

DHG PHARMA
For a more beautiful and healthier life

DHG PHARMA - ANNUAL REPORT 2022 - TICKER SYMBOL: DHG



BREAKING
LIMITS
ANNUAL REPORT 2022

DHG PHARMA
For a more beautiful and healthier life

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In 2022, despite the challenges in the domestic economy, DHG Pharma surpassed its set targets and achieved the highest performance indicators to date, surpassing its own limits and creating outstanding growth values. The achieved results are thanks to the efforts of DHG Pharma's staff members and, most importantly, the resources provided by Taisho, which enabled DHG Pharma to expand its presence from a domestic pharmaceutical company to a deeper and broader international market.

The cover image, represented from within Vietnam, under the “impetus” of Taisho in terms of people, technology, and management processes, has propelled DHG Pharma from a domestic pharmaceutical company to penetrate the international market with Japan GMP standards. Step by step, DHG Pharma's products have spread and penetrated even further, confidently competing in terms of product quality and pricing on the global stage.



USER MANUAL

This report has been published as an interactive PDF, allowing viewers to easily access the report quickly and easily by clicking on the **Chapter Titles**, **Page Titles** in the Table of Contents to view the contents.

LIST OF ABBREVIATIONS

ADB	Asian Development Bank	JSC	Joint Stock Company
AGM	Annual General Meeting	OTC	Over-the-counter drugs (Non-prescription drugs)
API	Active Pharmaceutical Ingredient	PIC/s	Pharmaceutical Inspection Co-operation Scheme
BOD	Board of Directors	R&D	Research and Development
DHG Pharma	DHG Pharmaceutical Joint Stock Company	ROA	Return On Assets
GDP	Gross Domestic Product	ROE	Return On Equity
GMP	Good Manufacturing Practice	ROS	Return On Sales
GMS	General Meeting of Shareholders	UOB	United Overseas Bank
HOSE	Ho Chi Minh Stock Exchange	VND	Vietnamese Dong
HSBC	HSBC bank	WHO	World Health Organization
IMF	International Monetary Fund		
IQVIA	IQVIA Institute (formerly IMS Health and Quintiles)		

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

The Company's name in Vietnamese : Công ty Cổ phần Dược Hậu Giang

Abbreviation : DHG Pharma

Ticker symbol : DHG (listed on HOSE)

Headquarters : 288 Bis Nguyen Van Cu, An Hoa Ward,
Ninh Kieu District, Cantho City

Owner's equity (As at 31 Dec 2022) : VND 4,291,536,903,457

Charter capital (As at 31 Dec 2022) : VND 1,307,460,710,000

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Website : www.dhgpharma.com.vn

Certificate of business
registration and tax code : 1800156801

The Chairwoman of the Board of Directors



Ladies and gentlemen!

In 2022, DHG Pharma marked the expansion of development scale and enhanced its product quality with the official starting of the construction of a Betalactam factory that meets Japan/EU_GMP standards. This project has significant importance for the plan to develop high-quality product lines, providing consumers with many qualified product lines that replace foreign drugs. With the addition of a Betalactam factory meeting Japan/EU_GMP standards, DHG Pharma has increased its competitiveness in the domestic pharmaceutical market, not only solidly maintaining its No.1 position in Vietnam but also confidently stepping in the world pharmaceutical market. This competitive advantage also contributes to the development of the country's pharmaceutical industry on the world map.

Breaking through on a solid foundation and high-speed growth but always ensuring stability and sustainable development have always been a cross-cutting criterion on the development journey of DHG Pharma. In that spirit, DHG Pharma will make unremitting efforts, continue to perfect the system, innovate its mindset to prepare stronger internal resources for a journey of discovery and conquer new heights. Our success will continue to be established with the prestigious awards year after year, the expansion of our practical contributions to the society, and the responsibility to share with the community. It is estimated that in the 3 years 2020 - 2022, DHG Pharma has donated over VND 36 billion for community activities and social security across the country. We fully understand that the ultimate responsibility of a business is to develop sustainably in order to secure the conditions to make the highest contributions to the development of the economy, the welfare of the community and the prosperity of the country.

Dear valued shareholders, partners, customers and all employees!

A year has passed with the witness of the slowing down of the global economy, but DHG Pharma has managed to overcome difficulties to maintain and develop positively its business activities. The leading position that DHG Pharma has achieved is convincingly demonstrated in many aspects, from business strategy to the expansion of its development scale, from achievements to values, not just numbers that reflect its growing heat.

In 2022, DHG Pharma recorded its highest sales and profit rates in its 48-year history of development with:



4,676

Net sales
up **16.8%** compared to 2021
(VND billion)

988

Profit after tax
up **27.3%** compared to 2021
(VND billion)



Maintained its leading position in Vietnam's pharmaceutical industry for 26 consecutive years

Top 5 pharmaceutical companies with the largest market share in Vietnam's pharmaceutical industry
(according to IQVIA's statistics 4Q/2022)

To accomplish these impressive business results, DHG Pharma has flexibly applied its reasonable business strategies and actively exploited the inherent potentials from its strengths, experiences, and widespread distribution system. However, since the economy and society are always changing, so are the needs of the market and customers, in order to be faster, more efficient and stronger, DHG Pharma must be more stable and flexible in all circumstances to continue to reach further. Being fully aware of that, DHG Pharma always considers what is achieved as an encouragement to continue to lift up its development speed in the coming years.

We reciprocate your trust with practical results together with tangible, intangible and constantly increasing values. And above all, we look forward to receiving your support and companion in the future.

Wishing you health and success.

Best regards,

Dang Thi Thu Ha
Chairwoman of the Board of Directors



1 OVERVIEW OF DHG PHARMA



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Vision - Mission - Core Values

VISION

For a more

Beautiful & healthier life

MISSION

DHG Pharma always provides high-quality products and services to satisfy the aspiration for a more beautiful and healthier life.

CORE VALUES

1

Our highest commitments are quality, safety, & effectiveness.

2

Our foundation for development is knowledge & creativity.

3

Our ways of doing business are with responsibility, cooperation, & promotion.

4

Our pride is DHG Pharma's cultures and identity.

5

Our long-term goal is mutual prosperity with partners.

6

Our competitive advantage is the superior differentiation.

7

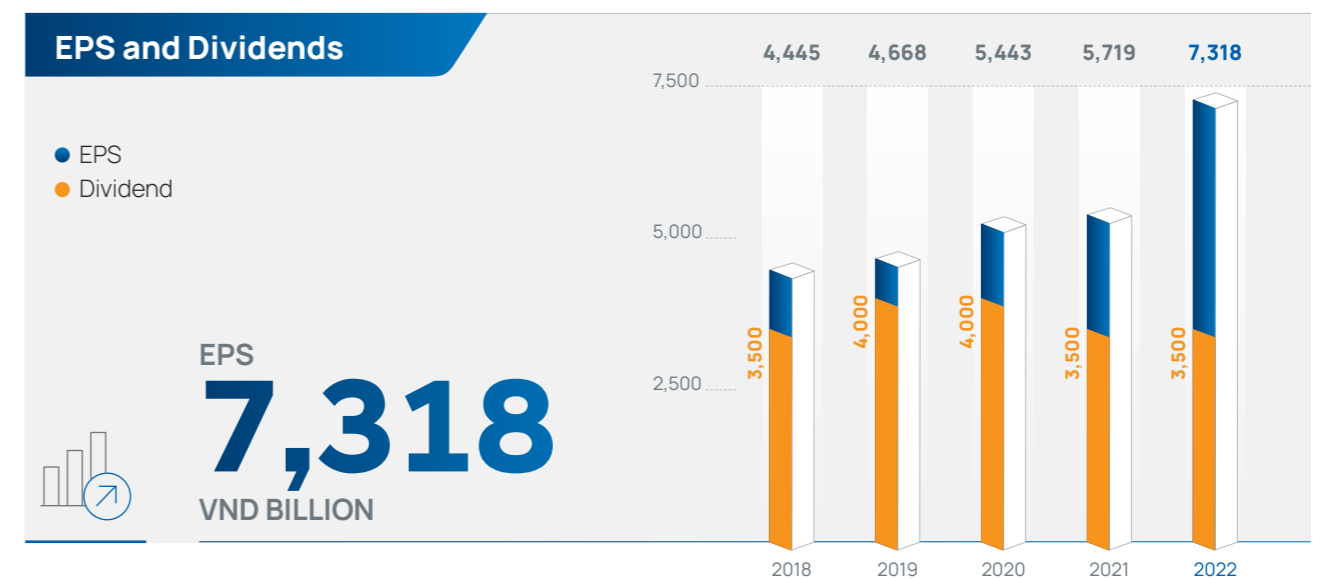
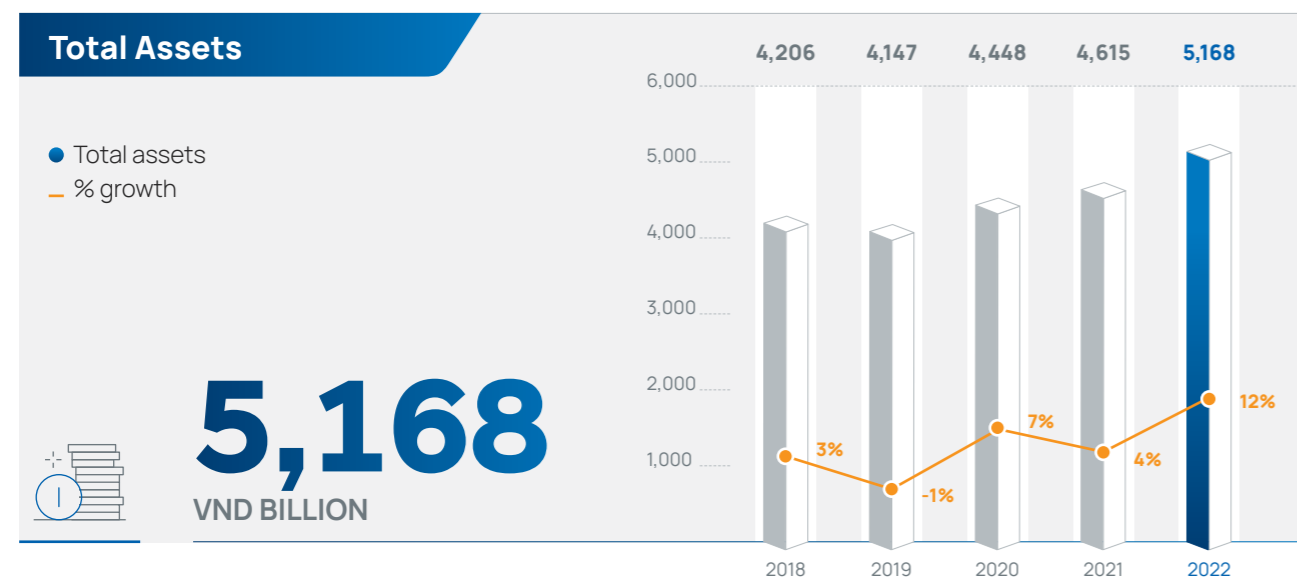
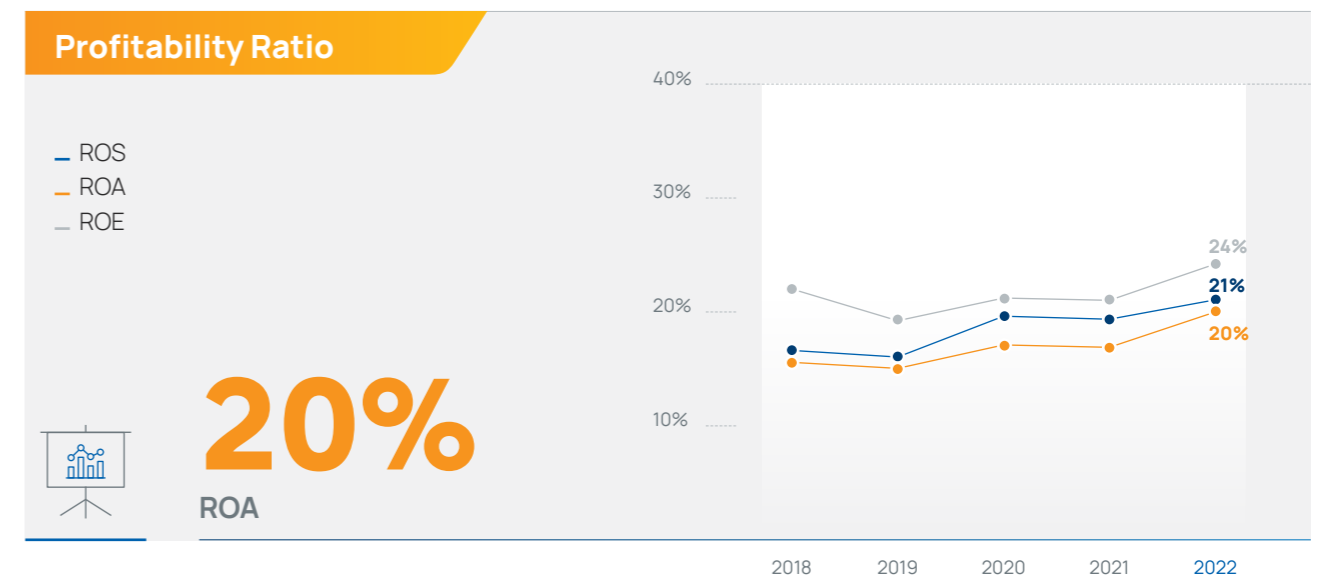
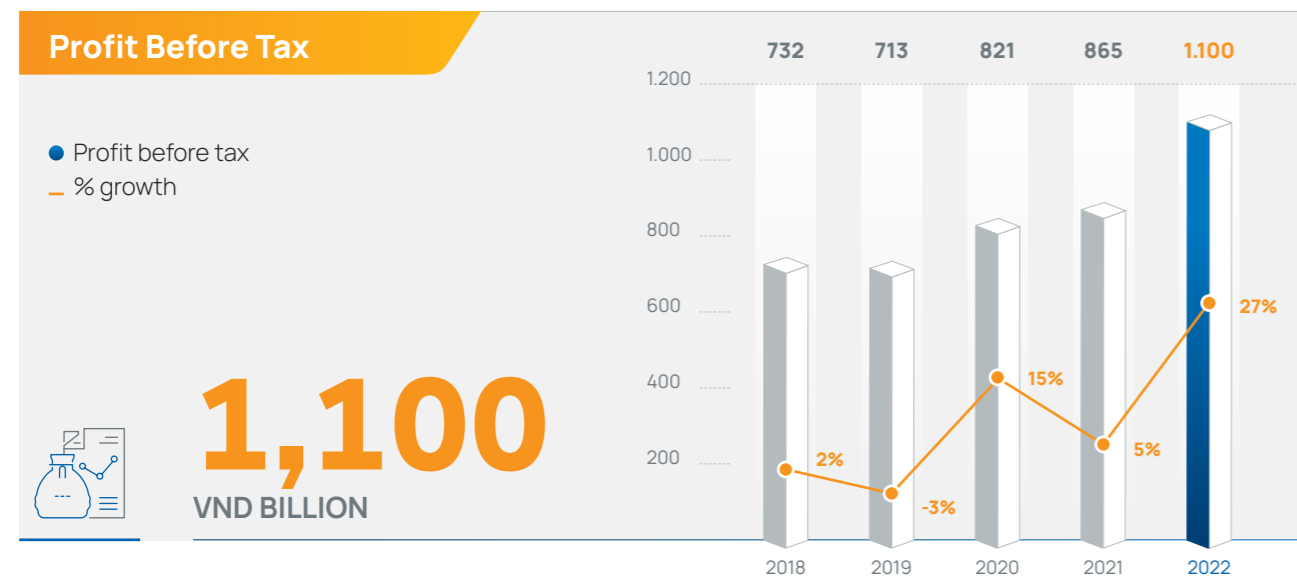
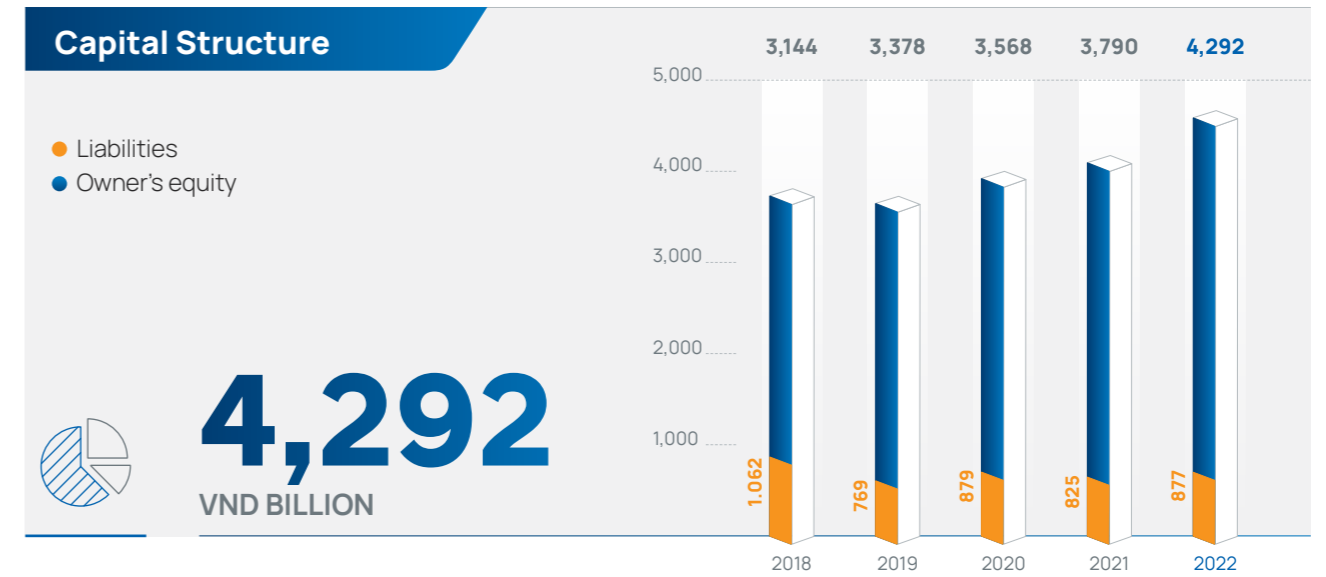
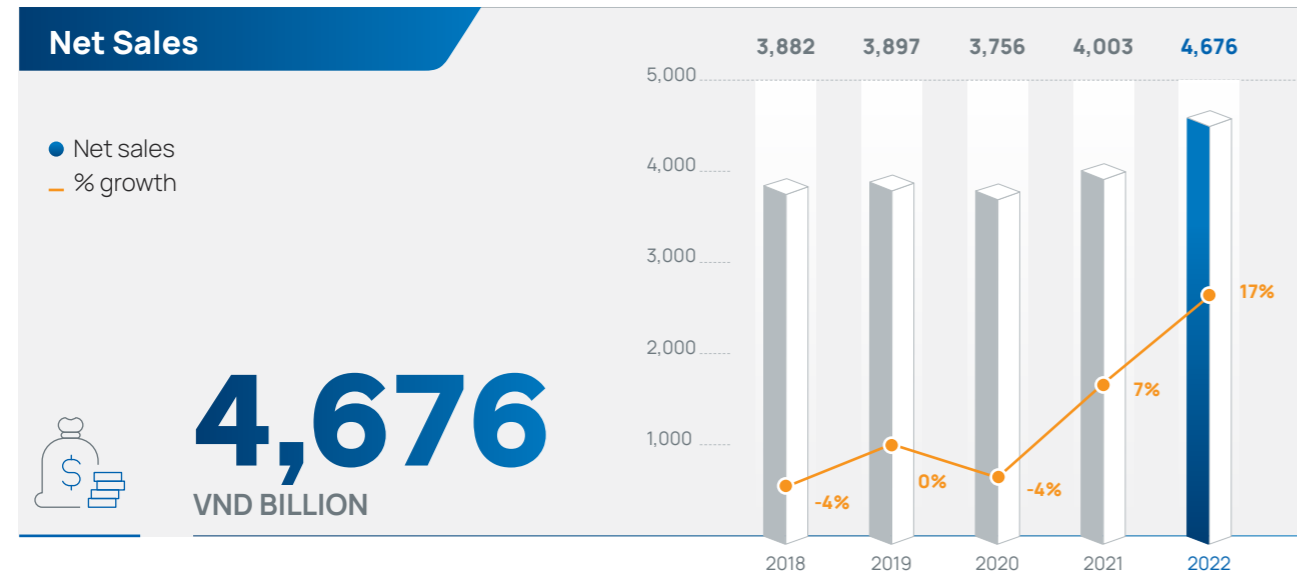
Our activities all centered around the benefits of the community.

Highlights 2018 - 2022



No.	Indicators	Unit	2018	2019	2020	2021	2022
1 Income statement							
1.1	Net sales	VND Billion	3,882	3,897	3,756	4,003	4,676
1.2	Operating profit	VND Billion	718	715	830	884	1,112
1.3	Other profits	VND Billion	14	-2	-9	-19	-12
1.4	Profit before tax	VND Billion	732	713	821	865	1,100
1.5	Profit after tax	VND Billion	651	631	739	777	988
2 Balance sheet							
2.1	Total assets	VND Billion	4,206	4,147	4,448	4,615	5,168
2.2	Current assets	VND Billion	3,148	3,134	3,481	3,721	4,219
2.3	Non-currents assets	VND Billion	1,058	1,013	967	894	949
2.4	Liabilities	VND Billion	1,062	769	879	825	877
2.5	Owner's equity	VND Billion	3,144	3,378	3,568	3,790	4,292

No.	Indicators	Unit	2018	2019	2020	2021	2022
3 Basic financial ratios							
3.1 Solvency ratio							
3.1.1	Current ratio	Time	3.1	4.4	4.3	4.9	5.2
3.1.2	Quick ratio	Time	2.3	3.4	3.3	3.5	3.7
3.1.3	Cash ratio	Time	0.1	0.1	0.1	0.0	0.0
3.2 Capital structure ratio							
3.2.1	Debt/Total assets ratio	%	25.2%	18.6%	19.8%	17.9%	17.0%
3.2.2	Debt/Owner's Equity ratio	%	33.8%	22.8%	24.6%	21.8%	20.4%
3.3 Operation capability ratio							
3.3.1	Total asset turnover	Turnover	0.9	0.9	0.9	0.9	1.0
3.3.2	Working capital turnover	Turnover	1.3	1.2	1.1	1.1	1.2
3.3.3	Inventory turnover	Turnover	2.8	2.7	2.5	2.2	2.1
3.3.4	Accounts payable turnover	Turnover	10.6	16.4	10.4	9.2	8.6
3.3.5	Accounts receivable turnover	Turnover	5.7	6.9	8.1	10.3	13.7
3.4 Profitability ratio							
3.4.1	Operating profit/net sales	%	18.5%	18.3%	22.1%	22.1%	23.8%
3.4.2	ROS	%	16.8%	16.2%	19.7%	19.4%	21.1%
3.4.3	ROA	%	15.7%	15.1%	17.2%	17.2%	20.2%
3.4.4	ROE	%	22.1%	19.4%	21.3%	21.1%	24.5%
4 Shares information							
4.1	Earnings per share (EPS)	VND/share	4,445	4,668	5,443	5,719	7,318
4.2	Dividend	VND/share	3,500	4,000	4,000	3,500	3,500
4.3	Dividend payout ratio	%	70.3%	82.8%	70.8%	58.9%	46.3%





DISTINGUISHED Awards in 2022

26 CONSECUTIVE YEARS
VIETNAMESE
HIGH-QUALITY GOODS

voted by consumers



TOP
100

SUSTAINABLE ENTERPRISES
IN VIETNAM

TOP5

OUTSTANDING BUSINESSES
COMMITTED TO GENDER
EQUALITY AT
THE WORKPLACE IN 2022

voted by Vietnam Chamber of
Commerce and Industry
(VCCI)

07
CONSECUTIVE YEARS
TOP 10
PRESTIGIOUS
PHARMACEUTICAL COMPANIES

voted by
Vietnam Report



11
CONSECUTIVE
YEARS
TOP 50
VIETNAM'S BEST
PERFORMING COMPANIES

organized and voted by Vietnam
Investment Review Magazine



TOP
100

BEST PLACES TO WORK
IN VIETNAM

TOP
10

BEST WORKING
ENVIRONMENT IN
PHARMACEUTICAL/
MEDICAL EQUIPMENT/
HEALTHCARE INDUSTRY



10 CONSECUTIVE YEARS
TOP 50
BEST LISTED
COMPANIES

voted by Forbes Vietnam



4
CONSECUTIVE YEARS
1ST
PRIZE
BEST CORPORATE
GOVERNANCE REPORT

(Midcap group in 2020, 2021
and 2022)



Historical milestones

1974

Established and was formerly known as the 2/9 Pharmaceutical SOE Factory.

2011

Successfully implemented the "Factory Productivity Improvement Project" and the "Project to improve performance of subsidiaries".

2017

Smooth transitions of the 2 senior positions in the Company: Chairman of the BOD and General Director.

2004

Hau Giang Pharmaceutical Integrated Factory was equitized to become DHG Pharmaceutical Joint Stock Company.

2012

The topic "Today's solution is tomorrow's issue" brought high efficiency to the Company in cost control, risk management and policies.

2018

Lifting foreign ownership limit at DHG Pharma from 49% to 100% of charter capital. PIC/s – GMP and Japan-GMP standards were granted for production lines.

2006

DHG Pharma's stocks were listed on HOSE.

2013

Completed the construction of the new Non-Betalactam factory and DHG Printing and Packaging 1 Plant Project in Tan Phu Thanh Industrial Zone.

2019

Marked the 45th historical milestone and the first year to become a member of Multinational Pharmaceutical Companies when Taisho has officially owned 51.01% of the Company's capital.

2007

Reconfirmed the vision, mission and 7 core values. Increased the charter capital from VND 80 billion to VND 200 billion.

2014

Celebrated 40th years of establishing DHG Pharmaceutical Joint Stock Company and 10 years of equitization.

2020

The film-coated tablet production line was certified Japan-GMP and the tablet line continued to be re-granted Japan-GMP certificate.

2008

Implemented modern and effective management tools: 10.5S and Balance Score Card.

2015

Laid the groundwork for restructuring and internally prepared for the new growth period.

2021

Marking the decade of innovation, DHG Pharma constantly strives to overcome the pandemic to provide consumers with quality products of international standards.

2009

Successfully implemented the strategy - 20/80 products, customers and personnel.

2016

The first year of the five-year strategy 2016-2020, the beginning of a sustainable and effective development.

2022

Commencement of construction of the Betalactam factory meeting JAPAN/EU-GMP standards.

2010

Successfully implemented the strategy "tripod": shareholders, customers and employees.

Highlights in 2022

48 years of establishment and development

Net sales

4,676
VND BILLION



Payables to the government

366
VND BILLION



Profit after tax

988
VND BILLION

Total numbers of stock-keeping unit (SKU)

> 300

Products

13



Commencement of construction of
The Betalactam
factory meeting
JAPAN/EU-GMP
standards

Exported to

20
countries

1st prize
Corporate Governance Report

Total market share of domestic pharma

0.2%

Total customers

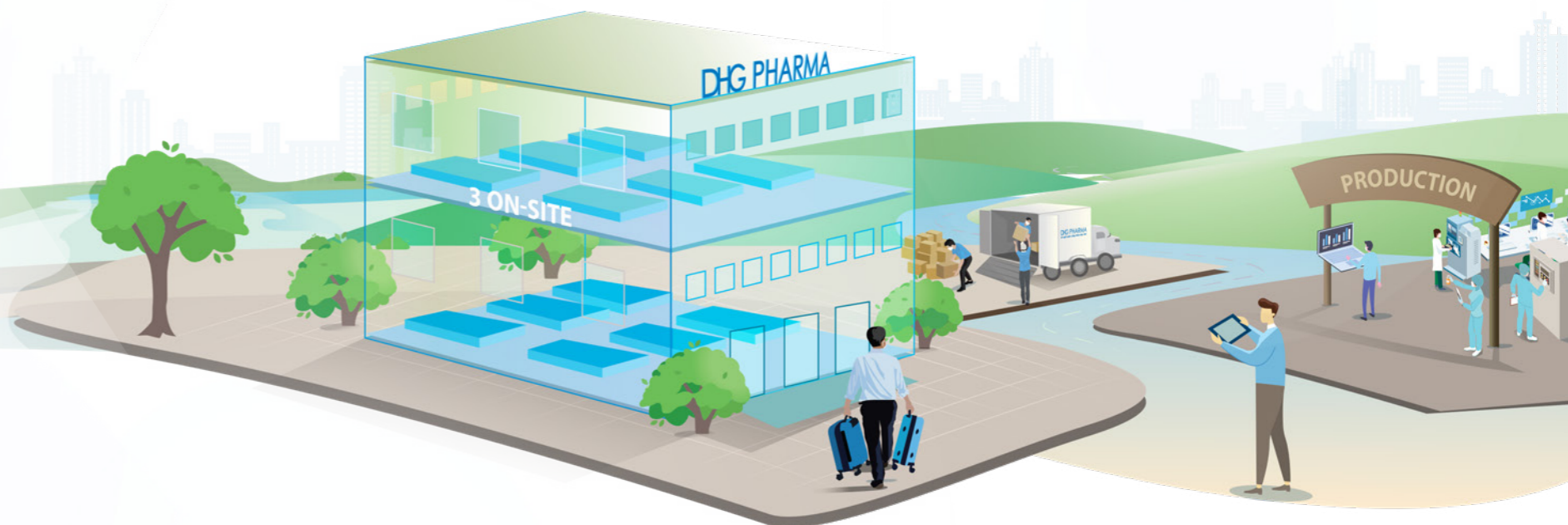
>30,000
customers

To success 2020 - 2022



The COVID-19 pandemic has changed the world. It directly and negatively impacted the economy and international trade. Businesses are seen as the hardest hit, many enterprises have to suspend operations or go bankrupt, dissolve or reduce the scale of production and business. It is undeniable that the prolonged pandemic has eroded the strength of many businesses.

While most businesses "struggled" because of COVID-19, there were still businesses went "upstream" to overcome difficulties thanks to their strength to gain more market share, including DHG Pharma. So, what factors have helped DHG Pharma continuously set records in the past 3 years? Through the 2022 Annual Report, DHG Pharma would like to share the secret of the business's success as a lesson for future generations.



maintain the leading position in terms of sales and profit for 26 consecutive years

TOP 10

pharmaceutical enterprises with the largest market share in Vietnam's pharmaceutical industry

1. REASONABLE STRATEGIES

3 years of Covid-19 outbreak 2020 – 2021 - 2022, the pharmaceutical industry faced tremendous difficulties including production interruptions, supply chain disruptions, narrowing of hospital channel demand due to social distancing measures. Confidently encountering these challenges, DHG Pharma accomplished impressive business results in 3 years thanks to its assurance of raw material reserves, stable supply chains, transportation and production activities with the support of its effective information systems. Taking advantage of being a pharmaceutical enterprise with the deepest and widest distribution system in Vietnam in 34 provinces and cities nationwide and an essential product manufacturer, branches nationwide have promptly stocked up on products and prepared logic logistics plans right from the early days of the outbreak.

DHG Pharma continues to maintain its leading position in terms of sales and profit for 26 consecutive years and hold the position of Top 10 pharmaceutical enterprises with the largest market share in Vietnam's pharmaceutical industry (according to IQVIA's statistics in 4Q/2022).

2. EMPLOYEES ARE TOGETHER TO OVERCOME CHALLENGES

When the pandemic situation spreads all over Vietnam, affecting people's lives, health and safety. With increasingly strict local regulations on pandemic prevention, DHG Pharma's BOD and staff unanimously activated the 3 onsite campaign "isolation and production at the same time" for the safety and development of DHG Pharma. With a long history of development, DHG Pharma has built a team of skilled and dedicated staff who have had experience in responding to changes in production models when the factory continuously upgrades the quality standard system. Although knowing the difficulties ahead, but understanding the importance of the tablets they produce, each DHG Pharma's employees put aside their fears and quickly arranged their lives and family to get ready into the Company for production.

The special thing that makes a difference at DHG Pharma when implementing 3 onsite is that the production plan is

built on the principles of BCP (Business Continuity Plan). Factories have actively selected suitable equipment and machinery, and also carefully prepared human resources in the process of organizing production. Understanding the difficulties of employees, the Board of Management of the Company not only continuously makes timely strategic policies, but also offers policies that show close attention to each employee and their loved ones by kindness and sincerity.

With the strong determination to ensure production and business, firmly maintain the supply chain, distribute pharmaceutical products to consumers during the pandemic, protect employees' health and retain their income, DHG Pharma has conquered all difficulties to enable DHG Pharma to leave the mark of an enterprise imprinted with a strong aspiration for Promoting values and Connecting the future.

Enduring journey

48 YEARS
BRINGING
SUSTAINABLE VALUE
TO THE COMMUNITY

3. SHARING DIFFICULTIES WITH THE COMMUNITIES

4. HIGH QUALITY PRODUCTS



DHG Pharma has donated

over 36
VND billion

in 3 years 2020 - 2022

Experiencing the days affected by the pandemic, each of us has an obvious feeling that impermanent risks, family affection, and love between people are invaluable things that cannot be measured by any means. Giving is forever, and kindness has always been spread during the pandemic season in all provinces and cities of the S-shaped land and during the past years at DHG Pharma.

Referring to DHG Pharma, people will immediately think of a leading prestigious pharmaceutical manufacturing company in Vietnam. Beyond that, however, another important thing contributing to the DHG Pharma brand is the spirit of sharing and social responsibility with a 48-year long journey to bring sustainable value to the community.

Throughout this 3-year journey, DHG Pharma is proud of creating good values for the community. It is not only the values created from its own cultural identity, but also the values of the desire to dedicate extensively, taking the community's benefit as the starting point for all activities.

It is estimated that in 3 years from 2020 to 2022, DHG Pharma has donated over VND 36 billion for activities to accompany the community to overcome the Covid-19 pandemic and social security activities across the country.

Since 2019, DHG Pharma's tablet line has been certified Japan-GMP. In Oct 2020, DHG Pharma continued to obtain Japan-GMP for its film-coated tablet line. On 10 Dec 2020, the Drug Administration of Vietnam officially announced that DHG Pharma had obtained Japan-GMP certification for both lines. In Vietnam, DHG Pharma is one of the first businesses to be granted Japan-GMP certificate. At this time, there are only three production lines in Vietnam that have passed the high-end technical barriers to achieve Japan-GMP, of which 2 of them are owned by DHG Pharma.

For many years holding the leading position in the Vietnam pharmaceutical industry, with Japan-GMP certificate - Japan's standard of good manufacturing practice, equivalent to EU-GMP of Europe, US-FDA of the US..., First, with a distribution network of more than 30,000 pharmacies across the country, DHG Pharma will provide domestic users the opportunity to access international quality pharmaceuticals at affordable prices. After that, DHG Pharma will continue to bring its products to conquer fastidious international markets such as Japan, Asian countries, and gradually cover other international markets.

With the addition of a Betalactam factory meeting Japan/EU-GMP standards, DHG Pharma has increased its competitiveness in the domestic pharmaceutical market, not only maintaining the No. 1 position in the domestic pharmaceutical industry but also firmly entering the world pharmaceutical market. This competitive advantage also contributes to the development of the country's pharmaceutical industry on the world pharmaceutical map.



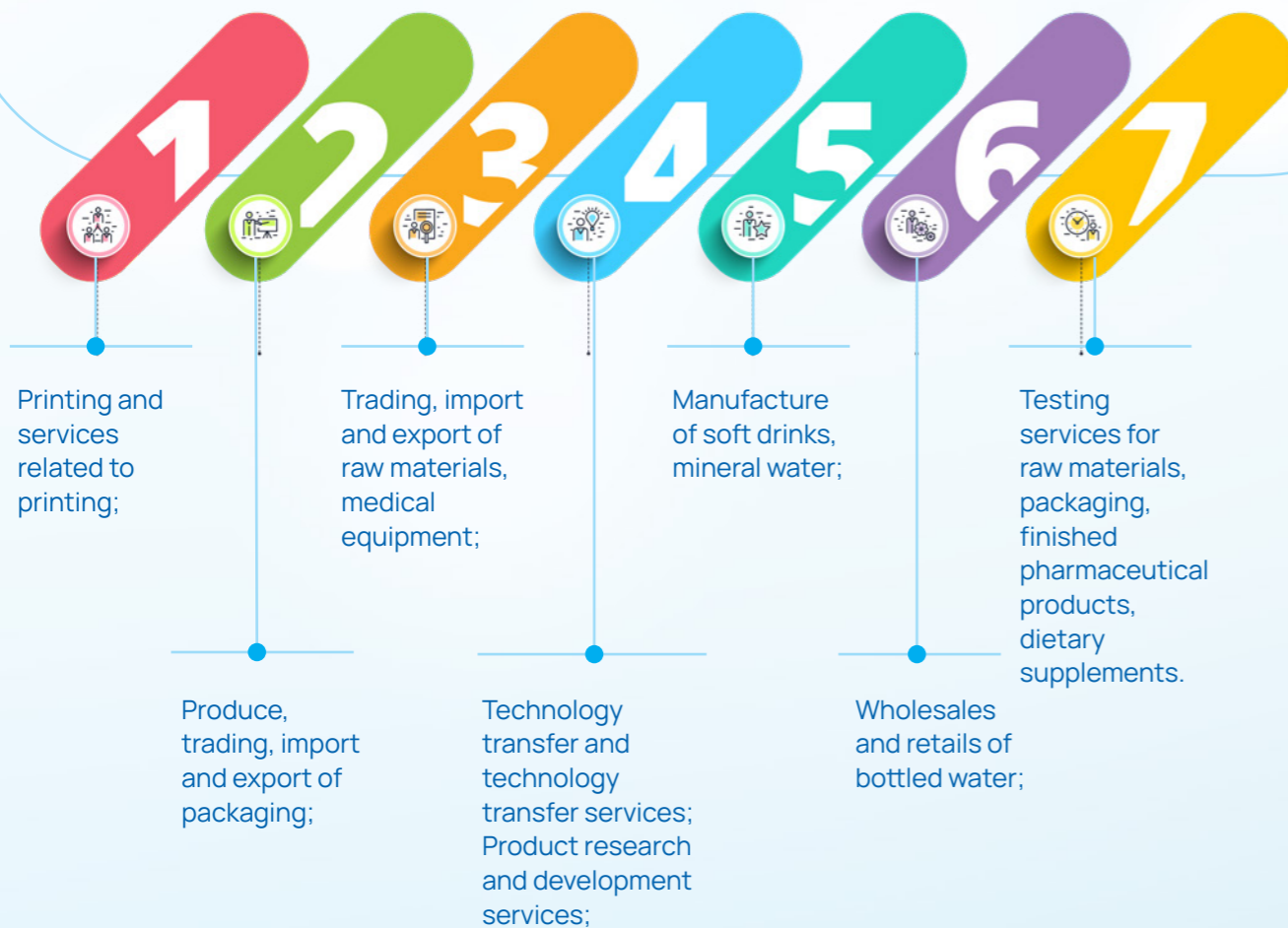
Business line and Market regions

BUSINESS LINES

The core business lines of DHG Pharma are to manufacture and trade



Several other business lines are as below:



In which:

Pharmaceutical contributes

84%
OF THE TOTAL SALES

Health supplement and
cosmeceutical contributes

11%
OF THE TOTAL SALES

Other business lines
contribute

5%
OF THE TOTAL SALES

As of 31 Dec 2022, **DHG Pharma** owned more than **300 visa numbers**. In which, nearly **100 products** were manufactured on the tablet production line and the film-coated tablet production line meeting **Japan-GMP** and **43 products** meeting bioequivalent.

Sales Structure by pharmaceutical, health supplements and others

Unit: VND billion

Product group	2020	2021	2022
Pharmaceutical	3,091	3,282	3,929
Health supplements	484	502	528
Others	180	219	219
Net sales	3,756	4,003	4,676
Pharmaceutical	82.3%	82.0%	84.0%
Health supplements	12.9%	12.5%	11.3%
Others	4.8%	5.5%	4.7%
Proportion	100%	100%	100%

Source: DHG Pharma's audited financial statements

Sales Structure by product group

Unit: VND billion

Product group	2020	2021	2022
Domestic	3,132	3,348	3,910
Export	108	86	117
Others	516	570	649
Net sales	3,756	4,003	4,676
Domestic	83,4%	83,6%	83,6%
Export	2,9%	2,1%	2,5%
Others	13,8%	14,2%	13,9%
Proportion	100%	100%	100%

Source: DHG Pharma

MARKET RANKING OF THE INDUSTRY

No.3

MARKET SHARE OF MANUFACTURER

Source: IQVIA Quarter 4/2022

In 2022, **Antibiotics Category** and **Analgesic - Antipyretic** Category witnessed the strongest growth with CAGR of

23%

Source: calculated by DHG Pharma

MARKET SHARE OF SEVERAL OUTSTANDING PRODUCTS

ANALGESIC - ANTIPYRETIC GROUP

HAPACOL 17%



AMOXICILLIN & CLAVUCLINIC GROUP

KLAMENTIN 21%



VITAMIN EFFERVESCENT GROUP (WITH VITAMIN C)

BOCALEX 15%



MARKET REGIONS

DOMESTIC MARKET

The business network of DHG Pharma spreads over the country and is known as an enterprise with the most widespread and largest distribution network in Vietnam. As of early 2022, DHG Pharma has 34 branches distributing goods nationwide from city to countryside (distributing to 3 stages: City, District, Commune).

One of the remarkable activities of DHG Pharma is to support technology for sales staff and customers in the context of competition in the 4.0 Technology Revolution. DHG Pharma's CoProsperity App is designed to be data-linked, allowing customers to actively track sales, debts, invoices, product information, promotional news,... via mobile devices.

Thanks to the professionalism and dedication of more than 500 salesmen, DHG Pharma's products have covered pharmacies and hospitals nationwide with a total of over 30,000 customers.

List of 34 distribution branches of DHG Pharma:
Please refer to pages 62-63 for more information

DHG Pharma's products are distributed to customers through the following channels:



DOMESTIC SALES IN 2022

3,910
(VND billion)

CONTRIBUTED

84%
of the total sales

34

BRANCHES
ACROSS THE COUNTRY

EXPORT MARKET

2022 continues to be a difficult and challenging year for the production and business activities of enterprises and countries around the world. The situation of the Covid-19 in China, Russia and Ukraine war continues to be the main cause of the disruption of the global supply chain and the disruption in import and export activities. However, the challenge has created an opportunity for DHG Pharma to demonstrate its capabilities in the international business segment. Despite facing some obstacles in the past year, DHG Pharma's export activities still achieved VND 117 billion in sales, up 36% compared to 2021, the export volume also increased by 36%, reaching about 246 million product units.

During the year, International Business Department has developed 3 new markets in the Middle East and Asia, bringing the total accumulated export markets to 20 countries and 27 Distributors with a total value of 5 years accumulated export turnover of more than USD 20 million. The above results come from flexible and effective strategies, mainly focusing on the following activities:

● Marketing & trade promotion activities

In 2022, DHG Pharma focused on marketing and trade promotion activities in a flexible and multi-dimensional form such as e-commerce sites, seminars and fairs, helping to search for new partners and markets.

EXPORT SALES IN 2022

117 (VND billion)

GROWTH

36%

CONTRIBUTED

2.5% of the total sales

ACCUMULATED EXPORT MARKETS

20 COUNTRIES

TOTAL VALUE OF 5 YEARS ACCUMULATED EXPORT TURNOVER

20 MILLION USD



● Approaching & developing activities for new products

Proactively developing new products in line with consumer trends to satisfy the market. In 2022, DHG Pharma has developed and exported Hapacol under effervescent and sachet forms for pain relief and fever reducer for children to replace the habit of using fever-reducing syrups for children in Malaysia, Indonesia, and the Philippines.

● Customer relationship activities

Export activities ensured a stable supply of goods in terms of volume and quality. We also focused on building customer relationships with timely care and support programs for product training activities. Point of Sales Marketing (POSM) activities is one of the three key export strategies that DHG Pharma has implemented. At the same time, we build and strengthen the traditional customer group to build a long-term partnership, accompany, support & aim for sustainable development.

Corporate model



MAJOR CHANGES OF THE COMPANY IN 2022: none

DETAILED INFORMATION OF THE SUBSIDIARY



COMPANY WITH OVER 50% SHARE CAPITAL CONTRIBUTED CAPITAL HOLD BY DHG PHARMA
FUJI MEDIC CO., LTD (Fuji Medic)

Official operation date:
27 Jul 2016

Headquarters: Cantho City

Charter capital: VND 26.946 billion

Business lines:
Polyclinic and dental clinic

DHG Pharma's equity:
51%



Note: The procedures for dissolving Fuji Medic were completed on 14 Nov 2022. Accordingly, the Company does not need to prepare consolidated financial statements for the year ended 31 Dec 2022.

DETAILED INFORMATION OF THE PARENT COMPANY

**COMPANY HOLDS MORE THAN 51% OF
DHG PHARMA'S EQUITY/ CONTRIBUTED CAPITAL**

TAISHO PHARMACEUTICAL CO., LTD.

TAISHO PHARMACEUTICAL CO., LTD. IS A LEADING JAPANESE PHARMACEUTICAL COMPANY SPECIALIZING IN MANUFACTURING PHARMACEUTICALS AND HEALTH SUPPLEMENTS.

WITH A HISTORY OF OVER **100** YEARS Taisho Pharmaceutical Co., Ltd. always follows the corporate principle, that is **“CONTRIBUTE TO THE HEALTH AND WELFARE OF CONSUMERS”**

大正製薬

Date of foundation: 12 Oct 1912
Headquarters: Tokyo, Japan

Taisho lifted its ownership at DHG Pharma to 51.01% on 17 May 2019.

51.01%

Business characteristics

The core business of the Taisho Pharmaceutical Group is OTC drugs. Unlike prescription pharmaceuticals, which are prescribed to the patient after examination by a physician, OTC drugs are characterized by the fact that they are selected by the consumers who use them.

Today, the Group is the leader in the Japanese OTC drug market. Taisho offers over 50 brands, arranged by medical effect, with the Lipovitan, Pabron and RiUP brands capturing top market share in their respective categories.

Many of the products in the OTC drug market enjoy remarkably enduring consumer appeal. The Pabron series launched over 90 years ago, and the Lipovitan series launched over 60 years ago, have earned customer support that transcends generations, maintaining stable sales and earnings.

Consumer needs in the field of health-related products have broadened in recent years. No longer confined to OTC drugs, these needs now extend to categories such as health foods and skincare products. By leveraging its expertise in pharmaceutical manufacturing to conduct rigorous quality checks and deploy state-of-the-art production technology, the Company creates the trustworthy, safe and high-performance products consumers demand. In this way Taisho is expanding the domain of health-related products and responding to consumers' changing needs.

As consumers' purchasing habits evolve, the market is shifting into online shopping channels. The Group is committing efforts to expand online shopping channels that offer rich benefits to consumers, such as Taisho Pharmaceutical Direct and Taisho Beauty Online, maximizing convenience to consumers.



GLOBAL COMPANY RANKING

No. 7

Global sales ranking of
Consumer healthcare companies (CHC)

MANUFACTURER SHARE

Based on MAT Q4 2021 data from Nicholas Hall's CHC sales database, DB6.

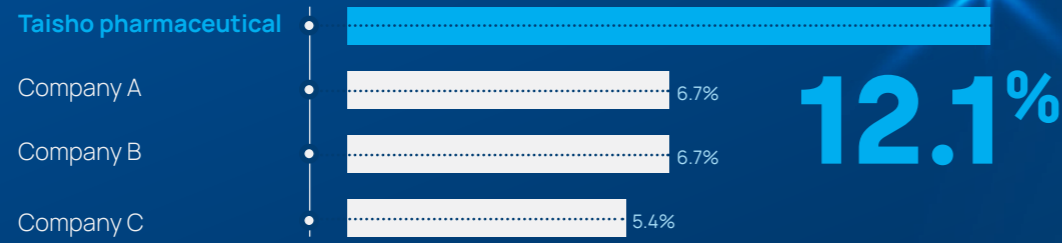
Source: Annual Report 2022 - Taisho Group

DOMESTIC SHARE IN JAPAN

No. 1

OTC drug market in Japan

MANUFACTURER SHARE



100mL energy drinks
Lipovitan series

Market share
51.3%



Cold remedies
Pabron series

Market share
30.6%



Hair-regrowth treatments/
hair-care products
RiUP series

Market share
38.6%



Intestinal remedies
Biofermin series
and others

Market share
31.1%



Laxatives
Colac series
and others

Market share
19.9%



Cough suppressant throat
lozenger and medicated drop
VICKS series

Market share
46.9%



TAISHO GROUP'S NETWORK

JAPAN

Tokyo Taisho Pharmaceutical Co., Ltd
Research, development, manufacture and sales of OTC drugs, quasi-drugs, foods, prescription pharmaceuticals and other products

Tokyo Taisho Pharma Co., Ltd
Promotion of prescription pharmaceuticals

Hyogo Biofermin Pharmaceutical Co., Ltd
Development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products

Tokyo TOKUHON Corporation
Development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products

Tokyo Dr. Program Co., Ltd
Production and sales of OTC skincare products, pharmaceuticals and cosmetic materials

Saitama Taisho Pharmaceutical Logistics Co., Ltd
Management and operation of transport services for Taisho Pharmaceutical Group

Tokyo Taisho M.T.C. Co., Ltd
Manufacture and sales of raw materials for medicines and quasi-drugs

Tokyo MEJIRO KOSAN Co., Ltd
Leasing, management, possession and operation of real estate, provision of employee welfare and benefit services, etc.

Tokyo Taisho ACTIVE HEALTH Co., LTD
Supply of health foods, quasi-drugs and skin care products

Okinawa Taisho Okinawa Co., Ltd
Sales of OTC drugs and other products in Okinawa Prefecture

Tokyo Yomeishu Seizo Co., Ltd
Manufacture and sales of herbal liqueurs and other products

1 other companies

OVERSEA

UPSA SAS France
Development, manufacture and sales of OTC drugs and prescription pharmaceuticals

UPSA Switzerland A.G. Switzerland
Commissioned sales activities for OTC drugs

UPSA Italy S.r.l. Italy
Commissioned sales activities for OTC drugs

UPSA Belgium S.A. Belgium
Commissioned sales activities for OTC drugs

Compania Internacional de Comercio, S.A.P.I. de C.V. Mexico
Manufacture and sales of OTC drugs and other products

Taisho Pharmaceutical California Inc. U.S.A
Sales of OTC drugs, energy drinks and other products

Taisho Pharmaceutical R&D Inc. U.S.A
Development of prescription pharmaceuticals

ASIA

Duoc Hau Giang Pharmaceutical JSC Vietnam
Manufacture and sales of OTC drugs and other products

Osotspa Taisho Pharmaceutical Co., Ltd. Thailand
Sales of OTC drugs, energy drinks and other products

PT. Taisho Pharmaceutical Indonesia Tbk Indonesia
Manufacture and sales of OTC drugs and other products

Taisho Pharmaceutical Singapore Private Limited
Sales of OTC drugs Singapore

Hoepharma Holdings Sdn. Bhd. Malaysia
Management of a subsidiary that conducts pharmaceutical business, mainly in Malaysia

Taisho Co., Ltd Shanghai China
Manufacture and sales of energy drinks and other products

Taisho Vietnam Co., Ltd. Vietnam
Manufacture and sales of energy drinks and other products

Taisho Pharmaceutical (Taiwan) Co., Ltd. Taiwan
Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products

Taisho Pharmaceuticals (Philippines), Inc. Philippines
Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products

Taisho Pharmaceutical (H.K.) Ltd. Hong Kong SAR
Sales of OTC drugs

8 other companies

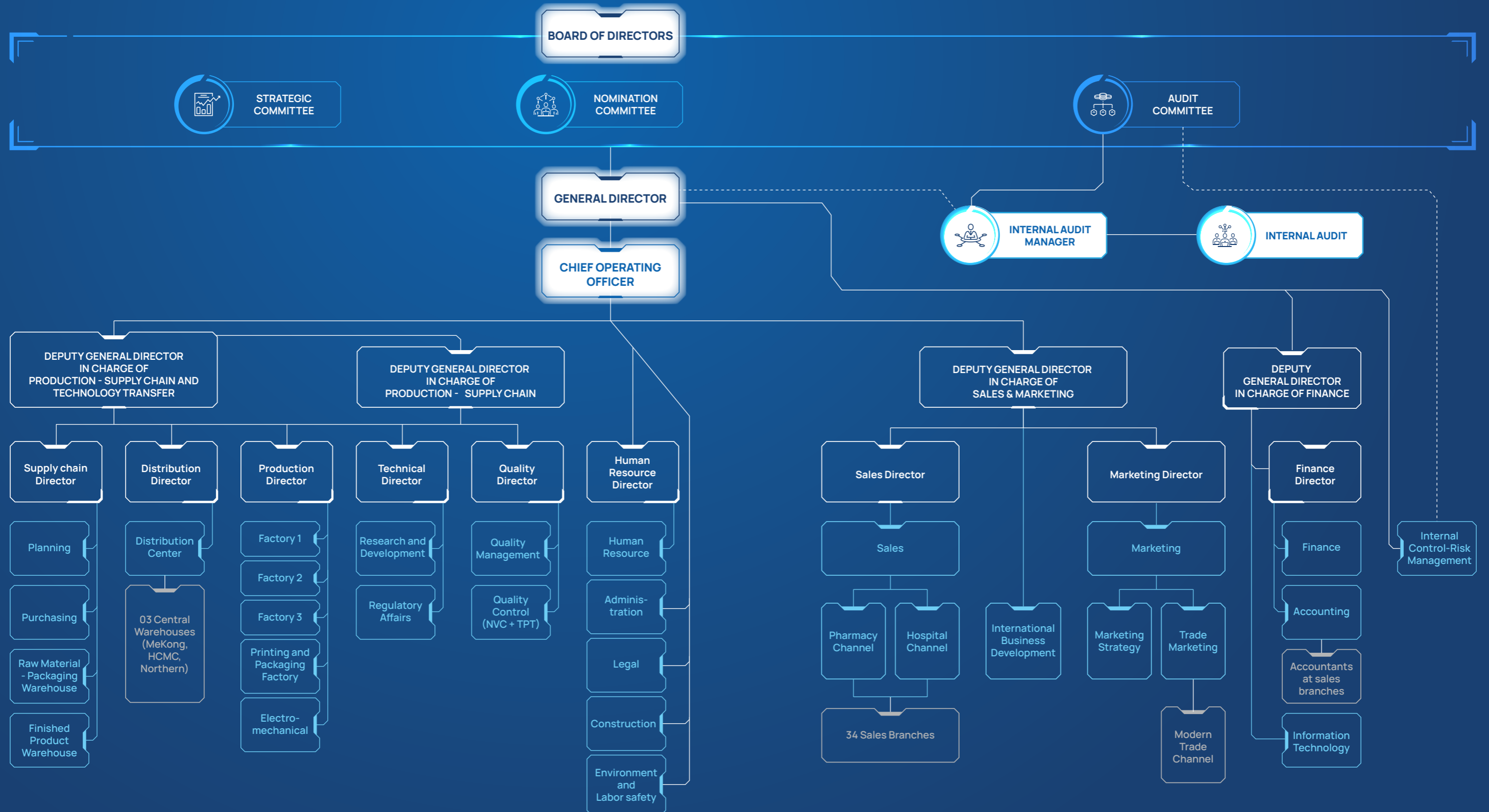
Source: Annual Report 2022 - Taisho Group

Source: Annual Report 2022 - Taisho Group

Organizational apparatus



— Direct Report
- - - Indirect Report



Board profile



Mrs. DANG THI THU HA
BOD Chairwoman
Non-executive BOD member
Member of the Audit Committee



Mr. JUN KURODA
Non-executive BOD member
Chairman of the Strategic Committee



Mr. MAKI KAMIJO
Non-executive BOD member
Member of the Audit Committee



Mr. TOMOYUKI KAWATA
Deputy General Director in charge of
Production, Supply Chain, Technology Transfer
Supporting member of the Strategic Committee



Mrs. NGUYEN NGOC DIEP
Deputy General Director
in charge of Production
and Supply Chain



Mr. TOSHIYUKI ISHII
Executive BOD Member
Member of the Strategic Committee
Member of the Nomination Committee
General Director



Mr. DOAN DINH DUY KHUONG
Executive BOD Member
Member of the Strategic Committee
Member of the Nomination Committee
Chief Operating Officer (COO)



Mr. TRAN DUY HUNG
Marketing Director
Supporting member of
the Strategic Committee



Ms. LE THI HONG NHUNG
Finance Director
Supporting member of
the Strategic Committee



Mr. DO LE HUNG
Independent BOD member
Chairman of the Audit Committee



Ms. NGUYEN THI VIET THANH
Independent BOD Member
Chairwoman of the Nomination Committee



Mrs. VU THI HUONG LAN
Human Resources Director
Supporting member of the
Nomination Committee



Mr. HO BUU HUAN
Chief Accountant



2 DEVELOPMENT STRATEGIES

- 46 Macroenvironment and Vietnam pharmaceutical industry
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- 58 Short, medium and long-term development strategies

OVERVIEW OF VIETNAM ECONOMIC SITUATION IN 2022 AND OUTLOOK FOR 2023

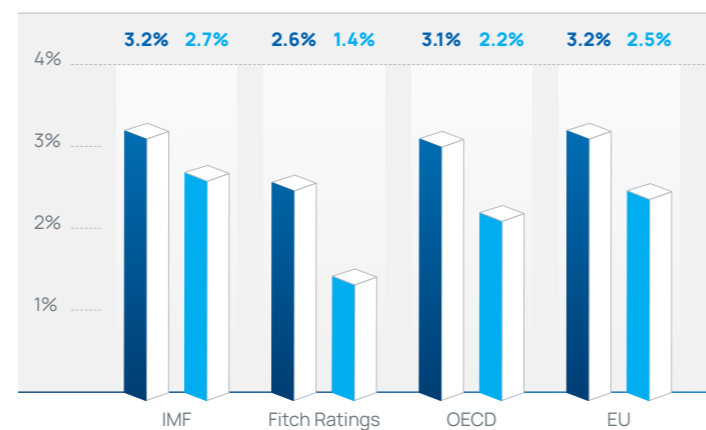
2022 was the year when the concepts of "uncertainty," "complexity," and "unpredictability" were more prevalent in the global economy. Inflation rose to its highest level in decades, prompting households to cut back on spending as pandemic-related financial aid dried up. Concurrently, the conflict between Russia and Ukraine enhanced the risk of global political instability. Although most nations recovered from the pandemic's effects, long-lasting waves continue to disrupt economic activities, notably in China.

The global economic situation in 2023 is also bleak with major economies entering a recession. Military confrontations and high-tech warfare among powerful countries as well as unpredictable fluctuations in the form of policy missteps, will keep the cautious attitude alive until at least the first half of 2023. Inflation will gradually "cool down" in 2023, although it is still at a high level and it will gradually stabilize in 2024. Investment and personal consumption in 2023 will weaken in the majority of nations as a result of income challenges and rising interest rates. The three largest economies, the United States, China and the eurozone, will remain stagnant. Economic growth in Asia in the context of rising interest rates shall force several central banks

to tighten monetary policy and exports fell due to the economic slump in the main trading partners, including the United States. The sole positive light is China's economic openness in 2023. Institutions provide pessimistic forecasts for global economic growth in the short term. According to the International Monetary Fund (IMF), global economic growth is expected to reach 3.2% in 2022 and 2.7% in 2023. Fitch Ratings (FR) forecasts economic growth in 2022 to reach 2.6% before falling to 1.4% in 2023. The Organization for Economic Cooperation and Development (OECD) predicts that global economic growth will reach 3.1% in 2022 before slowing to 2.2% in 2023. EU anticipates global GDP growth of 3.2% in 2022 and 2.5% in 2023.

Forecast of world economic growth in 2023

● 2022 ● 2023



Source: IMF, Fitch Ratings, OECD and EU

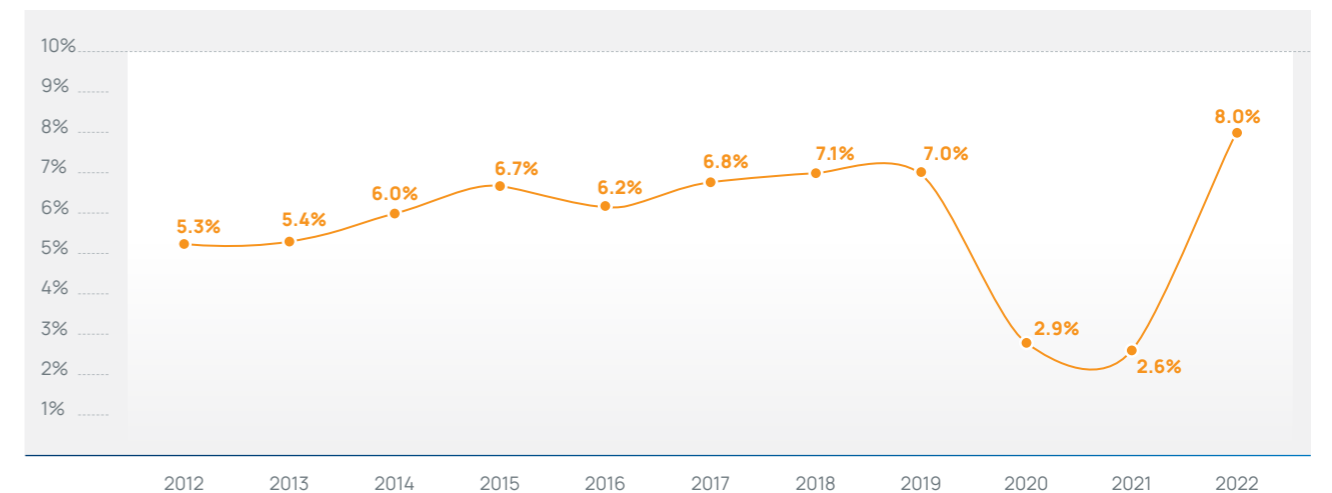
Overcoming challenges of the world economy, it was assessed that Vietnam economy in 2022 had a stunning rebound and significant growth. The driving forces for Vietnam economic growth consisted of four main factors. First, exports grew dramatically despite signs of weakening global demand. Second, domestic consumption and retail sales recovered vigorously. Domestic demand is projected to be hampered by rising domestic inflation in the near future but will contribute favorably to the growth in 2023. Third, private investment plays an important role, stable foreign investment (FDI) flows have contributed to keep employment and trade growth constant. Finally, the strong expansion of the economy in 2022 was caused by the low starting point of 2021 due to the impact of the pandemic and prolonged periods of isolation.



Thanks to the aforementioned dynamics, Vietnam has grown strongly, overcoming the obstacles of the post-Covid-19 period with the following highlights:

- 1** GDP achieved a high growth rate of **8%**. This was the highest increase in the period 2012 - 2022 and belonged to the high growth group in the region and the world.
- 2** Foreign exchange reserves exceeded **100 USD billion** and continue to grow sustainably.
- 3** Import-export turnover reached approximately **732.5 USD billion**. Up 9.5%, with trade balance of goods surplus of USD 12.4 billion. The signing of free trade agreements with countries all over the world has improved Vietnam's export activities.
- 4** Average inflation was just **3.2%** in line with the target set by the National Assembly.
- 5** The financial system was controlled and stable at a safe level.
- 6** Vietnam spent nearly **6% GDP** on infrastructure - one of the highest in the ASEAN.
- 7** Vietnam had the second fastest digital economy growth rate in the world of **12.3%** in 2022, only after India.

GDP growth from 2012 to 2022



Source: General Statistics Office

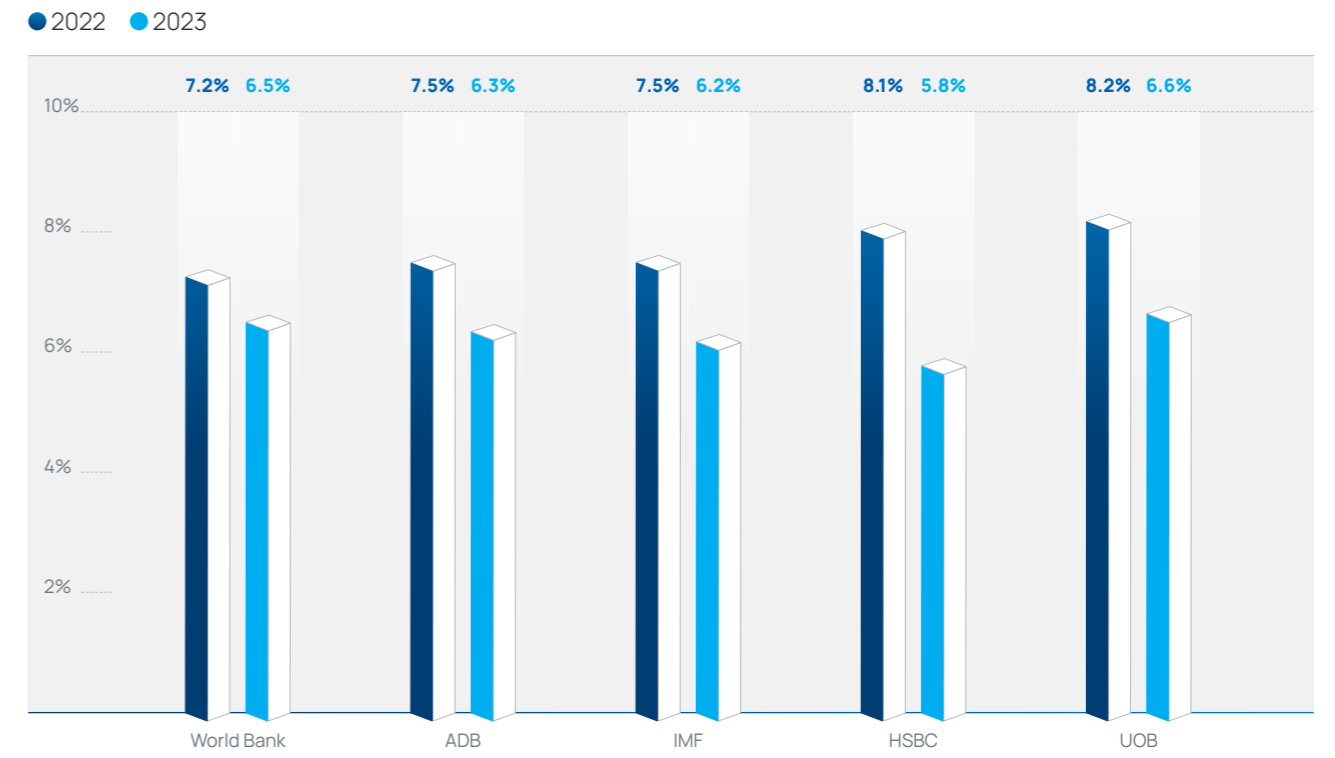
Looking ahead to 2023, the Vietnam economy will encounter more challenges, but numerous organizations have made forecasts about Vietnam's economic growth that are relatively optimistic and positive. Specifically, the World Bank estimates that Vietnam's GDP would rise by 6.5% in 2023, while the ADB predicts a 6.3% increase, the IMF predicts a growth of 6.2%, HSBC expects a growth of 5.8% and UOB foresees a 6.6% increase.

The Vietnamese government has set a number of major targets to be fulfilled, including GDP growth of about 6.5%, GDP per capita of roughly \$4,400, average consumer inflation of 4.5%, and the average growth rate of social labor productivity is around 5 - 6%, etc. This is a big challenge for Vietnam when the economy is facing a large number of internal and external potential risks. Higher inflation, sluggish domestic demand, and increased risk-related uncertainty in the financial industry are all internal threats. Regarding external threats, Vietnam may be affected by persistent global inflation, stricter monetary policy and a more severe economic downturn than expected for major trading partners such as the United States, EU. Achieving the above targets is quite challenging, but it is still possible to identify some driving forces contributing to economic

growth. For example, the labor market and the operations of tourism services will recover, the large domestic market still has a lot of potential for exploitation, the digital economy and e-commerce activities tend to develop strongly. When the investment procedures for a number of big projects are finished, which are likely to be registered and implemented in the first quarter of 2023, FDI into Vietnam is expected to increase significantly. Furthermore, export operations can be compensated by new-generation free trade agreement (FTA) markets, China when it reopens, and the harmonic coordination of fiscal and monetary policy.

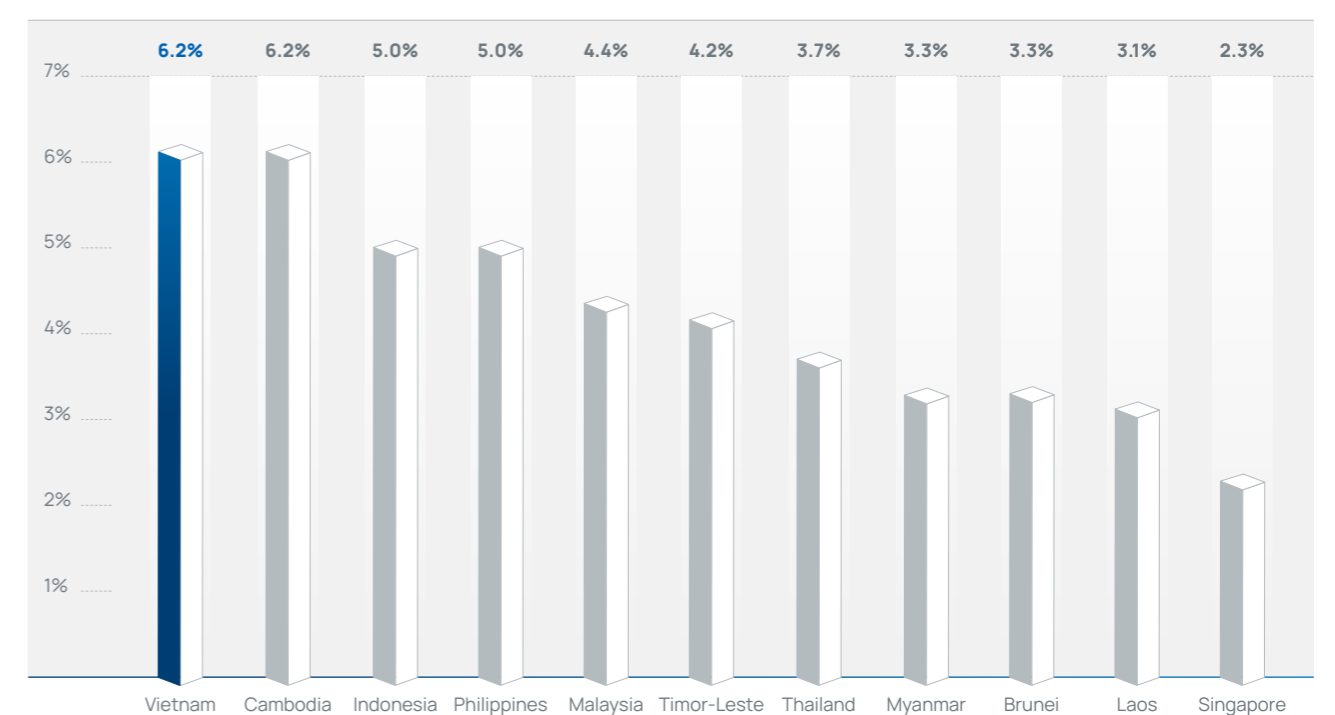


Forecast of Vietnam economic growth in 2023



Source: World Bank, ADB, IMF, HSBC and UOB

GDP growth forecast for Southeast Asian countries in 2023



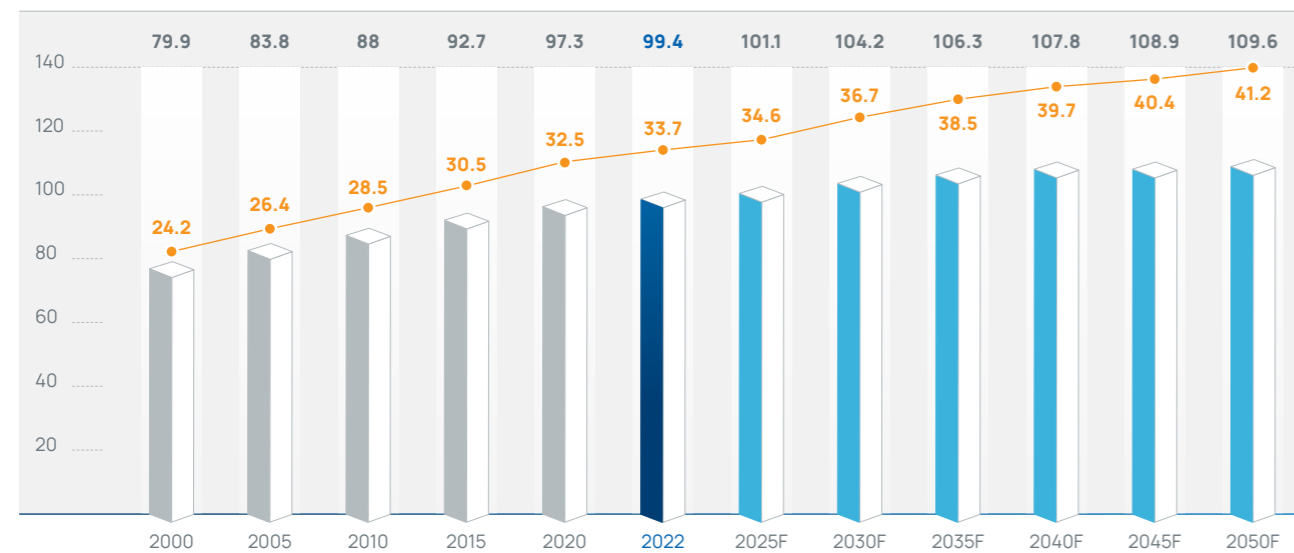
Source: IMF

OVERVIEW OF VIETNAM PHARMACEUTICAL INDUSTRY IN 2022 AND OUTLOOK FOR 2023

Vietnam is a country with a rapidly aging population, increasing income and citizens are more interested in health-care services. Along with that, the Government's attempts to make healthcare more accessible and affordable are the primary drivers of growth in Vietnam pharmaceutical industry.

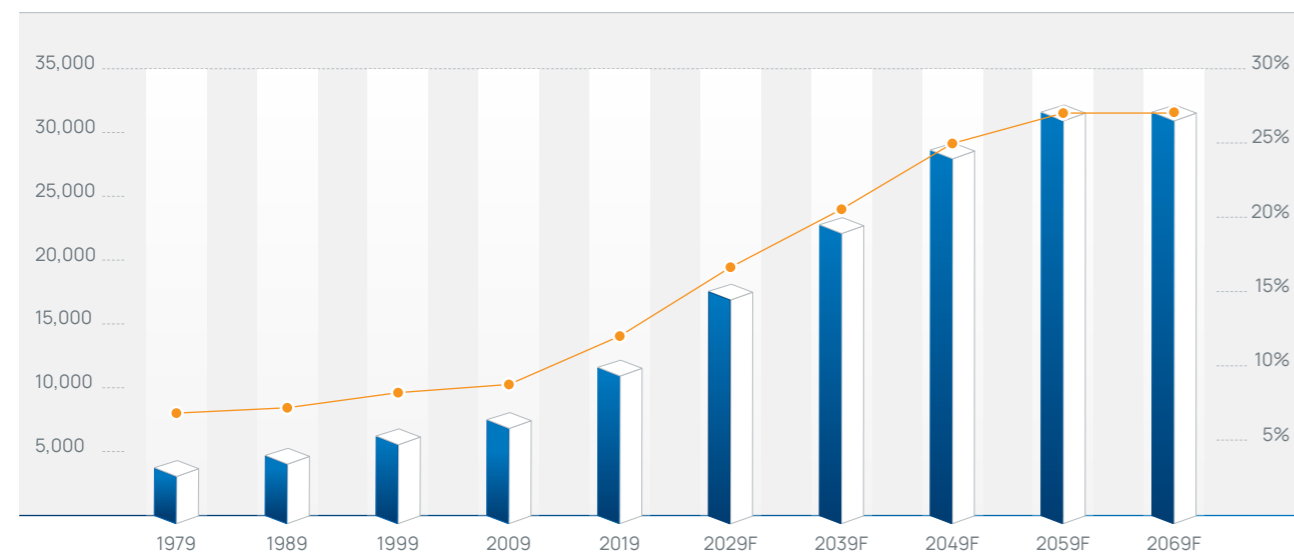
Population and average age from 2000 to 2050

● Population (millions of people) — Average age



Number and Percentage of Population aged 60 and above from 1979 to 2069

● Quantity (thousand people) — Percentage of total population

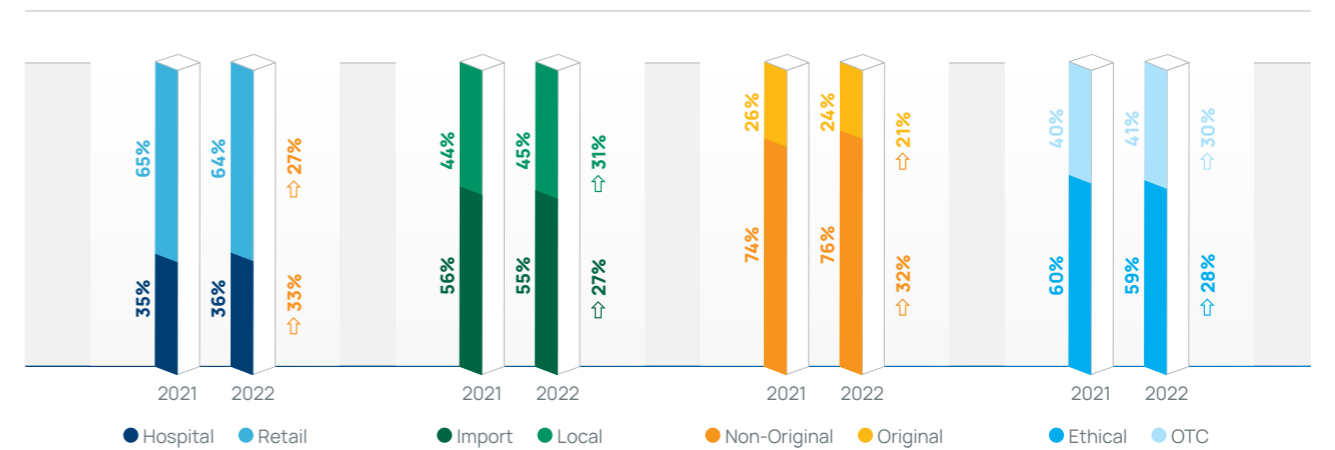


Source: General Department of Population - Family Planning, General Statistics Office and the United Nations

Vietnam is ranked in the group of Pharmerging Markets by IQVIA - the group of 17 nations with the highest growth rate of the pharmaceutical industry in the world. The Pharmerging Market is divided into 3 subcategories. Vietnam is ranked in the third group with 12 countries - a growth rate of 14%. Vietnam is only behind Argentina

and Pakistan. According to IQVIA report in 4Q/2022, the value of Vietnam's pharmaceutical market reached VND 187,659 billion, up 29% over the same period. In which, Pharmacy channel grew by 27%, accounting for 64% and Hospital channel increased by 33%, accounting for 36%.

Total Market value: 187,659 billion VND Growth: ↑29%



Source: IQVIA in 4Q/2022

The business performance of Vietnamese pharmaceutical enterprises in 2022 was brighter and more optimistic. Above 80% of enterprises increased their sales and profits. Pharmaceutical enterprises have boosted their investment on product research and development activities, built research facilities, and increased technology transfer for raw material production

(purchasing patents, inventions, cooperation, etc.). This was also the year when pharmaceutical enterprises accelerated in the race to upgrade and build factories in accordance with international standards. Typically, DHG Pharma started the construction of Betalactam factory meeting Japan-GMP/EU-GMP standards, Cuu Long Pharmaceutical JSC invested in EU-GMP pharmaceutical factory project, IMP acquired EU-GMP accreditation for the IMP4 factory. The construction of high-quality factories promises to increase the competitiveness of various local pharmaceutical enterprises in high-value bidding packages. In addition, modern drugstore chains experienced strong growth in both quantity and quality when capturing more market share from traditional pharmacies as the Government issued stricter regulations on retailers and prescription medicines, the form of e-prescriptions was deployed, and the consumption demand for vitamins, functional foods, personal care products, pharmaceuticals and cosmetics increased. Following the plan, the total number of pharmacies operated by the three biggest retail chains, Long Chau, Pharmacy, and An Khang, may reach 7,300 stores by 2025, representing 16% of the market share.



MACROENVIRONMENT AND VIETNAM PHARMACEUTICAL INDUSTRY (Cont.)

However, Vietnam pharmaceutical industry in 2022 was still mainly dependent on foreign suppliers of raw materials, particularly China and India.

Import turnover of pharmaceutical materials were

461 USD million

up 9.9% yoy

Pharmaceutical import turnover to Vietnam in 2022 reached

3.5 USD billion

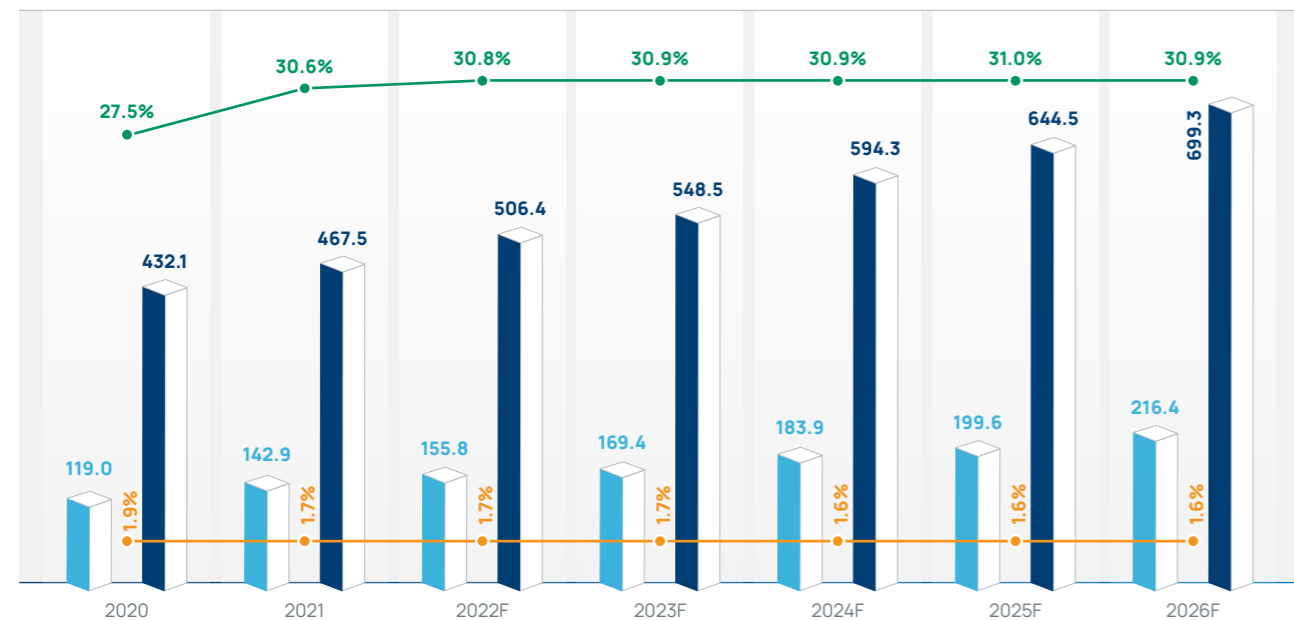
down 11% yoy

The pharmaceutical supply market is relatively abundant. In which, enterprises import mainly from France, the United States, Germany, India and Belgium. The weakness of domestic enterprises is the fragmented market, limited scale and a lack of financial competence. The potential to expand investment in research and equipment for production technology is restricted, investment in large-scale projects and purchase of intellectual property rights for pharmaceuticals is challenging, there is a shortage of high-quality human resources for product research and development. The majority of domestic enterprises concentrate on the production of ordinary medicines, while specialized and treatment medicines that require modern preparation technology are not of interest. Thereby, there has been a scenario of overlapping production, with the bulk of local firms fighting for a limited market sector. The high-quality specialized and treatment medicines is entirely dominated by foreign enterprises.

According to IQVIA, the global pharmaceutical industry would be worth USD 1.7 trillion (at manufacturer's prices) by 2025. Fitch Solutions predicts that domestic pharmaceutical sales will reach VND 169.4 trillion in 2023 and VND 216.4 trillion in 2026.

Forecast of pharmaceutical sales in Vietnam

(Unit: Trillion VND) ● Pharmaceutical sales ● Sales for healthcare spending
 — % of sales contributed to GDP — % of pharmaceutical sales in healthcare spending



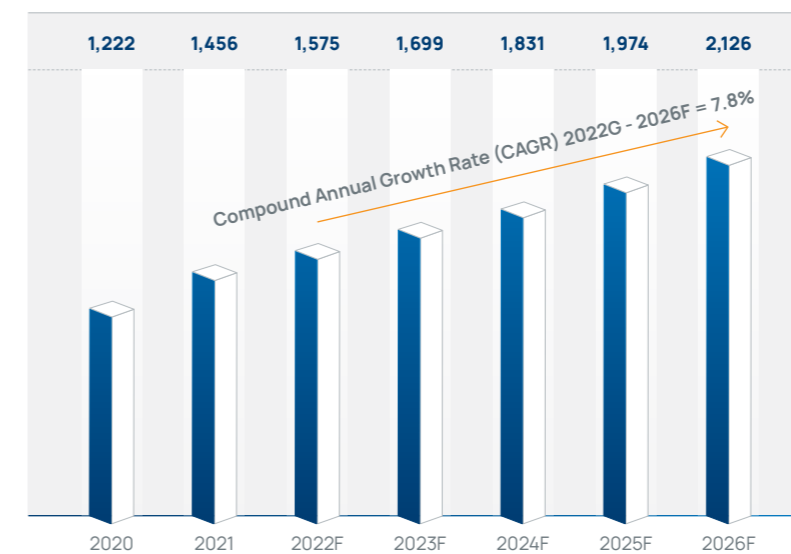
Source: WHO and Fitch Solutions

The long-term growth factors for the pharmaceutical industry are the country's demographics, the investment of multinational pharmaceutical companies, the expansion of health insurance, and the rising per capita income. First, regarding the demographics of the whole country, the number of people over 60 years old is increasing, health issues will become more widespread and demand for medicines will be higher for the elderly than for working-age population. Second, the leading companies in the international pharmaceutical industry have invested in most of the domestic pharmaceutical enterprises in recent years and these merger and acquisition (M&A) activities are expected to continue to be vigorous in the future. Third, as of 31 December 2022, the health insurance coverage ratio reaches 92% of the population and aims to reach 95% by 2025. Finally, pursuant to Fitch Solutions, pharma expenditure per capita tends to increase from VND 1.5 million in 2021 to VND 2.1 million in 2026, equivalent to a compound growth rate of 7.8% over the next five years, accounting for an average of 5% of annual income per capita.



Pharmaceutical spending per capita in Vietnam

(Unit: VND thousand)



Source: WHO and Fitch Solutions

In 2023, the sales growth of Pharmacy channel is forecasted to slow down as the Covid-19 pandemic has subsided, so the demand for this channel will no longer grow suddenly as before, the Government is making efforts to open the Hospital channel, brand-name medicines and generics are rapidly increasing and expansion of national health insurance coverage promotes the growth of Hospital channel.

In terms of structure, prescription medicines are expected to account for an increasing proportion of total pharmaceutical sales in the coming years, thanks to the high demand for treatment, the implementation of national health insurance, rising incomes, better healthcare infrastructure and the development of brand-name medicines.

In terms of treatment field, the demand for the immune-boosting goods, resistance-boosting products and cancer treatment & support products tend to rise the highest in at least the next one year. Meanwhile, the group of vaccinations and anticoagulant medicines tends to increase lower.

Pursuant to a survey by VietnamReport, the top three strategies that pharmaceutical enterprises are expected to focus on in the next normal period include: (1) Researching new products, products of natural origin; (2) Training and nurturing high-quality personnel; (3) Investment and expansion of medicine production lines to international standards.

The supply of active ingredients (APIs) and excipients remains a concern in 2023. Over 70% of APIs used in drug manufacturing in Vietnam come from China. The country has reopened, but it will take time for activities to return to normal as before, so shortages may still occur. The war between Russia and Ukraine is still ongoing, so the source of imported goods from Europe is at risk of shortage.

S.W.O.T ANALYSIS ON THE PHARMACEUTICAL INDUSTRY OF VIETNAM



Strengths

- Vietnamese Government is promoting investment in the health and pharmaceutical industries, contributing to the increase of the potential of domestic pharmaceutical enterprises as well as ensuring the quality of medicines to care for the people's health.
- Domestic pharmaceutical enterprises have experience in producing common drug products, which can meet the market's demands in difficult conditions.
- Domestic pharmaceutical enterprises are making significant improvements in product quality, production technology and quality management, which helps increase their competitiveness in the market.
- In Vietnam's pharmaceutical market, the production costs and prices of generic drugs are much lower than those from developed countries.



Weaknesses

- Vietnam's pharmaceutical industry is dependent on imported raw materials with a large import proportion.
- Pharmaceutical products are still quite monotonous and less competitive. Brand-name drugs and specialized drugs with complicated dosage forms must be imported from abroad at high prices.
- The technical and technological levels are still limited, compounded by limited opportunities to approach and learn advanced technologies in the world. In addition, undue attention has been paid to the implementation of the research and application of new preparation techniques and the development of new products.
- Procurement work faces many problems such as complicated and delayed procurement procedures, unguaranteed product quality, financial problems, etc. which affect the supply of drugs.



Opportunities

- Growing population with fast aging trend, increasing income along with people's intellectual level, and environmental pollution all create a great demand for medical products and pharmaceuticals.
- The Vietnamese pharmaceutical market is a potential market with a high growth rate of around 10% - 12% per year and great potential for further development of new products and services. This provides opportunities for domestic pharmaceutical companies to expand their markets and develop new products to meet customers' needs.
- Domestic pharmaceutical enterprises can seek opportunities for cooperation, investment in product research and development with international partners; thereby enhancing their capacity and competitiveness in the international market.



Challenges

- There has been an increase in foreign pharmaceutical companies entering the Vietnamese market and competing with domestic pharmaceutical companies. These companies often have famous brands, experience and more advanced technology, which threatens the market share and profits of domestic pharmaceutical companies.
- Investment in the pharmaceutical industry requires high investment costs, much time and human resources. If the economic investment policies are not stable, it might pose a threat to the development of the pharmaceutical industry.
- Legal regulations and quality control of pharmaceutical products are being tightened, requiring pharmaceutical companies to strictly comply with new standards and regulations.

S.W.O.T ANALYSIS OF DHG PHARMA

Strengths



- As the largest Generic Pharmaceutical Company in Vietnam with a strong financial foundation and effective business, DHG Pharma has favourable conditions for implementing its development strategies. Besides, thanks to its unremitting efforts and long-term strategic vision, DHG Pharma has made significant progress in the domestic market and established a solid position in the Vietnamese pharmaceutical industry.
- With a combination of passion for the profession, rich professional experience, a willingness for international integration and social responsibility, human resources have become an invaluable asset for the sustainable development of DHG Pharma.
- The product platform that meets global quality standards and the modern management system help DHG Pharma to take further steps forward, reaching out to the regional and global scale.
- DHG Pharma has the deepest and most widespread distribution system in Vietnam compared to both domestic and foreign competitors. Sales management, sales methods and marketing activities have become increasingly professional, which well meets the needs of customers and markets.
- DHG Pharma has successfully built a solid brand name and is trusted by customers and consumers over the years. This trust is achieved thanks to DHG Pharma's commitment to product quality and best customer service. This brand not only represents not only its commercial but also its social responsibility and meaningful contributions to the community.

Opportunities



- The demand for medical products is increasing globally, which creates a great opportunity for DHG Pharma to expand the market for its products.
- Numerous socio-economic factors including the rapid development of Vietnam's economy, large population, rapid aging rate, the rising standard of living and people's intellectual level, environmental pollution, the rate of diseases increases, along with higher spending on medicines and functional foods open up many development opportunities for pharmaceutical enterprises, including DHG Pharma.
- The fact that the State manages more closely, scientifically and professionally also creates favorable conditions for enterprises with prestige brands and high-quality products to promote their cutting-edge advantages. State policies and the New Law on Pharmacy also open up many opportunities for enterprises to be autonomous in production and business.
- There are also more opportunities for the development of R&D activities from partnerships, joint ventures, technology transfer, purchase of scientific projects, research hire.
- With a more widely integrated economy and participation of many pharmaceutical corporations in the Vietnamese market, DHG Pharma's human resources have opportunities to quickly access science and technology, which enables them to research and develop more new modern products.

Weaknesses



- DHG Pharma currently focuses more on research and development of generic products and products with expired proprietary protection, whereas investment in and budgets for new products including new ingredients and formulas are quite modest, partly due to the fact that the supporting industries in Vietnam are still limited.
- The Company has established regulations, rules and policies in line with current regulations on corporate governance and meets the requirements of international practices. However, there are still many aspects that need to be improved so as to achieve high efficiency in management and to ensure an alignment with the development needs of the Company.
- The majority of the main production materials of DHG Pharma, similar to other enterprises in the industry, has to be imported (about 80% - 90%). As such, they are highly affected by input factors such as fluctuations in prices of raw materials, import tax policies and foreign exchange rates.

Challenges

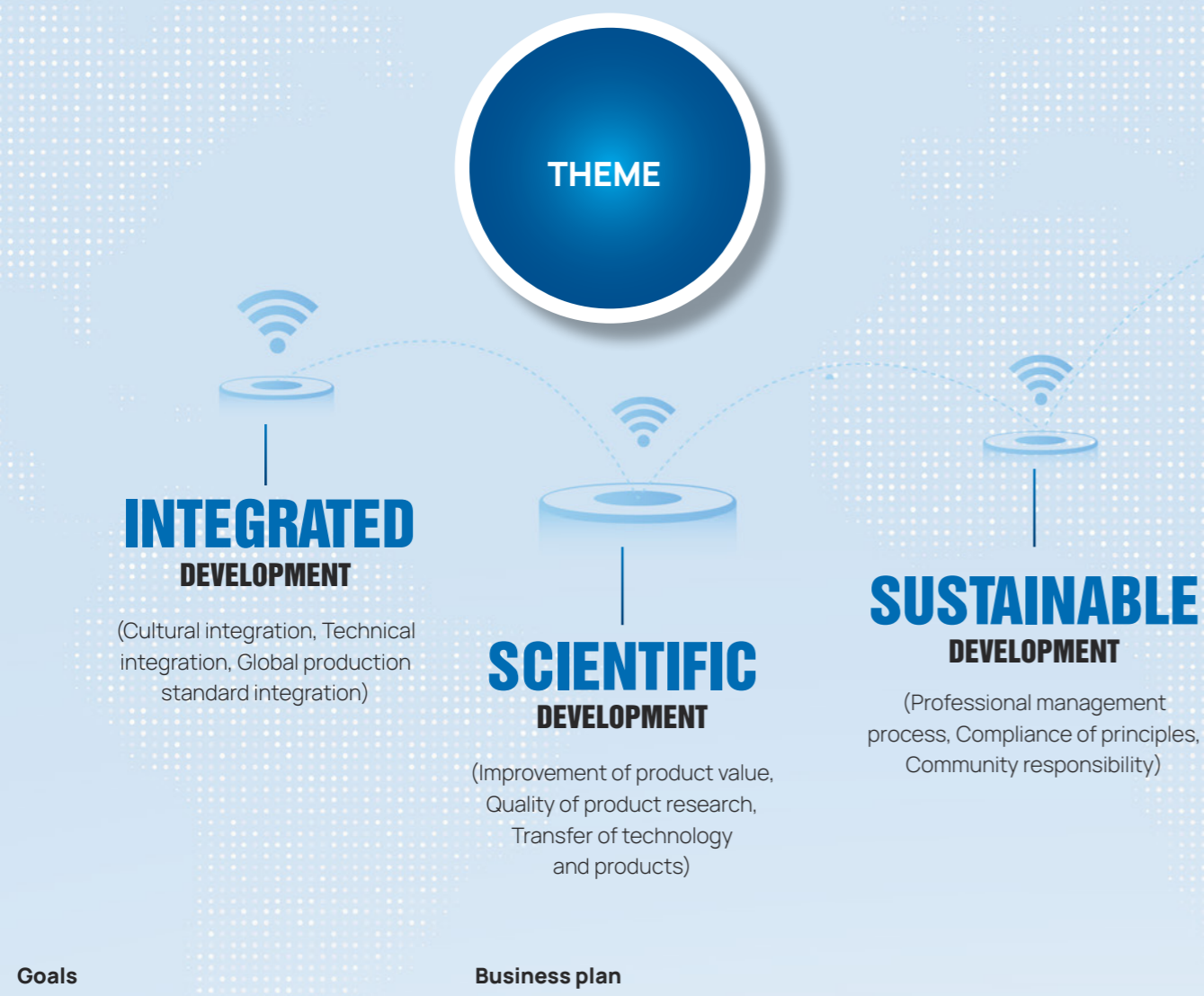


- The exchange rate management policy of the macro-economy with a priority for exports negatively affects enterprises with a large proportion of imports (in terms of raw materials, equipment, and technology).
- Foreign pharmaceutical enterprises, with their modern technology, international experience, strong financial potential and the public's general preference for foreign products are key reasons for the reality that domestic drugs only account for nearly 50% of the national market share. This rate represents both opportunities and potentials and a significant challenge for domestic pharmaceutical enterprises to strive for the target that the value of domestically produced drugs accounts for up to 70% of the market share according to the Government's policy.
- Safety and quality regulations in the pharmaceutical industry are frequently updated, resulting in the fact that DHG Pharma has to regularly meet new requirements and invest more in product research and development. This requires DHG Pharma to invest a large number of resources and efforts to respond to changes and advancements in the industry.

In short-term, medium/long-term

MEDIUM/LONG-TERM DEVELOPMENT STRATEGY

At the AGM 2020 on 19 Apr 2021, the GMS approved the theme, goals and business plan for the period 2021 – 2025 as follows:



Goals

Business plan

II. Evaluation of implementation progress from 2021 to 2022

DHG Pharma continues to maintain its leading position in Vietnam's pharmaceutical industry for 26 consecutive years in terms of sales and profit.

- In 2022, net sales will reach VND **4.676** billion, up 17%. Profit before tax reached VND **1.100** billion, up 27%. **DHG Pharma has surpassed the milestone of VND 1,000 billion approved by the GMS and reached 3 years ahead of schedule.**
- The dividend payment rate in 2021 is 35% and it is projected to be 35% in 2022, higher than the target set by the GMS.

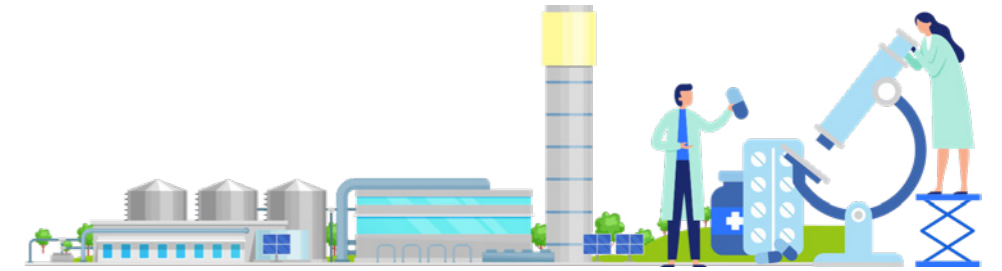
II. Update for the period of 2023 - 2025

Continuing to expand DHG Pharma's business to retain its position as Vietnam's largest Generic pharmaceutical company.

- Average growth from 2022 to 2025: **8% - 10%/year**.
- Striving to reach VND **5.500** billion in net sales in 2025. Maintaining profit before tax growth at a good rate.
- The yearly dividend policy shall maintain from **30%/the charter capital**.



KEY STRATEGIES



- 1 Upgrading production lines according to global GMP standards and maintaining domestic standards**

 - Continuing to upgrade the remaining production lines to global GMP standards and maintaining domestic standards.
 - Improving production capacity by deploying production on newly invested high-capacity automatic machines in factories.
 - Improving supply chain, ensuring stable supply of goods by controlling production, ensuring proper inventory, proper capacity of each warehouse, purchasing raw materials and packaging steadily, adding supplying sources for the main raw materials.
 - Enhancing the transfer of new products and comprehensive cooperation with Taisho investor.
- 2 Enhancing the position & competitiveness of DHG Pharma as a multinational pharmaceutical company**

 - Increasing investments in research and development of Generic products with high potential, quality, and value.
 - Expanding network, increasing loyal customers, and improving sales performance in big cities.
 - Focusing on branding, product portfolio strategy and key products.
 - Building new channels for supplements and beauty care products.
 - Promoting the effectiveness of sales policies and sales support programs.
- 3 Strengthening the organization and developing the internal governance platform**

 - Building a workforce, stabilizing the organization, assessing the quality of personnel and screening; training, coaching and promoting employees with outstanding performance achievements; succession training.
 - Optimizing the management system on the 4C criteria: Change – Chance – Challenge – Charge.
 - Strengthening compliance training throughout the Company. Developing methods and signs to promptly identify possible risks to enhance the business performance.
 - Developing a roadmap and implementing the transformation of financial statements in accordance with international standards (IFRS).
 - Applying information technology to improve the operational efficiency of the Company.
 - Effectively managing receivables and overdue debts, optimizing support policies for debt collection.
- 4 Being a symbol of humanity in contributing to the society in order to improve the quality of life**

 - **With the locality:** always accompanies the locality with practical sponsorship programs, especially in the fields of health and education.
 - **With people:** always care and help them to actively improve their awareness of health care for themselves and their families in a scientific and economic way.

Representative office

DISTRIBUTION SITES

No.	Name	Address	Tel	Fax
1	Vi Thanh	No. 82 Le Quy Don, Area No.1, Ward III, Vi Thanh City, Hau Giang Province	0293. 3876 409	0293. 3580 432
2	Ca Mau	No. 05-07 Pham Ngoc Thach Street, Ward 5, Ca Mau City, Ca Mau Province	N/A	N/A
3	Kien Giang	No. G08-09, Huynh Thuc Khang Street, Vinh Quang Ward, Rach Gia City, Kien Giang Province	0297. 3867 625	0297. 3946 344
4	Dong Thap	No. 14C, Nguyen Van Troi Street, Ward 2, Cao Lanh City, Dong Thap Province	0277. 3854 837	0277. 3854 837
5	Soc Trang	No. 649, Tran Hung Dao Street, Ward 3, Soc Trang City, Soc Trang Province	0299. 3625 151	0299. 3625 150
6	Long Xuyen	No. 267, Pham Cu Luong Street, Group 1A, Tan Phu Area, My Quy Ward, Long Xuyen City, An Giang Province	0296. 3841 438	0296. 3944 664
7	Tien Giang	No. 436A, Nguyen Thi Thap Street, Ward 6, My Tho City, Tien Giang Province	0273. 6255 177	N/A
8	Mekong	No. 13, Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Can Tho City	0292. 6253 579	N/A
9	Bac Lieu	No. 67 Nguyen Thi Dinh Street, Area 10, Ward 1, Bac Lieu City, Bac Lieu Province.	0291. 3822 290	0291. 3956 156
10	Ben Tre	No. 34D, Road No. 3, My Tan Area, Ward 7, Ben Tre City, Ben Tre Province	0275. 381.8529	0275.381.8529
11	Vinh Long	No. 327C/23 Phuoc Nguon A Hamlet, Phuoc Hau Commune, Long Ho District, Vinh Long Province	0270.385.3179	0270. 3853 179
12	Tra Vinh	No 77A, Nguyen Dang, Area No.1, Ward 7, Tra Vinh City, Tra Vinh Province	0294. 3850 950	0294. 3850 950
13	Ha Noi	No. 30 Dinh Nup Street, Trung Hoa Ward, Cau Giay District, Ha Noi City, Vietnam	024. 36687 064/ 024. 36648 273	024. 36648 287
14	Hai Phong	No. 91B Mang Nuoc Ward, An Dong Commune, An Duong District, Hai Phong City	0225. 391 3639	0225. 391 3639
15	Hai Duong	No. 229, Bui Thi Xuan Street, Le Thanh Nghi Ward, Hai Duong City, Hai Duong Province	0220. 3550 079	N/A
16	Thai Binh	Section 243 M2, Area No. 34, Tran Lam Ward, Thai Binh City, Thai Binh Province	0227. 3844 777	0227. 3844 777
17	Bac Ninh	No. 39, Ly Dao Thanh Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	0222. 3812 281	0222. 3812 281
18	Vinh Phuc	No.189, Phan Chu Trinh, Khai Quang Ward, Vinh Yen City, Vinh Phuc Province	0211. 3860 088	0211. 3860 088
19	Ninh Binh	Thermal Power Plant Residential Area, Trung Son street, Bich Dao ward, Ninh Binh city, Ninh Binh province, Vietnam	0229. 3896 772	0229. 3896 772
20	Thai Nguyen	No. 91 - 93, Nguyen Thai Hoc Street, Tuc Duyen Ward, Thai Nguyen City, Thai Nguyen Province	0208. 3652 299	N/A
21	Thanh Hoa	No. 45, Lac Long Quan Street, Dong Ve Ward, Thanh Hoa City, Thanh Hoa Province	0237. 3853 120	0237. 3722 213
22	Nghe An	No. 06, Lane 146B, Nguyen Sy Sach Street, Hung Phuc Ward, Vinh City, Nghe An Province	0238. 3843 015	0238. 3523 363
23	Hue	153A Pham Van Dong, Vy Da Ward, Hue City, Thua Thien Hue Province	0234. 3813 479	0234. 3816 084
24	Da Nang	36-38 Trinh Dinh Thao, Khue Trung Ward, Cam Le District, Da Nang City	0236. 2242 406	N/A
25	Quang Ngai	No. 09 Le Thanh Ton, Nghia Chanh Ward, Quang Ngai City, Quang Ngai Province	0255. 3823 266	0255. 3823 266

No.	Name	Address	Tel	Fax
26	Quy Nhon	Lot No. 1, Street No. 3, Bac Song Ha Thanh Residential Area, Dong Da Ward, Quy Nhon City, Binh Dinh Province	0256. 3793 768	0256. 3791 768
27	Gia Lai	No. 179B, Cach Mang Thang 8 Street, Hoa Lu Ward, Pleiku City, Gia Lai Province	0269. 3887 071	0269. 3887 080
28	Dak Lak	No. 23A, Cong Quynh, Tan An Ward, Buon Ma Thuot City, Dak Lak Province	0262. 3851 175	0262. 3843 084
29	Nha Trang	10A, Me Linh, Phuoc Tien Ward, Nha Trang City, Khanh Hoa Province, Viet Nam	0258. 3513 137	N/A
30	Binh Thuan	No. 103A, Phu Khanh Hamlet, Ham My Commune, Ham Thuan Nam District, Binh Thuan Province	0252. 222 0879	N/A
31	Dong Nai	P73-P78, Area No.7, Vo Thi Sau Street, Thong Nhat Ward, Bien Hoa City, Dong Nai Province	0251. 3825 167	0251. 3819 161
32	Binh Duong	Lot 32-33, Street D11, Chanh Nghia Residential, Chanh Nghia Ward, Thu Dau 1 City, Binh Duong Province	0274. 3897 316	N/A
33	Vung Tau	No. 60 Nguyen Manh Hung Street, Long Toan Ward, Ba Ria City, Ba Ria - Vung Tau Province	0254. 3741 888	0254. 3741 968
34	Ho Chi Minh	Lot 18A, Tan Tao Industrial Zone, Street No. 7, Tan Tao A Ward, Binh Tan District, HCMC	028. 3771 8799	N/A

REPRESENTATIVE OFFICE

35	Representative office in HCMC	Room 404-405, 4 th Floor, The Landmark: 5B Ton Duc Thang, Ben Nghe Ward, District 1, Ho Chi Minh City	0901 891 433 Ext: 217	N/A
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DISCLOSED REPORTS

- Report on corporate governance of DHG Pharma in 2022**
<https://www.dhgpharma.com.vn/images/2023/Q2/ThongBaoCoDong/Corporate-Governance-Report-2022.pdf>
- Audited financial statements in 2022**
<https://www.dhgpharma.com.vn/en/investor-relations/financial-report/2022/3199-audited-financial-statements-in-2022-and-explanation-of-changes>
- Sustainable Development Report 2022**
<https://www.dhgpharma.com.vn/en/investor-relations-2/annual-report-2/3247-sustainable-development-report-2022>

The Annual Report 2022 of DHG Pharma shall be printed in limited quantities to protect the environment. If you are concerned, please kindly visit the website to view the electronic version of the Annual Report 2022:

<https://www.dhgpharma.com.vn/en/>



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