

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2023



**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

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# DHG PHARMACEUTICAL JOINT STOCK COMPANY

## CORPORATE INFORMATION

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

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

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

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

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

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

<b>Legal representative</b>	Mr. Toshiyuki Ishii	General Director
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**Head office** 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam

## INTERIM BALANCE SHEET

Codes	ASSETS	Notes	As at 30.09.2023 VND	As at 31.12.2022 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>4,647,711,802,640</b>	<b>4,218,772,327,716</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>4</b>	<b>67,513,432,335</b>	<b>34,017,813,791</b>
111	Cash		67,513,432,335	34,017,813,791
<b>120</b>	<b>Short-term financial investments</b>	<b>5</b>	<b>2,290,000,000,000</b>	<b>2,355,000,000,000</b>
123	Held-to-maturity investments		2,290,000,000,000	2,355,000,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>656,119,223,303</b>	<b>550,503,358,957</b>
131	Short-term trade receivables	6	443,126,886,869	320,497,731,135
132	Short-term advances to suppliers		85,230,180,237	188,966,257,070
135	Short-term loan receivables	7	257,622,204	257,622,204
136	Other short-term receivables	8	167,860,170,140	81,417,096,027
137	Provision for short-term doubtful debts	9	(40,355,636,147)	(40,635,347,479)
<b>140</b>	<b>Inventories</b>	<b>10</b>	<b>1,574,183,826,960</b>	<b>1,250,833,919,138</b>
141	Inventories		1,575,022,692,615	1,251,913,300,453
149	Provision for devaluation of inventories		(838,865,655)	(1,079,381,315)
<b>150</b>	<b>Other short-term assets</b>		<b>59,895,320,042</b>	<b>28,417,235,830</b>
151	Short-term prepayments	11	15,112,237,696	12,401,507,959
152	Value added tax deductibles		44,658,208,662	16,015,727,871
153	Taxes and other receivables from the State budget	12	124,873,684	-
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,341,777,194,243</b>	<b>949,414,175,129</b>
<b>210</b>	<b>Long-term receivables</b>		<b>205,000,000</b>	<b>822,061,880</b>
216	Other long-term receivables		205,000,000	822,061,880
<b>220</b>	<b>Fixed assets</b>		<b>790,901,934,211</b>	<b>787,387,089,074</b>
221	Tangible fixed assets	13	608,609,673,648	585,574,876,927
222	Cost		1,559,230,303,178	1,481,802,489,560
223	Accumulated depreciation		(950,620,629,530)	(896,227,612,633)
227	Intangible fixed assets	14	182,292,260,563	201,812,212,147
228	Cost		233,788,626,721	252,779,142,186
229	Accumulated amortization		(51,496,366,158)	(50,966,930,039)
<b>230</b>	<b>Investment properties</b>	<b>15</b>	<b>31,683,099,954</b>	<b>14,308,981,880</b>
231	Cost		44,826,611,143	17,304,956,819
232	Accumulated depreciation		(13,143,511,189)	(2,995,974,939)
<b>240</b>	<b>Long-term assets in progress</b>	<b>16</b>	<b>459,507,440,707</b>	<b>92,596,259,917</b>
242	Construction in progress		459,507,440,707	92,596,259,917
<b>250</b>	<b>Long-term financial investments</b>	<b>5</b>	<b>4,157,500,000</b>	<b>3,860,000,000</b>
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(19,950,879,057)	(20,248,379,057)
<b>260</b>	<b>Other long-term assets</b>		<b>55,322,219,371</b>	<b>50,439,782,378</b>
261	Long-term prepayments	11	38,633,356,107	34,594,969,043
262	Deferred tax assets	17	16,688,863,264	15,844,813,335
<b>270</b>	<b>TOTAL ASSETS</b>		<b>5,989,488,996,883</b>	<b>5,168,186,502,845</b>

## INTERIM BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 30.09.2023 VND	As at 31.12.2022 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,396,842,548,625</b>	<b>876,649,599,388</b>
<b>310</b>	<b>Current liabilities</b>		<b>1,328,930,999,954</b>	<b>811,536,702,268</b>
311	Short-term trade payables	18	244,781,029,782	364,379,191,011
312	Short-term advances from customers		11,337,961,530	44,183,901,316
313	Taxes and amounts payable to the State budget	12	29,342,611,221	37,036,207,791
314	Payables to employees		169,142,045,828	170,724,651,834
315	Short-term accrued expenses	19	19,707,045,174	24,364,389,787
318	Short-term unearned revenue	20	55,970,744,249	34,043,466,112
319	Other current payables	21	1,555,527,264	1,844,519,967
320	Short-term loans	22	759,621,300,156	114,723,409,074
322	Bonus and welfare funds	23	37,472,734,750	20,236,965,376
<b>330</b>	<b>Long-term liabilities</b>		<b>67,911,548,671</b>	<b>65,112,897,120</b>
342	Long-term provisions	24	63,373,959,973	58,827,249,515
343	Science and technology development fund	25	4,537,588,698	6,285,647,605
<b>400</b>	<b>EQUITY</b>		<b>4,592,646,448,258</b>	<b>4,291,536,903,457</b>
<b>410</b>	<b>Owner's equity</b>	<b>26</b>	<b>4,592,646,448,258</b>	<b>4,291,536,903,457</b>
411	Owner's contributed capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares carrying voting rights		1,307,460,710,000	1,307,460,710,000
412	Share premium		6,778,948,000	6,778,948,000
418	Investment and development fund		2,458,122,657,972	1,958,932,899,782
421	Retained earnings		820,284,132,286	1,018,364,345,675
421a	- Retained earnings accumulated to the prior year end		29,909,699,603	29,909,699,603
421b	- Retained earnings of the current period		790,374,432,683	988,454,646,072
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>5,989,488,996,883</b>	<b>5,168,186,502,845</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant



Toshiyuki Ishii  
General Director  
20 October 2023

## INTERIM INCOME STATEMENT

Codes	Notes	For the 3-month period ended		For the 9-month period ended		
		30.09.2023 VND	30.09.2022 VND	30.09.2023 VND	30.09.2022 VND	
01	Gross revenue from goods sold and services rendered	28	1,258,822,640,547	1,295,988,249,194	3,926,166,020,702	3,722,722,747,049
02	Deductions	28	159,360,905,613	134,303,114,515	445,496,343,005	376,995,221,229
10	<b>Net revenue from goods sold and services rendered</b>	28	<b>1,099,461,734,934</b>	<b>1,161,685,134,679</b>	<b>3,480,669,677,697</b>	<b>3,345,727,525,820</b>
11	Cost of sales	29	584,810,101,720	583,422,392,985	1,790,220,303,127	1,709,116,852,320
20	Gross profit from goods sold and services rendered		514,651,633,214	578,262,741,694	1,690,449,374,570	1,636,610,673,500
21	Financial income	30	55,011,091,724	33,381,629,648	165,490,891,819	96,545,486,943
22	Financial expenses	31	26,676,492,488	25,896,405,075	66,031,411,194	71,876,754,066
23	<i>In which: Interest expense</i>		<i>10,278,156,342</i>	<i>4,674,731,022</i>	<i>21,813,174,799</i>	<i>12,160,263,590</i>
25	Selling expenses	32	254,348,650,453	225,225,295,784	681,332,195,160	625,623,243,602
26	General and administrative expenses	32	89,871,878,456	69,615,099,498	227,745,959,212	194,858,530,096
30	<b>Operating profit</b>		<b>198,765,703,541</b>	<b>290,907,570,985</b>	<b>880,830,700,823</b>	<b>840,797,632,679</b>
31	Other income	33	1,648,208,465	1,947,449,296	3,082,363,011	9,564,645,250
32	Other expenses	33	12,965,179,552	2,908,923,084	16,632,694,328	13,976,606,449
40	Losses from other activities		(11,316,971,087)	(961,473,788)	(13,550,331,317)	(4,411,961,199)
50	<b>Accounting profit before tax</b>		<b>187,448,732,454</b>	<b>289,946,097,197</b>	<b>867,280,369,506</b>	<b>836,385,671,480</b>
51	Current corporate income tax expense	35	21,877,118,288	27,588,837,709	77,749,986,752	84,539,763,534
52	Deferred corporate tax income	35	(503,938,005)	(29,531,551)	(844,049,929)	(411,189,928)
60	<b>Net profit after corporate income tax</b>		<b>166,075,552,171</b>	<b>262,386,791,039</b>	<b>790,374,432,683</b>	<b>752,257,097,874</b>
70	<b>Earnings per share (VND)</b>	36	<b>1,228</b>	<b>1,943</b>	<b>5,852</b>	<b>5,569</b>

Tran Ngoc Hien  
Preparer

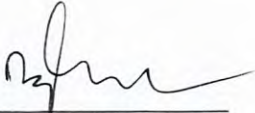
Ho Bui Huan  
Chief Accountant

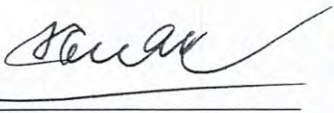


Toshiyuki Ishii  
General Director  
20 October 2023

INTERIM CASH FLOW STATEMENT  
(Indirect method)

Items	Codes	Fiscal period ended	
		30.09.2023 VND	30.09.2022 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	867,280,369,506	836,385,671,480
2. Adjustment for:			
Depreciation and amortization of fixed assets and investment properties	02	64,820,569,291	60,717,190,254
Provisions	03	4,260,491,726	434,728,097
Foreign exchange losses arising from translating foreign currency items	04	1,246,277,699	2,073,694,259
Gain from investing activities	05	(154,742,288,968)	(94,283,747,567)
Interest expense	06	21,813,174,799	12,160,263,590
3. Operating profit before movements in working capital	08	<u>804,678,594,053</u>	<u>817,487,800,113</u>
Changes in receivables	09	(144,038,383,059)	10,639,824,183
Changes in inventories	10	(323,109,392,162)	(35,272,538,928)
Changes in payables	11	(149,510,993,491)	29,236,954,495
Changes in prepaid expenses	12	1,605,042,408	(8,399,518,763)
Interest paid	14	(21,396,188,940)	(12,247,779,890)
Corporate income tax paid	15	(74,976,919,279)	(68,233,396,660)
Other cash outflows	17	(13,600,809,169)	(32,154,951,892)
Net cash generated by operating activities	20	<u>79,650,950,361</u>	<u>701,056,392,658</u>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Payment for purchasing, construction of fixed assets and other long-term assets	21	(372,085,917,018)	(173,351,450,934)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	599,133,545	3,051,818,012
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,385,000,000,000)	(2,170,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,450,000,000,000	2,185,000,000,000
5. Interest earned, dividends and profits received	27	73,096,996,562	92,626,666,911
Net cash used in investing activities	30	<u>(233,389,786,911)</u>	<u>(62,672,966,011)</u>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	1,081,055,610,861	623,217,441,336
2. Repayment of borrowings	34	(436,157,719,779)	(792,634,690,640)
3. Dividends and profits paid	36	(457,611,248,500)	(457,611,248,500)
Net cash generated by/ (used in) financing activities	40	<u>187,286,642,582</u>	<u>(627,028,497,804)</u>
Net increase in cash	50	<u>33,547,806,032</u>	<u>11,354,928,843</u>
Cash and cash equivalents at the beginning of the year	60	34,017,813,791	36,963,568,653
Effects of changes in foreign exchange rates	61	(52,187,488)	108,180,575
Cash and cash equivalents at the end of the period/ year	70	<u>67,513,432,335</u>	<u>48,426,678,071</u>

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant

  
  
Toshiyuki Ishii  
General Director  
20 October 2023

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2023****1 GENERAL INFORMATION****Structure of ownership**

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

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

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

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

The number of employees of the Company as at 30 September 2023 was 2,770 (as at 31 December 2022: 2,700).

**Operating industry and principal activities**

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

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

**Normal production and business cycle**

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

**Disclosure of information comparability in the financial statements**

The comparative figures on the balance sheet are the figures of the audited financial statements for the fiscal year ended 31 December 2022. The comparative figures on the income statement and cash flow statement are the figures of the interim financial statements for the fiscal period ended 30 September 2022.

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

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

The financial statements are prepared solely to present the financial position of the Company as at 30 September 2023, and its results of operations and cash flows for the fiscal period ended 30 September 2023. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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



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

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**Cash and cash equivalents**

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

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

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

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

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

**Loan receivables**

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

**Equity investments in other entities**

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

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

**Receivables**

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

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



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

**Inventories**

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

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

**Leases**

The Company as lessor

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

The Company as lessee

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

**Intangible fixed assets and amortization**

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

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

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

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

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

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

**Construction in progress**

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

**Prepayments**

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

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

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

**Provisions**

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

**Severance allowance payable**

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

**Provision for dismantling and restoration costs**

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

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

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

**Revenue recognition**

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

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

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

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

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

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

**Sales deductions**

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

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

**Customer loyalty programs**

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

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

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

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

**Foreign currencies**

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

**Borrowing costs**

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

**Taxation**

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

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

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

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

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

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

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



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

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

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

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

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

**4 CASH AND CASH EQUIVALENTS**

	30.09.2023	31.12.2022
	VND	VND
Cash on hand	16,695,235,500	14,087,199,700
Demand deposits	50,453,021,835	19,930,614,091
Cash in transit	365,175,000	-
	<u>67,513,432,335</u>	<u>34,017,813,791</u>

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

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

**Held-to-maturity investments**

	30.09.2023		31.12.2022	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>2,290,000,000,000</u>	<u>2,290,000,000,000</u>	<u>2,355,000,000,000</u>	<u>2,355,000,000,000</u>

**(b) Long-term financial investments**

	30.09.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	24,108,379,057	(19,950,879,057)	24,108,379,057	(20,248,379,057)
	<u>24,108,379,057</u>	<u>(19,950,879,057)</u>	<u>24,108,379,057</u>	<u>(20,248,379,057)</u>

## 5 FINANCIAL INVESTMENTS (cont.)

## (b) Long-term financial investments (cont.)

(\*) Equity investments in other entities:

	30.09.2023 VND	31.12.2022 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	4,108,379,057	4,108,379,057
	<u>24,108,379,057</u>	<u>24,108,379,057</u>

The provision balance as at 30 September 2023 and 31 December 2022 represents the provision for long-term investments in the following other entities:

	30.09.2023 VND	31.12.2022 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,550,879,057	2,848,379,057
	<u>19,950,879,057</u>	<u>20,248,379,057</u>

## 6 SHORT-TERM TRADE RECEIVABLES

	30.09.2023 VND	31.12.2022 VND
Related parties (Note 38)	894,647,462	777,311,258
Third parties	442,232,239,407	319,720,419,877
	<u>443,126,886,869</u>	<u>320,497,731,135</u>

As at 30 September 2023 and 31 December 2022, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

## 7 LOAN RECEIVABLES

	30.09.2023 VND	31.12.2022 VND
Short-term loan receivables		
Loan receivables from customers	257,622,204	257,622,204
	<u>257,622,204</u>	<u>257,622,204</u>

## 8 OTHER SHORT-TERM RECEIVABLES

	30.09.2023 VND	31.12.2022 VND
Accruals of interest income	136,070,334,241	54,984,580,814
Receivable from employees	15,587,918,997	15,756,494,986
Other receivables	16,201,916,902	10,676,020,227
	<u>167,860,170,140</u>	<u>81,417,096,027</u>

## 9 BAD DEBTS

	<u>30.09.2023</u>		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	90,189,691,235	49,834,055,088	(40,355,636,147)

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

As at 30 September 2023 and 31 December 2022, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	Fiscal period ended 30.09.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	40,635,347,479	49,257,087,303
Reversal of provision in the period/year	(279,711,332)	(5,767,496,131)
Write off in the period/ year	-	(2,854,243,693)
Closing balance	<u>40,355,636,147</u>	<u>40,635,347,479</u>

## 10 INVENTORIES

	<u>30.09.2023</u>		<u>31.12.2022</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	141,439,400,121	-	176,818,014,490	-
Raw materials	677,203,286,645	-	665,502,268,079	-
Work in progress	115,119,013,080	-	71,622,857,577	-
Finished goods	580,400,469,314	(838,865,655)	304,758,756,394	(1,079,381,315)
Merchandise	60,860,523,455	-	33,211,403,913	-
	<u>1,575,022,692,615</u>	<u>(838,865,655)</u>	<u>1,251,913,300,453</u>	<u>(1,079,381,315)</u>



**10 INVENTORIES (cont.)**

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

	Fiscal period ended 30.09.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	1,079,381,315	1,357,913,392
Reversal of provision in the period/year	(240,515,660)	(278,532,077)
Closing balance	<u>838,865,655</u>	<u>1,079,381,315</u>

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

As at 30 September 2023 and 31 December 2022, the Company did not have any slow moving, damaged or sub-standard inventories.

**11 PREPAYMENTS****Short-term prepayments**

	30.09.2023 VND	31.12.2022 VND
Prepayment related to operating lease	2,843,393,945	2,200,784,543
Others	12,268,843,751	10,200,723,416
	<u>15,112,237,696</u>	<u>12,401,507,959</u>

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

**Long-term prepayments**

	30.09.2023 VND	31.12.2022 VND
Tools and supplies	11,027,428,094	9,960,136,919
Others	27,605,928,013	24,634,832,124
	<u>38,633,356,107</u>	<u>34,594,969,043</u>

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

Movements in long-term prepayments were as follows:

	Fiscal period ended 30.09.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	34,594,969,043	15,525,924,704
Increase in the period/year	22,806,097,202	32,829,446,160
Allocation in the period/year	(18,767,710,138)	(13,760,401,821)
Closing balance	<u>38,633,356,107</u>	<u>34,594,969,043</u>

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

## Taxes and other receivables from the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	-	-	-	-
Value added tax for import goods	-	-	-	-
Import and export duties	-	-	-	-
Corporate income tax	-	-	-	-
Personal income tax	-	-	-	-
Land rental fee, land use tax	-	-	-	-
Other taxes	-	-	(124,873,684)	(124,873,684)
	-	-	(124,873,684)	(124,873,684)

## Taxes and other payables to the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	5,041,879,162	44,893,606,839	(44,522,633,772)	5,412,852,229
Value added tax for import goods	-	60,746,107,806	(60,746,107,806)	-
Import and export duties	-	13,233,281,278	(13,233,281,278)	-
Corporate income tax	12,678,129,908	77,749,986,752	(74,976,919,279)	15,451,197,381
Personal income tax	12,069,460,922	44,582,649,205	(55,277,441,304)	1,374,668,823
Land rental fee, land use tax	-	5,239,952,703	(2,765,641,207)	2,474,311,496
Other taxes	7,246,737,799	15,747,206,481	(18,364,362,988)	4,629,581,292
	37,036,207,791	262,192,791,064	(269,886,387,634)	29,342,611,221

## 13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
As at 01 January 2023	578,613,089,225	682,541,039,515	139,507,907,276	81,140,453,544	1,481,802,489,560
Transfer from construction in progress (Note 16)	5,358,109,727	77,270,904,764	3,910,315,299	1,790,243,454	88,329,573,244
Transfer to investment properties (Note 15)	(8,531,138,859)	-	-	-	(8,531,138,859)
Disposals	-	-	(2,284,982,585)	-	(2,284,982,585)
Write off	-	-	-	(85,638,182)	(85,638,182)
As at 30 September 2023	<u>575,440,060,093</u>	<u>759,811,944,279</u>	<u>141,133,239,990</u>	<u>82,845,058,816</u>	<u>1,559,230,303,178</u>
<b>Accumulated depreciation</b>					
As at 01 January 2023	289,824,233,234	429,607,263,118	105,833,122,063	70,962,994,218	896,227,612,633
Charge for the period/ year	18,386,578,272	37,465,315,923	5,983,558,323	2,226,198,045	64,061,650,563
Transfer to investment properties (Note 15)	(7,352,933,895)	-	-	-	(7,352,933,895)
Disposals	-	-	(2,245,388,019)	-	(2,245,388,019)
Write off	-	-	-	(70,311,752)	(70,311,752)
As at 30 September 2023	<u>300,857,877,611</u>	<u>467,072,579,041</u>	<u>109,571,292,367</u>	<u>73,118,880,511</u>	<u>950,620,629,530</u>
<b>Net book value</b>					
As at 01 January 2023	<u>288,788,855,991</u>	<u>252,933,776,397</u>	<u>33,674,785,213</u>	<u>10,177,459,326</u>	<u>585,574,876,927</u>
As at 30 September 2023	<u>274,582,182,482</u>	<u>292,739,365,238</u>	<u>31,561,947,623</u>	<u>9,726,178,305</u>	<u>608,609,673,648</u>

As at 30 September 2023, the cost of tangible fixed assets included VND 380,564,042,840 (as at 31 December 2022: VND 360,830,354,698) of assets which were fully depreciated but are still in active use.

## 14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>Cost</b>				
As at 01 January 2023	88,310,158,166	143,438,814,993	21,030,169,027	252,779,142,186
Transfer to investment properties (Note 15)	(5,189,553,965)	(13,800,961,500)	-	(18,990,515,465)
As at 30 September 2023	83,120,604,201	129,637,853,493	21,030,169,027	233,788,626,721
<b>Accumulated amortization</b>				
As at 01 January 2023	-	32,766,612,466	18,200,317,573	50,966,930,039
Charge for the period/year	-	2,104,300,722	729,174,473	2,833,475,195
Transfer to investment properties (Note 15)	-	(2,304,039,076)	-	(2,304,039,076)
As at 30 September 2023	-	32,566,874,112	18,929,492,046	51,496,366,158
<b>Net book value</b>				
As at 01 January 2023	88,310,158,166	110,672,202,527	2,829,851,454	201,812,212,147
As at 30 September 2023	83,120,604,201	97,070,979,381	2,100,676,981	182,292,260,563

As at 30 September 2023, the cost of intangible fixed assets included VND 16,285,369,257 (as at 31 December 2022: VND 16,241,274,257) of assets which were fully amortized but are still in use.

## 15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
<b>Cost</b>	
As at 01 January 2023	17,304,956,819
Transfer from tangible fixed assets (Note 13)	8,531,138,859
Transfer from intangible fixed assets (Note 14)	18,990,515,465
As at 30 September 2023	44,826,611,143
<b>Accumulated depreciation</b>	
As at 01 January 2023	2,995,974,939
Charge for the period/ year	490,563,279
Transfer from tangible fixed assets (Note 13)	7,352,933,895
Transfer from intangible fixed assets (Note 14)	2,304,039,076
As at 30 September 2023	13,143,511,189
<b>Net book value</b>	
As at 01 January 2023	14,308,981,880
As at 30 September 2023	31,683,099,954

As at 30 September 2023, the cost of investment properties which were fully depreciated but are still in active use included VND 921,497,780 (as at 31 December 2022: VND 232,067,069).

## 15 INVESTMENT PROPERTIES (cont.)

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

## 16 LONG-TERM ASSETS IN PROGRESS

	30.09.2023 VND	31.12.2022 VND
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Other repairs and renovation	2,380,340,148	3,949,522,139
Purchasing machineries	30,385,484,864	32,006,271,272
REB product project	3,143,357,535	3,143,357,535
CTP product project	-	202,029,350
BUD product project	-	1,293,522,895
LUS product project	4,876,289,803	1,722,095,670
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	415,248,019,583	46,805,512,282
	<u>459,507,440,707</u>	<u>92,596,259,917</u>

## Movements of construction in progress in the period/year:

	Fiscal period ended 30.09.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	92,596,259,917	69,507,677,936
Purchases	493,379,052,012	150,100,167,202
Transfer to tangible fixed assets (Note 13)	(88,329,573,244)	(105,713,348,334)
Transfer to prepayments	(8,354,159,209)	(9,153,400,385)
Transfer to expenses in the period/year	(29,784,138,769)	(12,144,836,502)
Closing balance	<u>459,507,440,707</u>	<u>92,596,259,917</u>

## 17 DEFERRED TAX ASSETS

	30.09.2023 VND	31.12.2022 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	83,444,316,320	79,224,066,675
Deferred tax assets	<u>16,688,863,264</u>	<u>15,844,813,335</u>

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

## 17 DEFERRED TAX ASSETS (con.t)

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

	Fiscal period ended 30.09.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	15,844,813,335	17,534,939,531
Additional/ (Reversal) in deferred tax assets	849,842,092	(1,646,891,427)
Change of eliminated entry of fixed assets	(5,792,163)	(43,234,769)
Closing balance	<u>16,688,863,264</u>	<u>15,844,813,335</u>

## 18 SHORT-TERM TRADE PAYABLES

	30.09.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 38)	2,725,453,521	2,725,453,521	-	-
Third parties (*)	242,055,576,261	242,055,576,261	364,379,191,011	364,379,191,011
	<u>244,781,029,782</u>	<u>244,781,029,782</u>	<u>364,379,191,011</u>	<u>364,379,191,011</u>

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

	30.09.2023 VND	31.12.2022 VND
APC Pharmaceuticals and Chemical Limited	32,191,500,250	64,276,216,447
Nomura Trading Co., Ltd	49,266,720,500	56,688,597,000
Sinobright Pharmaceuical Co., Ltd	26,343,420,000	-

As at 30 September 2023 and 31 December 2022, there was no balance of short-term trade payables that were past due.

## 19 SHORT-TERM ACCRUED EXPENSES

	30.09.2023 VND	31.12.2022 VND
Interest payable	526,609,182	109,623,323
Payment discount	3,196,562,189	4,520,921,880
Other accruals	15,983,873,803	19,733,844,584
	<u>19,707,045,174</u>	<u>24,364,389,787</u>

## 20 SHORT-TERM UNEARNED REVENUE

	30.09.2023 VND	31.12.2022 VND
Unearned revenue from customer loyalty programs (Note 3)	<u>55,970,744,249</u>	<u>34,043,466,112</u>

## 21 OTHER SHORT-TERM PAYABLES

	30.09.2023 VND	31.12.2022 VND
Union fee	607,223,903	557,184,346
Others	948,303,361	1,287,335,621
	<u>1,555,527,264</u>	<u>1,844,519,967</u>

## 22 SHORT-TERM LOANS

	30.09.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	759,621,300,156	759,621,300,156	114,723,409,074	114,723,409,074
	<u>759,621,300,156</u>	<u>759,621,300,156</u>	<u>114,723,409,074</u>	<u>114,723,409,074</u>

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

	As at 01.01.2023 VND	Increases VND	Decreases VND	As at 30.09.2023 VND
Loans from banks (*)	114,723,409,074	1,546,418,076,816	(901,520,185,734)	759,621,300,156
	<u>114,723,409,074</u>	<u>1,546,418,076,816</u>	<u>(901,520,185,734)</u>	<u>759,621,300,156</u>

(\*) These loans bear interests at the rates ranging from 0.32% to 0.58% per month (in 2022: from 0.27% to 0.58% per month).

As at 30 September 2023 and 31 December 2022, there was no short-term loan that was past due.

## 23 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Welfare fund in form of assets VND	Operation Fund for Board of Directors VND	Total VND
Opening balance	4,117,498,016	8,518,827,326	7,600,640,034	20,236,965,376
Appropriation to the funds in the period/year	29,653,639,382	-	2,000,000,000	31,653,639,382
Depreciation of assets formed from the funds	-	(817,060,839)	-	(817,060,839)
Utilization	(12,927,878,391)	-	(672,930,778)	(13,600,809,169)
Closing balance	<u>20,843,259,007</u>	<u>7,701,766,487</u>	<u>8,927,709,256</u>	<u>37,472,734,750</u>

## 24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	31,302,591,613	27,524,657,902	58,827,249,515
Additional provision in the period/year	2,953,267,614	2,124,951,104	5,078,218,718
Utilization of provisions	-	(531,508,260)	(531,508,260)
Closing balance	<u>34,255,859,227</u>	<u>29,118,100,746</u>	<u>63,373,959,973</u>

## 25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

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

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

	Science and technology development fund in form of assets VND
Opening balance	6,285,647,605
Depreciation of assets formed from the funds	<u>(1,748,058,907)</u>
Closing balance	<u>4,537,588,698</u>



## 26 OWNER'S EQUITY

## Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2022	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,636	3,790,010,097,666
Net profit for the year	-	-	-	988,454,646,072	988,454,646,072
Dividends for 2021	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	290,291,885,752	(290,291,885,752)	-
Appropriation to bonus and welfare funds	-	-	-	(23,316,591,781)	(23,316,591,781)
Appropriation to Operation Fund for Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Balance as at 31 December 2022</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,958,932,899,782</b>	<b>1,018,364,345,675</b>	<b>4,291,536,903,457</b>
Net profit for the period/year	-	-	-	790,374,432,683	790,374,432,683
Dividends for 2022	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	499,189,758,190	(499,189,758,190)	-
Appropriation to bonus and welfare funds	-	-	-	(29,653,639,382)	(29,653,639,382)
Appropriation to Operation Fund for Board of Directors	-	-	-	(2,000,000,000)	(2,000,000,000)
<b>Balance as at 30 September 2023</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>2,458,122,657,972</b>	<b>820,284,132,286</b>	<b>4,592,646,448,258</b>

## 26 OWNER'S EQUITY (cont.)

## Charter capital

	30.09.2023		31.12.2022	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

## Dividends

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

## Fund distribution

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

## 27 OFF BALANCE SHEET ITEMS

## Foreign currencies

	30.09.2023	31.12.2022
United states Dollar (USD)	394,096	127,152
Euros (EUR)	2,659	796
Yen (JPY)	283,937	28,523

## Bad debts written off

	30.09.2023 VND	31.12.2022 VND
Bad debts written off	8,461,093,749	8,501,993,749

## 28 REVENUES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023 VND	30.09.2022 VND	30.09.2023 VND	30.09.2022 VND
<b>Sales</b>				
Sales of finished goods	1,141,959,211,145	1,178,831,160,712	3,578,324,033,146	3,351,056,419,135
Sales of merchandise	116,361,202,968	116,681,811,327	346,328,053,383	370,060,887,202
Others	502,226,434	475,277,155	1,513,934,173	1,605,440,712
	<u>1,258,822,640,547</u>	<u>1,295,988,249,194</u>	<u>3,926,166,020,702</u>	<u>3,722,722,747,049</u>
<b>Deductions</b>				
Sales discount	158,886,337,572	133,705,881,339	444,252,140,990	374,902,682,147
Sales return	474,568,041	597,233,176	1,244,202,015	2,092,539,082
	<u>159,360,905,613</u>	<u>134,303,114,515</u>	<u>445,496,343,005</u>	<u>376,995,221,229</u>
<b>Net sales</b>	<u>1,099,461,734,934</u>	<u>1,161,685,134,679</u>	<u>3,480,669,677,697</u>	<u>3,345,727,525,820</u>
<b>In which:</b>				
Sales of finished goods	983,983,870,068	1,045,466,871,779	3,137,551,999,594	2,976,954,370,332
Sales of merchandise	114,975,638,432	115,742,985,745	341,603,743,930	367,167,714,776
Others	502,226,434	475,277,155	1,513,934,173	1,605,440,712

Goods in transit's revenue have not been recognized as at 30 September 2023: VND 32,906,994,581 (as at 30 September 2022: VND 77,827,958,435).

## 29 COST OF SALES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023 VND	30.09.2022 VND	30.09.2023 VND	30.09.2022 VND
Cost of finished goods sold	478,488,566,769	476,376,525,927	1,477,068,314,496	1,367,032,189,806
Cost of merchandise sold	106,321,534,951	107,045,867,058	313,392,504,291	342,501,064,652
Reversal provision for devaluation of inventories	-	-	(240,515,660)	(416,402,138)
	<u>584,810,101,720</u>	<u>583,422,392,985</u>	<u>1,790,220,303,127</u>	<u>1,709,116,852,320</u>

## 30 FINANCIAL INCOMES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023 VND	30.09.2022 VND	30.09.2023 VND	30.09.2022 VND
Interest income	53,553,648,218	31,995,545,490	154,182,749,989	91,425,003,885
Foreign exchange gain	1,457,443,506	1,386,084,158	11,308,141,830	5,120,483,058
	<u>55,011,091,724</u>	<u>33,381,629,648</u>	<u>165,490,891,819</u>	<u>96,545,486,943</u>

## 31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023 VND	30.09.2022 VND	30.09.2023 VND	30.09.2022 VND
Interest expenses	10,278,156,342	4,674,731,022	21,813,174,799	12,160,263,590
Foreign exchange losses	4,967,961,580	3,220,278,899	8,140,911,355	5,565,662,079
Settlement discount	11,080,235,966	17,810,284,603	36,320,326,758	53,585,170,176
Additional/ (Reversal) provision for impairment of long-term financial investments	350,000,000	190,965,651	(297,500,000)	511,153,639
Other financial expenses	138,600	144,900	54,498,282	54,504,582
	<u>26,676,492,488</u>	<u>25,896,405,075</u>	<u>66,031,411,194</u>	<u>71,876,754,066</u>

## 32 SELLING EXPENSES AND GENERAL &amp; ADMINISTRATIVE EXPENSES

## Selling expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	VND	VND	VND	VND
Staff cost	118,721,973,584	117,500,914,233	359,400,997,177	348,107,772,809
Advertising expenses	43,122,854,950	31,378,872,385	85,750,539,574	77,483,843,555
Others	92,503,821,919	76,345,509,166	236,180,658,409	200,031,627,238
	<u>254,348,650,453</u>	<u>225,225,295,784</u>	<u>681,332,195,160</u>	<u>625,623,243,602</u>

## General &amp; administrative expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	VND	VND	VND	VND
Staff cost	49,392,174,099	45,884,954,287	146,787,884,932	134,093,896,708
Others	40,479,704,357	23,730,145,211	80,958,074,280	60,764,633,388
	<u>89,871,878,456</u>	<u>69,615,099,498</u>	<u>227,745,959,212</u>	<u>194,858,530,096</u>

## 33 OTHER INCOME AND EXPENSES

## Other income

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	VND	VND	VND	VND
Gain from disposals of fixed assets and other long-term assets	109,369,000	296,684,006	559,538,979	2,858,743,682
Receiving supports from Taisho and related companies of Taisho Technology transfer and product development	52,898,599	1,311,790	52,898,599	4,216,850,608
Income from research services	-	1,280,950,000	-	1,280,950,000
Others	1,485,940,866	368,503,500	2,262,467,896	1,208,100,960
	<u>1,648,208,465</u>	<u>1,947,449,296</u>	<u>3,082,363,011</u>	<u>9,564,645,250</u>

## Other expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	VND	VND	VND	VND
Depreciation expense	180,305,535	260,189,686	540,916,605	887,011,687
Incurred expenses due to the impact of the Covid-19 pandemic	-	1,000,000	-	58,333,676
Supporting fee for business households	12,282,451,351	2,032,603,318	12,282,451,351	11,032,603,318
Others	502,422,666	615,130,080	3,809,326,372	1,998,657,768
	<u>12,965,179,552</u>	<u>2,908,923,084</u>	<u>16,632,694,328</u>	<u>13,976,606,449</u>

## 34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Raw materials and consumables	1,942,535,968,051	1,664,121,651,587
Staff cost	751,163,053,445	701,964,052,243
Depreciation and amortization	64,279,652,686	59,830,178,567
Out-sourced services	198,685,516,438	193,949,894,704
Other expenses	230,080,475,289	172,530,667,519
	<u>3,186,744,665,909</u>	<u>2,792,396,444,620</u>

## 35 CURRENT AND DEFERRED CORPORATE INCOME TAX

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

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Accounting profit before tax	867,280,369,506	836,385,671,480
Tax calculated at a normal rate of 20%	173,456,073,901	167,277,134,296
Adjustments for:		
Expenses not deductible for tax purposes	6,461,037,583	6,829,630,597
Under provision of tax in the prior year	324,925,359	-
Non-taxable income	(2,956,596,726)	-
Corporate income tax incentives at branches	(99,535,453,365)	(89,567,001,359)
Corporate income tax expense	<u>77,749,986,752</u>	<u>84,539,763,534</u>

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

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Deferred corporate tax income	(849,842,092)	(445,995,044)
Change of eliminated entry of fixed assets	5,792,163	34,805,116
	<u>(844,049,929)</u>	<u>(411,189,928)</u>

**Applicable tax rates**

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

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

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

## 36 BASIC EARNINGS PER SHARE

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

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Accounting profit after corporate income tax	790,374,432,683	752,257,097,874
Appropriation to fund (*)	(25,211,232,980)	(24,067,712,936)
Profit attributable to ordinary shareholders	<u>765,163,199,703</u>	<u>728,189,384,938</u>
Weighted average ordinary shares in circulation for the period (share)	130,746,071	130,746,071
<b>Basic earnings per share</b>	<b>5,852</b>	<b>5,569</b>

(\*) Estimated amounts appropriated to the bonus and welfare funds and the operation fund of Board of Management for the 9-month period ended 30 September 2023 are determined based on the planned appropriation percentage of profit distribution to the bonus and welfare funds at the rate of 3% and the operation fund of Board of Management with amount of VND 2,000,000,000 in accordance with Resolution of the Parent Company's Annual General Meeting No. 001/2023/NQ.DHDCD dated 19 April 2023.

The Company does not have potentially diluted ordinary shares.

## 37 COMMITMENTS

## a) Operating lease commitment

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	3,214,396,712	5,331,327,855

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

	Land lease	
	30.09.2023	31.12.2022
	VND	VND
Within one year	7,076,437,142	7,076,437,142
In the first to fifth year inclusive	28,305,748,568	28,305,748,568
After five years	109,796,701,468	115,162,999,634
	<u>145,178,887,178</u>	<u>150,545,185,344</u>

## b) Capital commitment

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

	30.09.2023	31.12.2022
	VND	VND
Approved but not contracted	89,953,112,994	126,365,032,147
Approved and contracted but not implemented	64,845,181,590	407,802,027,692
	<u>154,798,294,584</u>	<u>534,167,059,839</u>

## 38 TRANSACTIONS WITH RELATED PARTIES

**Related parties**

The State Capital Investment Corporation ("SCIC")  
 Taisho Pharmaceutical Co., Ltd  
 Hoe Pharmaceuticals Sdn Bhd  
 Taisho Pharmaceutical (Thailand) Co., Ltd  
 UPSA SAS

**Relationship**

Major shareholder  
 Major shareholder  
 Related companies of Taisho  
 Related companies of Taisho  
 Related companies of Taisho

During the period/year, the following transactions were carried out with related parties:

	Fiscal period ended	
	30.09.2023 VND	30.09.2022 VND
<b>Sales of goods and provision of services</b>		
Hoe Pharmaceuticals Sdn Bhd	3,147,109,652	3,282,684,144
Taisho Pharmaceutical Co., Ltd	153,971,549	-
	<u>                    </u>	<u>                    </u>
<b>Purchases of goods and services</b>		
Hoe Pharmaceuticals Sdn Bhd	363,143,218	-
Taisho Pharmaceutical Co., Ltd	13,255,215,397	3,631,688,074
Taisho Pharmaceutical (Thailand) Co.,Ltd.	-	12,139,848
	<u>                    </u>	<u>                    </u>
<b>Promotion</b>		
Hoe Pharmaceuticals Sdn Bhd	22,929,029	27,382,268
	<u>                    </u>	<u>                    </u>
<b>Receive support</b>		
Taisho Pharmaceutical Co., Ltd.	20,632,751	4,216,850,608
UPSA SAS	32,265,848	-
	<u>                    </u>	<u>                    </u>
<b>Technology transfer and product development</b>		
Hoe Pharmaceuticals Sdn.Bhd	-	1,280,950,000
	<u>                    </u>	<u>                    </u>
<b>Dividends paid</b>		
SCIC	198,191,829,500	198,191,829,500
Taisho Pharmaceutical Co.,Ltd	233,439,682,000	233,439,682,000
	<u>                    </u>	<u>                    </u>



## 38 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

Name	Title	Fiscal period ended	
		30.09.2023	30.09.2022
		VND	VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	650,000,000	500,000,000
Mr. Jun Kuroda	Board of Directors Member	455,000,000	350,000,000
Mr. Masashi Nakaura	Board of Directors Member (resigned from 19 April 2023) cum General Director (resigned from 31 December 2022)	1,378,686,904	3,759,501,676
Mr. Toshiyuki Ishii	Board of Directors Member (appointed from 19 April 2023) cum General Director (appointed from 1 January 2023)	2,583,614,488	
Mr. Maki Kamijo	Board of Directors Member	535,000,000	350,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	3,645,827,610	3,437,801,978
Mr. Do Le Hung	Board of Directors Member	585,000,000	585,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member	485,000,000	455,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	2,351,924,986	2,136,776,423
Mr. Tomoyuki Kawata	Deputy General Director	2,333,166,411	2,054,903,376
Mr. Tran Duy Hung	Marketing Director (under the Board of Management from 1 May 2023)	2,337,723,097	1,880,176,865
Ms. Le Thi Hong Nhung	Finance Director (under the Board of Management from 1 May 2023)	1,325,342,672	1,001,806,438
Ms. Vu Thi Huong Lan	Human Resources Director (under the Board of Management from 1 May 2023)	1,217,977,060	1,041,572,448
		<u>19,884,263,228</u>	<u>17,552,539,204</u>

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

	30.09.2023	31.12.2022
	VND	VND
<b>Trade receivables</b>		
Hoe Pharmaceuticals Sdn Bhd	894,647,462	777,311,258
<b>Trade payables</b>		
Taisho Pharmaceutical Co.,Ltd	2,725,453,521	-
<b>Short-term advances from customers</b>		
Taisho Pharmaceutical Co.,Ltd	604,786,764	-

## 39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Appropriation to reserves from profit	530,843,397,572	319,608,477,533
Transfers from construction in progress to tangible fixed assets	88,329,573,244	33,614,615,894
Transfers from construction in progress to prepayments	8,354,159,209	2,391,253,189
Transfers from tangible fixed assets to investment properties	8,531,138,859	-
Transfers from intangible fixed assets to investment properties	18,990,515,465	-
Accrued interest payables	526,609,182	20,985,711
Accrued interest income	136,070,334,241	52,168,375,330

## (b) Proceeds from borrowings

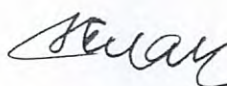
	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Proceeds from borrowings under normal contracts not over 3 months	465,362,465,955	215,316,648,610
Proceeds from borrowings under normal contracts over 3 months	1,081,055,610,861	623,217,441,336

## (c) Repayment of borrowings

	Fiscal period ended	
	30.09.2023	30.09.2022
	VND	VND
Repayment of borrowings under normal contracts not over 3 months	465,362,465,955	215,316,648,610
Repayment of borrowings under normal contracts	436,157,719,779	792,634,690,640




Tran Ngoc Hien  
Preparer



Ho Bui Huan  
Chief Accountant



  
Toshiyuki Ishii  
General Director  
20 October 2023