

**BOARD OF DIRECTORS' REPORT ON OPERATIONAL AND
FINANCIAL PERFORMANCE IN 2020 AND
PLAN FOR 2021**

I. VIETNAM'S SOCIO-ECONOMIC CONTEXT IN 2020 AND 2021 VISION

1. Socio-economic context in 2020

In 2020, Vietnam became a bright spot in the gloomy global economic picture, with its gross domestic product (GDP) growth of 2.9% while the global economy was expected to contract by at least 4% due to the impact of the Covid-19 pandemic as estimated by the World Bank (WB).

Labor productivity of Vietnamese population started to increase; as reported by the General Statistics Office, labor productivity at current prices in 2020 was USD 5,081/employee, an increase of USD 291/employee compared to 2019.

By the end of 2020, Vietnam signed 15 free trade agreements (FTAs) with other countries and territories around the world. In 2020 in particular, Vietnam ratified European Union Vietnam Free Trade Agreement (EVFTA) and signed the Regional Comprehensive Economic Partnership (RCEP) as well as UK-Vietnam Free Trade Agreement (UKVFTA).

In 2020, foreign direct investment (FDI) inflows into East Asia dropped by 30% - 40% while FDI into Vietnam reached 28.5 billion, 25% lower than 2019.

In 2020, Vietnam also started its digital transformation, strengthened the application of information technology in the management of macro activities. According to the e-government survey report in 2020, Vietnam moved up two places, compared with 2018, to rank 86th among the 193 members of the United Nations; in particular, its telecommunications infrastructure index increased sharply by 31 places.

Vietnam delivered a dual responsibility on its path to international integration in 2020 when it served as both the ASEAN Chair and a non-permanent member of the Security Council of the United Nations.

Vietnam persistently implemented the dual goal of pandemic prevention and economic development, and the policies introduced by the Government of Vietnam have been quite relevant to contribute to a bright economic picture in 2020.

2. Vietnam Economy 2021 and forecasts

In 2021, Vietnam's economy is forecast to further grow positively. According to the World Bank, Vietnam's economy is expected to grow by 6.8%, while the International Monetary Fund (IMF) forecasts Vietnam's growth at 6.5%. At the 10th session, the 14th National Assembly targeted an economic growth of 6% in 2021, which was a conservative target and possibly lower than the Vietnam's potentials, but which reflected slow growth in 2020 and uncertainties in the global economy.

Also according to the resolution of the National Assembly on economic development in 2021, the per capita GDP of Vietnam will reach USD 3,700 and the consumer price index will increase by about 4%. The health insurance coverage will be about 91%. The poverty rate decreases by 1-1.5 percentage points.

For the period of 2021-2025, Vietnam will promote economic growth intensively for all-sided developments: covering technical, socio-economic and environmental aspects, strengthen innovations for economic developments, improve labor productivity, and apply science and technology in daily activities and production.

II. PHARMACEUTICAL INDUSTRY IN 2020 AND 2021 OUTLOOK

1. Vietnam pharmaceutical industry in 2020

Like any other business sector, the pharmaceutical industry was impacted by the pandemic although pharmaceuticals are essential commodities. According to a survey conducted by Vietnam Report in 2020, as many as 64.3% of pharmaceutical companies believed that the industry was moderately impacted by the pandemic, while those believing that the pandemic caused serious impacts and little impact on the industry accounted for 7.1% and 28.6% respectively. Also in the survey findings, key challenges faced by pharmaceutical companies were due to the changing demand for pharmaceuticals, wherein the use of non-essential drugs tended to decrease while the demand for pain killers, fever reducers and vitamins, together with medical supplies such as masks and sanitizers, increased. In addition, the Government's introduction of strict measures in pandemic prevention, especially in hospitals, caused serious impacts on the ETC channel as hospital visits were avoided to the extent possible. Enterprises faced challenges in input materials procurement due to disruptions to supply chains, given that most of the pharmaceutical materials for local production were imported, mainly China and India. Business activities of pharmaceutical enterprises in 2020 mainly took place in the first and fourth quarters.

2. Outlook for the pharmaceutical industry 2021

According to the General Manager of IQVIA Vietnam, Thailand and Myanmar, Covid-19 pandemic caused serious damage to almost all industries around the globe. Vietnam's pharmaceutical industry was no exception to the impact of the pandemic. Business strategies of pharmaceutical companies are expected to transform in 2021 and the years that follow by changing their supply and demand management practices, promoting the application of science and technology and digital tools in business and management, and training human resources to be highly adaptive to the new situation. According to Fitch Solutions, Vietnam's pharmaceutical industry in 2021 will recover and grow at 8.7%, a modest growth compared to the period of 2010-2019. From expert perspectives, it is hard for Vietnam's pharmaceutical industry to have a disruptive growth in 2021 as most of the materials as well as technical components are imported. It is expected to face further challenges as the pandemic would not come to an end in 2021. The dependence on imported materials and disruptions to the global supply chain have presented a need to secure materials for production and further improve the risk management of businesses in a constantly fluctuating market.

The M&A trend in the Vietnamese pharmaceutical industry is expected to continue in 2021 as Vietnam is one of the few countries to successfully contain the pandemic. The macroeconomic stability in Vietnam will enable many businesses to leverage opportunities to boost their production and business activities.

Despite challenges, pharmaceutical businesses are also expected to further invest in science and technology, research and development, and especially e-commerce platforms to keep up with the changing market trends.

III. BUSINESS PERFORMANCE REPORT OF THE BOARD OF MANAGEMENT

1. Financial perspectives

Indicator (VND million)	2020	2019	% Change	2020 target	% of 2020 target
Total net revenue and other income	1,382,337	1,420,716	(2.7%)	1,750,000	79.0%
Net revenue	1,369,422	1,402,454	(2.4%)		
<i>Export turnover</i>	-	505	(100%)		
<i>Revenues from produced goods (Imexpharm products)</i>	<i>1,279,848</i>	<i>1,293,655</i>	<i>(1.1%)</i>		

Indicator (VND million)	2020	2019	% Change	2020 target	% of 2020 target
<i>Revenues from franchises</i>	70,807	95,937	(26.2%)		
<i>Revenues from other goods</i>	18,767	12,358	51.9%		
<i>Financial income and other income</i>	12,916	10,049	28.5%		
Cost of goods sold	822,376	874,535	(6%)		
Gross profit	547,046	527,920	36.2%		
Operation expenses	304,520	343,723	(11.4%)		
<i>Financial expenses</i>	19,620	18,694	4.9%		
<i>Selling expenses</i>	213,143	225,124	(5.3%)		
<i>General administration expenses</i>	71,348	99,753	(28.5%)		
<i>Other expenses</i>	409	176	232%		
Profit Before Tax and Allocation for Science & Technology Development Funds	255,441	222,429	14.8%		
Profit before tax	255,441	202,249	26.3%	260,000	98.2%
Profit after tax	209,697	162,387	29.1%		
Total assets	2,096,455	1,847,174	13.5%		
Owners' equity	1,730,486	1,558,889	11%		
Charter capital	667,054	494,212	35%		
% COGS/Net Revenue	60%	62.3%	(2.3%)		
% Operating Expense/Net Revenue	22.2%	24.5%	(2.3%)		

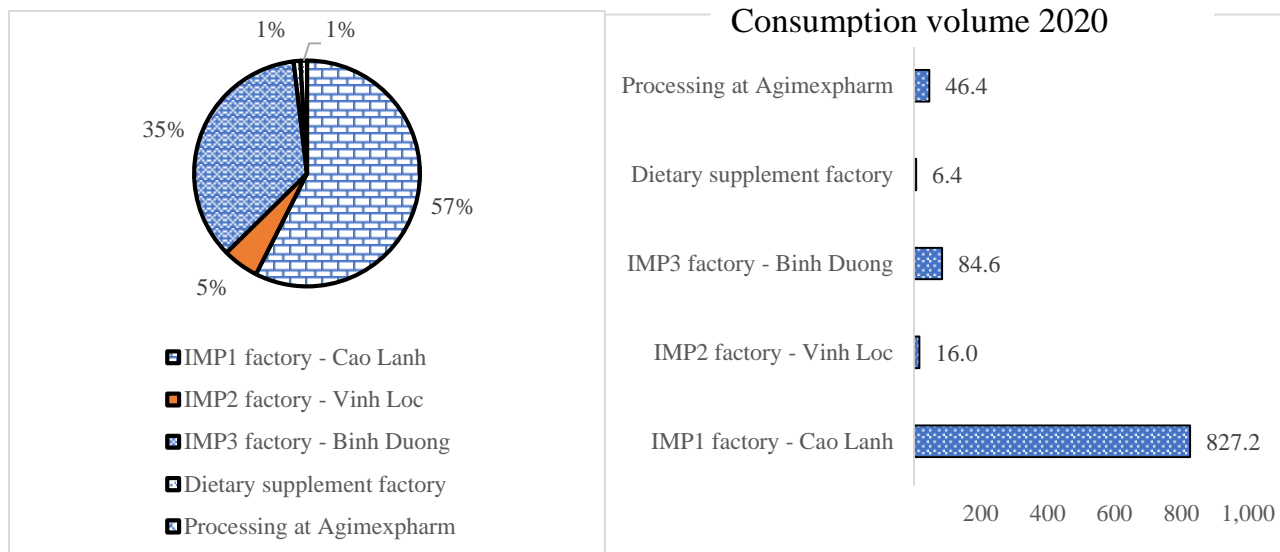
Revenues

Imexpharm's revenue in 2020 reached VND 1,382 billion, equivalent to 79% of its annual target and 2.7% lower than 2019. The initial revenue target was approved by the General Meeting of Shareholders when the macroeconomic situation was stable and the impact caused by the pandemic could not be fully evaluated. Inevitably, Imexpharm

failed to achieve its initial revenue target. Net revenue also decreased by 2.4% compared to the previous year.

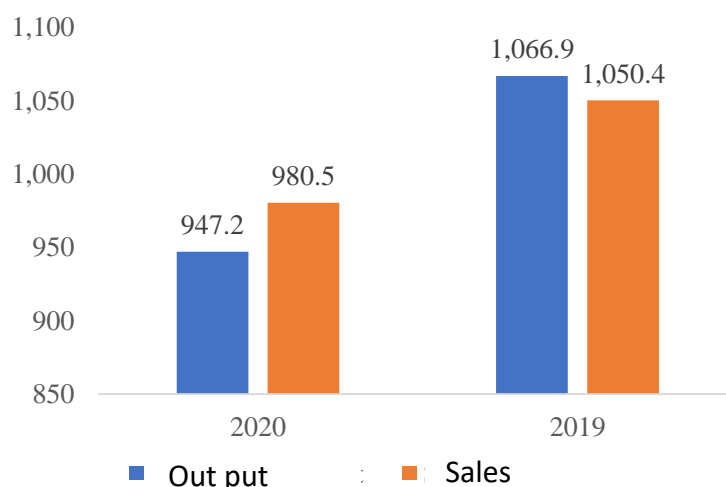
Imexpharm’s self-distributed goods still accounted for over 93% of its revenue structure; the company always focuses on key products to strengthen our brand, so the proportion of Imexpharm self-distributed goods is expected to stand at 90%.

Revenue structure by factory



Production output (million product units)

In terms of production output and consumption volume in 2020, there was a decrease compared to 2019, partly due to restructuring of the product portfolio and a decrease in overall demand in 2020.



Cost of goods sold

Cost of goods sold in 2020 dropped by 6% compared to 2019, which was much higher than the decrease in revenue. In response to a challenging year, the company actively stockpiled raw materials, thereby reducing unexpected price increases due to the

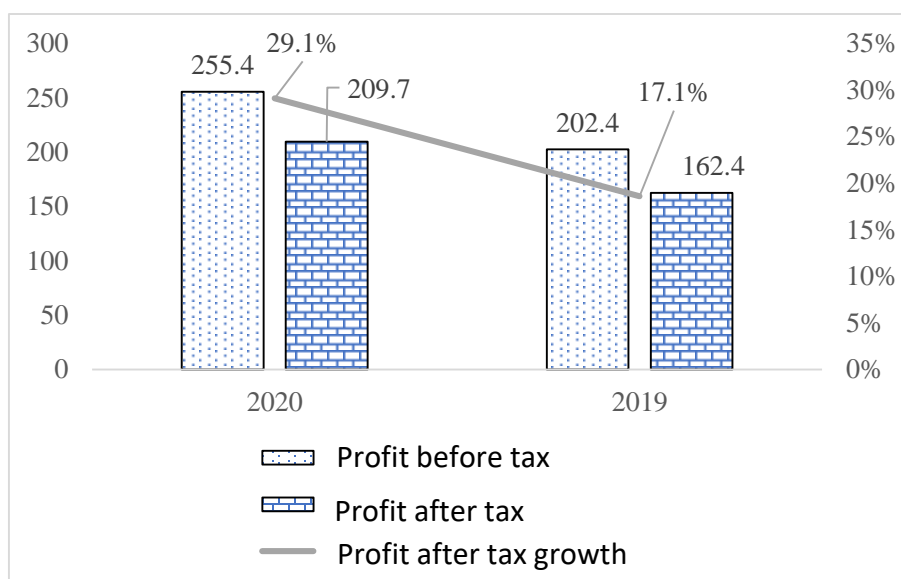
disruptions to the global supply chain. Restructuring of the product portfolio and terminating distribution of ineffective products proved beneficial when the cost of goods sold (COGS) to net sales ratio decreased compared to the same period last year.

Selling expenses increased marginally by 6.1% and general administration costs increased by 13.1%.

In 2020, sales and marketing activities were adjusted to reflect new situation. The Board of Management managed to keep costs under control in tight times to address uncertainties and macroeconomic fluctuations. Total operating costs was cut by 11.4% compared to 2019. In particular, sales expenses decreased by 5.3%, and general and administrative expenses dropped by 28.5% over the same period last year. As targeted by the Board of Management, keeping costs under control in challenging times would help the Company to be on track of strategic goals, thus maintaining its profit margin.

Profit target

Thanks to effective cost control practices and a focus on highly efficient products, Imexpharm's total pre-tax profit reached 255.4 billion, 26.3% higher than 2019. Profit after tax also increased by 29.1% yoy. However, the Company earnings only reached 98.2% of the targeted profit target of VND 260 billion for 2020 set by the General Meeting of Shareholders.



The profit growth rate was much faster than in 2019, thanks to efforts in cost control in response to stagnant revenue growth due to macro factors. Besides the optimistic economic figures, there were also gloomy parts when many businesses faced profit reductions and losses and closure due to the impact of the economic crisis caused by the pandemic. Delivering an impressive 30% yoy growth in profits was an extremely challenging task. Therefore, the Board of Management speaks highly of Imexpharm's

collective efforts in maintaining its production and business activities while also delivering great achievements in a year of uncertainties and fluctuations.

Assets and resources

Imexpharm's total assets in 2020 increased by 13,5% compared to 2019. Imexpharm's IMP4 factory was in the trial run to prepare for its commercial operation, so assets in progress increased. Besides, the supplement factory was also in the final construction stage, so Imexpharm's assets increased yoy. Meanwhile, owner's equity increased by 11%, largely due to the company's profit growth in recent years. At the same time, in 2020, the company also offered to sell its shares to employees to increase its owner's equity. Imexpharm's owner's equity ratio was 1.21. About 82.5% of Imexpharm's assets were being financed by owner's equity while the rest were funded by short-term payables. Currently, this financial leverage ratio was safely under the threshold and the company was also planning to add more capital to address upcoming challenges through long-term loans with concessional interest rates. Imexpharm controlled its assets and capital in a transparent manner and in accordance with the risk appetite identified by the Board of Management.

Receivables

Economic recessions always entail certain liquidity and debt problems for businesses and Imexpharm is no exception. The Board of Management understood that the receivables for 2020 increased by 31.6% over the same period last year, from 254 billion to 334 billion. Higher receivables were mainly due to Imexpharm's promotion of sales via the ETC channels which usually require a longer time for debt recovery than the OTC channels due to hospital procedures. However, the risk of bad debt is small as these are part of procurement packages and distribution partners would require time to collect debts from hospitals before making payment to Imexpharm.

Fund for Science & Technology Development

The Fund for Science & Technology Development was established in 2012 to support the construction of high-tech factories as well as deployment of advanced applications in corporate governance. In 2020, Imexpharm stopped distribution for the Fund for Science & Technology Development after its hi-tech factories were basically completed. Imexpharm allocated budget for the Fund for 8 years, from 2012 to 2019. The Fund for Science & Technology Development greatly supported the investment in quality medicine products that could be exported to the European market. Besides, it also financed deployment of advanced management applications such as ERP-SAP, distribution management software - DMS, balanced scorecard - BSC, approval fees and consulting fees to build EU-GMP factories.

Cash flows

CASH FLOW	2020	2019	Change
Net cash flows from operating activities	73,153	66,590	6,563
Net cash flows from investing activities	(136,476)	(120,623)	(15,853)
Net cash flows from financing activities	73,592	(61,363)	134,955
<i>Net cash flows in the period</i>	10,270	(115,396)	125,666
<i>Closing cash and cash equivalents</i>	85,269	75,035	10,234

Cash flows in 2020 was somewhat improved compared to 2019. Net cash generated by operating activities increased by 6.6 billion, equivalent to a growth of 9.9%. Besides, the company allocated more budget for investment activities, in particular, cash flow for investment increased by 15.8 billion. Net cash generated by financing activities also increased sharply compared to 2019, due to a decrease in cash dividends spent in 2020 compared to 2019, and the company also kept short-term debts in 2020. Closing cash and cash equivalents increased by more than 10 billion compared to 2019. The Board of Management would like to make it clear that the company must strictly implement its debt management to increase the cash in-flows from business operations while avoid the risk of capital appropriation by partners.

Stocks and dividends

Pharmaceutical stocks in general and Imexpharm stocks in 2020 became quite appealing thanks to investor belief that the pharmaceutical industry was highly defensive against market fluctuations.

In 2020, dividends in cash at 10% of share par value were paid to Imexpharm shareholders while it paid share dividends at the ratio of 10% and issued bonus shares to existing shareholders at the ratio of 20%.

In order to build a competitive brand for Imexpharm and retain high quality human resources to meet future development requirements, Imexpharm was approved by the General Meeting of Shareholders in 2020 to issue shares under the employee stock option plan. In 2020, Imexpharm issued and distributed all 2,469,300 shares to its employees. The Board of Management expected that the issuance of ESOP shares would bring positive impacts in maintaining an attractive working environment and building competitiveness for Imexpharm's brand name in the job market.

Financial indicators

Key indicators	2020	2019	Change
Profitability ratios			
Operating income/Revenue	18.4%	13.9%	4.5%
ROS (Net profit/Revenue)	15.3%	11.6%	3.7%
ROA (Net profit/Assets)	10.6%	9.0%	0.4%
ROE (Net profit/Owner's equity)	12.8%	10.6%	2.2%
Liquidity ratio (times)			
Quick ratio	1.6	1.6	-
Current ratio	2.8	3.0	(0.2)
Days Working Capital (days)			
Average days of inventories	170	140	30
Average days of short term trade receivables	77	56	21
Average days of trade payables	33	41	(8)
Days Working Capital	214	155	59
Debt ratios			
Liabilities/Owner's equity	21.1%	18.5%	2.6%
Liabilities/Total assets	17.4%	15.6%	1.8%
Stock market performance indicators			
EPS (VND)	2,773	2,225	24.6%
Market price on December 31 (VND/share)	56,300	42,900	31.2%
P/E ratio (times)	20.3	19.3	1.0
Book value of a share (BV, VND)	26,712	24,270	10.0%
P/B ratio (times)	2.1	1.8	0.3

Note: These calculations deem a year to be 360 days in length

Imexpharm's profitability indicators improved compared to the same period in 2019, due to a significant increase in the company's profit. The ROS, ROA, and ROE indicators all increased compared to the previous year. In particular, as the factories were gradually completed, total assets and owner's equity growth slow down while profit margin expanded rapidly, leading to the improvement of profitability indicators. Imexpharm's debt ratio was controlled at a safe level. Debts accounted for less than 21% of owner's equity and only 17.4% of total assets. Imexpharm was implementing a prudent policy on working capital management, meaning that the company would manage to keep the current ratio at 2.0 or higher. Currently, this ratio at the end of 2020

was 2.8 in line with the company's risk management policy and within the range expected by the Board of Management. The quick ratio was also kept at 1.6 which was equivalent to the same period in 2019.

Days working capital of the company significantly increased, with 59 days more, compared to 2019 compared to 2019. For The Board of Management, having more days working capital was an inevitable trend of the turbulent market. Average days of trade receivables also remarkably increased due to higher proportion of sales via the ETC channels. ETC debts required more time than OTC ones to be recovered as distribution partners often collect debts from hospitals before making payment to Imexpharm. Although there were risks of bad debts, Imexpharm believed that such a risk could be well managed with its internal control system and the support of the enterprise resource planning - SAP application. The Board of Management also noted that the average days of trade payables decreased compared to 2019, the company would review contracts with suppliers to ensure optimal payment conditions for Imexpharm. The Board of Management noted this backlog and will have a plan to have it addressed in the fiscal year of 2021.

The stock market indexes rose well due to the company's positive profit growth. EPS in 2020 increased by 24.6% compared to 2019 after the number of shares was adjusted for 2019 as Imexpharm issued shares to pay dividends and bonus shares to existing shareholders in 2020. Overall, Imexpharm's financial indicators in 2020 were well managed. Despite the fact that days of operation increased significantly compared to 2019, the Board of Management believed that, in the challenging time, there must be a certain trade-off to maintain business continuity, taking a number of acceptable risks for price and market share stability of the Imexpharm brand. The Board of Management determined that the company had to take timely actions and have to "stand firm to overcome the big waves", so the impacts on the financial indicators and short-term policies were inevitable.

2. Customer perspectives

Sales and Marketing

In 2020, instead of conducting field research to expand its distribution network, Imexpharm focused on improving the productivity of Sales Branches, while improving in-depth marketing activities and further organizing scientific seminars chaired by health experts. Sales activities in 2020 faced great challenges when the top priority was given to the safety and health of pharmacists. On the positive side, Imexpharm's business activities were maintained in 2020 and the whole team stood steadfast to move forward.

Sales and marketing activities in 2020 focused more on ETC channels in accordance with the company's strategic direction. However, Imexpharm also focused on strengthening its sales over the OTC channels by restructuring its product portfolio and conducting market research before launching new products that could meet consumers' changing needs. The Board of Management also classified the branches according to the probability of risk occurrence in order to introduce appropriate governance measures. In 2020, the Board of Management also noted that some branches underwent positive changes.

Imexpharm also organized scientific conferences in the first and fourth quarters, yet, at a smaller scale compared to previous years due to prevention measures in the face of the pandemic. Imexpharm Forum (Imexforum) was held and there were plans for replication in 2021. The Board of Management also noted that the sales promotion activities for branded products failed to meet expectations. Large-scale operations for OTC channels were somewhat scaled down while Imexpharm focused on key OTC customers only.

Customer service

Customer service in OTC and ETC channels was provided on a regular basis and gradually became part of Imexpharm's culture. In 2020, despite restrictions, Imexpharm successfully delivered its customer services. Birthday marketing or gift preparation on major holidays was properly organized. Imexpharm also conducted customer satisfaction surveys in the form of in-depth, face-to-face interviews to increase its interaction with customers for effective marketing strategies.

3. Internal process perspectives

Production management in line with European standards (EU-GMP)

In 2020, the company-wide contests for innovation and initiatives were launched to improve cost management practices at its factories. The Board of Management advocated cost-saving in all aspects, from operating costs to product costs, so as for Imexpharm to strengthen the management of factories and improve operational efficiency in the company. In addition, the Board of Management always requested factories to strictly comply with the European Union standards in the management of pharmaceutical production to deliver top-notch product quality.

Comprehensive quality management

Product quality is considered one of Imexpharm's core competencies, and it has always focused on quality management. Products of EU-GMP factories are always highly compliant with the production process as required by the European Union, in order to ensure customer safety and health and deliver high effectiveness in treatment. Products

of WHO-GMP factories also fully comply with the guidelines of the World Health Organization and the Ministry of Health of Vietnam, which has earned Imexpharm much pride in its brand of quality. The internal inspection is always performed as required to promptly overcome the backlogs and ensure product quality.

Investment in and efficiency improvement of R&D activities

Imexpharm's research and development in recent years has been well-organized. Drug registration, especially for EU-GMP factories, meets the treatment needs of the ETC channels in the high-end segment, thus enhancing the value of Imexpharm's key product portfolio. The Board of Management determined that, in the years to come, Imexpharm would further invest in in-depth research and development, strengthen international cooperation and expand the portfolio of products that meets European standards in order to enhance competitiveness of Imexpharm's brand in procurement and export. Besides, internal coordination will be performed more smoothly to assist timely and registration of products as scheduled.

Internal control system

Imexpharm's internal control system has been gradually improved by using advanced tools such as: SAP-ERP and distribution management software - DMS. In 2020, preventive and compliance controls were delivered by instructing branches to strictly comply with sales policies of the company, revising the Regulation on decentralized financial management at the Branches, and performing risk management in dealing with customers. The Board of Management also determined that, in 2021, Internal Audit should focus on promoting the development of risk prevention policies to minimize losses to the company, while promoting a corporate culture of transparency.

Legislation and Compliance

Legal Division worked closely with Internal Audit in 2020 in compliance inspection of sales branches as well as internal audits within the company. In 2020, the Board of Directors issued a Code of Conduct, defining acceptable behavior in business situations that employees shall adopt on a day-to-day basis as well as within the company, in order to promote integrity and honesty in the working environment.

In early 2021, many legal documents entered into force. Therefore, the Board of Management directed the Legal Division to provide updates and coordinate with relevant divisions to ensure that Imexpharm's compliance activities would be carried out systematically for highest efficiency.

4. Continuous learning and improvement perspectives

Human resources management

Human resource management was seen one of the key themes of action in 2020 as the company strengthened the capacity of its human resources in the face of economic turbulences. Human resource management was mainly delivered by creating an efficient, safe and welcoming working environment to attract high-quality human resources, while retaining talents to adapt to market uncertainties and fluctuations. In 2020, the Board of Management always provided timely instructions to ensure a stable staffing structure to overcome turbulences, creating a strong internal force as a platform for the company to thrive in the months and years to come. Salary, bonus and welfare policies for employees were implemented as guided by the Board of Management.

However, the human resource management in 2020 also faced numerous difficulties. Due to the impact of the economic crisis and the overall uncertainties in Vietnam and globally, the implementation of the BSC indicators was too challenging and it indeed failed to meet expectations for some criteria. This lowered the scores of business performance assessment. There was little improvement in succession planning and team building.

Talent training and development

The human resource training and development was also one issue of interest and thus closely monitored by the Board of Management. Imexpharm offered diverse training events, mainly focusing on two areas: internal training and external training. Internal training activities were held on a regular basis at factories and divisions. In 2020, external training activities were limited due to social distancing and gathering restrictions to ensure the health and safety of the employees. The company also organized online training activities to promptly provide knowledge to the pharmacists and the sales team and build technical capacity for each Imexpharm staff.

Sustainable development

In 2020, Imexpharm continued its sustainable development agenda in accordance with the goals of the United Nations and Vietnam, in order to deliver all-sided human resource development and represent, Imexpharm as a responsible company to all stakeholders and the community, including its environmental actions. In 2020, Imexpharm's sustainable development activities were partly affected by external factors. Despite little achievement in sustainable development in 2020, the Board of Management was proud to see the Imexpharm “boat” sail on the right track to basically deliver its key financial, human resource and environmental goals.

In 2021, Imexpharm's sustainable development strategy focused on efficient performance of production and business activities that could generate profits for the company, create sustainable jobs, and increase income for employees, in addition to cost-saving measures and efforts to curb production impacts on the environment.

IV. ACHIEVEMENTS AND LIMITATIONS IN 2020

1. Achievements in 2020

High adaptation to external changes

The year 2020 marked a new decade of turbulence for the global economy and community. The key focus of national governments was on protecting the public health. At the company level, ensuring business continuity was a top priority. Thanks to its company-wide effective governance and cost control, and a focus on distribution of highly effective product lines, Imexpharm managed to stand firm in a year of uncertainties.

Growing investor confidence in Imexpharm thanks to a transparent financial management system

Imexpharm had foreign strategic investors for the first time since its public listing, and the confidence in Imexpharm's brand and reputation was growing in the business community. In addition, Imexpharm was also honored to become a partner of the Asian Development Bank (ADB) which provided a loan worth USD 8 million to help the company sustain its production in response to the fluctuations caused by the pandemic.

Sustaining production to meet the needs of business activities

Risk management, safety protection and health assurance for all production workers were properly performed; production activities were maintained without any interruption to meet goods demand for business activities. In addition, factories also focused on governance improvement and cost savings to increase profits for the company. The coordination between drug manufacturing and registration teams were conducted more smoothly for faster and easier drug registration.

Robust human resource management to support operational stability

Human resource management was properly undertaken, with necessary adjustments to reflect the actual situation, to support operational stability. Internal training, especially training of new pharmacists, and product knowledge training were also provided as either: on-site or online training to ensure prevention of the pandemic and build capacity of Imexpharm pharmacists for most efficient operations at the company.

2. Limitations in 2020

Failure to deliver 2020 revenue and profit targets

Imexpharm recorded negative revenue growth for the first time after many years of remarkable growth. The revenue target of 1,750 billion for 2020 was defined for the business-as-usual scenario while, in Q2 and Q3, Imexpharm's business was strongly impacted by market disruptions and stagnation due to external factors. Therefore, its failure to fulfill the revenue and profit targets for 2020 was somewhat similar with other

businesses. The Board of Management is also held accountable to shareholders and investors for failing to fulfill the revenue and profit targets for 2020 in the face of the difficult economic conditions.

Severe delays in approval of the IMP4 factory due to travel restrictions

Lockouts and restrictions in European countries delayed the approval of the IMP4 factory according to EU-GMP standards. The Board of Management requested to deliver preparatory work as needed for remote auditing of some components, and closely followed up with European experts for other needed measures to complete the factory approval at the earliest possible time.

Failure to deliver breakthrough in marketing activities in 2020 to build a stronger brand identity for Imexpharm

Due to the pandemic-related restrictions and the call for vigilance in the new normal conditions, the implementation of marketing activities was greatly limited in the second and third quarter of 2020. The promotion of brand name products failed to meet the 2020 target. In 2021, the Board of Management will make necessary adjustments to marketing strategies in the new situation, while also enhancing efforts to promote Imexpharm image.

Failure to deliver expected outcomes after a push for wider application of the principles of corporate culture in order to implement the strategy

Corporate culture helps shape the brand and value proposition of a business; thus, the Board of Management requested in 2020 that, the principles of corporate culture be clearly and thoroughly communicated to all Imexpharm's employees, in order for these to be guiding principles practiced in day-to-day operations of the company. However, the application of Imexpharm principles of corporate culture was not consistent between its officials and employees, lowering the chance to deliver expected outcomes for 2020. The Board of Management well noted the shortcomings regarding these internal governance targets and would work out corrective measures in months to come.

V. KEY OBJECTIVES IN 2021

Target sales and profit growth of 10% -15%

For 2021, the Board of Management sets a cautious sales growth target, based on the overall growth projections of the government and analysis and forecasts on the socio-economic situation and the pharmaceutical industry for 2021. Accordingly, Imexpharm expects its sales growth of 10% -15% in 2021 compared with 2020. This is a moderate goal after taking into account complicated and unpredictable developments in 2021.

In 2021, Imexpharm targets total revenue of VND 1,530 billion or 10.7% yoy increase. As for the profit target for 2021, the Board of Management expects a profit margin of VND 290 billion, 13.7% higher than 2020.

Building internal strengths and standing prepared for disruptive growth in the years ahead

Financial management, risk management, human resource management must be carried out more strongly and drastically as a foundation for rapid recovery and growth in 2022 while accelerating its operations to fulfill the growth target for the period 2018-2022.

Improving demand forecasting and coordination between divisions to map proper development strategies

Target assignment in terms of revenue, production output and budget allocation to each division must be performed more effectively to introduce timely policies in response to market fluctuations.

Further filing for EU compliance for products of the EU-GMP factories and new products of the IMP4 factory

Product research and development must be further strengthened, with particular focus on compliance with European standards for EU-GMP factories, while accelerating the registration of new products for the IMP4 factory for timely commercial production and product marketing.

Streamlined production and improved cost management

The company will adopt a streamlined production process for IMP1, IMP2, and IMP3 factories in order to minimize non-value adding stages, reduce selling prices and enhance the competitiveness of Imexpharm's products on the market.

Enhanced monitoring of work performance, with needed adjustments in the new situation

The quality of human resources must be constantly improved through regular monitoring of work performance. Performance evaluation indicators will be updated on a regular basis to respond to changing realities. Supervision, mentoring, training and development of the succession team must also be conducted as planned and in accordance with company policy.

VI. CONCLUSION

Above is the business performance report for 2020 of the Board of Management. We indeed have been through a challenging and turbulent year and this is a good timing for all of us to look back, feel proud of the resources we hold, and the cherish the opportunity arisen from multi-dimensional challenges and risks to have an all-sided

assessment of the Company's operations by evaluating our short-term performance against long-term goals.

The Board of Management hereby speaks highly of the enduring and collected dedication of Imexpharm in 2020. We also would like to send our sincere thanks to our shareholders, investors and customers who always cherish, placing their trust on and accompany the Imexpharm brand. We have been through the first year of the decade feeling disappointed and concerned with great uncertainties. From now, we will continue to step forward with more optimism. The unsatisfactory figures will drive our innovations and build our resilience to overcome challenges.

The Board of Management deeply believes that tomorrow will be better than today. And, at Imexpharm where “*lotus flowers still bloom 1,000 years later...*”, great values will be preserved and sustained.

Sincerely,

**ON BEHALF OF THE BOARD OF MANAGEMENT
GENERAL DIRECTOR**