ltd
4.	06/NQ-HĐQT	09/02/2022	Convene 2022 AGM
5.	09/QĐ-HĐQT	15/02/2022	Traphaco's Risk Appetite Statement in 2022
6.	10/QĐ-HĐQT	15/02/2022	Promulgate the Regulation on Appointment, re-appointment, rotation, transfer, dismissal, resignation of management officers in Traphaco JSC
7.	11/QĐ-HĐQT	15/02/2022	Establish the Committee for assessing Hung Yen Factory
8.	12/QĐ-HĐQT	15/02/2022	Internal audit plan in 2022
9.	14/QĐ-HĐQT	18/03/2022	Authorized representative of capital of Traphaco JSC at Dak Lak Pharmaceutical and Medical Supplies JSC

**ACTIVITIES OF
THE BOARD OF DIRECTORS (Continued)**

No.	Resolution/ Decision No.	Date	Content
10.	17/QĐ-HĐQT	18/03/2022	Ceased to be the representative of capital of Traphaco JSC at Traphaco CNC JSC
11.	18/QĐ-HĐQT	18/03/2022	Delegate representative of capital of Traphaco JSC at Traphaco CNC
12.	22/QĐ-HĐQT	28/03/2022	Appoint Executive Vice CEO - Chief ETC & Business Development Officer Mr. Kim Dong Hyu
13.	23/QĐ-HĐQT	28/03/2022	Appoint Chief R&D and Quality Officer Mr. Nguyen Huy Van
14.	24/QĐ-HĐQT	28/03/2022	Appoint Chief of OTC Sales Officer Mr. Nguyen Van Bui
15.	25/QĐ-HĐQT	28/03/2022	Appoint Chief Finance & Planning Officer Mr. Pham Hoang Anh
16.	26/QĐ-HĐQT	28/03/2022	Appoint Chief Accountant Mr. Dinh Trung Kien
17.	27/QĐ-HĐQT	28/03/2022	Appoint Director of Central branch Mr. Nguyen Mau Hoang Son
18.	28/QĐ-HĐQT	28/03/2022	Appoint Director of South branch Mr. Le Hai Nam
19.	29/QĐ-HĐQT	28/03/2022	Appoint Director of North Central branch Mr. Thai Duc Luan
20.	30/QĐ-HĐQT	28/03/2022	Appoint Director of ETC, South branch Mr. Nguyen Quoc Hung
21.	31/QĐ-HĐQT	28/03/2022	Appoint Director of ETC, Central branch Mr. Nguyen Le Cat Tuong
22.	32/NQ-HĐQT	29/03/2022	Add content to the Agenda for 2022 AGM
23.	35/QĐ-HĐQT	31/03/2022	Authorized representative of capital of Traphaco JSC at Traphaco CNC
24.	38/QĐ-HĐQT	31/03/2022	Authorized representative of capital of Traphaco JSC at Dak Lak Pharmaceutical and Medical Supplies JSC
25.	40/NQ-HĐQT	13/04/2022	Assign KPIs Quarter 2/2022 to BOM
26.	43/NQ-HĐQT	05/05/2022	Dismissing the position of BOD Vice Chairman
27.	44/NQ-HĐQT	05/05/2022	Elect Vice Chairman of the Board of Directors Mr. Nguyen Phu Khanh
28.	45/NQ-HĐQT	16/05/2022	Pay the remaining 10% dividend of 2021
29.	47/QĐ-HĐQT	31/05/2022	Approve the audit report No. 1 in 2022: Audit of the Salary Payment Regulations at Traphaco JSC and implementation
30.	48/QĐ-HĐQT	19/07/2022	Approve the audit report No. 2 in 2022: Pre-Investment Audit at Traphaco JSC at Traphaco CNC.
31.	49/QĐ-HĐQT	19/07/2022	Adjust the Internal audit plan, last 6 months of 2022
32.	50/NQ-HĐQT	19/07/2022	Split medical representatives herbal - non-herbal (2 nd batch)
33.	51/QĐ-HĐQT	19/07/2022	Appoint Director of Binh Thuan branch Mr. Nguyen Thanh Vuong

No.	Resolution/ Decision No.	Date	Content
34.	52/QĐ-HĐQT	19/07/2022	Appoint Director of Can Tho branch Mr. Tran Trung Vinh
35.	53/QĐ-HĐQT	19/07/2022	Appoint Director of Kien Giang branch Mr. Nguyen Van Sy
36.	54/QĐ-HĐQT	19/07/2022	Appoint Director of Tien Giang branch Mr. Nguyen Duc Huy
37.	55/QĐ-HĐQT	19/07/2022	Appoint Director of Khanh Hoa branch Ms. Nguyen Ngoc Bich
38.	56/QĐ-HĐQT	19/07/2022	Appoint Director of Quang Ngai branch Mr. Vo Quang Binh
39.	57/QĐ-HĐQT	19/07/2022	Appoint Director of Thua Thien Hue branch Mr. Vo Van Luyen
40.	58/QĐ-HĐQT	19/07/2022	Appoint Director of Hai Phong branch Mr. Tran Thai Chuong
41.	59/QĐ-HĐQT	19/07/2022	Appoint Director of Nam Dinh branch Mr. Vu The Quan
42.	60/QĐ-HĐQT	19/07/2022	Appoint Director of Thanh Hoa branch Mr. Le Hong Quang
43.	61/QĐ-HĐQT	19/07/2022	Appoint Director of Quang Ninh branch Mr. Tran Khac Thanh
44.	62/QĐ-HĐQT	19/07/2022	Appoint Director of Hai Duong branch Mr. Tran Van Binh
45.	63/QĐ-HĐQT	19/07/2022	Appoint Director of Bac Giang branch Mr. Ha Van Thang
46.	64/QĐ-HĐQT	19/07/2022	Appoint Director of Thai Nguyen branch Mr. Vuong Van Tuyen
47.	65/QĐ-HĐQT	19/07/2022	Appoint Director of Vinh Phuc branch Mr. Khuong Dinh Duc
48.	66/QĐ-HĐQT	19/07/2022	Appoint Director of Binh Dinh branch Mr. Nguyen Ngoc Vinh
49.	67/QĐ-HĐQT	19/07/2022	Appoint Director of Vung Tau branch Ms. Tran Thi Bich Thin
50.	68/QĐ-HĐQT	19/07/2022	Appoint Director of Hung Yen branch Mr. Luong Van Quoc
51.	69/QĐ-HĐQT	19/07/2022	Appoint Director of Long An branch Mr. Pham Quoc Viet
52.	70/QĐ-HĐQT	19/07/2022	Appoint Director of Phu Tho branch Mr. Vu Dinh Minh
53.	71/QĐ-HĐQT	19/07/2022	Appoint Director of Yen Bai branch Mr. Bui Sy Thanh

ACTIVITIES OF THE BOARD OF DIRECTORS (Continued)

No.	Resolution/ Decision No.	Date	Content
54.	72/QĐ-HĐQT	05/08/2022	Assign KPIs Quarter 3/2022 to BOM
55.	73/QĐ-HĐQT	09/09/2022	Establish the Committee for salary regulation modification
56.	74/QĐ-HĐQT	13/09/2022	Approve the audit report No. 3 in 2022: Audit of the Sales Process; Fixed Costs, Sales Team Bonuses, and implementation
57.	75/QĐ-HĐQT	22/09/2022	Dispatch of official on a business trip in Korea
58.	76/NQ-HĐQT	23/09/2022	Removal of KPI for CEO
59.	75/NQ-HĐQT	31/10/2022	Dividend advance for the year 2022, 1 st time
60.	78/QĐ-HĐQT	31/10/2022	Approve the audit report No. 4 in 2022: Delegation of Authority – Difficulty in Implementation and Compliance
61.	80/QĐ-HĐQT	05/12/2022	Approve the audit report No. 5 in 2022: Audit the procurement and inventory management activities and their implementation at Traphaco JSC from January 1, 2021 to June 30, 2022.
62.	81/NQ-HĐQT	06/12/2022	Assign KPIs Quarter 4/2022 to BOM
63.	82/NQ-HĐQT	07/12/2022	Approve the tablet-coating technology-conversion project at Traphaco CNC

Activities of BOD’s Sub-Committees



1.

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.



2.

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 - non-herbal, Budget plan and Investment plan in 2023, advising the Board of Directors.



3.

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.



4.

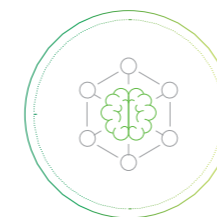
Audit Subcommittee

- 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 Activities

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

No.	Activities	Time
1	Audit of Salary regulations and implementation	Feb 25 - Mar 18
2	Auditing the project of investment in the tablet-coating plant and the soft-capsule plant	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	dit of the procedure: "Selling price survey and market activities" and implementation	Oct 24 - Nov 4



5.

Non-herbal Subcommittee

- Lead the cooperation activities in 2nd phase of technology transfer with Daewoong
- Review, evaluate the implementation status, and provide recommendations for the development of ETC channels policies.
- Appraise and propose solutions to improve the efficiency of Hung Yen western pharmaceutical plant.

Remuneration of BOD

The total remuneration of the Board of Directors approved by the General Meeting of Shareholders 2021: 4,200,000,000 đồng

Transactions between the Company and its affiliated persons or between the Company and its major shareholders, internal persons and affiliated persons

No.	Name of organization/ individual	Relationship with the Company	Time of transactions with the Company	Content, quantity, total value of transaction
1.	Traphaco CNC	Subsidiary	2022	<ul style="list-style-type: none"> Selling goods:: 275.7 billion VND Buying goods, services:: 575.8 billion VND Profit received: 45 billion VND Dividend received: 14.4 billion VND
2.	Traphaco Hung Yen Co., Ltd	Subsidiary	2022	<ul style="list-style-type: none"> Selling goods: 181.4 billion VND Buying goods, services:: 352.5 billion VND Profit received: 38 billion VND
3.	Traphaco Sapa Co. Ltd	Subsidiary	2022	<ul style="list-style-type: none"> Selling goods:: 24.5 billion VND Buying goods, services:: 42.2 billion VND Profit received: 3.4 billion VND
4.	Daklak Pharmaceutical - Medical Supplies JSC	Subsidiary	2022	<ul style="list-style-type: none"> Selling goods: 53.4 billion VND Profit received: 6.2 billion VND Dividend: 1.9 billion VND
5.	Sao Mai Pharmaceutical JSC	Related party of insider	2022	<ul style="list-style-type: none"> Selling goods: 87.8 billion VND
6.	Daewoong Pharmaceuticals Co., Ltd	Related party of insider	2022	<ul style="list-style-type: none"> Buying goods, services: 51.8 billion VND
7.	My Hung Xanh Ecoland Company	Related party of insider	2022	<ul style="list-style-type: none"> Buying goods, services: 7.684 billion VND
8.	SC Dreamline Việt Nam Co., Ltd	Related party of insider	2022	<ul style="list-style-type: none"> Buying services: 216 million VND



Activities of BOD's independent member and the independent member's evaluation of the activities of the Board of Directors



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.










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.



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.

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.



Assessment of Corporate Governance in 2022



In 2020, the Company held the General Assembly of Shareholders at March 2022 to approve and decide the issues within its authority. The General Meeting of Shareholders of the Company is organized legally and validly, ensuring compliance with the provisions of the Law on Enterprise regarding the order and procedures.

Shareholders are treated fairly and protected by their legal rights. The Company paid dividend for the year 2021 according to the Resolution of the AGM; The order, procedures and time for payment complied with Article 132 of the Law on Enterprise.

The Board of Directors fully complies with the obligations and duties of the Law on Enterprises and the Company Charter, treats all shareholders equally and respects the interests of people with interests related to the Company. Members of the Board of Directors perform their duties honestly, prudently in the best interests of Shareholders and the Company. Members of the Board of Directors, Supervisors, CEO and management officers have publicly disclosed relevant benefits, reported to the Board of Directors and the Board of Supervisors.

The subcommittees supporting the Board of Directors actively functioned and provided advice on restructuring, split herbal - non-herbal, business plans, budget plans, ETC channel development, and technology transfer. The Internal Audit Committee carried out auditing activities according to the plan, improving the quality of the company's governance.

The Company fully, accurately and promptly discloses periodic and extraordinary information on the situation of production, business, finance and corporate governance.

Report of The Board of Supervisors



Member and Structure 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

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 ("BOD"). The main sessions of BOS are as follows:

Meeting	Participants	Content
Session 1: Feb 2022	3/3	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Assess and verify the semi-annual financial statements for 2022.
Session 4: Dec 2022	3/3	<ul style="list-style-type: none"> 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, ASEAN; Board of Directors 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 and 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 (Billion VND)	Results in 2022 (Billion VND)	The ratio compared to planned (%)	Growth compare to 2021 (%)
1	Net revenue from sales and services	2,345	2,399	+2.3%	+11%
	- <i>Manufactured goods</i>	1,916	1,889	-1.4%	+10.2%
	- <i>Consigned Export-Import goods and services, other products</i>	192	292	+52%	+52%
	- <i>Revenue from subsidiaries</i>	237	218	-8.1%	-14.2%
2	Net profit from business operation	360	366	+1.6%	+10.6%
	<i>Consolidated profit (after tax)</i>	293	293	+2.5%	+11%
3	Average income of employees	+5%	+12.8%		
4	Contribution to the state budget		VND 124,000,000,000		

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 Quarter 4, 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.
- Management work has been improved thanks to the results of the Company Restructuring Project.
- 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.

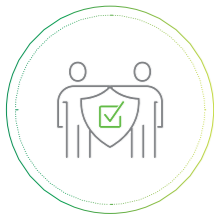
Appraisal of 2022 financial statements



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.

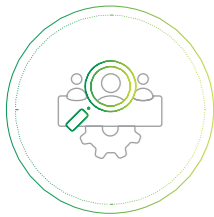
The Company has complied with the requirements of accounting standards, accounting regulations and current rules of financial, accounting and taxation management. The 2022 financial statements are promptly and correctly prepared.

Evaluation on the coordination of the Board of Supervisors, the Board of Directors, the Board of management and shareholders



1.

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.



2.

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.



3.

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.



4.

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.

Analysis of governance scorecard based on Asean corporate governance scorecard

☑ : Applied good practice ☑ : applied not-fully good practice ☑ : not applied good practice

LEVEL 1

Code	Criteria	Current situation until 2022	General assessments
PHẦN A. RIGHTS OF SHAREHOLDERS			
A.1 Basic shareholder rights			
A.1.1	The Company pay dividends within 30 days after being declared.	☑	Traphaco is following this practice well. It is shown in Page...
A.2 Right to participate in decisions concerning fundamental corporate changes			
Shareholders have the right to participate in:			
A.2.1	Amendment of the Company's charter.	☑	Traphaco collects opinions of shareholders on the amendment of its charter at the General Meeting of Shareholders and put the amendment content of the Company's regulations into the meeting agenda whenever they belong to the authority (approval) of the General Assembly of Shareholders.
A.2.2	Vote for the additional issuance of shares	☑	Traphaco collects shareholders' opinions in writing or submit to the General Meeting of Shareholders for approving the plan of additional issuance of shares.
A.2.3	The transfer all or most of the Company's assets which results in the sale of the Company.	☑	This situation has never happened in Traphaco.
A.3 Right to participate effectively in and vote in the General Meeting of Shareholders and should be informed of the rules, including voting procedures.			
A.3.1	Do shareholders have the opportunity to give their opinions according to the meeting agenda such as approve the remuneration or any increases in remuneration for non-executive Board member(s)?	☑	Traphaco is following this practice well.
A.3.2	Does the Company provide non-controlling shareholders a right to nominate candidates for the Board of Directors?	☑	Traphaco is following this practice well. Regulations on the nomination/self-nomination of candidates for the Board of Directors/ Board of Supervisors are announced on the Company's website before the General Meeting of Shareholders and approved before the election.

Code	Criteria	Current situation until 2022	General assessments
A.3.3	Does the Company allow shareholders to elect each board member?	☑	Traphaco is following this practice well.
A.3.4	Does the Company disclose the voting procedure before the carry-out of the meeting?	☑	Traphaco is following this practice well. Nomination and voting procedures are announced on the website 21 days before the date of the General Meeting of Shareholders.
A.3.5	Do the minutes of the most recent AGM record that shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	☑	Minutes of the General Meeting of Shareholders recorded the discussion of shareholders. Since the 2017 meeting, the GMS minute noted the details of questions and answers.
A.3.6	Does the Company disclose the voting result including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	☑	Traphaco has indicated the results of voting for each content of the draft of the latest meeting.
A.3.7	Does the Company disclose the list of board members who attended the most recent AGM?	☑	Traphaco has listed the Board members in the minutes of the General Meeting of Shareholders.
A.3.8	Does the Company disclose that all board members and the CEO/Executive director (if he is not a board member) attended the most recent AGM?	☑	Traphaco has well implemented these points for many years and the senior leaders of the Company, such as the Chairwoman, the CEO,... always attend the meetings.
A.3.9	Does the Company allow absentee voting?	☑	The Company allows absentee voting through a legally authorized representative in accordance with the Company's regulations.
A.3.10	Did the Company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM.	☑	The Company uses the form of voting based on voted ballots of shareholders for all resolutions at the most recent General Meeting of Shareholders, not by show of hand.
A.3.11	Does the Company disclose that it has appointed an independent party (scrutineers, inspectors) to count and/or validate the votes at the AGM?	☑	Traphaco has well implemented this practice from the General Meeting of Shareholders for the term 2016-2020.
A.3.12	Does the Company publicly announce the results of voting on all resolutions on the next working day of the nearest General Meeting of Shareholders?	☑	Traphaco always complies with the announcement of the Resolution and minutes of the meeting, reports of vote-counting within 24 hours as prescribed.
A.3.13	Does the Company provide at least 21 days' notice for all AGMs and EGMs?	☑	Traphaco is following this practice well.
A.3.14	Does the Company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	☑	The AGM documents of Traphaco have provided sufficient information and background on issues submitted to the AGM for approval.
A.3.15	Do shareholders have the opportunity to contribute (discuss) on the agenda of the General Meeting of Shareholders.	☑	Traphaco is following this practice well.

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

☑ : Applied good practice ☒ : applied not-fully good practice ☒ : not applied good practice

Code	Criteria	Current situation until 2022	General assessments
A.4	Market for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In the case of mergers, acquisition and/or take overs requiring the approval of the shareholders, does the board members of the offeree company appoint an independent party to evaluate the fairness of transaction price.	☑	This situation has never happened in Traphaco.
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.5.1	Does the Company publicly disclose its policies/practices to encourage shareholders to engage with the Company beyond AGM?	☑	Traphaco has disclosed this content in detail in its annual report (specifically in the part of shareholder relations, policies on encouraging shareholders to exercise their rights, enabling shareholders to vote and cast ballot on important issues).
PART B. EQUITABLE TREATMENT OF SHAREHOLDERS			
B.1	Shares and voting rights		
B.1.1	Each common stock of the company has one vote.	☑	Traphaco is following this practice well.
B.1.2	Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares?	☑	Traphaco has publicized that "the Company has only one type of common stock" in the notice of closing list, financial statements and annual reports.
B.2	Notice of AGM		
B.2.1	Each resolution in the most recent AGM only relate to one content of the draft resolution, i.e., there is no bundling of several contents in the same resolution.	☑	Depending on the actual situation, the important nature of the contents of the meeting, there is a flexibility in recording voting issues in the minutes and resolutions of AGM.
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version.	☑	Since 2017, all materials for the General Meeting of Shareholders have been fully translated into English.
The notice of the General Meeting of Shareholders contains the following issues:			
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorship other listed companies) in seeking election/re-election included?	☑	Traphaco publicized the CV of candidates.
B.2.4	Are the auditors seeking appointment/ re-appointment clearly identified?	☑	Traphaco well implemented this practice by submitting the proposal letter to the General Meeting of Shareholders for approving the list of independent audit companies.
B.2.5	Is the authorization letter to attend the General Meeting of Shareholders easily provided?	☑	Traphaco is following this practice well. the authorization letter to attend the General Meeting of Shareholders is attached with the invitation letter (10 days before the AGM), and also posted on the Company's website (the link attached in the invitation letter).

Code	Criteria	Current situation until 2022	General assessments
B.3	Insider trading and abusive self-dealing should be prohibited		
B.3.1	Does the company have policy to prohibit Board members and employees to benefit from information which is not disclosed outside?	☑	Traphaco is following this practice well. there are regulations on contract management, trading between Traphaco JSC with related persons, and other regulations.
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 business days?	☑	Traphaco has implemented this criterion in accordance with Circular 155/2015/TT-BTC
B.4	Related party transactions by directors and key executives.		
B.4.1	Does the Company have a policy to require Board members to disclose relevant interests in transactions and any conflict of interest with the Company?	☑	Traphaco has this content specified in the Company's Charter and Internal Regulations on corporate governance.
B.4.2	Does the Company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	☑	This activity is conducted by the Audit Committee under the Board of Directors.
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflict?	☑	It is stipulated in the financial regulation.
B.4.4	Does the Company have a policy on loans for its members, which prohibits this activity or ensures that loans are made on a commercially reasonable market rate?	☑	Traphaco is following this practice well.
B.5	Protecting minority shareholders from abusive actions		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	☑	Traphaco is following this practice well.
B.5.2	In the event that a shareholder's approval is required for related party transactions, the vote for approval must be voted on by the unrelated shareholders.	☑	Traphaco is following this practice well.
PART C. ROLE OF STAKEHOLDERS			
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
Does the company disclose a policy and practices that:			
C.1.1	Disclose a policy and practices to address customers' welfare.	☑	Traphaco disclosed policies in its annual report and sustainable development report.

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

☑ : Applied good practice ☐ : applied not-fully good practice ❌ : not applied good practice

Code	Criteria	Current situation until 2022	General assessments
C.1.2	Disclose a policy and practices that address supplier/contractor selection practice procedures?	☑	Since 2017, Traphaco has disclosed policies and practices, proceedings and procedures for selecting suppliers in its sustainable development report.
C.1.3	Disclose a policy and practices that address the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	☑	Traphaco disclosed policies in its annual report and sustainable development report.
C.1.4	Disclose a policy and practices that address the company's efforts to interact with the communities in which they operate.	☑	Traphaco disclosed policies in its sustainable development report.
C.1.5	Disclose a policy and practices that address the company's anti-corruption programs and procedures.	☑	Traphaco has issued regulations on financial management, clearly defining the decision authority on assets, money, etc. of the Company.
C.1.6	Disclose a policy and practices that address how creditors' rights are safeguarded?	☐	Since 2014, Traphaco has applied a new sales policy: cash-on-delivery (COD), resulting in a solid financial foundation, short / long-term debt is small. The payment and compensation of obligations to creditors shall comply with the provisions of law.
C.1.7	The company has a separate report / section that discusses its efforts on environment / economy and social issues.	☑	Traphaco disclosed these policies in its annual report and sustainable development report.
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.2.1	Does the Company provide contact detail via the company's website or Annual report which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights?	☑	Traphaco has identified the focal point and investor relation contact in the Company's Annual Report and on its website.
C.3	Performance-enhancing mechanisms for employee's participation should be permitted to develop.		
C.3.1	The company explicitly disclose the health, safety, and welfare policy for its employees.	☑	Traphaco explicitly disclosed these policies in its annual report and sustainable development report.
C.3.2	The Company have training and development programs for its employees.	☑	Traphaco has performed well and fully stated in the Sustainable Development Report.
C.3.3	The company has a reward/ compensation policy that accounts for the performance of the company beyond short - term financial measures.	☑	Traphaco fully disclosed this policy in its annual report and sustainable development report

Code	Criteria	Current situation until 2022	General assessments
C.4	Stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board of Directors and their rights should not be compromised for doing this.		
C.4.1	The company has a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behavior.	☑	Traphaco issued this Regulation.
C.4.2	The company has a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation.	☑	Traphaco issued this Regulation.
PART D. DISCLOSURE AND TRANSPARENCY			
D.1	Transparent ownership structure		
D.1.1	The information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more.	☑	Traphaco is following this practice well.
D.1.2	Disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders.	☑	
D.1.3	The company disclose the direct and indirect (deemed) shareholdings of directors (commissioners).	☑	Traphaco specifically disclosed this information in its annual report.
D.1.4	Disclose the direct and indirect (deemed) shareholdings of senior management.	☑	
D.1.5	Disclose detailed information on parent company, subsidiaries, associates, joint ventures.	☑	
D.2	Quality of Annual Report		
D.2.1	Corporate objectives	☑	Traphaco specifically disclosed this information in its annual report.
D.2.2	Financial performance indicators	☑	
D.2.3	Non-financial performance indicators	☑	
D.2.4	Dividend policy	☑	
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners.	☑	
D.2.6	Attendance details of each director/ commissioner in all director/commissioner meetings held during the year.	☑	
D.2.7	Total remuneration of each member of the board of directors/commissioners.	☑	

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2022	General assessments
Corporate Governance Confirmation Statement			
D.2.8	The Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.	☑	Traphaco specifically disclosed this information in its annual report.
D.3. Disclosure of related party transactions (RPT)			
D.3.1	The company disclose its policy covering the review and approval of material/significant RPTs.	☑	Traphaco has this content specified in the Company's Charter; concretize by regulations on management of contracts, transactions between Traphaco JSC and its related parties.
D.3.2	The company disclose the name, relationship, nature and value for each material/significant RPT.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
D.4 Directors and commissioners' dealings in shares of the company			
D.4.1	The company disclose trading in the company's shares by insiders.	☑	Traphaco specifically disclosed this information in the Chapter on corporate governance, the Annual report.
D.5 External auditor and Auditor Report			
Where the same audit firm provides both audit and non-audit services			
D.5.1	Disclose audit fees.	☒	Traphaco did not disclose this information.
D.5.2	Disclose non-audit fees.	☒	
D.6 Medium of communications			
Does the company use the following modes of communication?			
D.6.1	Quarterly reporting.	☑	Traphaco fully published.
D.6.2	Company website.	☑	Traphaco has fully updated its website in Vietnamese and English.
D.6.3	Analyst's briefing	☑	Traphaco has linked the news articles on the business performance of the Company semi-annually, annually, stock trends analysis ... on the Company's website.
D.6.4	Media briefings /press conferences.	☑	Traphaco has promoted its business information widely and regularly on the mass media.
D.7 Timely filing/release of annual/ financial reports			
D.7.1	The audited annual financial report / statement is released within 120 days from the financial year end.	☑	Traphaco strictly adheres to this regulation.
D.7.2	The annual report is released within 120 days from the financial year end.	☑	Traphaco fully published this content.

Code	Criteria	Current situation until 2022	General assessments
D.7.3	The true and fairness/fair representation of the annual financial statement/reports is affirmed by the board of directors/commissioners and/or the relevant officers of the company.	☑	Traphaco fully published this content.
D.8 The company has a website to publish up-to-date information on the following:			
D.8.1	Financial statements/reports (latest quarterly).	☑	Adequate information is provided and regularly updated.
D.8.2	Materials provided in briefings to analysts and media.	☑	
D.8.3	Downloadable annual report	☑	
D.8.4	Notice of AGM and/or EGM.	☑	
D.8.5	Minutes of AGM and/or EGM.	☑	
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association) is downloadable.	☑	
D.9 Investor Relations			
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	☑	Traphaco fully disclosed this information on its annual report, its sustainable development reports and its website.
PART E. RESPONSIBILITIES OF THE BOARD			
E.1 Board duties and responsibilities			
The responsibilities of the Board and the corporate governance statute are clearly specified			
E.1.1	Disclose the company's corporate governance policy, board charter.	☑	They are disclosed on Traphaco's official website.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	☑	These decisions are publicly available as required by law.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	☑	Traphaco fully disclosed those contents in its Annual Report, Corporate Governance Regulations and Charter.
E.1.4	Does the company have an updated vision and mission statement?	☑	Traphaco fully published these contents in its Annual Report.
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	☑	The Board of Directors directs the development/ closely monitor the implementation and specify strategic goals.
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	☑	The Board of Directors considers, supervises and monitors the implementation of the Company's strategy in meetings, between meeting sessions, and have a specific procedure. The Board of Directors has a Development and Policy Sub-Committee, and the Board of Management has a Strategy Implementation Committee (headed by the CEO - Board member cum Head of the Committee).

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2022	General assessments
E.2 Board structure			
Code of conduct/ethics			
E.2.1	Are the details of the code of ethics or conduct disclosed?	☑	Traphaco has built Traphaco culture in a new period, with 6 ultimate culture principles for Traphacoers. The Code of Ethics, incorporating the contents in the Cultural Handbook was issued in the first quarter of 2020.
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	☑	
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	☑	
Board structure			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	☑	Since 10/2020, Traphaco's BoD has 01 independent member out of 07 Board members.
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?	☑	Traphaco is in compliance with the Charter with the term of the Board of Directors not exceeding 5 years.
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	☑	It has not concretized into regulations by Traphaco, but is well-applied.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	☑	Traphaco well applies this principle. The Board of Directors of Traphaco has only one executive member, who is the CEO - serving on 2 Boards of subsidiaries (not listed outside the group).
Human resources committee			
E.2.8	Does the company have a Nominating Committee?	☑	Traphaco has a human resources and remuneration committees.
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	☑	The Human Resources and Remuneration Committee has 6 members, including 01 independent member of the Board of Directors.
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	☑	Traphaco is following this practice well.
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	☑	Traphaco is following this practice well.
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	☑	Traphaco is following this practice well.

Code	Criteria	Current situation until 2022	General assessments
E.2.13	Does the company have a Remuneration Committee?	☑	Traphaco has a human resources and remuneration committees.
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/commissioners?	☑	The Human Resources and Remuneration Committee has 6 members, including 01 independent member of the Board of Directors.
E.2.15	Is the head of the Remuneration committee an independent Board member?	☑	
E.2.16	Does the company disclose the regulation of operation/ governance structure/charter of the Remuneration Committee?	☑	Traphaco is following this practice well.
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and if so, did the Remuneration Committee meet at least twice during the year?	☑	
The Audit Sub-committee			
E.2.18	Does the company have an Audit committee?	☑	Traphaco is following this practice well.
E.2.19	Is Audit Committee comprised of all non-executive Board members?	☑	Audit Committee comprised of all non-executive Board members.
E.2.20	Is the head of the Audit committee an independent Board member?	☒	Head of the Audit Committee is BoD's non-executive member.
E.2.21	Does the company disclose the regulation of operation/ governance structure/charter of the Audit Committee?	☑	Traphaco is following this practice well.
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	☒	Members of the Audit committee specialize in accounting but they are not independent Board members.
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	☑	The Audit committee has separate meetings and meetings with independent auditors.
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	☑	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3 Board processes			
Board meetings and attendance			
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	☑	The agenda for the next year meetings of Board of Directors is scheduled and raised tentative contents at the last meeting of the current year.
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	☑	In 2022, Traphaco's Board of Directors held 06 direct meetings, and all members attended.

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2022	General assessments
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	☑	Traphaco strictly adheres to this regulation.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	☑	This is stipulated in the regulations and operation rules of the Board of Directors.
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	☑	Traphaco strictly adheres to this regulation.
Access to information			
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	☑	This content is included in the Traphaco Regulations and is well implemented.
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	☑	It is clearly provided in the Company's charter.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	☑	The Company's secretary is full-time officer, trained in accounting, fully understands legal regulations on industry, business law, securities law ...
Appointment and re-election of Board members			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	☑	The criteria for selecting members of the Board of Directors are specified in the Regulations on the nomination self-nomination of candidates for the Board of Directors and announced on the Company's website before the meeting.
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	☑	Traphaco has introduced the process of electing new Board members in the Regulations to nominate and self-nominate members of the Board of Directors and announce on the Company's website before the meeting.
E.3.11	Are all directors/commissioners subject to reelection every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	☑	The term of Traphaco's Board members is 5 years.
Remuneration matters			
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long-term incentives and performance measures) for its executive directors and CEO?	☑	Traphaco published this content in its Annual Report.
E.3.13	Is there disclosure of the fee structure for nonexecutive directors/commissioners?	☑	

Code	Criteria	Current situation until 2022	General assessments
E.3.14	Does the shareholder or the Board of Directors approve the remuneration of the executive board member and / or senior management.	☑	Remuneration of the Board members is approved by the General Assembly of Shareholders.
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executive with long-term interests of the company, such as claw back provision and deferred bonuses?	❌	Traphaco has not developed this policy.
Internal audit			
E.3.16	Does the company have a separate internal audit function?	☑	
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	☑	Traphaco did establish the Internal Audit Committee in January 2022.
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	☑	
Risk monitoring			
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	☑	Traphaco had a risk management system and published in the annual report since 2017.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	☑	Traphaco is following this practice well.
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	☑	Traphaco classifies risks, presents the main risk management methods and discloses them in the annual report since 2016.
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	❌	The Annual Reports have not clarified this statement.

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2022	General assessments
E.4 People on the Board			
Chairperson			
E.4.1	Do different persons assume the roles of chairman and CEO?	☑	Traphaco has met this criterion from 2011 to the present.
E.4.2	Is the chairman an independent director/commissioner?	☑	Traphaco met this criterion.
E.4.4	Are the role and responsibilities of the chairman disclosed?	☑	Traphaco has regulated the role and responsibilities of the Chairman of the Board of Directors in the Charter of the Company, the Regulation on the structure and operation of the Board of Directors.
Lead independent director			
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	☑	
Skills and competencies			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	☒	
E.5 Board performance			
Development of Board members			
E.5.1	Does the company have orientation programs for new directors/commissioners?	☑	New Board members can meet, work with all divisions, units to understand the business activities of the Company; approach the board meeting documents to grasp the development direction of the Company.
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programs?	☑	In 2017, Traphaco held corporate management courses for Board members and Company leaders. Every year, members of the Board of Directors and senior leaders of the Company still attend training courses on corporate governance.
Appointment and Performance of CEO/Executive Board			
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	☑	Traphaco has the regulation on appointing leaders and managers.
E.5.4	Do members of the BoD conduct annual performance assessments for the CEO/Key Management?	☑	It is specified in the regulation on the organization and operation of the BoD, and is carried out twice a year.

Code	Criteria	Current situation until 2022	General assessments
Performance Assessment of the Board			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	☑	The Company summarizes and evaluates the performance of the Board of Directors annually, and discloses in its annual report.
Evaluation of Board members			
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	☒	Traphaco has not followed this practice.
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	☒	

LEVEL 2

Code	Criteria	Current situation until 2021	General assessments
BONUS ITEMS			
(B)A. Rights of shareholders			
(B)A.1 The right to participate effectively and vote in the General Meeting of Shareholders is announced in the regulations, including the voting procedure taking place in the General Meeting of Shareholders.			
(B)A.1.1	Does the company allow the use of secure electronic voting in absentia at the shareholders' meeting?	☒	Traphaco has not implemented this practice.
(B)B. Equal treatment of shareholders			
(B)B.1.1	Does the company issue a notice of the General Meeting of Shareholders (with detailed agenda and explanatory notice), as notified to the Exchange, at least 28 days before the meeting date.	☑	At present, the notice is 20 days prior to the final registration date (i.e. 28 days before the General meeting of shareholders).
(B)C. Roles of stakeholders			
(B)C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.			
(B)C.1.1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	☑	Traphaco's sustainability report is developed based on the GRI criteria.

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2021	General assessments
(B)D. Disclosure and transparency			
(B)D.1 Quality of annual report			
(B)D.1.1	Are the audited annual financial report / statement released within 60 days from the financial year end?	☐	Traphaco releases the annual financial reports in accordance with the regulation on information disclosure of the State Securities Commission, specifically not more than 90 days since the end of fiscal year.
(B)D.1.2	Does the company disclose details of remuneration of the CEO?	☑	Traphaco disclosed the detailed remuneration of the CEO in its Annual Report, since 2016.
(B)E. Responsibilities of the Board			
(B)E.1 Competencies and diversity of the Board			
(B)E.1.1	Does the company have at least one female independent director/commissioner?	❌	Traphaco has one male independent board member.
(B)E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	☐	Traphaco has achieved EDGE certification on gender equality, applied to all levels of personnel of the Company. However, the Board level is more difficult because the supply of high-level human resources in the pharmaceutical industry in the Vietnamese market is not much.
(B)E.2 Board structure			
(B)E.2.1	Does the Nominating Committee comprise entirely of independent directors/commissioners?	❌	The Human resources Committee has 6 members: 01 is an independent member.
(B)E.2.2	Does the Nominating Committee conduct the process of developing criteria for the quality of Board members in accordance with the Company's strategic orientation.	☐	In fact, the Board members are selected, developed according to the quality criteria in accordance with the strategic orientation of the Company, for each specific time. However, it has not been stipulated in a set of criteria and throughout applied.
(B)E.3 Appointment and re-election of Board members			
(B)E.3.1	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	☑	The Company use these ways when looking for candidates for the board members.
(B)E.4 Structure and composition of the BoD			
(B)E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?	☐	Traphaco' BoD has 01 independent members out of 07 Board members.

Code	Criteria	Current situation until 2021	General assessments
(B)E.5 Risk management			
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	☑	Traphaco has a Risk Management Committee in charge of these issues to regularly monitor and supervise, control risks and report to the BoDs upon requested.
(B)E.6 Performance of the Board			
(B)E.6.1	Does the company have a separate level Risk Committee?	❌	Currently, the Risk Management Committee under the authorization of the Board of Management
PENALTY QUESTION			
(P)A. Rights of shareholders			
(P)A.1 Basic rights of shareholders			
(P)A.1.1	Does the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	☑	All shareholders are treated equally to repurchase shares
(P)A.2 Shareholders, including institutional shareholders, should be consulted on issues related to the fundamental rights of shareholders as set out in this Corporate Governance Code, except for the exception to prevent abuse.			
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communication or consulting with other shareholders?	☑	There is no proof.
(P)A.3 The right to participate effectively and vote in the General Meeting of Shareholders and be informed about the regulations, including the voting procedure takes place in the General Assembly of Shareholders.			
(P)A.3.1	Does the company include additional content and are not notified in advance on the agenda to notice AGM/EGM.	☑	Traphaco organized the AGM in accordance with the provisions of the Enterprise Law and related guiding documents, not violating this content.
(P)A.3.2	Did the Chairman of the Board, Audit Committee Chairman, and CEO attend the most recent AGM?	☑	All Board members attend the most recent AGM.
(P)A.4 Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.			
The company fails to disclose the existence of:			
(P)A.4.1	Shareholder agreement.	☑	Traphaco has not these privileges/constraints.
(P)A.4.2	Voting limit.	☑	
(P)A.4.3	Share of multiple voting rights.	☑	

ANALYSIS OF GOVERNANCE SCORECARD

BASED ON ASEAN CORPORATE GOVERNANCE SCORECARD (Continued)

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Code	Criteria	Current situation until 2021	General assessments
(P)A.5	Capital structure and agreements allow some shareholders to hold control not corresponding to the proportion of shares they own must be publicly disclosed.		
(P)A.5.1	Do pyramid-owned structures and/ or cross-ownership structures exist?	☑	Traphaco does not have this ownership structure, the Shareholders have equal rights and are treated equally.
(P)B.	Equal treatment of shareholders		
(P)B.1	Insider trading and abusive self-dealing should be prohibited		
(P)B.1.1	Has there been any conviction of insider trading involving members of the Board of Directors, Executive Board and employees in the past three years?	☑	There are no violations, transaction information of insiders and related persons were disclosed in accordance with regulations.
(P)B.2	Protecting minority shareholders from abusive action		
(P)B.2.1	Are there any cases of non-compliance with the laws, rules and regulations related to significant or crucial party transactions in the past three years?	☑	None.
(P)B.2.2	Were there any RPTs that can be classified as financial assistance (i.e. not conducted at arm's length) to entities other than wholly-owned subsidiary companies?	☑	None.
(P)C.	Roles of stakeholders		
(P)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
(P)C.1.1	Are there any violations of any laws pertaining to labor / employment / consumer / bankruptcy / trade / competition or environmental?	☑	None.
(P)C.2	When stakeholders participate in the corporate governance process, they must have access to relevant, adequate and reliable information in a timely and regular basis.		
(P)C.2.1	Does the company have any penalty imposed by the regulator for failure to disclose information within the requisite time for material events?	☑	None.
(P)D.	Disclosure and transparency		
(P)D.1	Penalties of regulatory authorities related to financial statements		
(P)D.1.1	Does the company receive "exclusion opinion" in the independent audit report?	☑	No.
(P)D.1.2	Does the company receive "negative opinion" in the independent audit report?	☑	No.

Code	Criteria	Current situation until 2021	General assessments
(P)D.1.3	Does the company receive "refusal to provide opinions" in the independent audit report?	☑	No.
(P)D.1.4	Did the Company revise its financial report in the past year for a reason other than changes in accounting policies.	☑	No.
(P)E.	Responsibilities of the Board		
(P)E.1	Compliance with current regulations, rules and regulations on listing		
(P)E.1.1	Is there evidence that the company did not comply with the rules and regulations on listing in the past year in addition to disclosure requirements.	☑	There is no proof.
(P)E.1.2	Are there cases in which non-executive Board members have resigned and raised any concerns regarding governance.	☑	There is no case.
(P)E.2	Board structure		
(P)E.2.1	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms of five years each (whichever is higher) in the same capacity?	☑	None.
(P)E.2.2	Does the company not specify who is an independent member of the BoD.	☑	The Company clearly identifies 01 independent board members.
(P)E.2.3	Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?	☑	None.
(P)E.3	Independent audit		
(P)E.3.1	(In the past two years) Are there any members of the board of directors or senior executives who were former employees or partners of the current external auditor.	☑	No.
(P)E.4	Structure and composition of the Board		
(P)E.4.1	Has the Chairman been the company CEO in the last three years?	☑	No.
(P)E.4.2	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	☑	No.

Report of Risk Management in 2022



Risk management is an essential factor for sustainable development. Risk management provides businesses with a comprehensive and consistent view of risks and creates value by contributing to improved business efficiency.

Moving beyond 2021, Traphaco achieved exponential growth due to its flexibility and quick adaptation to the impacts of the Covid-19 pandemic. In 2022, despite the market still facing numerous complex challenges, there are also many new growth opportunities.

STRATEGIC RISK MANAGEMENT



LEGAL RISK MANAGEMENT

OPERATIONAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT



Strategic risk management



Traphaco is entering a new business cycle with clear business objectives and strategies, namely "Maintaining the No. 1 position in herbal industry - focusing on development and investment of non-herbal segment". This strategy opens up new operating opportunities for the company and serves as a new motivation for all departments within the company, driving the continued growth of the traditional medicine

sector. The new strategy is being implemented through innovative solutions that have proven to be highly effective for Traphaco, such as the separation and strengthening of the R&D department, laboratory, and research on new products, as well as the separation of pharmaceutical professionals into two distinct areas. These

specific steps have been and continue to be taken by Traphaco to ensure transparency, professionalism, and motivation for both the Herbal and non-herbal. Additionally, the company has enhanced technology transfer activities and received transfers from its partner, Deawoong from South Korea. Alongside this, Traphaco has diversified its transferred products to realize the goal of developing non-herbal products.



Legal risk management



Practically, legal affairs refer to the laws that regulate a company's business operations. Legal risks arise from subjective and objective actions during business activities. The main causes of legal risks are the lack of knowledge and failure to comply with legal provisions in business operations. Legal risk management involves identifying, evaluating, controlling, preventing,

and minimizing losses, damages, and adverse effects of risks while also seeking to transform legal risks into opportunities for successful business endeavors.

The Legal Department continues to maintain the management of legal risk, and legal affairs have become more professional, covering a wide range of the company's activities. Awareness of legal risks has been increasing, and individuals/ departments have become more proactive in sending legal advisory requests for issues arising during the implementation process to the Legal Department. The work of providing feedback on draft legal documents has been strengthened in 2022, gradually resolving regulatory obstacles for the company's operations.



Financial risk management

Traphaco continues to control costs through annual budget planning to prevent and limit risks in financial activities, ensuring the achievement and exceeding of profit targets.

Expense limits are built and calculated appropriately, and the process of establishing and implementing these limits contributes to identifying and eliminating unreasonable and ineffective expenses while ensuring proactivity in the company's production and business activities.

With the higher interest rates, many businesses experienced a significant increase in borrowing costs in 2022 compared to the previous period, affecting the achievement of revenue and profit targets. Traphaco continues to maintain good cash flow and financial structure: the total borrowings of Traphaco are short-term, and the debt-to-equity ratio remains low. This helps Traphaco reduce financial risks by minimizing dependence on borrowing. Moreover, the company reinvests in necessary items without putting the financial structure at risk or bearing a heavy burden of interest payments.



Operational risk management

The prolonged Covid-19 pandemic has led to a faster shift in the revenue structure of the pharmaceutical industry. Modern pharmacy models are competing and gaining market share from traditional pharmacies. This shift carries the risk of declining revenue due to competition between traditional pharmacies, chain pharmacies, and online sales systems.

Since the beginning of the third quarter, Traphaco has implemented a series of customer appreciation conferences. The content of these programs often revolves around prominent issues in the pharmaceutical industry, which many customers are interested in, such as the competition between traditional pharmacies

and chain pharmacies, and the rapid development of online sales systems. Through these conferences, pharmacy customers can directly exchange, share, and discuss with industry experts on core values and ways to enhance competitiveness in the new retail drug market, in order to retain customers and achieve sustainable growth. With the principle of building mutually beneficial relationships, Traphaco strengthens its personalized approach to accessing pharmacies, assessing the actual sales capability of each location to provide appropriate support. The company also deploys mobile customer connectivity applications to be readily available for support anytime, anywhere, and increases product variety on shelves based



on IT applications and business intelligence analysis. Additionally, customer support programs such as price stabilization, multiple promotional loyalty point campaigns, and product giveaways are always prioritized and tailored to each stage, optimizing pharmacy operations.

The year 2022 marked the beginning of implementing the Business Restructuring Project, applying a new Organizational Model and Delegation of Authority, planning for Business and Marketing, Research and Development (R&D), Finance - Planning, and support departments. When it comes to corporate restructuring, it is widely known that it closely relates to people. Risks related to personnel fluctuations and decreased employee trust during business restructuring are inevitable. Naturally, employees always desire stability and are hesitant about change. To address personnel issues, Traphaco focuses on building a management team with leadership and operational capabilities to meet the company's post-restructuring needs. Traphaco has plans for management succession, including training, succession planning, and knowledge transfer between generations, which serves as a key driving force for the innovative renewal of young and talented staff members.

During the implementation process, Traphaco pays special attention to the employee evaluation system, salaries, bonuses, and training policies for employee development, ensuring job stability and

comprehensive welfare for workers. This ensures that employees can work with a strong mindset, increased motivation, and achieve better results. In addition to talent attraction policies, the company maintains training and development policies for its workforce. Every year, employees are provided with opportunities and required to participate in training courses provided by the company, both in professional knowledge and work skills...



Traphaco had a successful year in terms of revenue and after-tax profits, exceeding the annual targets. The average income of employees in 2022 reached over 30 million Vietnamese Dong per person per month, an increase of more than 13%. This result solidifies the trust of the staff, creating a strong unity and openness throughout the company. With trust, unity, determination, and strong connections between the company's leadership and all employees, as well as between departments within the company, Traphaco will undoubtedly continue to achieve success in the present and future.

Stock information & Investor relations (IR)

Information on TRA stock

(As of the last registration date, March 10, 2023)



Stock Code: TRA



Type of stock: Common stock

Charter capital

414.53
BILLION VND

Market capitalization

4,000
BILLION VND

Number of listed stock

41,453,673
SHARES

Number of stocks on circulation

41,450,540
SHARES



Shareholders Structure

Shareholders	Tỷ lệ %	Shareholders	Tỷ lệ %
Foreign organizations	45.94%	Foreign Individuals	0.20%
Domestic organizations	36.58%	Domestic Individuals	17.28%
State shareholders		Special shareholders	
		Treasury stock	0.01

List of major shareholders holding more than 5% of the Company's share capital

No.	Name of Organization	Business Registration Number	Address	Share volume	Ownership percentage (%)
1	State Capital Investment Corporation	0101992921	No. 117 Tran Duy Hung, Cau Giay, Hanoi	14,786,512	35.67%
2	MAGBI Fund Limited	ERC No.: 2565995	Unit 810, 8/F Star HSE 3 Salisbury RD TST KLN Hong Kong	10,361,385	25.00%
3	Super Delta Pte. Ltd.	201722666G	10 Anson Road, # 23-14P, International Plaza, Singapore (079903)	6,267,289	15.12%

Source: List of shareholders as of March 10, 2023 of Traphaco JSC

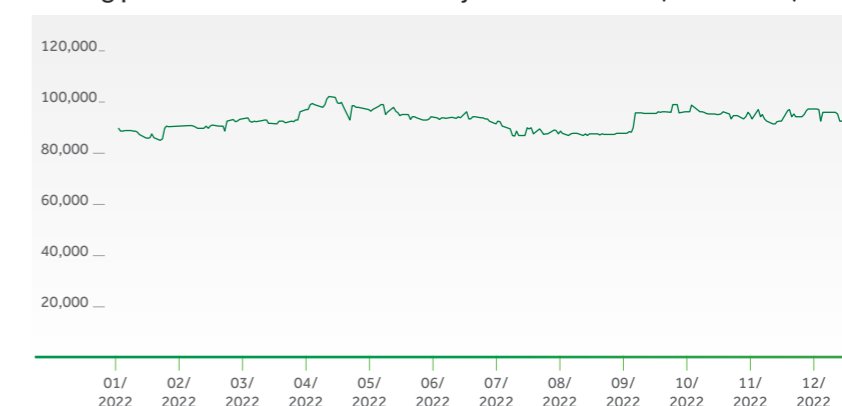
Price trend of TRA share in 2022

Stock price movements of TRA shares from December 31, 2021 to December 30, 2022 (calculated according to adjusted closing prices)

The stock price of Traphaco (TRA) experienced fluctuations in 2022 with lowest stock price 81,400 VND and highest stock price 103,700 VND, the difference was 22,300 VND.

In 2022, the stock price of TRA showed a very positive trend compared to the market performance. While the VN-Index decreased by 32,78%, with the pharmaceutical stock group experiencing a decline of 15% compared to the same period, TRA's stock price achieved a growth of 3%.

Closing price movement after TRA's adjustment in 2022 (VND/share)



Same as 2021, in 2022, TRA continued to distribute dividends evenly to shareholders at an average rate of 30% per year. During the year, the company completed the payment of dividends for 2021, with a payment amount of 3,000 VND/ share, and made an interim dividend payment in cash for the first quarter of 2022, with a payment amount of 2,000 VND/share.



Compare transaction price movements of TRA shares with pharmaceutical shares in 2022

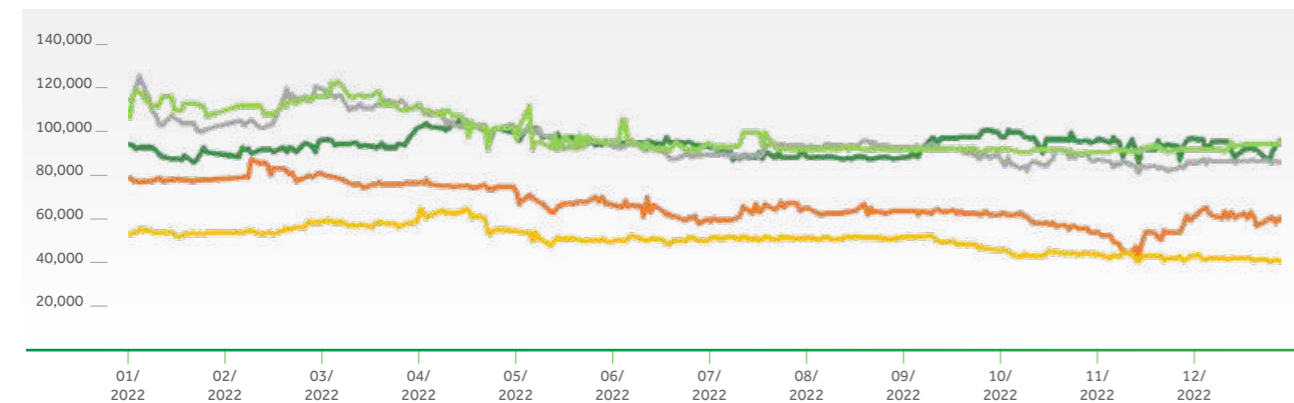
Pharmaceutical stocks in general in 2022 have better trading performance than VN-Index's fluctuations in the past year.

Table comparing the price movements of shares at the end of the year compared to the same period of TRA and pharmaceutical shares in 2022

Date	TRA	IMP	DP3	DHG	DMC	DBT	DCL
31/12/2021	86.32	76.07	107.60	109.44	49.96	14.45	39.80
30/12/2022	89.00	60.20	94.00	84.90	41.10	10.23	24.50
Change	2.68	-15.87	-13.6	-24.54	-8.86	-4.22	-15.3
% Change	3%	-21%	-13%	-22%	-18%	-29%	-38%

Compare transaction price movements of TRA shares with pharmaceutical stocks in 2022 (VND/share)

— TRA — IMP — DHG — DMC — DP3



Compare price trend of tra with that of VN-index from 31/12/2021 to 30/12/2022

According to SSI Securities Company, 2022 marked the worst year for the VN-Index since the global financial crisis in 2008, with a decrease of -32.78%, ranging from its peak of 1,536.45 points in January to 873.78 points in November. Unexpected negative news and events had a detrimental impact on the stock market. The abundant liquidity that flowed into the stock market during the COVID-19 pandemic in 2020-2021 pace from the market at a record. The average liquidity in 2022 reached \$787 million, a decrease of -25% compared to the same period.

TRA stocks showed a very positive trend compared to the overall market by maintaining a price of

89,000 VND

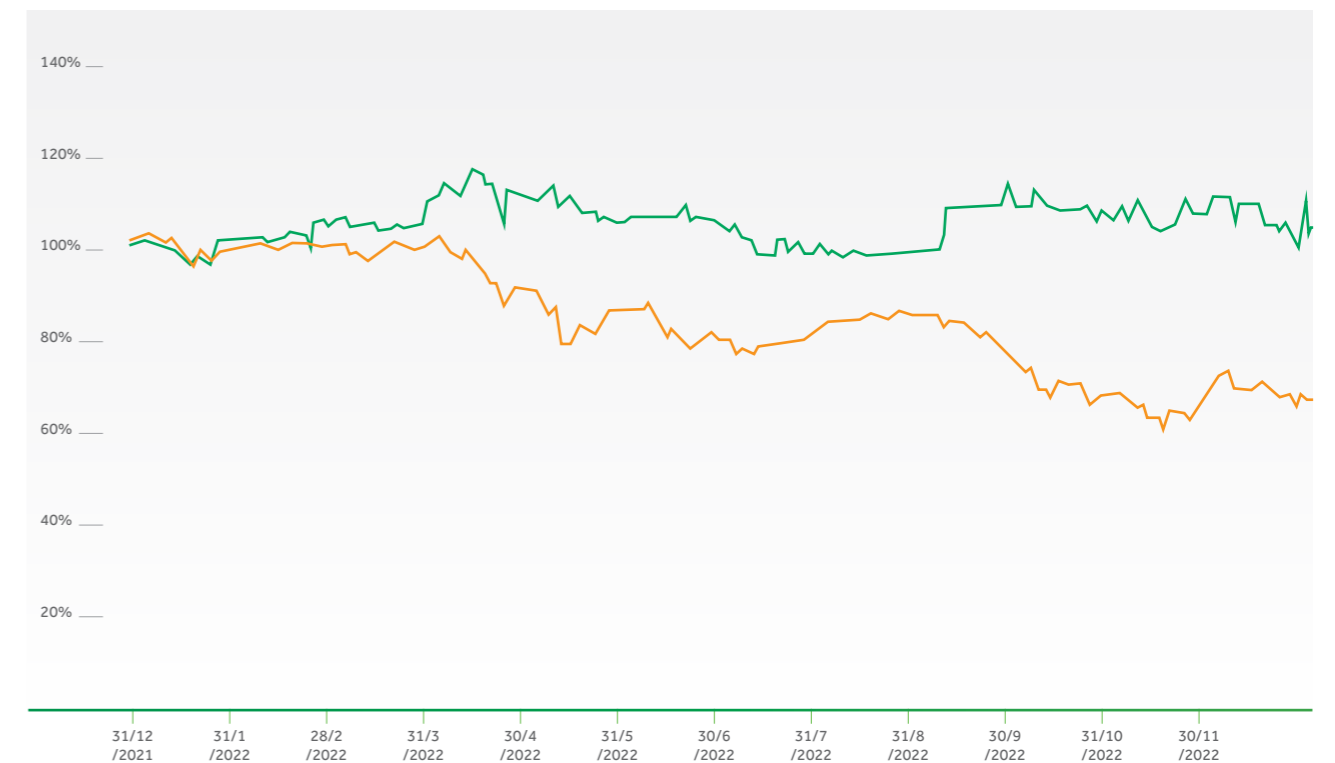
on December 30, 2022, up 3% increase compared to the previous year.

TRA stocks, along with other pharmaceutical stocks, demonstrating the characteristics of "defensive" stocks by experiencing a smaller decline than the VN-Index. In 2022, the year-end price increase of TRA closely followed the overall index, with TRA stocks increasing by +3% compared to the same period, while the VN-Index experienced a significant decrease of -32%.

Date	30/12/2021	30/12/2022	Change	% Change
TRA (VND/CP)	86.320	89.000	2.68	3.10%
VN-INDEX	1498.28	1007.09	491.19	-32.78%

Compare price trend of TRA with that of VN-INDEX in 2022

— VN-Index — TRA





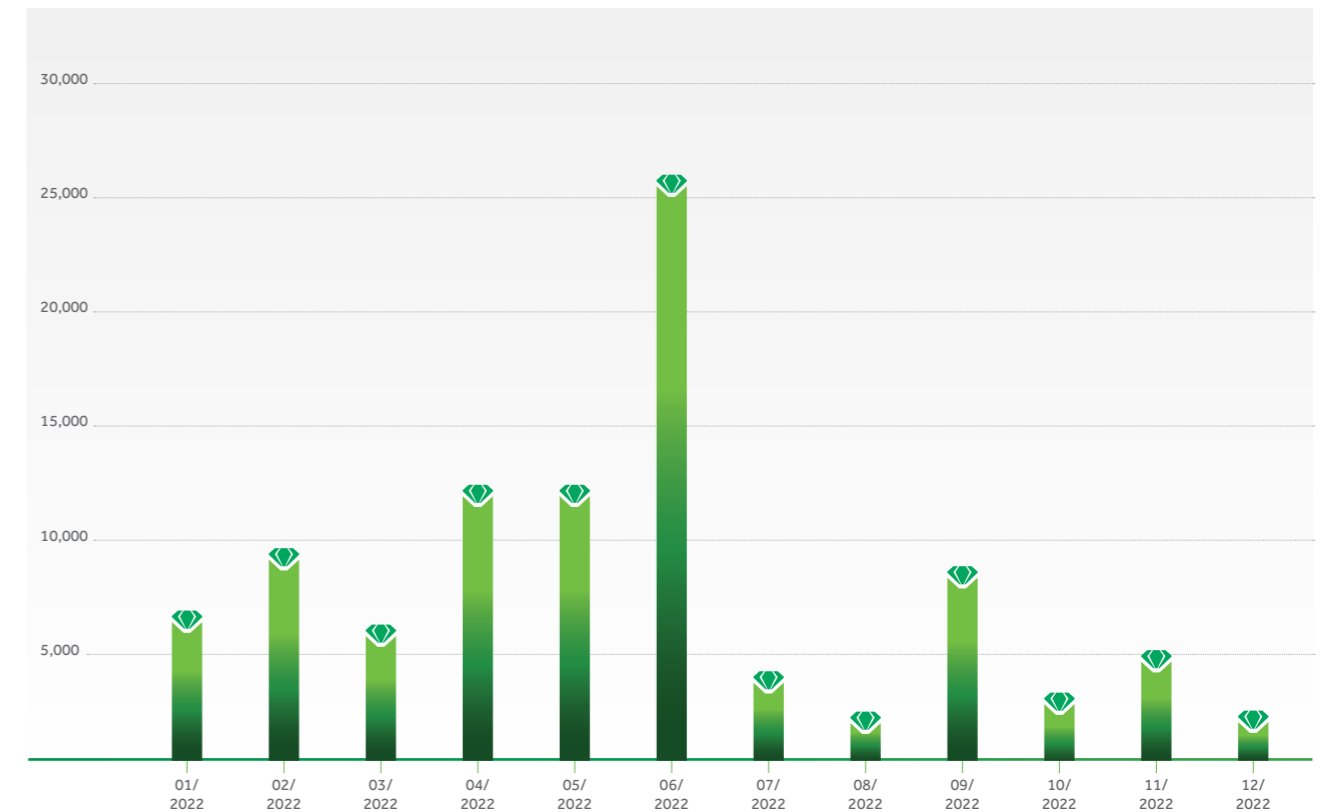
Average daily trading volume
8,033
SHARES

TRA stocks had the highest trading activity from April to June 2022. During this period, the average trading volume in April 2022 reached 12,165 shares per session, in May 2022 it was 12,360 shares per session, and in June 2022 it reached 25,645 shares/session.

It can be observed that TRA stocks, as well as other pharmaceutical stocks, have relatively low liquidity due to their defensive nature and high preference among foreign investors. These stocks are considered investment-oriented, with institutional participants aiming for long-term holdings, resulting in relatively subdued trading compared to other industry groups.

Volume and value of TRA stock transactions (from December 31, 2021, to December 30, 2022)

Average monthly trading volume of TRA in 2022 (share/session)



The highest total trading value was recorded on June 21, 2022, with a trading volume reached

77,600
SHARES

The session with the highest volume of TRA trades occurred in June 2022, specifically on June 21, 2022, with a volume of 77,600 shares.

In 2022, there were some negotiated transactions of TRA stocks, with a volume of 50,860 shares on February 16 and a negotiated volume of 20,000 shares on April 26.

List of transactions

	Share price	Date	Price
Price closed at the end of the year		30/12/2022	89,000 VND/share
Highest share price		19/04/2022	103,700 VND/share
Lowest share price		24/01/2022	81,400 VND/share
Longest consecutive price increase: 4 consecutive days		02-07/3/2022	
Price volatility in 2022			2,680 VND (+3.10%)
Trading volume at the end of the year		30/12/2022	12,200 shares
Highest share price		21/06/2022	77,600 shares
Lowest share price		20/05/2022	100 shares
Average daily trading volume			8,033 shares
Earnings per share			5,639 VND/share

Highest TRA share price on
19/04/2022

103,700
VND/ SHARE

Lowest TRA share price on
24/01/2022

81,400
VND/ SHARE

Price volatility in 2022
(+3,10%)

2,680
VND



Spreading

4 SUSTAINABLE DEVELOPMENT REPORT



Overview of the report



Traphaco's approach to sustainability issues is closely connected with the long-term objective of economic growth, social development and environmental protection, hence making valuable contribution to the community development. This report documented important activities of Traphaco and Traphaco member units (hereinafter referred to as "Traphaco") related to sustainability issues in 2022.



Scope of report: TRAPHACO JSC

Reporting period: 01 Jan 2022 - 31 Dec 2022

Standards applied: Traphaco develops its own Sustainable Development Report in accordance with "Suitable" guidelines - Core plan of GRI Standards.



CONTACT

To send questions and recommendations related to sustainable development activities of Traphaco as well as the content of the Report, please contact us as below:

Ms. Dao Thuy Ha

BOD Member

Deputy Director of Business & Marketing

Address: Lane 15, Ngoc Hoi Road, Hoang Mai District, Ha Noi.

E-mail: hadt@traphaco.com.vn

Your feedbacks will help **Traphaco** making appropriate decisions to carry out the vision toward 2025 becoming the number one pharmaceutical enterprise in Vietnam in terms of growth rate and profit; and to ensure the mission in Pioneering the innovation of Green Pharmaceutical products for healthcare.

Sustainable development model of Traphaco

Traphaco consistently integrates economic growth with environmental protection and social responsibility - three factors that play a fundamental role in the long-term success of Traphaco



The communication process with stakeholders helps us understand that besides economic growth, ensuring the benefits of society, community and environmental preservation are equally important for the sustainable development of **Traphaco**.

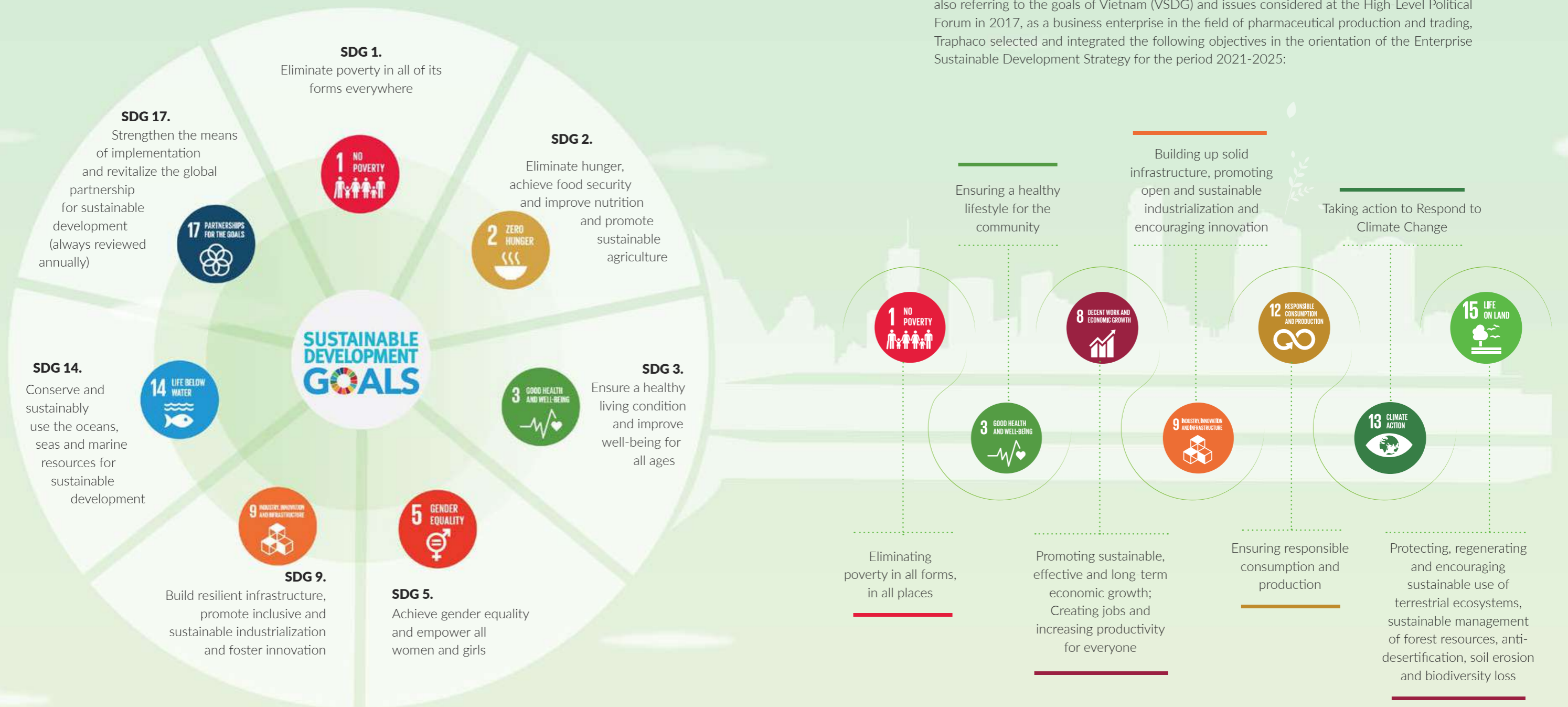


Strategic orientation for sustainable development

The Summit of the High-Level Political Forum (HLPF) on Sustainable Development in 2017 took place in July 2017 with the theme **“Eradicating poverty and promoting prosperity in a changing world”**. The categories of goals which have been discussed and concerned for the next phase include:

Also according to Vietnam’s Voluntary National Evaluation Report (VNR) presented by Deputy Minister of Ministry of Planning and Investment Nguyen The Phuong in HLPF 2018, the notable achievements are GDP growth and Reduction of Poverty (SDG1). Health Insurance (SDG 3), Management of Environment and Natural Resources have also been improved (SDG 15).

Based on the specific content of 17 United Nations Sustainable Development Goals (SDG), also referring to the goals of Vietnam (VSDG) and issues considered at the High-Level Political Forum in 2017, as a business enterprise in the field of pharmaceutical production and trading, Traphaco selected and integrated the following objectives in the orientation of the Enterprise Sustainable Development Strategy for the period 2021-2025:



GROWTH
EFFICIENT AND SUSTAINABLE

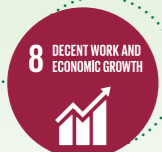


Optimizing the capacity and effectiveness of corporate governance and the Green Value Chain. Improve business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green Trademark in Vietnam.

Investing in research and development activities, especially in timehonoured Vietnam's tradition of medicinal herbs, using high quality local medicinal herbs to create modern products to serve domestic demand and overseas market.

Increasing efficiency through investment in the cutting-edge technology of Vietnam's pharmaceutical industry, maximising the efficiency of resource use, and application of clean and environment-friendly technologies.

Building modern management system based on IT-integrated technology. Establishing the best working environment; ensuring the salary, remuneration, welfare for employees, creating motivation and encouraging creativity.



OBJECTIVE 1 (SD8)
 Promoting sustainable, effective and long-term economic growth; Creating jobs and increasing productivity for everyone



OBJECTIVE 2 (SD12)
 Ensuring responsible consumption and production



OBJECTIVE 3 (SD9)
 Building up solid infrastructure, promoting open and sustainable industrialization and encouraging innovation

CONTRIBUTION TO GENERAL DEVELOPMENT OF THE SOCIETY



Pioneering in responding to the campaign of Vietnamese people prioritizing use of: Using Vietnamese raw materials and Vietnamese know-how for health care.

Transferring techniques and monitor cultivation and development of medicinal herbs in localities to help increase income and stabilize the life of ethnic people and farmers.

Making medicines more accessible to communities through continuous innovation to improve product quality, labor productivity, costs optimization, and medicines creation to meet the demands of the society.



OBJECTIVE 4 (SD1)
 Eliminating poverty in all forms, in all places



OBJECTIVE 5 (SD3)
 Ensuring a healthy living condition and improving well-being for all ages

JOINTLY PROTECT THE ENVIRONMENT



Ensuring the preservation of ecosystems, biodiversity, desertification, rehabilitation of degraded lands and soils.

Reforestation vacant, bare hills by cultivating medicinal herbs in GACP - WHO standards.

Minimizing activities that generate waste and pollute the environment, contributing to the improvement of natural environment and human health.

Consuming energy efficiently through the reasonable usage of energy resources and natural resources.



OBJECTIVE 6 (SD13)
 Taking action to Respond to Climate Change

Action plan for 2022

GROWTH EFFICIENT AND SUSTAINABLE

1. Promote sustainable, effective and long-term economic growth; Create jobs and increase productivity.
2. Optimizing the capacity and effectiveness of corporate governance and the Green Value Chain.
3. Improve business efficiency by expanding business scale and boosting productivity to increase Traphaco's value, making it the leading Green Trademark in Vietnam.
4. Invest in research and development. Implement the strategy for developing diversified concentric products based on key products. Focus on developing western medicines and technology transfer activities.
5. Optimize costs in all business activities, by: Allocating norms, assigning responsibilities and control by the norms.

JOINTLY PROTECT THE ENVIRONMENT

1. Take urgent action to respond to climate change: Making the Carbon Footprint Report of the parent company and member companies.
2. Reforesting vacant, bare hills by cultivating medicinal herbs in GACP - WHO standards.
3. Minimizing activities that generate waste and pollute the environment, contributing to the improvement of natural environment and human health.
4. Consuming energy efficiently through the reasonable usage of energy resources and natural resources.
5. Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably manage forests, combating desertification to stop and reverse land degradation and stop biodiversity loss.

CONTRIBUTION TO GENERAL DEVELOPMENT OF THE SOCIETY

1. Join hands with the community to prevent covid-19 pandemic. Complying with the State's regulations Contributing and supporting health care activities for patients and people nationwide.
2. Increasing efficiency through investment in the cutting-edge technology of Vietnam's pharmaceutical industry, maximising the efficiency of resource use, and application of clean and environment-friendly technologies.
3. Building modern management system based on IT-integrated technology. Establishing the best working environment; ensuring the salary, remuneration, welfare for employees, creating motivation and encouraging creativity.
4. Ensuring responsible consumption and production. Enhancing value for customers and product quality.
5. Pioneering in responding to the campaign of Vietnamese people prioritizing use of: Using Vietnamese raw materials and Vietnamese know-how for health care.
6. Transferring techniques and monitor cultivation and development of medicinal herbs in localities to help increase income and stabilize the life of ethnic people and farmers.
7. Ensuring a healthy living condition and improving well-being for all ages.



Economic growth

As a typical example of sustainable development in Vietnam, Traphaco always aims to develop a green economy with 3 goals: High economic efficiency associated with social responsibility and environmental protection. In the midst of the complicated pandemic, many businesses in all industries were struggling and pharmaceuticals segment was no exception, however, Traphaco became a prominent highlight of the healthcare industry in general and the pharmaceutical industry in particular.

>13% 

Employees' income increases over 13% compared to 2021

- Traphaco is also proud of the recognition received from society in 2022 through prestigious titles and awards: receiving the Second-Class Labor Medal for the second time, as well as numerous national and international honors and awards.
- Indirect contributions to the economy were also notable.

Production And Business Activities

2022 marked a new development milestone for Traphaco in its 50-year journey of construction and growth, making Traphaco the number one pharmaceutical brand in Vietnam. It was also the year when the Business System Restructuring Project was initiated, implementing a new Organizational Model and Decentralization Matrix, planning for Business and Marketing, Research and Development (R&D), Finance - Planning, and support departments.

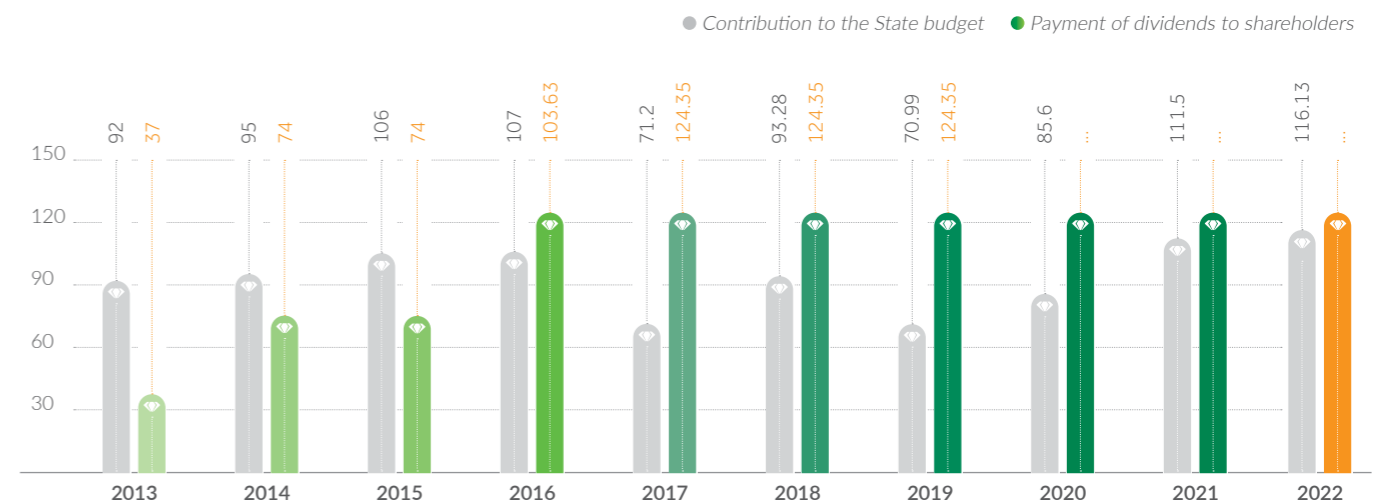
Traphaco had a successful year with revenue exceeding 2,399 billion, and profits after tax reaching 293 billion, both surpassing the annual targets. Average employee income was over 30 million VND per person per month, a growth of over 13%. Targets related to registrations, new product development, and other indicators were all completed and exceeded the set plans

2,399 

REVENUE | (Unit: Billion VND)
Up 11% compared to 2021

293 

PROFIT AFTER TAX | (Unit: Billion VND)
Up 11% compared to 2021



- In 2022, Traphaco maintained a dividend payout ratio of 30%, equivalent to billions of VND, which is higher than the average for the pharmaceutical market.



Social investment

ENHANCING HUMAN RESOURCES AND POLICIES FOR EMPLOYEES

LABOR FORCE



Total number of Traphaco employees as of 31/12/2022

794

staffs and 131collaborators



With an increasingly qualified workforce, Traphaco has met its business and sustainable development requirements.



In terms of qualifications, the number of employees who has a college or postgraduate degree accounted for

41%

As of December 31, 2022, the total number of employees was 794 staff members and 131 collaborators, an increase of 8% compared to 2021. The male workforce accounted for 65%, while the female workforce accounted for 35%. The age structure shows that individuals in the middle age range (30 to 50 years old) with solid professional qualifications and extensive practical experience accounted for 79.5%, the young workforce under 30 years old accounted for 9.2%, and the workforce over 50 years old, with rich experience and long-term loyalty to Traphaco, accounted for 11.3%.

In 2022, the turnover rate at Traphaco was 3.6%, with a higher turnover rate among males than females. The workforce over 50 years old tended to have the highest stability, resulting in a low turnover rate of 5.5%. On the other hand, the turnover rate for the workforce under 30 years old was 16.7%, and the workforce in the age range of 30-50 years old had the highest turnover rate at 77.8%.

Labor structure in 2022 by indicators	Number of employees	Percentage over total Traphaco staffs
Nationality		
Vietnam	793	99.87%
Foreign	1	0.13%
Structure by ethnicity		
Kinh	778	97.98%
Ethnic minorities	15	1.89%
Korean	01	0.13%
Gender		
Male	483	60.8%
Female	311	39.2%

Labor structure in 2022 by indicators	Number of employees	Percentage over total Traphaco staffs
Age range		
Under 30	73	9.2%
30 to 50	631	79.5%
Above 50	90	11.3%
Education		
Post-Graduate	43	5.4%
Graduate	294	37%
Other	457	57.6%
Sector		
Sales	582	73.3%
Manufacturing	20	2.5%
Office	192	24.2%

Structure of Job-termination in 2022		Age range			Gender	
		<30	30-50	>50	Male	Female
The number of employees terminated labor contract, other	Amount	6	28	2	25	11
	Rate %	16.7	77.8	5.5	69.4	30.6
Labor rotation	Amount	7	97	24	66	62
	Rate %	5.5	75.8	18.7	51.6	48.4
Retirement	Amount			3		3
	Rate %			100		100



EDUCATION AND TRAINING

Training and development activities at the company aim to develop a comprehensive workforce without gender or labor type discrimination, and are carried out fairly to meet job requirements.

In 2022, alongside the digital transformation roadmap of the company, in addition to traditional methods, internal training/communication activities were implemented through online platforms using digital materials such as videos, images, documents, e-games, etc. This approach was deployed across the entire system, leveraging the current technology of the company effectively.

Training results in 2022

No.	Labor structure in 2022 by indicators	Unit	Actualized
1	Total cost of training	1,000 VND	1,110,441
	Training cost/person/year	1,000 VND	1,198
2	Total number of people x session trained	Number of turns	5,688
	Training cost/person/year	Number of turns	6
3	Training course	Course	64
Analysis by training content:			
1	Compliance, mandatory training (11 courses)	Number of turns	300
		1,000 VND	74,500
2	Management skills (9 courses)	Number of turns	165
		1,000 VND	477,532
3	Soft skills and professional skills (39 courses)	Number of turns	5,215
		1,000 VND	493,095
4	Attending workshops, conferences, listening to seminars,...	Number of turns	8
	Support advanced training (3 courses)	1,000 VND	65,314

The training contents carried out in 2022 include:

- On-boarding training for new employees.
- Mandatory compliance training according to regulations: OSH, FHS, FEP; OSH, Professional Certificates, Health Protection Food Processing.
- Communication of Traphaco's culture through digitized materials in the form of video clips on internal company communication channels.
- Training on work processes issued in 2022 for relevant employees.
- Training on product knowledge, sales programs, and customer consulting for the sales department and the Online Consultancy Team, conducted on a monthly basis through offline/online methods.
- Implementation of specialized professional training courses for employees:
 - Execution leadership: for the company's executive team and Traphaco's management staff
 - Effective sales planning, deployment, training, and monitoring: for the entire sales management team
 - The tasks for Quality Management - Disease Control Department staff members meet the GLP-WHO standards
 - International accounting standards: for the accounting team across the company
 - Specialized training/seminars in various fields: human resources management, administration, secretarial work, marketing, logistics, formulation, biopharmaceuticals, drug registration, drug bidding, drug import/export, raw materials for drugs, etc....

SINCERELY APPRECIATE THE CONTRIBUTIONS OF THE EMPLOYEES

Welfare policy

Monthly income up

13.8%

compared to 2021

Continuing to maintain support of

4 million VND

/per employee and providing free medicine

- The income reached 31.3 million VND per person per month, an increase of 13.8% compared to that of 2021.
- Expressing gratitude for the contributions of employees on the occasion of the company's 50th anniversary: providing uniforms, commemorative medals, rewarding outstanding individuals, and offering a study tour abroad.
- Increasing welfare benefits for employees, especially female workers, with an increase in spending on International Women's Day (March 8th) and Vietnamese Women's Day (October 20th) from 500,000 VND to 1,000,000 VND /per person.
- Increasing the amount spent on Mid-Autumn Festival for employees' children from 200,000 VND to 300,000 VND /per child.
- Encouraging employees to participate in collective activities and team-building exercises: increasing the amount spent on company vacations from 6,000,000 VND to 8,000,000 VND per person, organizing exchange programs for different departments and divisions.

- In 2022, continuing to provide support of 4,000,000 VND to employees infected with Covid, while providing medicine, epidemic prevention products, and Covid testing kits for employees.
- Ensuring various welfare policies for employees, including on-site hazard training, fuel and phone allowances, milk-based heat prevention measures, special care for female staff, vacation benefits, holiday bonuses for employees, gifting to employees who are children of war veterans, organizing gift-giving events for children on International Children's Day (June 1st) and during the Mid-Autumn Festival, maintaining recognition and rewards for outstanding academic achievements of employees' children.
- Implementing current labor laws and regulations, conducting dialogues through the Annual Labor Conference, organizing trade union activities, and conducting internal surveys to understand employees' thoughts and aspirations, as well as sharing business orientations and Traphaco's operational results, fostering unity and harmony between personal goals and the organization's common objectives.
- Enhancing knowledge of health protection and care, especially for female employees, and providing knowledge on disease prevention and control.

Effective work management system and remuneration by performance

Effective management systems continued to be applied and increasingly improved to enhance efficiency in practice. Since its inception, this system has been helping to align Traphaco's goals to each division and staff, contributing to improve business efficiency by equipping every individual in organizing capacity and tools to clearly identify Traphaco's expectations, enabling individuals to operate effectively, to leverage their abilities and potential and to contribute to the success of Traphaco.

Maintain well the implementation of the "Assigning tasks and performance evaluation according to KPI". Monthly, assign and evaluate the efficiency of work of divisions and individuals as a basis for payment of wages and

bonuses. This policy ensures that employees are paid consistently, transparently and in a manner consistent with the nature of their work, work efficiency and effort, motivating them to work.

Maintaining and increasing reward and support systems for employees to encourage productivity and work efficiency: rewarding for achieving plans, exceeding sales targets, rewarding based on sales programs, rewarding departments and individuals with outstanding performance in their work...

Payroll policy by effectiveness

After 5 years of implementing the 3P salary system (paying salaries based on job positions, individual capabilities, and job performance), employees have gained a clear understanding of their roles and responsibilities in enhancing their personal capabilities and work efficiency. They have also developed plans to improve their skills in accordance with their job positions, contributing to the company's achievement of exceeding revenue and profitability targets.

In 2022, with changes in operational models and business strategies as well (market split herbal - non-herbal). The company has implemented the formation of a new 3P salary system to adapt to the evolving realities and increasing demands for high-quality human resources. The new 3P salary regulations delve into evaluating the individual value that employees bring to the organization, referencing the external market. From there, appropriate remuneration policies are formulated to motivate employees to unleash their capabilities, foster their loyalty, and further dedicate to the company's development.





OCCUPATIONAL HEALTH & SAFETY

Traphaco follows the GRI G4 guidelines on occupational safety and health issues.

There are workers' representatives in official Occupational Health and Safety Committees between Management Boards and Workers.

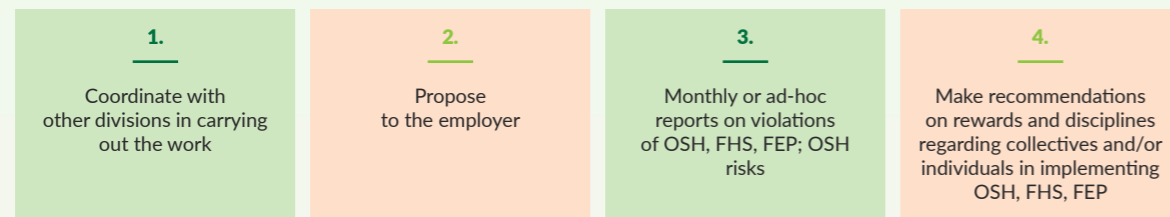
The Company manages the occupational safety and health through the Safety Committee, and the network of staffs in charge of safety issue and the Fire Safety and Emergency Response Team.

The Safety Committee is a bridge between employers and employees in occupational safety and health.

The Company applies OHSAS 18001 (Occupational Health and Safety Assessment Series) to manage occupational health and safety.

Functions and duties of The Safety Committee

To advise and assist the employer in organizing the implementation, inspection and supervision of occupational safety and health, food hygiene and safety, fire and explosion prevention and flood prevention and response in the Company.



1. COORDINATE WITH OTHER DIVISIONS IN CARRYING OUT THE WORK

- Develop regulations, procedures, and measures to ensure occupational safety and health (OSH), food hygiene and safety (FHS), fire and explosion prevention (FEP), in the Company.
- Manage the monitoring of the registration and inspection of machines, equipments, supplies and substances subject to strict labor safety requirements.
- Develop annual plans of OSH, FHS, FEP, and urge and supervise the implementation of these plans; evaluate risks and develop emergency plans.
- Organize activities of communication and dissemination of regulations on OSH, FHS, FEP, storm and flood prevention from the State and the Company to all employees.
- Provide trainings on OSH, FHS to employees.
- Participate in inspecting the compliance with OSH, FHS, FEP according to the current provisions of law.
- Propose measures to overcome shortcomings of OSH, FHS, FEP, flood prevention.
- Conduct inspections on OSH, FEP at least once a month at the production units; Check the working environment, food safety in the kitchen of the Company at least twice a month.
- Monitor the situation of work-related injuries and illnesses; Propose measures to the employer to manage and take care of employees' health.
- Organize emergency response: Response plans, preparation of forces, facilities, finance and willingness to perform tasks when emergencies occur within the Company or locality when required.
- Organize the actual inspection of the implementation of internal rules, regulations and application of 5S good practice tools of the whole Company.

2. PROPOSE TO THE EMPLOYER

- Participate in inspecting the compliance with OSH, FHS, FEP according to the current provisions of law.
- Propose measures to overcome shortcomings of OSH, FHS, FEP, flood prevention.

3. MONTHLY OR AD-HOC REPORTS ON VIOLATIONS OF OSH, FHS, FEP; OSH RISKS

4. MAKE RECOMMENDATIONS ON REWARDS AND DISCIPLINES REGARDING COLLECTIVES AND/OR INDIVIDUALS IN IMPLEMENTING OSH, FHS, FEP

Ensuring occupational safety and hygiene is one of the rights of workers. In 2022, the company implemented training and dissemination of knowledge on safety and occupational health:

- Ensure employees receive sufficient training duration and contents:

Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
04	56	08	12	24	08
Training hours	Training hours	Training hours	Training hours	Training hours	Training hours



The number of procedures issued and amended in 2018 regarding occupational safety and health:

- Number of procedures issued and revised: 02.

Occupational Safety and Health Risk Assessment:

- Number of job positions first and periodically assessed for risk: 06.

Number of hazards detected: 71.

- Fully provided information on the work-related hazards and harmful factors to the employees by identifying hazards, disseminating the identification on indicator table to the employees working at the following positions: Operating tablet presses, Labor safety, Chemical safety - Handling chemical spills.

- Ethylene oxide operation, laser printer etching operation, warehouse locations...

- Provided training on fire prevention and firefighting skills to employees.

The Safety Committee conducts a monthly inspection of the whole plant to actively identify hazards and improve safe working conditions. The Company encourages and commends employees for their positive contributions to reduce risks and identifying dangerous and harmful factors.

- Number of hazards identified and resolved: **55**
- Number of hazards to be resolved on schedule: **48**
- Number of hazards resolved with slow progress: **7**
- Number of remaining hazards: **0**
- This activity is regularly by month and creates a characteristic culture of Traphaco.
- Inspections in 2022

No.	Content	Amount	Equipment name and quantity
1	Inspection of equipments with strict requirements on safety	18	<ul style="list-style-type: none"> • Forklifts (04 units) • Autoclave, 2-shell boiler (04 units) • compressed air container (03 units) • Gas system of the canteen, Gas system of the Research and Development division (2) • Gas stove sensor research (3) • Measure the ground resistance around the factory (4)
2	Differential pressure gauge, pressure gauge, thermometer, hygrometer, electronic scale, wastewater flow meter	158	<ul style="list-style-type: none"> • Ancillary system • The factory • Quality Inspection Division • Research Division • Logistics warehouse and planning warehouse

Type of injury, injury rate, occupational disease, lost work day, absence and number of work-related deaths



Type of injury, injury rate: 0

- In 2022, no detection of injuries or deaths occurred to employees and contractors working at the Company.
- Total number of contractor's employees receiving information on occupational safety and occupational health.

Occupational disease rate: 0

- No case of occupational diseases were detected during the periodic health examination in 2022

Type I health	Type II health	Type III health	Type IV health	Type V health
101	482	248	33	01

Lost working-day rate: 0

- This rate shows the actual working-day of the casualty who has not worked since the day of the accident (excluding scheduled holidays vacation, holiday, weekend).
- Lost working-day does not include the date of the incident.
- All safety-related indicators are positive, affirming a positive trend in the employees' work spirit and productivity. Safety is intertwined with quality and the company's strategy.

Monitoring and measuring the working environment

- The Company always makes sure the employees work in good working conditions with minimal health risks.
- Two evaluation results of the working environment in 2022: No indicator Monitoring criteria & was over standard and the results were reported to all employees.



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Monitoring criteria & Qualified criteria



Labor environment testing and monitoring result 2022

No.	Tested and measured criteria	Total samples	Number of samples qualified Work hygiene criteria	Number of samples qualified Work hygiene criteria Number of samples unqualified Work hygiene criteria
1	Temperature	22	22	0
2	Humidity	22	22	0
3	Wind speed	22	22	0
4	Frequency band	22	22	0
5	Total dust	22	22	0
6	Respiratory dust	22	22	0
7	CO ₂	22	22	0

According to the results of the labor environment test, the noise fluctuates in the range of 58,7-84,2 dB, lower than the permitted standard of 85dB (QCVN24: 2016/BYT National technical regulation on noise - noise exposure level allowed at work).

Microclimate conditions at the measurement locations were all within the permitted limits (QCVN26: 2016/BYT National technical regulation on microclimate - the permissible microclimate in the workplace).

Management measures:

To ensure the noise shall always be lower than the permitted standard and to ensure the health of workers in the factory and no effect to the surrounding environment, the Company has introduced some measures to reduce noise and vibration as following:

- Maintained and replaced the noise absorbers, and the antivibration on HVAC pipe systems.
- Checked for worn-out parts and lubricated or replaced parts monthly.
- Provided labor protection for positions with noise higher than 80 dB.

The control of microclimate conditions is managed through the HVAC system (Heating, Ventilation, and Air Conditioning) to the production lines.

- **The technology of the system:** When the system is taking air from the surrounding environment, the air follows the pipeline entering the treatment system (AHUs), which consists of three levels of pre-filtering - intermediate - refining; it is a circulating system, which adds air to the treatment and delivers to the production room. The same amount of air is then taken from the production room back to the pipeline through filters and will be taken out by the exhaust system.

For locations with chemical vapors, the Company ensures that hood systems work well and workers are provided with adequate personal protective equipment: Shoes, safety goggles and masks/respirators.

- **Principles of operation:** The fans of the hood draws poison air generated during the experiments and push it into the air processing tower. At the tower, this air is sprayed with solution (diluted NaOH) moving in the opposite direction to absorb, neutralize the toxic gas. Then the air is absorbed into activated charcoal before being discharged into the external environment.

COMPLAINT

In 2022, there were no complaints of employees in the entire Traphaco system.

TOPIC

HEALTH AND SAFETY HAS BEEN MENTIONED IN THE OFFICIAL AGREEMENT WITH THE TRADE UNION

The employer and the representative of employees jointly enter into an agreement, stating the provisions on OSH as follows:

1. The employer is responsible for equipping the employees with protection equipment and improving the working conditions. Each year, those who are directly involved in the production process are given 2 sets of blouses, caps, masks, slippers, soap, gloves, etc., depending on the characteristics of each type of work.

2. The protection equipment given to employees must be of a quality standard and suitable to the users.

3. The employer must regularly prepare prevention plans for labor accidents and occupational diseases, examine and measure hazardous elements, and establish ventilation systems equipped with heat fans and internal work safety regulations.

4. The employer must periodically inspect and repair machines, equipment, workshops and warehouses according to the labor safety and labor hygiene standards.

5. Employees must be instructed fully and must comply with the regulations on labor safety, occupational health and labor regulations of the Company.

6. Employees must:

- Make maximum use of labor protection equipment according to work requirements.
- Be responsible for maintaining personal protective equipment; safely operate and maintain machinery and hygiene at work.
- Strictly follow regulations on fire prevention and fighting and actively participate in overcoming the consequences of unfortunate events.

7. When recruiting and arranging labor, the employer must base on the health standards prescribed for each type of work; provide adequate training and instructions and inform the employees about the regulations and measures on work safety, hygiene and accident precautions in the work of each employee.

8. Employees must have their health checked when recruited and the Company will hold a medical examination once a year.

9. The employer will equip helmet for workers:
01 unit/person/2 years.

10. The employer will equip rain coats for workers:
01 unit/person/01 year.



SOCIAL ACTIVITIES

Traphaco is known to be the leading and persistent company for many years fulfilling social responsibilities, environmental protection requirements and sustainable development. In 2022, although facing many challenges from pandemic and natural disasters, Traphaco still maintained its social development activities to share the burden of society's common difficulties and improve living conditions of the people.

Continuing to accompany ethnic minority communities in cultivating medicinal herbs

Through deploying projects of growing clean medicinal herbs, Traphaco has created jobs and sustainably alleviated poverty of ethnic minority communities in many localities (Lao Cai, Nam Dinh, Hoa Binh, etc.).

When households have stable incomes and their material and spiritual lives are reinforced, it also contributes to reducing the use of child labor in remote areas, creating conditions for children to attend school and receive better care.



Accompanying pharmacy customers

Since the beginning of the third quarter of 2022, Traphaco has implemented a series of Customer Appreciation Conferences focused on the areas and branches leading the way in the separation of Traphaco's Herbal and Non- Herbal segments.

A total of 10 conferences were conducted in August and September, with over 3,000 loyal pharmacy customers in attendance.

The program revolves around prominent issues in the pharmaceutical industry, the competition between traditional pharmacies and chain pharmacies, and the rapid development of online sales systems, which are highly concerned. Alongside industry-leading experts in strategy, management, and business operations, the Company's leadership and participating pharmacy customers will have the opportunity to exchange, share, and discuss core values and ways to enhance competitive capabilities in the retail medicinal market during this phase, with the aim of retaining customers and achieving sustainable growth.

As a pioneering pharmaceutical company in separating its business system into Herbal and Non-Herbal segments, Traphaco hopes that through the conference series, pharmacy customers will understand, trust, and accompany the company in this new strategy.

The separation is inevitable and in line with the current trend of development and fierce competition in the pharmaceutical industry. It brings value and benefits to both the company and Traphaco's customers, following the principle of "mutual benefits" and "win-win" that Traphaco has upheld for many years

"mutual benefit", "win-win"



SOCIAL ACTIVITIES

Donating a bronchoscopy system to Hanoi Medical University Hospital

In the morning of March 25, 2022, representatives from Traphaco Joint Stock Company, Mr. Pham Hoang Anh - Director of Finance and Planning, along with philanthropists, had a working session and donated a flexible bronchoscopy system to Hanoi Medical University Hospital.



Total sponsorship cost

200 million VND

For the “Spring for Children” program

Participating in the “Spring for Children” program of the Vietnam Children’s Sponsorship Fund

The 15th “Spring for Children” program took place on January 9, 2022, marking 15 years of Traphaco’s partnership with the program and supporting children in difficult circumstances nationwide. Each year, Traphaco Joint Stock Company sponsors the program with gifts worth 200 million VND.

Traphaco implements activities to sincerely express gratitude on the occasion of the Day of Invalids and Martyrs

On the occasion of the 75th anniversary of the Day of Invalids and Martyrs, in order to express gratitude and commemorate the contributions of the heroic martyrs who sacrificed for national independence, Traphaco Joint Stock Company organized several meaningful and practical activities, including:

- Donating 300 gifts to policy beneficiary families and families with contributions in Tan Quang - Van Lam - Hung Yen commune with a total value of over 120 million VND.
- Annual meetings, appreciation, and gift-giving to employees who are martyrs’ children working at the Company.
- Visiting and offering gifts to 10 families of disabled veterans and martyrs in the local area, with each family receiving a gift worth 5 million VND, along with the company’s medicinal products.



Traphaco accompanies the program “Zero VND Market” for children in highland areas”

Upon receiving the official letter No. 119/QBT-VĐNL dated March 3, 2022, from the Vietnam Children’s Sponsorship Fund (BTTEVN) regarding the support for the “Zero VND Market for Children in Highland Areas” program for 300 children in special and difficult circumstances in Son La province, Traphaco Joint Stock Company has provided medicine and products with a total value of 100 million Vietnamese VND. Additionally, they have supported the transportation of the medicine to the organizing location in Van Ho Commune, Van Ho District, Son La Province.

Supporting by medicine with a total value of

100 million VND

for the “Zero VND Market” program for children in highland areas.

Environmental protection

MANAGEMENT APPROACH

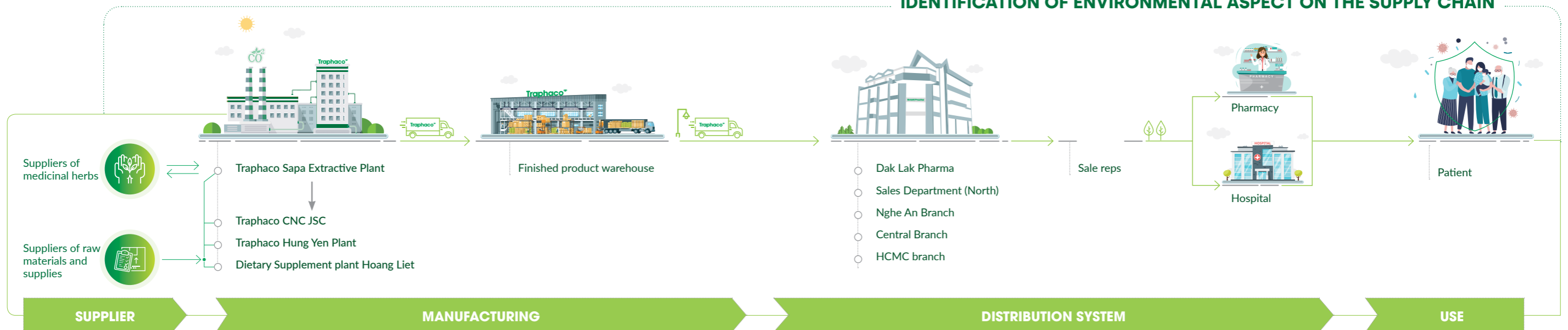
As a pharmaceutical enterprise, Traphaco is aware that the manufacture and trading of medicines – chemical & beauty products – dietary supplement have an impact on the environment.

Therefore, for internal activities, we focus on controlling the consumption of fuel, raw materials in production and waste treatment at Traphaco's plants – ensuring that the environmental standards are met; Minimize the use of non-renewable energy and natural resources, thereby contributing to the reduction of greenhouse gas emissions.

In 2022, thanks to the effectiveness of environmental management systems, Traphaco has no cases of violations of environmental laws and regulations.

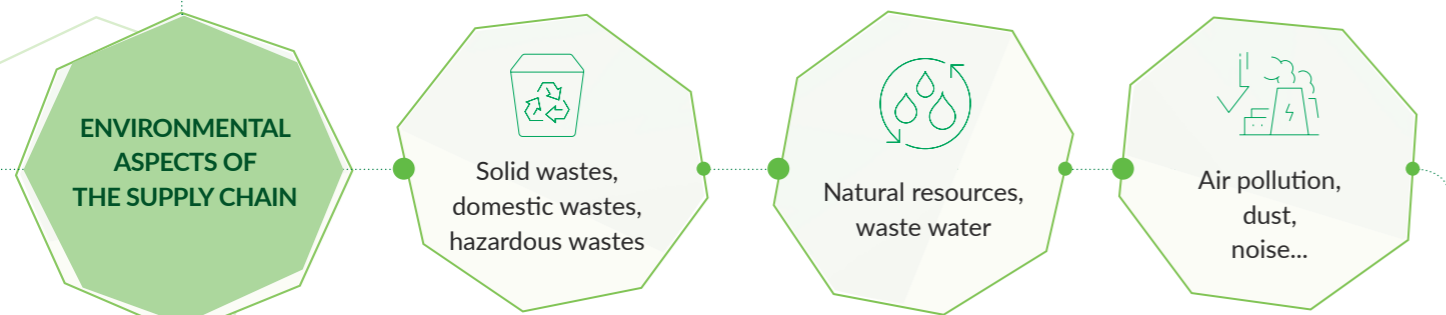
With the commitment of **"green health path"** Traphaco periodically conducts an evaluation with the Quacert unit regarding Environmental Management System Certification, the Company considers the following issues: the involvement of leaders and staffs in environmental management, environmental aspects, meaningful environmental aspects, follow and compliance with legal requirements, control of energy use, water and waste control, environmental cost savings initiatives, potential environmental incidents, etc., to help employees better understand and create a environment-friendly organization by themselves.

IDENTIFICATION OF ENVIRONMENTAL ASPECT ON THE SUPPLY CHAIN



IDENTIFICATION OF ENVIRONMENTAL ASPECT ON THE SUPPLY CHAIN

All of activities on the supply chain of Traphaco JSC are analyzed for environmental aspects, to identify the significant environmental aspects. From that, determine objectives and indicators to set up the environmental management program.



For each aspect, management measures aim to limit the impact on the environment:

- Vehicles have to be eligibly registered for entry into service before running on roads.
- Orders are arranged for delivery on an appropriate route to save fuel consumption, reduce emissions to the environment.
- Packaging materials are selected with a priority be given to environment-friendly and recyclable.
- Conventional and hazardous waste are classified at source.
- Equipment maintenance/Equipped with noise muffler...

The environmental impact associated with each environmental aspect is assessed on two sides:

1 Likelihood of adverse effects Frequency of occurrence shall be assessed over the duration of the incident.

Frequency of occurrence	Article 1	Article 2	Article 3	Article 4
Time period	May occur one time in more than a year	Occurs every quarter to year	Occurs weekly to monthly	Occurs from day to week

2 Consequences of adverse effects can be happened to the environment

Level of impact	Pollution Level (S)			
	Article 1	Article 2	Article 3	Article 4
Impact range	Very small and not significant	Local	Local and in the Company	Company and outside
Contamination concentration vs. environmental standards	Below the acceptable threshold	~ to 1 time	1 to 1.5 times	≥ 1.5 times
Utilization of natural resources	Utilize clean energy (wind - sunlight)	Utilize soil, water ... types of renewable resources	Non-renewable resources such as coal, oil and natural gas... Limited resources	Utilize, exploit and pollute the resources
Complaints from related parties	No	Not satisfactory comment	Complain	Complain
Violation of laws and other requirements	No	Risk of violation	Signs of violations	Violation
Control ability	Controlled	Can be controlled internally	Hard to be controlled internally	Uncontrollable

USE OF SUSTAINABLE MATERIALS

Traphaco JSC continues to maintain "Competitive selection standard for suppliers" which clearly shows that the Company encourages suppliers to apply environmental and safety management system, ensuring the suppliers go on the same path of sustainable development for the community.

Certification of Management System
Pursuant to the certification of management system that supplier has

 LEVEL +0.5	 LEVEL +0.3	 LEVEL +0.1
GMP PIC/S, GMP EU, GACP	GMP WHO, GMP OTHER	ISO9001, ISO14001, OHSAS ISO22000, HACCP, GDP, GSP

**USE OF WATER RESOURCES
AND ENERGY SAVING - EFFECTIVELY**



**Use of nonrenewable
energy sources**

The Company uses gas and DO oil for two main purposes: cooking, and making testing products and running generators in unexpected event of electrical failure or notification of power outage from the regulator.

- Total gas consumption in 2022 (kg)

3,615 of which:

- Gas for cooking: 2,760 kg
- Gas for researching products: 855 kg

- Total amount of diesel fuel used to operate the power generator: approximately 100 liters



**Consumption of
raw materials from
renewable sources**

- Total electricity cost in 2022 (VND)

2,207,311,840

- The Company mainly uses electricity for production and daily living activities, total power consumption in 2022:

1.035.680 Kw of which:

- For manufacturing: 782,065 KW
- For office: 253,615 KW

Compared to 2021, electricity costs decreased by approximately 7.6% (2021: 2,388,396,032 VND)

- Maintain measures to reduce energy consumption

- Disseminate electricity and water saving to employees by training, posters.
- Limit the temperature of air conditioning on hot days.
- Use LED bulb to replace Compact bulb.
- Install sensors, sensory lamps to illuminate areas of corridors and office stairs.
- Minimize production at peak hours.
- Use inverter to automatically turn on/off for HVAC system.
- Have regulations about time, turn on duration, minimum outdoor temperature, closed-door when enter air-conditioning room ... for each division, each staff.

We can see that the issue of efficient use of resources and energy has always been paid special attention aligning with Traphaco's sustainable development orientation.



**Effective use of
water resources**

8,131 m³

Total water consumption in 2022, decreased by 3,8% compared to 2021.

Input water by source:

- Total water usage: 8,131 m³
- Data are updated directly from the supplier's water meter.
- Water supplier: Hanoi Clean Water Company Limited.
- Water provided by the supplier satisfied QCVN02/2009/ BYT of National Technical Regulation on domestic water quality.
- Every month the Company requests the water supplier to provide the results of water supply monitoring. Twice a year, the Company evaluates the water quality in internal pipelines.

Results of water quality monitoring in the Company's pipelines

No.	Criteria	Methods	Unit	22.2215/127/NS/3304	QCVN 01-1:2018/BYT Allowable limit
1	Color	TCVN 6185:2015	TCU	<1.5	15
2	Taste	Phương pháp cảm quan	-	Không có mùi, vị lạ	Không có mùi, vị lạ
3	Turbidity	TCVN 6184:1996	NTU	0.13	2
4	Residual chlorine	TCVN 6225-2:2012	mg/L	<0.03	0.2 ÷ 1 ^(b)
5	pH	TCVN 6492:2011	-	7.14	6 ÷ 8.5
6	Ammonium content	TCVN 6179-1:1996	mg/L	<0.03	0.3
7	Total Iron content (Fe ₂₊ +Fe ₃₊)	SMEWW 3111B:2017	mg/L	<0.063	0.3
8	Pecmanganat index	TCVN 6186:1996	mg/L	0.9(c)	2
9	Hardness calculated by CaCO ₃	TCVN 6224:1996	mg/L	108	300
10	Chloride content	TCVN 6194:1996	mg/L	6.0	250 ^(d)
11	Fluoride content ⁽¹⁾	SMEWW 4500-FB&C:2017	mg/L	0.12	1.5
12	Total arsenic content	SMEWW 3113B:2017	mg/L	<0.0016	0.01 ^(a)
13	Total coliform	TCVN 6187-1:2019	Bacteria/100mL	0	3
14	E. Coli or heat-resistant Coliform	TCVN 6187-1:2019	Bacteria/100mL	0	1

(Source: Station for monitoring and analysing working environment in November 7, 2022)

Water consumption decreased by 3,8% (compared to 2021: 8,453 m³)

The Company continues to maintain current water consumption reduction measures

- Utilize water from the RO system to cool the equipment
- Optimize hygiene processes for: washing bottles, sanitizing equipment, cleaning plants with standard operating procedures.
- Continuous production to reduce the number of times for machines cleaning, reduce the energy consumption of water, reduce waste water.
- Use wastewater after standard treatment for irrigation and campus sanitation.
- Use of administrative measures: sticking water-saving posters, instruction in frequently-use water areas,
- Remind people of keeping the equipment on and off for the right purpose and educate energy saving in internal trainings.



EFFICIENT EMISSION CONTROL

Utilizing non-renewable energy sources

Emissions from generators: only use generators in unexpected cases such as power failure. The Company plans to proactively schedule production as soon as there is a notice of power failure. Exhaust emissions from vehicles entering and leaving the plants (vehicles of employees and vehicles transporting raw materials and finished products) shall be minimized and controlled by the following measures:

- Spray water onto roads in dry days.
- Disseminate and sign the regulations on safety and environment with all contractors/suppliers when entering the Company.

Avoid using the means of transport expired the time of circulation and the vehicle which are too old. All trucks must be periodically inspected by the Vietnam Register on Environmental Safety to be allowed to operate and are regularly maintained.

Results of emission monitoring in 2022

No.	Criteria	Methods	Unit	1 st	2 nd	3 rd	Average	QCVN 19:2009/ BTNMT (C* concentration)
Emissions 1 - Emissions 2 - Emissions 3 - Emissions 4 - Emissions 5 - Emissions 6 - Emissions 7								
1	Ammonia and ammonium compounds	JIS K 0099-2004	mg/Nm ³	<0.28	<0.28	<0.28	<0.28	50
2	Sulfur dioxide, SO ₂	SOP-3.26	mg/Nm ³	<2.62	<2.62	<2.62	<2.62	500
3	Hydrochloric acid, HCl	TCVN 7244:2003	mg/Nm ³	<0.3	<0.3	<0.3	<0.3	50
4	Hydro sulphua. H ₂ S	JIS K 0108:2010	mg/Nm ³	<0.05	<0.05	<0.05	<0.05	7.5
5	Carbon oxide, CO	SOP-3.26	mg/Nm ³	< 1.14	< 1.14	< 1.14	< 1.14	1,000
6	Nitrous oxide, NO _x (calculated in NO ₂)	SOP-3.26	mg/Nm ³	<0.19	<0.19	<0.19	<0.19	850

(Source: Station for monitoring and analysing working environment in November 7, 2022)

APPENDIX

SAFETY, HEALTH AND ENVIRONMENTAL REQUIREMENTS FOR CONTRACTORS WORKING AT TRAPHACO JSC

1. The contractor must comply with regulations on occupational safety and environment.
2. The Contractor must ensure that employees working at the Company are competent, aware of and shall comply with the Company's regulations.
3. The contractor must take full responsibility before law for labor safety and environmental issues arising from the construction process.
4. The Contractor must assign a person responsible for occupational safety and sanitation and this person must be present during the construction period to supervise the construction area.
5. Contractors must organize professional and technical training for workers and employees who perform jobs subject to strict labor safety requirements and must have safety cards (or equivalent papers) and provide Traphaco JSC upon request.
6. Before starting the construction, the Contractor must devise a construction plan or perform a work safety analysis and be accepted by the management department.
7. All staffs and employees of the contractor working at Traphaco JSC must: Fully understand regulations of Traphaco JSC.
8. During the construction process, wear labor protection equipment suitable for each specific job.
9. Do not arbitrarily take photos and interfere with the system of equipment, machinery, ... without permission of the management department.
10. If any equipment on the list is subject to strict registration, it must be tested and provided with inspection documents before being brought into Traphaco JSC. For supportive or hand-held devices (saws, grinders, welders, safety belts, scaffolds, etc.), the contractor must ensure safety before use.
11. Dangerous, flammable and explosive objects: Chemicals, gasoline, oil, ... when brought into the company must be declared to the company at the security.
12. If there is an accident, injury, incident (regardless of whether it is heavy or light) about safety - environment, the contractor is responsible for reporting to Traphaco's employees and responsible people for assistance and direction to handle: Failure to report will be handled on a case by case basis.
13. Wishing to be a long-term partner, Traphaco JSC encourages contractors to buy accident insurance for all their employees when working at Traphaco JSC.
14. During the course of work, if Traphaco JSC detects any violation of the contractor, depending on the seriousness of the violation, there will be sanctions ranging from warning to temporary or full suspension of construction, the contractor must bear all the costs arising from this incident.

This annex is made into copies.
Enclosed with contract no.:



WASTE WATER AND WASTE CONTROL

Waste water

The Company has procedures and staffs to monitor and operate daily wastewater treatment system, to check the quality of wastewater after treatment and to take measures to improve in time. Have a daily log for system operation.

- **Waste water treatment system:**

Industrial wastewater collection and treatment system is built based on biotechnology, designed capacity of 30 m³/day and night.

- **Discharge modes:** Continuity

- **Discharge method:** Self-flowing

- **Wastewater receiving sources:** Wastewater after treatment is discharged into the common drainage system of Hoang Liet Ward, Hoang Mai District, Hanoi.

- **Criteria applicable to wastewater:** QCTĐHN 02:2014/BTNMT: National Technical Regulation on Industrial Wastewater in Hanoi Capital area.

QCVN 14:2008/BTNMT: National technical standards for domestic wastewater. The company hires an independent unit to regularly test the quality of wastewater every 3 months. The samples of treated wastewater at the final discharge point of the system before being released into the environment, taken at various times throughout the year, meet the wastewater standards specified in the discharge permit.

Analysis results of wastewater at the final point of discharge before being discharged into the environment, 2022

No.	Criteria	Methods	Unit	22.2217/127/NT/1134	QCTĐHN 02:2014/BTNMT	QCVN 14:2008/BTNMT
					(B)*	
1	Temperature	SMEWW 2550B:2012	°C	26.0	40	-
2	Color	TCVN 6185:2015	Pt/Co	<15 ^(a)	150	-
3	pH	TCVN 6492:2011	-	7.81	5.5 ÷ 9	5 ÷ 9
4	BOD ₅ (20°C)	TCVN 6001-1:2008	mg/L	<3.0 ^(a)	50	50
5	COD	SMEWW 5220C:2012	mg/L	11.0	150	-
6	Floating solids	TCVN 6625:2000	mg/L	8	100	100
7	Total dissolved solids	SOP-TDS	mg/L	311	-	1,000
8	Animal and vegetable fats and oils ⁽¹⁾	TCVN 5070:1995	mg/L	<0.3	-	20
9	Phosphate (PO ₄ ³⁻) (calculated by P) ⁽¹⁾	TCVN 6202:2008	mg/L	0.69	-	10
10	Total phenol ⁽¹⁾	TCVN 6216:1996	mg/L	<0.01	0.5	-
11	Total cyanide ⁽¹⁾	SMEWW 4500-CN-C&E:2012	mg/L	<0.0023	0.1	-
12	Sulfua	TCVN 6637:2000	mg/L	<0.022	0.5	4
13	Ammonium (calculated by N)	TCVN 6179-1:1996	mg/L	<0.05	10	10
14	Nitrate (NO ₃ ⁻) (calculated by N) ⁽¹⁾	TCVN 6494-1:2011	mg/L	7.43	-	50
15	Total Nitrogen ⁽¹⁾	SMEWW 4500-N.C:2012	mg/L	9.1	40	-
16	Total phosphorus (calculated by P)	TCVN 6202:2008	mg/L	1.01	6	-
17	Chloride	TCVN 6194:1996	mg/L	44.0	1,000	-
18	Residual chlorine	TCVN 6225-3:2011	mg/L	<0.03	2	-
19	Coliform	TCVN 6187-2:1996	Vi khuẩn/100mL	2,200	5,000	5,000
20	Total surfactants ⁽¹⁾	TCVN 6622-1:2000	g/L	<0.02	-	10

(Source: Station for monitoring and analysing working environment in November 7, 2022)



Waste and hazardous waste

WASTE WATER AND WASTE CONTROL (Continued)

No.	Waste name	Weight (kg)	Processing Method	Processing Unit
1	Solid waste	84.000	Burning	Urban Environment Company in Thanh Tri District, City. Hanoi
2	Scrap: Carton packaging, materials	5.191	Recycling	Tien Dung Investment Co. Ltd.
3	Hazardous waste	627	Clean, incinerate, bury.	Bac Son Urban and Industrial Environment Joint Stock Company, transports and treats hazardous waste annually

Measures for waste management and recycling:

- Classify at source, disseminate and implement waste classification regulations in each division or unit.
- Place collection bins at places that are convenient for identification, storage.
- Carry out regular transportation of waste and recycle waste according to the Company's regulations.
- Recycling contract has been signed with Tien Dung Investment Co. Ltd.
- Domestic waste contract signed with urban environment company Thanh Tri district, Hanoi City.

Measures to manage hazardous waste:

- The Company has made the report and registration of the hazardous waste source with the Department of Natural Resources and Environment of Hanoi and was granted the register for Hazardous waste source owner, hazardous waste code: 01.000054.T
- Regularly collect, classify and store wastes in separate tanks, with HW label in strict compliance with the provisions of Circular No. 36/2015/ TT-BTNMT.
- Regulations and instructions are disseminated to all employees in the Company.
- Storage houses have shelves, walls, lock doors and have a warning sign in accordance with TCVN 6707:2009.
- Assign the specialized taskforce to perform the task of monitoring and managing hazardous wastes.
- The contractors entering the workplace are disseminated and shall comply with the Company's waste management procedures.

MINIMIZE ENVIRONMENTAL INCIDENCE

Environmental incident prevention and response is an important regulation defined in Section 3, Chapter X of the Environment Protection Law 2014 and many other provisions such as regulations on environmental protection planning.

The company safety committee has identified the risks of causing environmental incidents in the production and business stages: Waste water, chemical spill, microbiological leakage, flood...

For each specific situation, there are different prevention options, which are specified in the "Emergency response procedure" which clearly identifies a number of emergency situations.



In 2022, the Company has no environmental incidents.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS



The Company complies and does not violate environmental legislation and follow the guidance of the environmental management agency.



Maintain updating and evaluating the influence of legal documents on the Company's system.



Systemize relevant legal documents that are constantly updated on the Company's internal network and inform the influence of the documents to related divisions.



5 FINANCIAL STATEMENTS



GENERAL INFORMATION

THE COMPANY

Traphaco Joint Stock Company (“the Company”) is a joint stock company which was transformed from a state-owned enterprise to a joint stock company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 of the Ministry of Transport and the 1st Business Registration Certificate No. 058437 issued by Hanoi Department of Planning and Investment dated 24 December 1999. The Company also received Enterprise Registration Certificate for a joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 (15th amendment) and other subsequent amendments with the latest being the 23rd amendment dated 6 April 2020.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company's head office is located at 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Hanoi, Viet Nam and 28 dependent branches at provinces and cities of Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Chung Ji Kwang	Chairman	
Mr. Nguyen Phu Khanh	Vice Chairman	Appointed on 5 May 2022
	Member	Appointed on 31 March 2022
Mr. Nguyen Anh Tuan	Vice Chairman	Resigned on 5 May 2022
	Member	Appointed on 5 May 2022
Mr. Tran Tuc Ma	Member	
Mr. Kim Dong Hyu	Member	
Mr. Lee Tae Yon	Member	
Ms. Dao Thuy Ha	Member	
Mr. Lai Tran Dong	Member	Resigned on 31 March 2022

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Tran Tuc Ma	General Director	
Mr. Nguyen Huy Van	Deputy General Director	
Mr. Nguyen Van Bui	Deputy General Director	
Mr. Kim Dong Hyu	Deputy General Director	
Ms. Dao Thuy Ha	Deputy General Director	
Mr. Pham Hoang Anh	Deputy General Director	Appointed on 28 March 2022
	Director of Finance and Planning	Resigned on 28 March 2022

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Nguyen Thi Luong Thanh	Head
Ms. Nguyen Thanh Hoa	Member
Mr. Kwon Ki Bum	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Tran Tuc Ma, General Director.

AUDITOR

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

Management of Traphaco Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries, which have been approved by the Company's Board of Directors, for the year ended 31 December 2022.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2022 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of Management:



Tran Tuc Ma
General Director
20 March 2023



To: The Shareholders of Traphaco Joint Stock Company

We have audited the accompanying consolidated financial statements of Traphaco Joint Stock Company ("the Company") and its subsidiaries, as prepared on 20 March 2023 and set out on pages 186 to 215, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation of the Company and its subsidiaries and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiaries as at 31 December 2022, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Trinh Xuan Hoa
Deputy General Director
Audit Practising Registration
Certificate No. 0754-2023-004-1

Hanoi, Vietnam
20 March 2023



Le Minh Tung
Auditor
Audit Practising Registration
Certificate No. 4656-2023-004-1

**CONSOLIDATED BALANCE SHEET**

as at 31 December 2022

B 01-DN/HN

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,226,498,650,955	1,093,976,719,440
110	I. Cash and cash equivalents	4	176,029,928,335	210,880,433,884
111	1. Cash		81,089,668,730	107,456,792,636
112	2. Cash equivalents		94,940,259,605	103,423,641,248
120	II. Short-term investments	5	324,334,741,053	285,125,000,271
121	1. Held-for-trading securities		10,000,000,000	-
123	2. Held-to-maturity investments		314,334,741,053	285,125,000,271
130	III. Current accounts receivables		202,976,186,174	175,012,156,960
131	1. Short-term trade receivables	6.1	186,177,113,721	154,823,386,985
132	2. Short-term advances to suppliers	6.2	12,205,964,555	16,859,078,829
136	3. Other short-term receivables	7	13,369,088,762	9,111,762,617
137	4. Provision for doubtful debts	8	(8,775,980,864)	(5,782,071,471)
140	IV. Inventories	10	479,008,495,760	382,432,079,890
141	1. Inventories		480,793,925,847	384,163,772,190
149	2. Provision for obsolete inventories		(1,785,430,087)	(1,731,692,300)
150	V. Tài sản ngắn hạn khác		44,149,299,633	40,527,048,435
151	1. Short-term prepaid expenses	14	1,223,476,914	2,532,783,983
152	2. Value-added tax deductible		42,900,681,316	37,444,051,822
153	3. Tax and other receivables from the State		25,141,403	550,212,630
200	B. NON-CURRENT ASSETS		589,766,376,294	613,120,247,421
210	I. Long-term receivables		3,841,248	3,841,248
216	1. Other long-term receivables		3,841,248	3,841,248
220	II. Fixed assets		516,884,259,585	543,976,459,520
221	1. Tangible fixed assets	11	457,253,646,310	484,346,055,883
222	Cost		1,056,394,176,527	1,019,042,092,815
223	Accumulated depreciation		(599,140,530,217)	(534,696,036,932)
227	2. Intangible fixed assets	12	59,630,613,275	59,630,403,637
228	Cost		73,561,398,929	70,299,973,929
229	Accumulated amortisation		(13,930,785,654)	(10,669,570,292)
240	III. Long-term assets in progress		7,616,595,894	8,244,363,374
242	1. Construction in progress	13	7,616,595,894	8,244,363,374
250	IV. Long-term investments		500,000,000	500,000,000
253	1. Investment in other entities		500,000,000	500,000,000
260	V. Other long-term assets		64,761,679,567	60,395,583,279
261	1. Long-term prepaid expenses	14	43,457,730,810	39,160,790,297
262	2. Deferred tax assets	29.3	21,146,994,250	21,055,416,509
263	3. Long-term tools, supplies and spare parts		156,954,507	179,376,473
270	TOTAL ASSETS		1,816,265,027,249	1,707,096,966,861

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		435,706,116,007	439,571,410,067
310	I. Current liabilities		435,706,116,007	439,571,410,067
311	1. Short-term trade payables	15	185,881,891,691	123,430,089,849
312	2. Short-term advances from customers		95,998,291	513,172,616
313	3. Statutory obligations	16	16,273,282,982	23,283,229,041
314	4. Payables to employees		76,559,837,142	64,781,256,060
315	5. Short-term accrued expenses	17	51,581,138,229	61,097,832,407
318	6. Short-term unearned revenues	18	47,304,600,804	37,996,711,200
319	7. Other short-term payables	19	9,007,284,087	88,837,053,669
320	8. Short-term loans	20	40,000,000,000	26,856,929,160
322	9. Bonus and welfare fund	21	9,002,082,781	12,775,136,065
400	D. OWNERS' EQUITY		1,380,558,911,242	1,267,525,556,794
410	I. Capital	22	1,379,940,204,719	1,266,772,944,263
411	1. Issued share capital		414,536,730,000	414,536,730,000
411a	- Shares with voting rights		414,536,730,000	414,536,730,000
412	2. Share premium		133,021,732,000	133,021,732,000
414	3. Other owners' capital		9,652,783,012	9,652,783,012
415	4. Treasury shares		(3,593,000)	(3,593,000)
418	5. Investment and development fund		474,794,697,022	421,434,926,882
421	6. Undistributed earnings		242,481,762,771	188,788,662,765
421a	- Undistributed earnings by the end of prior year		89,499,437,798	59,197,446,175
421b	- Undistributed earnings of current year		152,982,324,973	129,591,216,590
429	7. Non-controlling interests		105,456,092,914	99,341,702,604
430	II. Other funds		618,706,523	752,612,531
432	1. Fund for fixed assets in use		618,706,523	752,612,531
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,816,265,027,249	1,707,096,966,861

Preparer
Nguyen Thi Ngoc ThuyChief Accountant
Dinh Trung KienGeneral Director
Tran Tuc Ma

20 March 2023



CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2022

B 02-DN/HN

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	24.1	2,408,434,865,422	2,167,897,961,446
02	2. Deductions	24.1	(9,516,906,653)	(7,057,915,904)
10	3. Net revenue from sale of goods and rendering of services	24.1	2,398,917,958,769	2,160,840,045,542
11	4. Cost of goods sold and services rendered	25	(1,055,721,001,826)	(1,013,404,064,894)
20	5. Gross profit from sale of goods and rendering of services		1,343,196,956,943	1,147,435,980,648
21	6. Finance income	24.2	18,356,000,665	11,306,714,363
22	7. Finance expenses	26	(2,297,136,122)	(6,181,998,037)
23	- In which: Interest expense		(1,087,900,956)	(5,433,202,648)
25	8. Selling expenses	27	(660,732,503,060)	(554,762,184,402)
26	9. General and administrative expenses	27	(331,885,990,686)	(266,092,792,321)
30	10. Operating profit		366,637,327,740	331,705,720,251
31	11. Other income		1,987,993,918	1,589,644,680
32	12. Other expenses		(169,370,804)	(2,585,287,320)
40	13. Other profit /(loss)		1,818,623,114	(995,642,640)
50	14. Accounting profit before tax		368,455,950,854	330,710,077,611
51	15. Current corporate income tax expense	29.1	(75,032,050,978)	(69,951,317,807)
52	16. Deferred tax income	29.3	91,577,741	3,708,096,338
60	17. Net profit after tax		293,515,477,617	264,466,856,142
61	18. Net profit after tax attributable to shareholders of the parent		269,144,864,659	241,590,550,404
62	19. Net profit after tax attributable to non-controlling interests		24,370,612,958	22,876,305,738
70	20. Basic earnings per share	31	5,691	5,064
71	21. Diluted earnings per share	31	5,691	5,064

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

20 March 2023

B 03-DN/HN

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Profit before tax		368,455,950,854	330,710,077,611
<i>Adjustments for:</i>				
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets (including amortization of goodwill and allocation of prepaid land rental fee)		86,856,675,916	84,646,126,882
03	Provisions		4,779,339,480	4,540,704,350
04	Foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(167,876,617)	(86,903,801)
05	Profits from investing activities		(17,353,207,078)	(10,390,504,495)
06	Interest expenses	26	1,087,900,956	5,433,202,648
08	Operating profit before changes in working capital		443,658,783,511	414,852,703,195
09	(Increase)/decrease in receivables		(32,383,485,038)	11,259,592,487
10	Increase in inventories		(98,339,423,991)	(32,333,344,397)
11	Increase/(decrease) in payables		74,659,121,403	(2,450,434,071)
12	Increase in prepaid expenses		(3,201,462,452)	(241,748,245)
13	Increase in held-for-trading securities		(10,000,000,000)	-
14	Interest paid		(1,042,354,745)	(5,513,625,571)
15	Corporate income tax paid	16	(81,027,226,240)	(75,432,417,320)
16	Other cash inflows from operating activities		-	81,280,500
17	Other cash outflows from operating activities		(44,667,165,300)	(19,750,594,525)
20	Net cash flows from operating activities		247,656,787,148	290,471,412,053
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase, construction of fixed assets and other long-term assets		(58,698,315,415)	(31,422,095,626)
22	Proceeds from disposals of fixed assets and other long-term assets		996,787,963	226,603,280
23	Loans to other entities and payments for purchase of debt instruments of other entities		(305,145,693,213)	(461,694,730,380)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		275,935,952,431	284,064,000,000
27	Interest and dividends received		13,524,940,476	10,575,923,675
30	Net cash flows used in investing activities		(73,386,327,758)	(198,250,299,051)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
33	Drawdown of borrowings		60,000,000,000	-
34	Repayment of borrowings		(46,856,929,160)	(52,132,600,000)
36	Dividends paid to shareholders of the parent and non-controlling interests		(222,216,327,016)	(138,085,760,587)
40	Net cash flows used in financing activities		(209,073,256,176)	(190,218,360,587)
50	Net decrease in cash for the year		(34,802,796,786)	(97,997,247,585)
60	Cash and cash equivalents at the beginning of the year	4	210,880,433,884	308,893,810,924
61	Impact of exchange rate fluctuation		(47,708,763)	(16,129,455)
70	Cash and cash equivalents at the end of the year	4	176,029,928,335	210,880,433,884

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

20 March 2023



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

B 09-DN/HN

as at 31 December 2022 and for the year then ended

1. CORPORATE INFORMATION

Traphaco Joint Stock Company ("the Company") is a joint stock company which was transformed from a state-owned enterprise to a joint stock company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 of the Ministry of Transport and the 1st Business Registration Certificate No. 058437 issued by Hanoi Department of Planning and Investment dated 24 December 1999. The Company also received Enterprise Registration Certificate for a joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 (15th amendment) and other subsequent amendments with the latest being the 23rd amendment dated 6 April 2020.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company's normal course of business cycle is 12 months, starting on 1 January and ending on 31 December.

The head office of the Company is located at 75 Yen Ninh Street, Quan Thanh ward, Ba Dinh district, Hanoi, Vietnam and 28 dependent branches at other provinces and cities in Vietnam.

The number of the Company and its subsidiaries' employees as at 31 December 2022 is 1,476 (31 December 2021: 1,434).

Corporate structure

As at 31 December 2022, the Company has 4 subsidiaries (31 December 2021: 4) with detail information is as follows:

No.	Name	Equity interest	Voting rights	Head office's address	Principal activities
1	Traphaco Hung Yen Co., Ltd.	100%	100%	Tan Quang commune, Van Lam district, Hung Yen province	Produce new medicine.
2	TraphacoSapa One Member Co., Ltd.	100%	100%	Group 2, Phan Si Pang ward, Sapa town, Lao Cai province	Plant, process pharmaceutical materials, agriculture and forestry products, food.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company	58.23%	58.23%	No. 9A Hung Vuong street, Tu An ward, Buon Ma Thuot city, Dak Lak province	Produce and trade pharmaceutical products, nutritional foods.
4	Traphaco Hi-tech Joint Stock Company	50.97%	50.97%	Tan Quang commune, Van Lam district, Hung Yen province	Produce oriental medicine.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Company and its subsidiaries expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard issued by the Ministry of Finance as per:

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

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

2.2 Applied accounting documentation system

The Company and its subsidiaries' applied accounting documentation system is the computer-based system.

2.3 Fiscal year

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

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the accounting currency of the Company and its subsidiaries.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

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

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

Raw materials, tools and supplies and merchandise	-	cost of purchase on a weighted average basis.
Work-in process	-	cost of direct materials.
Finished goods	-	cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Company and its subsidiaries, based on appropriate evidence of impairment available at the consolidated balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

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

The provision for doubtful debts represents amounts of outstanding receivables at the consolidated balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights comprise the indefinite land use rights and the prepayment for the land lease contracts which are effective prior to 2003 and for which, land use right certificates have been issued. These land use rights are recorded as intangible fixed assets according to Circular No.45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45").

3.6 Leased assets

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

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

Where the Company and its subsidiaries are the lessees

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

Where the Company and its subsidiaries are the lessors

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.7 Depreciation and amortisation

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

Buildings and structures	5 - 35 years
Tools and equipment	2 - 10 years
Means of transportation	3 - 10 years
Machinery and equipment	3 - 15 years
Others	5 - 20 years
Indefinite land use rights	Non-amortisation
Definite land use right	32 years
Computer software	3 - 6 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that the Company and its subsidiaries incur in connection with the borrowing of funds. Borrowing costs are accounted for as expenses incurred during the year.

3.9 Prepaid expenses

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

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Company and its subsidiaries' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over an estimated useful life of eight (08) to ten (10) years on a straight-line basis. The Company conducts periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.11 Investments

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

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

Provision for diminution in value of investments

Provision of the investments is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.12 Payables and accruals

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

3.13 Foreign currency transactions

Transactions in currencies other than the Company and its subsidiaries' reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the consolidated balance sheet dates which are determined as follows:

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

All foreign exchange differences incurred during the year are taken to the consolidated income statement.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.14 Treasury shares**

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Company's own equity instruments.

3.15 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by the general shareholders, and after making appropriation to reserve funds in accordance with the Charter of the Company and its subsidiaries and Vietnam's regulatory requirements.

The Company and its subsidiaries maintain the following reserve funds which are appropriated from the Company and its subsidiaries' net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

Investment and development fund

This fund is set aside for use in the Company and its subsidiaries' expansion of its operation or of in-depth investment.

Bonus and welfare fund

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

3.16 Revenue recognition

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

Sale of goods

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

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to client workload confirmation.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Dividends

Income is recognised when the Company and its subsidiaries' entitlement as an investor to receive the dividends is established.

Interest

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

3.17 Taxation**Current income tax**

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

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount in consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and interests in jointly controlled entity where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries and interests in jointly controlled entity, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

- either the same taxable entity; or
- when the Company and its subsidiaries intend either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Segment information

The Company and its subsidiaries' principal activities are to manufacture and trade pharmaceutical products. In addition, these activities are entirely taking place within Vietnam. Therefore, the Company and its subsidiaries' risks and returns are not impacted by the products that the Company and its subsidiaries are manufacturing or the locations where the Company and its subsidiaries are trading. As a result, the management of the Company is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

3.19 Related parties

Parties are considered to be related parties of the Company and its subsidiaries if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiaries and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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as at 31 December 2022 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	14,636,648,499	17,944,146,795
Cash at banks	65,045,034,284	89,430,305,741
Cash in transit	1,407,985,947	82,340,100
Term deposits (*)	94,940,259,605	103,423,641,248
TOTAL	176,029,928,335	210,880,433,884

(*) The represent VND deposits with original terms of less than 3 months and earn interest at rates ranging from 3.8% to 6.0% per annum (31 December 2021: from 3.0% to 3.5% per annum).

5. HELD-TO-MATURITY INVESTMENTS

	Currency: VND	
	Ending balance	Beginning balance
Term deposits (*)	314,334,741,053	285,125,000,271
Fund certificate (**)	10,000,000,000	-
TOTAL	324,334,741,053	285,125,000,271

(*) Term deposits as at 31 December 2022 represent VND deposits at commercial banks with original terms from 4 to 12 months, and earn interest at rates ranging from 3.8% to 7.8% per annum (31 December 2021: from 3.5% to 6.0% per annum).

The Company has used certain term deposits with total value of 40 billion VND as collateral for bank loans as presented in Note 20.

(**) This represents an investment in Fund certificate of Mirae Asset Vietnam Flexible Fixed Income Fund.

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**6.1 Short-term trade receivables**

	Currency: VND	
	Ending balance	Beginning balance
Short-term trade receivables from customers	183,676,380,234	152,323,392,235
Short-term trade receivables from related party	2,500,733,487	2,499,994,750
TOTAL	186,177,113,721	154,823,386,985
Provision for doubtful receivables	(8,775,980,864)	(5,782,071,471)

6.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Tien Thang Pharmaceutical Mechanical Co., Ltd.	2,511,000,000	-
ATI Materials and Equipment JSC	2,047,770,000	2,357,520,000
Advances to other suppliers	7,647,194,555	14,501,558,829
TOTAL	12,205,964,555	16,859,078,829

7. OTHER SHORT-TERM RECEIVABLES

	Currency: VND			
	Ending balance		Beginning balance	
	Balance	Provision	Balance	Provision
Advances to employees	2,588,742,342	-	3,895,957,440	-
Interest receivables	6,311,295,375	-	2,805,283,539	-
Deposits and mortgages	1,336,804,864	-	2,024,022,340	-
Sales support from suppliers	3,008,994,600	-	-	-
Other receivables	123,251,581	-	386,499,298	-
TOTAL	13,369,088,762	-	9,111,762,617	-
In which:				
Other short-term receivables from related parties (Note 30)	2,940,692,277	-	-	-
Other short-term receivables	10,428,396,485	-	9,111,762,617	-

8. PROVISION FOR DOUBTFUL SHORT-TERM RECEIVABLES

	Currency: VND	
	Current year	Previous year
Beginning balance	5,782,071,471	6,970,768,359
Add: Provision made during the year	2,993,909,393	2,809,012,050
Less: Utilization during the year	-	(3,997,708,938)
Ending balance	8,775,980,864	5,782,071,471

9. BAD DEBTS

	Currency: VND			
	Ending balance		Beginning balance	
	At cost	Recoverable amount (*)	At cost	Recoverable amount (*)
Overdue receivables which are considered to be doubtful	19,960,643,701	11,184,662,837	24,012,148,698	18,230,077,227
TOTAL	19,960,643,701	11,184,662,837	24,012,148,698	18,230,077,227

(*) The Company and its subsidiaries determine the recoverable amount of doubtful debts at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

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as at 31 December 2022 and for the year then ended

10. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Balance	Provision	Balance	Provision
Raw materials	156,367,701,201	(1,474,912,444)	116,575,214,599	(1,034,061,135)
Finished goods	150,758,871,337	(141,631,914)	122,042,952,881	(15,215,170)
Merchandise	87,616,237,108	(168,885,729)	74,467,728,858	(682,415,995)
Work in process	74,467,500,937	-	55,962,039,854	-
Goods in transit	11,055,430,836	-	11,998,983,374	-
Goods on consignment	-	-	2,799,111,293	-
Tools and supplies	528,184,428	-	317,741,331	-
TOTAL	480,793,925,847	(1,785,430,087)	384,163,772,190	(1,731,692,300)

Detail of movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	1,731,692,300	2,346,374,662
Add: Provision made during the year	1,785,430,087	1,731,692,300
Less: Utilisation and reversal of provision during the year	(1,731,692,300)	(2,346,374,662)
Ending balance	1,785,430,087	1,731,692,300

11. TANGIBLE FIXED ASSETS

	Currency: VND					
	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Opening balance	356,285,706,810	555,779,351,840	87,024,935,131	15,194,135,870	4,757,963,164	1,019,042,092,815
- New purchase	1,661,979,960	30,390,305,906	11,205,207,377	5,225,669,741	80,084,906	48,563,247,890
- Transfer from construction in progress	-	8,240,746,622	263,666,666	30,000,000	-	8,534,413,288
- Disposal	-	(13,766,371,589)	(5,601,897,983)	(377,307,894)	-	(19,745,577,466)
Ending balance	357,947,686,770	580,644,032,779	92,891,911,191	20,072,497,717	4,838,048,070	1,056,394,176,527
In which:						
Fully depreciated	30,384,045,602	99,785,052,149	28,722,443,603	6,639,042,369	2,838,460,346	168,369,044,069
Accumulated depreciation:						
Opening balance	158,714,385,360	294,342,565,510	66,948,446,667	10,818,978,262	3,871,661,133	534,696,036,932
- Depreciation for the year	21,424,386,281	52,045,799,806	7,178,442,171	1,920,250,707	946,658,589	83,515,537,554
- Disposal	-	(13,418,416,448)	(5,289,442,648)	(363,185,173)	-	(19,071,044,269)
Ending balance	180,138,771,641	332,969,948,868	68,837,446,190	12,376,043,796	4,818,319,722	599,140,530,217
Net carrying amount:						
Opening balance	197,571,321,450	261,436,786,330	20,076,488,464	4,375,157,608	886,302,031	484,346,055,883
Ending balance	177,808,915,129	247,674,083,911	24,054,465,001	7,696,453,921	19,728,348	457,253,646,310

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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as at 31 December 2022 and for the year then ended

12. INTANGIBLE FIXED ASSETS

Currency: VND				
	Indefinite land use right	Definite land use right	Computer software	Total
Cost:				
Opening balance	45,687,172,520	5,488,320,009	19,124,481,400	70,299,973,929
- New purchase	-	-	1,092,950,000	1,092,950,000
- Transfer from construction in progress	-	-	2,168,475,000	2,168,475,000
Ending balance	45,687,172,520	5,488,320,009	22,385,906,400	73,561,398,929
<i>In which:</i>				
Fully amortised	-	-	3,142,898,900	3,142,898,900
Accumulated depreciation:				
Opening balance	-	2,319,606,815	8,349,963,477	10,669,570,292
- Amortisation for the year	-	164,282,580	3,096,932,782	3,261,215,362
Ending balance	-	2,483,889,395	11,446,896,259	13,930,785,654
Net carrying amount:				
Opening balance	45,687,172,520	3,168,713,194	10,774,517,923	59,630,403,637
Ending balance	45,687,172,520	3,004,430,614	10,939,010,141	59,630,613,275

13. CONSTRUCTION IN PROGRESS

Currency: VND		
	Ending balance	Opening balance
Land use right at Hung Yen branch	3,385,000,000	3,385,000,000
Can Tho Office project	2,352,727,272	2,352,727,272
Machinery and equipment	1,878,868,622	193,500,000
Others	-	2,313,136,102
TOTAL	7,616,595,894	8,244,363,374

14. PREPAID EXPENSES

Currency: VND		
	Ending balance	Opening balance
Short-term		
Tools and supplies	44,592,336	488,098,184
Others	1,178,884,578	2,044,685,799
TOTAL	1,223,476,914	2,532,783,983
Long-term		
Land clearance and compensation costs	26,260,063,683	25,674,122,985
Renovation and maintenance expenses	10,943,562,816	9,916,345,504
Tools and supplies	5,748,385,178	2,042,115,973
Others	505,719,133	1,528,205,835
TOTAL	43,457,730,810	39,160,790,297

15. SHORT-TERM TRADE PAYABLES

Currency: VND				
	Ending balance		Opening balance	
	Amount	Payable amount	Amount	Payable amount
Trade payables to other parties	156,063,995,997	156,063,995,997	108,660,034,492	108,660,034,492
Trade payables to related parties (Note 30)	29,817,895,694	29,817,895,694	14,770,055,357	14,770,055,357
TOTAL	185,881,891,691	185,881,891,691	123,430,089,849	123,430,089,849

16. STATUTORY OBLIGATIONS

Currency: VND				
	Opening balance	Payable in the year	Payment made during the year	Ending balance
Value added tax	908,231,097	75,613,548,240	(76,206,107,259)	315,672,078
Corporate income tax	17,761,588,927	74,824,456,524	(81,027,226,240)	11,558,819,211
Personal income tax	4,611,801,977	27,439,376,922	(27,678,164,780)	4,373,014,119
Other taxes	1,607,040	4,067,288,379	(4,043,117,845)	25,777,574
TOTAL	23,283,229,041	181,944,670,065	(188,954,616,124)	16,273,282,982

17. SHORT-TERM ACCRUED EXPENSES

Currency: VND		
	Ending balance	Opening balance
Sale discounts payable to customers	28,452,559,749	30,793,374,269
Remuneration for sale collaborators and representatives	19,781,812,910	22,570,262,511
Other accruals	3,346,765,570	7,734,195,627
TOTAL	51,581,138,229	61,097,832,407

18. SHORT-TERM UNEARNED REVENUE

Currency: VND		
	Ending balance	Opening balance
Unearned revenue from customer loyalty program	47,304,600,804	37,996,711,200
TOTAL	47,304,600,804	37,996,711,200

19. OTHER SHORT-TERM PAYABLES

Currency: VND		
	Ending balance	Opening balance
Dividend payables	2,284,205,978	84,838,833,394
Social, health and unemployment insurances and trade union fee	975,701,192	952,107,426
Other payables	5,747,376,917	3,046,112,849
TOTAL	9,007,284,087	88,837,053,669
<i>In which:</i>		
Other payables to related parties (Note 30)	-	62,830,372,000
Others	9,007,284,087	26,006,681,669

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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20. SHORT-TERM LOANS

	Opening balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term loans from banks	-	-	60,000,000,000	(20,000,000,000)	40,000,000,000	40,000,000,000
Current portion of long-term loans from banks	26,356,929,160	26,356,929,160	-	(26,356,929,160)	-	-
Current portion of long-term loans from others	500,000,000	500,000,000	-	(500,000,000)	-	-
TOTAL	26,856,929,160	26,856,929,160	60,000,000,000	(46,856,929,160)	40,000,000,000	40,000,000,000

Currency: VND

Details of loans are as follows:

Loans	Ending balance (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Vietnam Bank for Agriculture and Rural Development – Hanoi branch	40,000,000,000	2 months and is repaid on 31 January 2023. Interest is paid on maturity date.	4.6% - 6%	Deposit contracts between Vietnam Bank for Agriculture and Rural Development – Hanoi branch and the Company with the total value of 40,000,000,000 VND.
TOTAL	40,000,000,000			

21. BONUS AND WELFARE FUND

	Current year	Previous year
Beginning balance	12,775,136,065	4,660,619,188
Add: Appropriation in the year (Note 22)	40,894,112,016	30,218,043,567
Less: Utilisation in the year	(44,667,165,300)	(22,103,526,690)
Ending balance	9,002,082,781	12,775,136,065

Đơn vị tính: VND

22. OWNERS' EQUITY**22.1 Increase and decrease in owners' equity**

	Issued share capital	Share premium	Other owners' capital	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interests	Total
For the year ended 31 December 2021:								
Opening balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	389,305,345,240	131,469,156,763	93,177,549,062	1,171,159,703,077
- Profit for the year	-	-	-	-	-	241,590,550,404	22,876,305,738	264,466,856,142
- Dividends declared from profit of 2020 of the Company	-	-	-	-	-	(41,450,540,000)	-	(41,450,540,000)
- Dividends declared from subsidiaries' profit of 2020	-	-	-	-	-	-	(3,191,853,514)	(3,191,853,514)
- Appropriation of investment and development fund from profit of 2020 of the Company	-	-	-	-	26,907,306,880	(26,907,306,880)	-	-
- Appropriation of investment and development fund from subsidiaries' profit of 2020	-	-	-	-	3,074,328,874	(3,074,328,874)	-	-
- Appropriation of bonus and welfare fund from profit of 2020	-	-	-	-	-	(839,534,834)	(646,184,494)	(1,485,719,328)
- Provisional appropriation of bonus and welfare fund from profit of 2021	-	-	-	-	-	(27,002,993,449)	(1,729,330,790)	(28,732,324,239)
- Appropriation of investment and development fund from profit of 2021	-	-	-	-	2,095,260,365	(2,095,260,365)	-	-
- Provisional dividend from profit of 2021	-	-	-	-	-	(82,901,080,000)	(11,144,783,398)	(94,045,863,398)
- Other increases	-	-	-	-	52,685,523	-	-	52,685,523
Ending balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	421,434,926,882	188,788,662,765	99,341,702,604	1,266,772,944,263

Currency: VND

22. OWNERS' EQUITY (continued)

22.1 Increase and decrease in owners' equity (continued)

	Issued share capital	Share premium	Other owners' capital	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interests	Total
For the year ended 31 December 2022:								
Opening balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	421,434,926,882	188,788,662,765	99,341,702,604	1,266,772,944,263
- Profit for the year	-	-	-	-	-	269,144,864,659	24,370,612,958	293,515,477,617
- Dividends declared from the Company's profit of 2021 (*)	-	-	-	-	-	(41,450,540,000)	-	(41,450,540,000)
- Dividends declared from profit of 2021 from subsidiaries	-	-	-	-	-	-	(4,165,401,600)	(4,165,401,600)
- Appropriation of investment and development fund from profit of 2021 (*)	-	-	-	-	53,152,175,686	(53,152,175,686)	-	-
- Appropriation of bonus and welfare fund from profit of 2021 (*)	-	-	-	-	-	(4,686,509,281)	(959,747,539)	(5,646,256,820)
- Provisional dividend from profit of 2022 (**)	-	-	-	-	-	(82,900,974,602)	(11,144,783,398)	(94,045,758,000)
- Provisional appropriation of bonus and welfare fund from profit of 2022 (***)	-	-	-	-	-	(33,261,565,084)	(1,986,290,111)	(35,247,855,195)
- Other increases	-	-	-	-	207,594,454	-	-	207,594,454
Ending balance	414,536,730,000	133,021,732,000	9,652,783,012	(3,593,000)	474,794,697,022	242,481,762,771	105,456,092,914	1,379,940,204,719

Currency: VND

22. OWNERS' EQUITY (continued)

22.1 Increase and decrease in owners' equity (continued)

(*) The Company made appropriation for funds and declared dividends by cash from profit after tax of 2021 in accordance with the Resolution No. 34/2022/NQ-DHDCD dated 31 March 2022 of the Annual General Shareholders' Meeting ("Resolution No. 34"). In accordance with this Resolution, dividends from profits for the year ended 31 December 2021 totalled at 124,351,620,000 VND, in which 82,901,080,000 VND was declared as provisional dividend and accounted for in 2021, and the remaining was declared and paid in 2022.

(**) The Company and its subsidiaries have also made provisional appropriation for Bonus and welfare Fund from profit after tax of the year ended 31 December 2022 according to the 2022's profit distribution plan as approved by the Annual General Meetings of Shareholders of the Company and its subsidiaries.

(***) The Company and its subsidiaries have also declared provisional dividend from profit after tax for the year 2022 in accordance with the Resolutions of the Annual General Shareholders' Meetings and of the Board of Directors of the Company and its subsidiaries.

22.2 Details of owners' equity

	Ending balance			Opening balance		
	Number of shares	Amount (VND)	Percentage (%)	Number of shares	Amount (VND)	Percentage (%)
State Capital and Investment Corporation	14,786,512	147,865,120,000	35.67%	14,786,512	147,865,120,000	35.67%
Magbi Fund Limited	10,361,385	103,613,850,000	25.00%	10,361,385	103,613,850,000	25.00%
Super Delta Pte. Ltd.	6,267,289	62,672,890,000	15.12%	6,267,289	62,672,890,000	15.12%
Other shareholders	10,035,354	100,353,540,000	24.20%	10,035,354	100,353,540,000	24.20%
Treasury shares	3,133	31,330,000	0.01%	3,133	31,330,000	0.01%
TOTAL	41,453,673	414,536,730,000	100%	41,453,673	414,536,730,000	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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22. OWNERS' EQUITY (continued)**22.3 Shares**

	Ending balance	Opening balance
Authorized shares	41,453,673	41,453,673
Issued shares	41,453,673	41,453,673
Ordinary shares	41,453,673	41,453,673
Treasury shares	(3,133)	(3,133)
Ordinary shares	(3,133)	(3,133)
Shares in circulation	41,450,540	41,450,540
Ordinary shares	41,450,540	41,450,540

Par value of outstanding shares: VND 10,000/share (31 December 2021: VND 10,000/share). The Company's shares are listed on the Ho Chi Minh City Stock Exchange with the stock code of TRA.

22.4 Dividends

	Current year	Previous year
Dividends declared		
<i>Dividends on ordinary shares</i>		
Cash dividend for 2020 (2nd announcement): VND 1,000 per share	-	41,450,540,000
Cash dividend for 2021 (1st announcement): VND 2,000 per share	-	82,901,080,000
Cash dividend for 2021 (2nd announcement): VND 1,000 per share	41,450,540,000	-
Cash dividend for 2022 (1st announcement): VND 2,000 per share	82,901,080,000	-
Dividends declared after the date of reporting year and not yet recognised as liability as at 31 December	-	-

22.5 Capital transactions with owners and distribution of dividends and profits

	Current year	Previous year
Capital contributed		
Opening balance and ending balance	414,536,730,000	414,536,730,000
Dividend declared	124,351,620,000	124,351,620,000
Dividend paid	206,931,573,000	124,388,872,000

23. OFF BALANCE SHEET ITEMS

CHỈ TIÊU	Ending balance	Opening balance
1. Foreign Currency		
- US Dollar (USD)	3,255	87,006
2. Bad debts written-off (VND)	9,500,253,738	9,500,253,738

24. REVENUE**24.1 Revenue from sale of goods and rendering of services**

	Current year	Previous year
Gross revenue	2,408,434,865,422	2,167,897,961,446
<i>Of which:</i>		
Sale of finished goods	1,894,812,278,272	1,756,586,359,161
Sale of merchandise	512,657,930,345	409,846,032,541
Rendering of services	964,656,805	1,465,569,744
Less	(9,516,906,653)	(7,057,915,904)
Sales return	(9,516,906,653)	(7,057,915,904)
Net revenue	2,398,917,958,769	2,160,840,045,542
<i>In which:</i>		
Sales to others	2,311,065,678,002	2,091,293,384,323
Sales to related parties (Note 30)	87,852,280,767	69,546,661,219

24.2 Finance income

	Current year	Previous year
Interest income	16,880,952,312	10,181,478,136
Dividend income	150,000,000	200,000,000
Foreign exchange gains	864,275,902	6,896,061
Others	460,772,451	918,340,166
TOTAL	18,356,000,665	11,306,714,363

25. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year	Previous year
Cost of finished goods sold	686,016,686,043	707,628,378,281
Cost of merchandise sold	369,704,315,783	305,775,686,613
TOTAL	1,055,721,001,826	1,013,404,064,894

26. FINANCE EXPENSES

	Current year	Previous year
Interest expense	1,087,900,956	5,433,202,648
Foreign exchange losses	969,507,606	95,730,270
Others	239,727,560	653,065,119
TOTAL	2,297,136,122	6,181,998,037



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27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
Selling expenses incurred during the year		
Labour costs	213,630,170,803	190,049,210,029
Advertising expenses	173,758,019,370	127,163,304,815
Support and promotion expenses	92,860,637,228	72,005,772,330
Allowance for sale collaborators	64,495,729,228	55,072,432,121
Depreciation and amortisation	9,221,074,873	8,477,797,453
Others	106,766,871,558	101,993,667,654
	660,732,503,060	554,762,184,402
General and administrative expenses incurred during the year		
Labour costs	177,347,527,652	143,232,583,987
Expenses for external services	67,030,508,470	40,718,047,349
Depreciation and amortisation	23,918,063,129	21,359,336,699
Allowance for doubtful debts	3,301,909,393	2,809,012,050
Others	60,287,982,042	57,973,812,236
	331,885,990,686	266,092,792,321
TOTAL	992,618,493,746	820,854,976,723

28. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Raw materials	537,528,599,656	555,203,010,482
Labour costs	473,522,820,150	379,776,497,388
Depreciation and amortization (including allocation of prepaid land rental)	86,856,675,916	84,646,126,882
Expenses for external services	350,818,346,858	263,295,764,504
Others	276,839,118,567	259,742,111,843
TOTAL	1,725,565,561,147	1,542,663,511,099

29. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company and its subsidiaries is 20% of taxable income, except for following subsidiaries:

- The CIT rate applicable to income from medicine producing activities under international GMP standards of Traphaco Hi-tech Joint Stock Company is 10% of taxable income for 15 years starting from 2007 to 2021. The CIT rate applicable to income from other activities is 20% of taxable income.
- In accordance with Official Letter No. 3087/CT-THNVDT dated 23 July 2018 of the Taxation Department of Lao Cai province, TraphacoSapa One Member Co., Ltd. is entitled to an exemption from CIT for income from Dong Pho Moi pharmaceutical factory project for 4 years (from 2017 to 2020) and a 50% CIT reduction for the following 9 years (from 2021 to 2029). The CIT rate applicable to income from other activities is 20% taxable income.

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

29.1 CIT expenses

	Currency: VND	
	Current year	Previous year
Current tax expenses	75,032,050,978	69,951,317,807
Deferred tax income	(91,577,741)	(3,708,096,338)
TOTAL	74,940,473,237	66,243,221,469

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	Currency: VND	
	Current year	Previous year
Accounting profit before tax	368,455,950,854	330,710,077,611
CIT expenses at rate of 10%	1,915,310,566	3,819,964,652
CIT expenses at rate of 20%	69,860,569,039	58,502,086,218
<i>Adjustments:</i>		
Non-deductible expenses	2,851,633,632	2,553,033,467
Remuneration to non-executive members of the Board of Directors	342,960,000	423,700,000
Allocation of goodwill	-	470,086,450
Tax collection in arrears and adjustment for under accruals of CIT in prior years	-	514,350,682
CIT exemption and incentives	(30,000,000)	(40,000,000)
CIT expenses	74,940,473,237	66,243,221,469

29.2 Current tax

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

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29. CORPORATE INCOME TAX (continued)**29.3 Deferred tax**

The following are the deferred tax assets recognised by the Company and its subsidiaries, and the movements thereon, during the current year and previous year:

Currency: VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Opening balance	Current year	Previous year
Deferred tax assets				
Unearned revenue from customer loyalty program	5,295,222,285	3,359,016,364	1,936,205,921	2,182,731,126
Sale discounts	5,952,203,750	6,040,021,959	(87,818,209)	(422,673,375)
Allowance for sale collaborators and representatives not yet paid	3,602,130,782	4,419,904,068	(817,773,286)	1,376,908,372
Provision for inventory	18,225,884	132,091,010	(113,865,126)	132,091,010
Unrealised profit	6,279,211,549	7,104,383,108	(825,171,559)	439,039,205
	21,146,994,250	21,055,416,509		
Net deferred tax income credited to consolidated income statement			91,577,741	3,708,096,338

30. TRANSACTIONS WITH RELATED PARTIES

List of related parties that have a controlling relationship or significant influence and/or have transactions with the Company and its subsidiaries during the year is as follows:

No.	Related parties	Relationship
1	State Capital Investment and Trading Corporation	Major shareholder
2	Magbi Fund Limited	Major shareholder
3	Super Delta Pte. Ltd.	Major shareholder
4	Daewoong Pharmaceuticals Co., Ltd.	Company related to a Member of BoD (Mr. Lee Tae Yon)
5	Sao Mai Joint Stock Company	Company related to a Member of BoD (Ms. Dao Thuy Ha)

Members of Board of Directors ("BoD"), Board of Supervision ("BoS"), Management of the Company are as follows:

No.	Related parties	Relationship
1	Mr. Chung Ji Kwang	Chairman
2	Mr. Nguyen Phu Khanh	Vice Chairman (Appointed on 5 May 2022) Member of BoD (appointed on 31 March 2022)
3	Mr. Nguyen Anh Tuan	Vice Chairman (Resigned on 5 May 2022)/ Member of BoD (From 5 May 2022)
4	Mr. Tran Tuc Ma	Member of BoD cum General Director
5	Mr. Kim Dong Hyu	Member of BoD cum Deputy General Director
6	Mr. Lee Tae Yon	Member of BoD
7	Ms. Dao Thuy Ha	Member of BoD cum Deputy General Director
8	Mr. Lai Tran Dong	Member of BoD (Resigned on 31 March)
9	Mr. Nguyen Huy Van	Deputy General Director
10	Mr. Nguyen Van Bui	Deputy General Director
11	Mr. Pham Hoang Anh	Deputy General Director (Appointed on 28 March 2022)
12	Ms. Nguyen Thi Luong Thanh	Head of BoS
13	Ms. Nguyen Thanh Hoa	Member of BoS
14	Mr. Kwon Ki Bum	Member of BoS
15	Mr. Dinh Trung Kien	Chief Accountant

Significant transactions of the Company and its subsidiaries with related parties during the current year and previous year were as follows:

Currency: VND

Related parties	Relationship	Transactions	Current year	Previous year
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Purchase of goods and services	58,147,524,329	38,375,029,475
		Promotion fee	11,501,074,537	22,241,496,767
Sao Mai Joint Stock Company	Company related to a Member of BoM	Sale of goods	87,852,280,767	69,546,661,219
State Capital Investment and Trading Corporation	Major shareholder	Dividend declared	44,359,536,000	44,359,536,000
		Dividend paid	73,932,560,000	73,326,086,435
Magbi Fund Limited	Major shareholder	Dividend declared	31,084,155,000	31,084,155,000
		Dividend paid	51,806,925,000	51,381,949,448
Super Delta Pte. Ltd.	Major shareholder	Dividend declared	18,801,867,000	18,801,867,000
		Dividend paid	31,336,445,000	31,079,390,118

**30. TRANSACTIONS WITH RELATED PARTIES (continued)**

Terms and conditions of transactions with related parties

The sales to and purchases of goods from related parties are made based on the contractual agreement.

Outstanding payable balances at 31 December 2022 are unsecured, interest free and will be settled in cash. For the year ended 31 December 2022, the Company and its subsidiaries have not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2021: Nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

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

Currency: VND				
Related parties	Relationship	Transactions	Ending balance	Opening balance
Short-term trade receivables (Note 6.1)				
Sao Mai Joint Stock Company	Entity related to a member of Board of Directors	Sale of goods	2,500,733,487	2,499,994,750
TOTAL			2,500,733,487	2,499,994,750
Short-term other receivables (Note 7)				
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Sale support	2,940,692,277	-
TOTAL			2,940,692,277	-
Short-term trade payables (Note 15)				
Daewoong Pharmaceuticals Co., Ltd.	Entity related to a member of Board of Directors	Purchase of goods and services	29,817,895,694	14,770,055,357
TOTAL			29,817,895,694	14,770,055,357
Short-term other payables (Note 19)				
State Capital Investment and Trading Corporation	Major shareholder	Dividend payable	-	29,573,024,000
Magbi Fund Limited	Major shareholder	Dividend payable	-	20,722,770,000
Super Delta Pte.Ltd.	Major shareholder	Dividend payable	-	12,534,578,000
TOTAL			-	62,830,372,000

Transactions with other related parties

Remuneration to members of the Board of Directors ("BoD"), Board of Supervision ("BoS") and the management during the year:

Currency: VND			
Name	Position	Income (*)	
		Current year	Previous year
Remuneration of Board of Directors			
Mr. Chung Ji Kwang	Chairman	-	-
Ms. Vu Thi Thuan	Chairwoman (Up to 31 March 2021)	-	458,500,000
Mr. Nguyen Phu Khanh	Member of BoD (From 31 March 2022)		
	Vice Chairman (From 5 May 2022)	406,800,000	-
Mr. Nguyen Anh Tuan	Vice Chairman (Up to 5 May 2022)		
	Member of BoD (From 5 May 2022)	445,200,000	438,000,000
Mr. Lee Tae Yon	Member of BoD	412,800,000	338,000,000
Mr. Lai Tran Dong	Member of BoD (Up to 31 March 2022)	103,200,000	258,000,000
Mr. Vu Tri Thuc	Member of BoD (Up to 31 March 2021)	-	99,000,000
Remuneration of Board of Supervision			
Ms. Nguyen Thi Luong Thanh	Head	168,000,000	108,000,000
Mr. Duong Duc Hung	Head (Up to 31 March 2021)	-	54,942,030
Ms. Nguyen Thanh Hoa	Member	144,000,000	153,000,000
Mr. Kwon Ki Bum	Member	194,000,000	120,000,000
Remuneration of Management			
Mr. Tran Tuc Ma	General Director cum Member of BoD	5,406,459,996	3,278,489,262
Mr. Kim Dong Hyu	Deputy General Director cum Member of BoD	3,095,028,474	1,436,805,908
Ms. Dao Thuy Ha	Deputy General Director cum Member of BoD	3,898,559,735	2,779,515,611
Mr. Nguyen Van Bui	Deputy General Director cum Member of BoD	2,036,194,035	1,344,876,017
Mr. Nguyen Huy Van	Deputy General Director cum Member of BoD	2,085,694,766	1,275,641,485
Ms. Nguyen Thi Lan	Deputy General Director (Up to 15 December 2021)	-	907,735,770
Mr. Pham Hoang Anh	Deputy General Director (From 28 March 2022)		
	Director of Finance and Planning (Up to 28 March 2022)	1,996,428,273	1,073,873,729
Mr. Dinh Trung Kien	Chief Accountant	1,457,264,851	1,052,502,898
TOTAL		21,849,630,130	15,176,882,710

(*) Including salary, allowance and bonus.



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31. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Currency: VND	
	Current year	Previous year (restated)
Net profit after tax attributable to ordinary shareholders	269,144,864,659	241,590,550,404
Adjustment due to appropriation to bonus and welfare fund	(33,261,565,084)	(31,689,502,730)
Net profit after tax attributable to ordinary shareholders for basic earnings (*)	235,883,299,575	209,901,047,674
Weighted average number of ordinary shares for basic earnings per share	41,450,540	41,450,540
Weighted average number of ordinary shares adjusted for the effect of dilution	41,450,540	41,450,540
Earnings per share		
- Basic earnings per share	5,691	5,064
- Diluted earnings per share	5,691	5,064

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

(*) Net profit used to compute earnings per share for the year ended 31 December 2021 was restated following the actual allocation to Bonus and welfare funds from 2021's retained earnings in accordance with the Resolution of the Annual General Meetings of shareholders of the Company and its subsidiaries.

Net profit used to compute earnings per share for the year ended 31 December 2022 was also adjusted for the provisional distribution to Bonus and welfare funds from the current year's profits based on the profit distribution plan as approved by the Annual General Meeting of Shareholders according to the Resolution No 34/2022/NQ-ĐHĐCĐ dated 31 March 2022 and other provisional appropriation of bonus and welfare funds at subsidiaries.

32. COMMITMENTS

Operating lease commitment

The Company and its subsidiaries lease assets under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:

	Currency: VND	
	Ending balance	Opening balance
Less than 1 year	4,600,577,946	5,100,639,480
From 1 - 5 years	12,261,381,160	13,302,898,796
More than 5 years	28,039,190,111	30,814,931,656
TOTAL	44,901,149,217	49,218,469,932

33. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiaries.

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien



General Director
Tran Tuc Ma

20 March 2023