

**BUSINESS AND FINANCIAL PERFORMANCE REPORT OF THE
BOARD OF MANAGEMENT FOR 2022 AND 2018-2022 TERM; PLAN
AND TARGETS FOR 2023 AND BUSINESS STRATEGY FOR 2023-2027****A. VIETNAM MARKET SITUATION IN 2022 - 2023 OUTLOOK**

Vietnam's economy in 2022 has seen peaks and troughs, with opportunities and challenges alternately presented for the production and business activities of Imexpharm Corporation in particular and the business community in general. The biggest opportunity was presented by the Government's success in fighting the pandemic. As a result, the economy gradually recovered after two years of turbulence due to the Covid-19 pandemic. However, challenges continued to linger, the domestic market is distressed by world volatility, geopolitical tensions and escalating inflation, along with a sharp increase in interest rates, especially during the last months of the year.

Imexpharm SWOT analysis for the situation in 2022 points out the following points:

Advantages

- Binh Duong Hi-tech Factory - IMP4 was officially announced by the Vietnamese regulator to have obtained the EU-GMP Certificate after a long time of implementation, and started to produce and supply goods to the market.
- Management of sales branches was strengthened effectively, and at the same time, pharmaceutical sales representatives were motivated to complete their KPIs.
- The employee income policies have been paid attention to and improved by the Board of Management.

Disadvantages

- The recovery of ETC channel in the first 6 months of 2022 was slower than that of OTC channel, but it was promoted in time so that revenue exceeded the year plan.
- The forecasting work was not closely implemented between Departments leading to a loss of market opportunities, exerting more pressure on the factories, and increasing production costs.

Opportunities

- Productions of drugs, pharmaceutical chemicals and medicinal grew by 18.3% YOY (according to the General Statistics Office).
- Thanks to herd immunity, social activities returned to normal, children were allowed to go to school, on the other hand, the pandemic increased respiratory diseases, promoting OTC and ETC pharmaceutical market to grow and surpass plan targets.

- Industry authorities focus on solving post-Covid problems and navigating through the challenges of the pharmaceutical industry, such as extending the expiry date of product registration numbers.

Challenges

- The complicated political situation in the world causes difficulties in importing raw materials, fluctuations in exchange rates, especially the scarcity of gas raw materials, causing production delays, leading to significant increases in input costs and the Company's operating expenses.

- The situation of the health sector was still challenging and unrested

- State management policies still contain many shortcomings, especially in drug registration, bidding, and GMP re-approval.

B. FORECAST IN 2023 AND PHARMACEUTICAL INDUSTRY TRENDS FOR 2023-2027 PERIOD

The global economic situation in 2023 continues to face countless difficulties with the forecast of slow growth, increasingly likely recession in the short term, due to high inflation and geopolitical disputes, armed conflicts, natural disasters, and pandemics, etc. According to the forecast by Asian Development Bank (ADB), Vietnam's economic growth index in 2022 was 7.5% and will decrease to 6.3% in 2023. Manufacturers in Vietnam are also affected by the decline in the export market as the US economic downturn adversely impacts consumption. Along with that, business confidence was also reduced due to some obstacles of the economy. In general, Vietnam's economy in 2023 may not grow robustly in the first 6 months of this year but is still more optimistic in the second half of the year. Given that situation, first of all, it is necessary to focus on solutions to stimulate domestic demand so that the economic circulation can be resumed continuously and facilitate the economy to avoid a crisis. Therefore, in fact, the economic prospect of 2023 has a lot of room for manufacturers, which constantly update, innovate, and develop products, to catch up with the trend of the current technology-driven economy.

Vietnam's market of healthcare industry in general and pharmaceutical industry in particular is growing rapidly, besides the growing trend of investment in building manufacturing plants meeting higher standards including PIC/S-GMP, EU-GMP, JAPAN-GMP.. IQVIA's forecast by 2025 expects the global pharmaceutical market will reach USD 1.7 trillion, while Fitch Solutions estimates that Vietnam's pharmaceutical revenue will reach over \$7.5 billion, accounting for nearly 1.8% of GDP.

The driving force of the pharmaceutical industry in the long term stems from the investment of multinational pharmaceutical units, improvement in the quality of medical examination and treatment, and expansion of the country's social and demographic health insurance. Along with that, prescription drugs are expected to account for an increasing proportion of total pharmaceutical expense in the coming years, thanks to the high treatment demand as people's incomes increase, the deployment of health insurance country, and the healthcare infrastructure is increasingly improved. A survey by Vietnam Report shows that 69.2% of enterprises in the industry are clearly confidence in Vietnam's

economic prospects in 2023, and the other 42.9% are optimistic about the prospect of the pharmaceutical industry in the next year.

C. REPORT ON OPERATIONAL AND FINANCIAL PERFORMANCE OF BOARD OF MANAGEMENT

I. OPERATIONAL AND FINANCIAL PERFORMANCE 2022

Operational performance briefing 2022

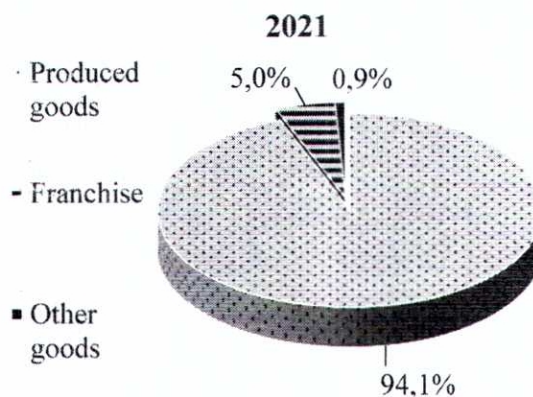
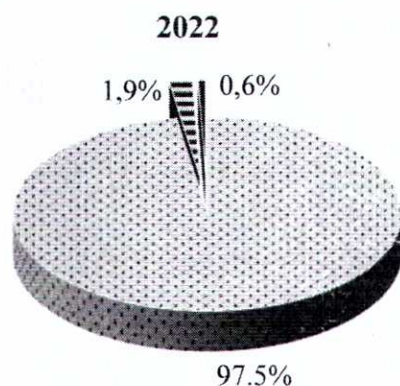
No.	Indicator (VND million)	2022	2021	% Change	Plan 2022	% Plan 2022
1	Total net revenue and other income	1,668,223	1,290,554	29.2%	1,450,000	115.1%
2	Net revenue	1,643,707	1,266,597	29.8%		
3	Revenues from production	1,601,952	1,191,295	34.5%		
4	Cost of goods sold	946,351	778,595	21.6%		
5	Gross profit	697,355	488,001	42.9%		
6	Income from financial activities	23,541	18,444	27.7%		
7	Financial Expenses	29,408	18,041	63.3%		
8	Where: Interest expense	3,795	5,496	(30.9)%		
9	Sales expenses	269,015	181,293	48.4%		
10	Management expenses	131,840	72,637	81.5%		
11	Net Operating Profit	290,633	234,475	24.0%		
12	Profit before tax	291,404	238,859	22.0%	275,000	106.0%
13	Profit after tax	223,540	189,095	18.2%		

1. Performance of revenue targets

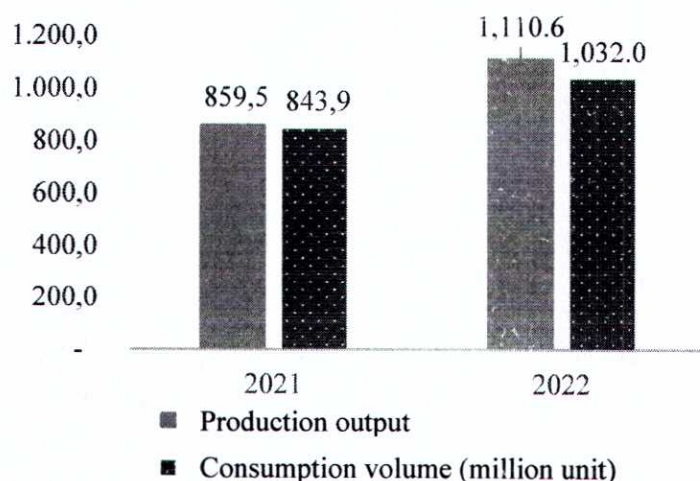
At the end of 2022, Imexpharm's total net revenue and income reached about VND 1,668 billion, up 29.2% over the same period and equivalent to 115.1% of the annual plan set by the General Meeting of Shareholders.

Revenue structure in 2022 by product category

At Imexpharm, revenue of manufactured goods always accounts for a high proportion in the revenue structure. With the strategy of the Board of Management to focus on developing branded products, therefore, Imexpharm's products still play a leading role in the revenue structure with the proportion of up to 97.5%. In 2022, franchise and other purchases will account for 1.9% and 0.6%, respectively. Also in this year, revenue from franchises decreased by 48.4% compared to 2021, from which the Company focused on promoting sales of manufactured goods to increase by nearly 30% YOY. To further contribute to the revenue structure, Imexpharm is still looking for export markets for products granted with European Visa.

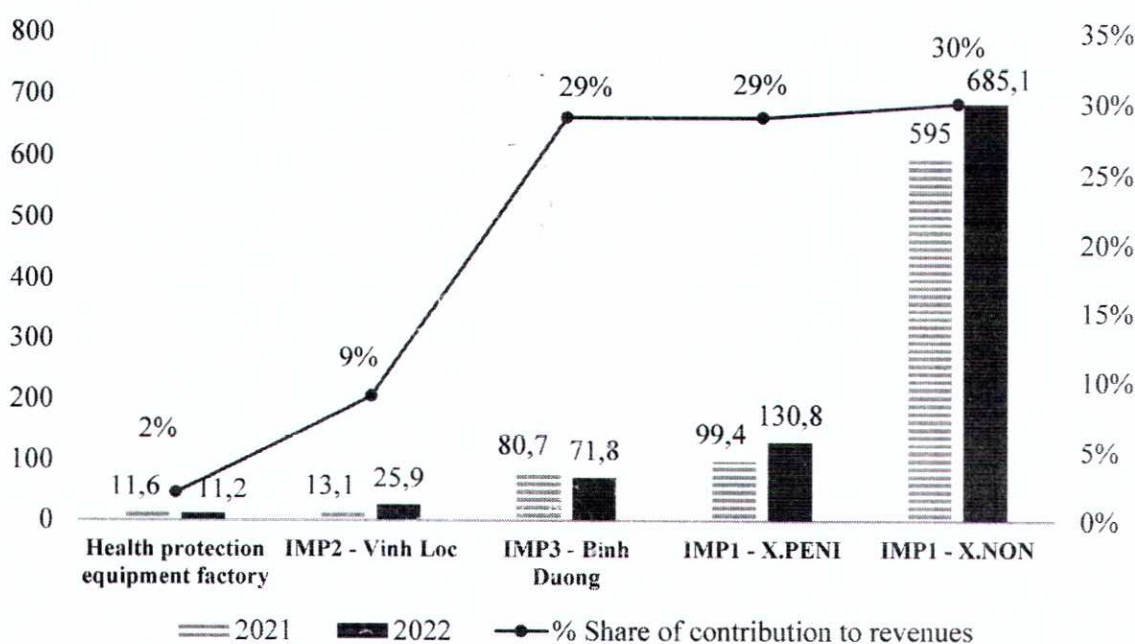


Production and consumption



Imexpharm's revenue in 2022 increased, correspondingly, the production output at factories also increased by 29,2% over the same period in 2021. At the same time, consumption volume of the whole Company also increased by 22,3%, from 843.9 million product units in 2021 to 1,032 million product units in 2022.

Consumption by factory



IMP1 factory (including Non-betalactam and penicillin factories) in Dong Thap still accounted for the highest contribution to the whole Company in terms of both outputs and sales revenue, accounting for nearly 60% on revenue.

IMP3 factory - Binh Duong reached the sales volume of 71.8 million units and has contributed nearly 30% of the Company's revenue thanks to high-value injectable products.

Consumption output of IMP2 factory doubled compared to 2021, due to the Company's strategy of focusing on selling high quality products of EU-GMP factory.

Dietary Supplement Factory, despite its consumption volume lower than in 2021, has good sales growth over the same period, largely due to the trend of using vitamins and quality supplementary foods to improve the post-pandemic physical health of the community.

The IMP4 factory has completed the approval and been granted the EU-GMP certificate in July 2022, setting the prospect that in the near future it will contribute a significant output value to the consumption structure of the whole Company.

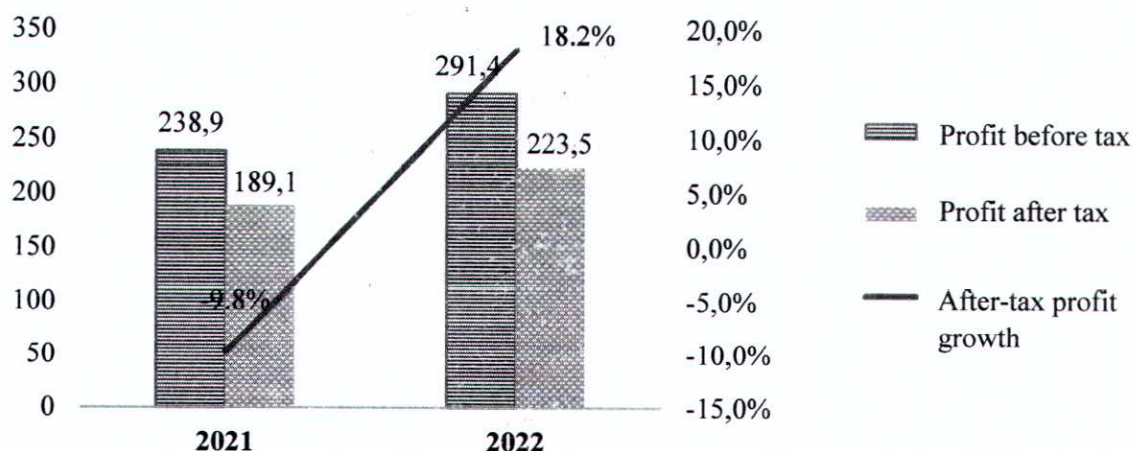
2. Cost of goods sold and operational expenses

Imexpharm has well controlled the cost of goods sold (COGS) in 2022 which increased by 21.6% YOY, lower than net revenue growth rate of 29.8%, in the context of the fractured global supply chain still and escalated prices due to inflation. As a result, Imexpharm's gross profit margin in 2022 reached 42.4%, from 38.5% in 2021.

Selling and administration expenses both recorded an increase of 48.4% and 81.5%, equivalent to VND 269 billion and VND 131.8 billion respectively because conferences, promotions and customer care activities were also enhanced compared to 2021. Besides, the basic salary increased, along with the increases of fuel and the other goods and outsourced service expenses.

3. Performance of profit targets

Imexpharm's pre-tax profit in 2022 reached VND 291.4 billion, up 22% compared to 2021 and reaching 106% of the annual plan set by the General Meeting of Shareholders, thanks to good cost control and focus on products with high demand in the market in 2022. Profit after tax also increased by 18.2% yoy.



4. Total assets and capital

No.	Indicator (VND million)	2022	2021	% Change
1	Total assets	2,276,944	2,294,700	(0.8)%
2	Owners' equity	1,894,447	1,794,410	5.6%
3	Charter capital	667,054	667,054	0%

As of December 31, 2022, Imexpharm's total assets were VND 2,276.9 billion, down 0.8% over the same period, mainly from debt reduction. Owner's equity of the Company increased by 5.6% YOY, largely due to the company's profit growth in recent years. The Company's charter capital remains unchanged from December 31, 2021. About 83.2% of Imexpharm's assets were being financed by owner's equity while the rest were funded by short-term payables. Total assets on equity ratio were 1.2. Currently, this financial leverage ratio was safely under the threshold and the company was also planning to add more capital to meet upcoming development strategy 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.

5. Cash flows

No.	Cash flows (VND million)	2022	2021	Growth
1	Cash flows from operating activities	378,603	234,881	61.2%
2	Cash flows from investing activities	(199,304)	(83,142)	139.8%
3	Cash flows from financial activities	(271,718)	34,495	(887.5)%
4	<i>Net cash flows in the period</i>	<i>(92,419)</i>	<i>186,235</i>	<i>(149.6)%</i>
5	<i>Cash and cash equivalents at the end of the year</i>	<i>178,845</i>	<i>271,273</i>	<i>(34.1)%</i>

Imexpharm's operating cash flow has been well improved due to positive business results in 2022. Compared to the end of 2021, operating cash flow reached nearly VND 379 billion, an increase of more than 61%, thereby helping Imexpharm ensure a safe source of money for operations. Cash flow for investment increased by VND 116 billion, up of nearly 140% compared to 2021, mainly thanks to the increase in term deposits. Besides, the Company has paid off debts during the year, so cash flow from financial activities decreased sharply compared to 2021. Closing cash and cash equivalents reached VND 179 trillion, down 34% compared to the end of 2021.

II. PERFORMANCE REPORT OF THE BOARD OF MANAGEMENT IN 2022

1. Sales promotion and Marketing activity strengthening

In 2022, total revenue increased by 129.24% compared to 2021, and the excellent revenue target exceeded the plan by 115.05%. This was a breakthrough year filled with efforts and creativity of the sales team in the context of competition and fluctuations in the market as well as changes in the policies of Vietnam's pharmaceutical industry.

At Imexpharm, sales policies were developed early with timely adjustments and updates, boosting sales right from the first quarter of the year. One factor that creates the success of 2022 is the effective operation of the DMS (distribution management channel) system and the achievement of many positive points in monitoring, management and support for pharmaceutical sales representatives. The sales teams operate at 20 branches nationwide, headed by the National Sales Director and the General Director, with dedication, innovation, and persistence in performing the company's tasks. This is the main factor that creates an outstandingly successful 2022 for Imexpharm.

The smooth and synchronous coordination between Sales and Marketing departments has helped develop and expand the customer network, increase the coverage and identity of Imexpharm's brand across 63 provinces and cities of Vietnam. Sales and marketing activities in 2022 focused on promoting both OTC and ETC channels to gradually capture market shares in line with the Company's strategic direction. During the year, Imexpharm has improved its marketing activities profoundly, and organized a series of scientific seminars chaired by leading experts. In particular, in the fourth quarter of 2022, Imexpharm successfully organized a series of seminars on "Consulting and selecting antibiotics in treatment of respiratory infections in the drug resistance era" in 9 major cities in the country to express our gratitude to customers, create opportunities for meeting and experience sharing, and promote Imexpharm's image to target customers. As the pharmaceutical market has become increasingly competitive, brand value enhancement contributes greatly to revenue growth. Therefore, the Board of Management determines to maintain and replicate this kind of activities in the upcoming time.

2. Investment in and efficiency improvement of research & development activities

In the last term 2018-2022, the Executive Board focused on investing in R&D activities in an well-structured and modern way. This is a strategic decision of the Board of Management because investment in R&D activities is the foundation for Imexpharm to produce different and high quality products, enhancing our competitiveness in the pharmaceutical industry. With an experienced, enthusiastic, and creative young human resources at the R&D department, in the past year, many new products have been launched to meet the market demand, in order to contribute in revenue growth. In order to further improve the research capacity of this important team, the Company has also regularly organized training courses, updated professional knowledge and management skills to improve efficiency in staff research.

In 2022, R&D activities have made many positive results in researching and implementing new products to market and added to the portfolio many high-value products by EU - GMP factories. By the end of 2022, Imexpharm had a total of 326 licensed product registration numbers, including 13 European Visa-registered numbers. The Board of Management also acknowledged the efforts of the R&D team in registering new products and re-registering expired products amongst the general challenging situation of Vietnam's pharmaceutical industry. In addition to the positive results, the Board of Management has requested that R&D activities should focus more on improving the professional capacity for employees to build a strong R&D team, meeting the needs for breakthroughs in drug

research and registration, effectively contributing to the rather challenging business growth indicator set by the Board of Directors and Executive Board in the next term.

3. Transparent and sound financial system maintaining

The Finance Division at Imexpharm has always operated in a transparent and solid manner, with the top goal for business development of financial stability. The Board of Management highly appreciates the administrative work of the Finance Division in 2022 in terms of ensuring effective capital sources, promptly meeting production and business needs, and fulfilling obligations to the State Budget. In addition, the debt control on the OTC channel achieved positive results as both of the ratio of overdue debt over total revenue and the value of overdue debt in 2022 decreased sharply compared to the previous year.

All of the above results have been clearly and reliably demonstrated by the Asian Development Bank (ADB)'s high evaluation on financial health of Imexpharm. However, the debt control, management and collection were still not really thorough. The Executive Board will work on solutions to deal with this problem in 2023, expecting the best results.

4. Human resources – the essential factor paid the most attention and investment at Imexpharm

For Imexpharm, human resources are considered an extremely important factor contributing to the success and sustainable development of the Company. Through ups and downs of the times, Imexpharm always has a team of personnel with rich experience in fields of responsibility, who have been with us from the early days of hardship to the achievement of success after a 45-year journey together. Since 2018, the Company has set out a philosophy of human resource development based on 3 pillars “Excellent expertise - Good Health - Strong Mind”. With this comprehensive development philosophy, Imexpharm is proud to have a team of employees with positive attitudes, profound knowledge, and excellent skills to meet development requirements. In 2022 with unpredictable fluctuations in the labor market, personnel recruitment activities were always focused to meet the production and business needs of divisions. Recruitment activities have undergone many transformations from implementing digital transformation in collecting candidate profiles, screening, and making statistics, to interviewing, and employer branding to increase the quantity and quality of candidates. As a result, more than 90% of the recruitment demand was met and the number of recruitments increased by nearly 300% over the same period.

For training, there have been many changes in quality, content, and form of training, in which the trend of E-learning (Micro-learning and nano-learning) was focused on implementation. In 2022, the Company organized about 100 internal and external training courses, with a training budget of more than VND 3 billion. In addition, the salary, bonus and welfare policies for employees are always amended and supplemented to attract and retain quality employees. Among them, the outstanding policies are KPI bonuses for business division and 3P salaries for key persons of EU-GMP factories, besides bonus policy for all employees of the company. In 2022, the company's employees, depending on their positions, tasks, capacity, and work performance, received incomes ranging from 17 to 21 months' salaries.

5. Safe production – Standardized products

Production activities in 2022 have successfully reached maximum volume of goods for business in the context of a surge in demand compared to the construction plan at the beginning of the year. This year in particular, the IMP4 factory has been completed and certified with EU-GMP standards. This is attributable to the great efforts of the factory staff and related departments in the whole process from project implementation to the completion of EU-GMP assessment. This achievement has made Imexpharm the pharmaceutical company with the largest number of EU-GMP lines in Vietnam with 11 lines being put into operation, contributing to expanding ETC market share in the coming time.

Quality assurance and product quality control activities help to maintain strict control and management of the entire product supply chain from input materials, production, ex-factory delivery of finished products to product quality control in the course of distribution process to ensure the quality, safety and efficacy of products offered to consumers. The quality system remains a top priority for Imexpharm to maintain a high standard and constantly improve and update to meet the increasing requirements of domestic and foreign regulators and partners.

Although the factories have been operated stably, quality assurance activities also need to closely follow production and business activities to ensure that there are no incidents and risks to product quality, thereby contributing to maintaining the trust and reputation of Imexpharm's products among customers.

6. Imexpharm people's respect for the rule of law

With utmost commitment to fully complying with the regulatory provisions, Imexpharm remains persistent in building a risk prevention system to minimize losses to the Company when problems arise in connection with compliance activities. In 2022, no significant violations occurred at Imexpharm, the Board of Management considers this a success of the governance work in line with transparency criteria.

In 2022, state management agencies have issued many legal documents with direct impacts on the company's production and business activities. The Board of Management directs specialized departments to promptly update, research and strictly implement legal documents related to their respective functions and duties, thereby ensure the integrity of departments and Imexpharm's respect for the rule of law more broadly. The Company's legal work will be maintained and promoted to manage legal risks and promote the Company's sustainable development.

7. Commitment to maintaining production and business activities in association with sustainable development objectives

Under the leadership of the Chairman of the Board of Directors - Head of the Sustainable Development Committee, in 2022 the Company continued to implement sustainable development strategies in alignment with production and business goals. Despite little outstanding activities compared to last year, the Board of Management was proud to see the Imexpharm keeping on the right track as its key financial, human resource and environmental goals have been basically delivered.

Imexpharm focuses on investing in quality standards of production plants to help minimize negative impacts on the environment. In addition, the Company remains fully compliant with the regulatory provisions in production, wastewater treatment, and waste management to fulfill our responsibility for preserving the community's living environment. IMP3 and IMP4 factories were awarded certificates of merit by the Chairman of Binh Duong provincial People's Committee for our outstanding achievements in environmental protection in the province. Also in 2022, the Company successfully organized a series of workshops on Gender Equality and Human Development for all Imexpharm staff.

8. Successfully organized a series of activities to celebrate the Company's 45th anniversary

In 2022, the Company organized a series of events to celebrate our 45th anniversary of establishment and development. At this flagship event, the Board of Management selected and announced August 1 every year as Imexpharm Day. Nearly 1,300 members of Imexpharm's extended family had meaningful and emotional moments in reviewing the journey together and further nurturing enthusiasm and dedication to contribute to the Company's next chapter of development which promises more breakthrough success.

This series of events were carefully and successfully prepared, organized and implemented, helping to achieve the goals set out in building Imexpharm's Cultural Identity. The moments that took place in 3 days, July 30, July 31 and August 1 last year must have become beautiful memories of each member of the Imexpharm family. After this successful event, Imexpharm's team continued our efforts to make new achievements to celebrate the company's 50th anniversary.

III. ACHIEVEMENTS IN PERIOD 2018-2022

Thanks to the right strategic directions, validated by strong confidence and concerted determination of the whole team, Imexpharm has delivered impressive achievements for the 2018-2022 term as follows:

1. Stable business performance and sound financial status

Summary of business and financial performance over 5 years period

No.	Target (VND billion)	2022	2021	2020	2019	2018	CAGR (2018-2022)
1	Total net revenue and other income	1,668.2	1,290.5	1,382.3	1,420.8	1,207.1	8.4%
2	Net revenue	1,643.7	1,266.6	1,369.4	1,402.5	1,184.8	8.5%
3	Profit before tax	291.4	238.9	255.4	202.4	173.8	13.8%
4	Profit after tax	223.5	189.1	209.7	162.4	138.7	12.7%
5	Total assets	2,276.9	2,294.7	2,096.5	1,847.2	1,774.2	6.4%
6	Owner's equity	1,894.4	1,794.4	1,730.5	1,558.9	1,504.6	5.9%
7	Charter capital	667.1	667.1	667.1	494.2	494.2	7.8%

CAGR of total revenue is 8.4%, still lower than the figure 8.6% of 2013-2017 period, but still enough to ensure stable development of the Company through the most difficult period. Profit after tax grew at a CAGR of 12.7%, demonstrating the Company's high

efficiency in controlling input costs. It can be said that 2018-2022 has been a fairly successful and stable term for Imexpharm in terms of top line and bottom line growth.

Indicators such as Total Assets, Owner's Equity and Charter Capital have all grown in the past term.

2. The company with the largest number of EU-GMP lines in Vietnam

Driven by the message “Aspiration to lead” in the 2018-2022 term, Imexpharm has invested all our efforts in building new European-standard factories. By July 2022, the IMP4 factory finally obtained EU-GMP certification approved by the Hungarian Ministry of Health, raising the total number of production lines meeting EU standards to 11 - the largest number of EU production lines in Vietnam to date with 4 active production plants, thereby expanding ETC market share in the near future.

3. Extensive engagement of the strategic shareholder SK Group (Korea) in the company's strategic activities

On May 29, 2020, Imexpharm officially onboarded a strategic shareholder, SK multi-industry corporation from Korea after SK Investment Vina III acquired 12.32 million shares, equivalent to 24.94%. By the end of 2022, SK has increased its total direct and indirect ownership ratio to 64.78% in Imexpharm. Beyond financial strength, SK also possesses experience and strategic orientation in environment friendly business and corporate social responsibility, enabling them to engage intensively and extensively by advising and facilitating Imexpharm's shift towards global expansion.

4. Higher income - sustainable career at Imexpharm

At Imexpharm, we put people at the core of our operational goals. During a turbulent tenure, it is impossible not to recognize relentless efforts of the Board of Management in ensuring and promoting a decent living quality for all employees both in terms of material and social aspects.

No.	Indicator	2022	2021	2020	2019	2018	CAGR
1	Average number of employees (people)	1,260	1,203	1,217	1,246	1,208	1.1%
2	Average income (VND Million/person/month)	18.1	15.7	15.6	16.5	14.7	5.3%

By the end of 2022, the total number of Imexpharm's employees is 1,260, an increase of 4.7% compared to 2021, with an average income of VND 18.1 million/person/month, or over 15% year over year. The CAGR in the number of employees over the 2018-2022 period was 1.1% and in the average income was 5.3%. Imexpharm's annual turnover rate is always lower than the industry average. Per capita income increases gradually over time and remains above the national average income.

5. Awards & accolades

- Top 50 Vietnamese best places to work in 2022, surveyed and honored by Anphabe.
- Top 10 Best Annual Reports 2022, mid-cap category honored by HOSE, HNX & Investment Newspaper.

- Top 5 most profitable enterprises in Vietnam 2022, in health and medical equipment category honored by Vietnam Report.
- IMP shares of Imexpharm Pharmaceutical Joint Stock Company are included in the Sustainable Development Index (VNSI) basket.
- Top 50 Efficient Listed Businesses in Vietnam rated by Nhip Cau Dau Tu Magazine

IV. LIMITATIONS IN PERIOD 2018-2022

1. Sales and profit target not reached

Although 2022 recorded a high growth in business results, the revenues of the 2018-2022 term were still below expectations and commitments to the shareholders. The main reason is disrupted supply of raw materials caused by the prolonged Covid-19 pandemic and the world turbulences, especially in the years 2020-2021. The Board of Management recognizes our responsibility and will be more drastic in sticking to the defined goals, analyzing and deploying flexible strategies in line with market fluctuations.

2. Ineffective handling of capital tie-up

Capital tie-up among pharmaceutical sales representatives and bad debts from customers still persist. Despite significant improvement, debts remain at a high level compared to the Company's requirements, especially the ETC channel. Although there was some improvement in bad debt in 2022 compared to 2021, however, in general, the progress of handling bad debts over recent years remains slow.

3. Delayed approval progress of IMP4 factory due to the pandemic

In the 2018-2022 term, the Board of Management also recognizes the delays in EU-GMP approval at the IMP4 factory during the pandemic outbreak, which increased operating costs due to the prolonged waiting time and lost market opportunities as a consequence. Fortunately, by July 2022, the IMP4 factory also completed the review and got certified for EU-GMP standards.

Through the years, the company has built a quality heritage with European standards, it is expected that EU-GMP factories will soon be put into optimal operation to serve as the key momentum for the company's breakthrough growth.

4. Performance and labor productivity review

During the last term, the Board of Management highly appreciated the sense of responsibility and dedicated efforts in accomplishing the Company's shared goals. However, we also recognize that performance and labor productivity review among the divisions remains inadequate. Specifically, the Company needs to improve on setting clear work plans and targets for each employee. Based on such, managers shall have a mechanism for periodic performance review to give feedback and develop staff.

5. Imexpharm culture not yet instilled at work and in life

After realizing the importance and focusing on putting culture into practice since 2014, with specific values and principles, Imexpharm has gradually established our unique culture that cannot be replicated elsewhere. Over the past 10 years, many activities and policies have been implemented internally, with a view to making Imexpharm's culture

more practical and adaptive. However, Imexpharm people seem to restrict to understanding the Company's culture only rather than living it every day at work and in life.

V. PRODUCTION AND BUSINESS PLAN FOR 2023 AND 2023-2027 TERM

1. Analysis of Imexpharm's strengths, weaknesses, opportunities, and challenges

Strengths

- Imexpharm possesses the largest number of EU-GMP standard lines in Vietnam, with the advantages of brand name and quality reputation, especially antibiotic group.
- The Executive Board has set out a clear strategic direction for the term 2023-2027, while gradually improving the management system of the whole Company, including: SAP, DMS, BSC and KPIs.
- Finance is managed transparently, safely, and effectively, ensuring capital for production, business, and investment activities.

Weaknesses

- The portfolio on the OTC channel has not offered various key lines of over VND 100 billion, so it has not yet generated stable revenue.
- Management capacity of staff is inconsistent, mainly focusing on expertise solely
- The change and adaptation of employees to the new strategy remains slow

Opportunities:

- Imexpharm has the opportunity to have our strategic business activities and corporate governance deeply involved in by the strategic shareholder - SK Group (South Korea).
- The portfolio of the IMP4 factory is highly potential and suitable for treatment needs
- The ETC market has gradually recovered due to the removal of regulatory mechanisms by the State
- The company is still looking for potential markets to expand export channels, processing, and production links

Challenges:

- The mechanism of the pharmaceutical industry still has many shortcomings in drug registration and bidding
- The risk of economic recession in the coming period affects the Company's growth
- The competitive situation will become fiercer with the investment in upgrading of pharmaceutical companies to meet EU-GMP standards.

2. Plan targets for 2023

The target revenue and profit approved by the Board of Directors:

No.	Target (VND billion)	2023	2022	Growth
1	Net revenue	1,750.0	1,643.7	6.5%
2	Profit before tax	350.0	291.4	20.1%

In 2023, Imexpharm plans to achieve VND 1,750 billion of the net revenue, increasing by 6.5% compared to 2022. At the same time, profit after tax is expected to reach VND 350 billion, up 20.1% compared to 2022. The Executive Board expects that the entire Imexpharm team will fulfill the set targets in the volatile and difficult period and embrace the upcoming challenges of the economy.

3. Strategic targets for the term 2023-2027

Based on the analysis results of the macro-economy situation as well as the pharmaceutical industry in Vietnam in the coming period, together with the analysis of SWOT, combined with taking advantage of the legacy foundations built up during the past 45 years, the Executive Board has been approved by the Board of Directors with the following key goals and objectives for the term 2023-2027:

No	Indicator (VND billion)	2023	2024	2025	2026	2027	CAGR
1	Net revenue	1,750	1,950	2,250	2,650	3,200	16.3%
2	Profit before tax	350	390	450	530	640	16.3%

Revenue and profit are planned to increase continuously in line with Imexpharm's breakthrough development strategy over the term of 2023-2027. In particular, by 2027, net revenue is expected to reach VND 3,200 billion with a CAGR of 16.3%. Additionally, the profit target for 2027 will be VND 640 billion with a CAGR of 16.3%.

Accordingly, the key solutions and strategies for 2023 and the term 2023-2027 are as follows:

Business performance

- Promote digitization of Sales and Marketing activities to boost sales and control risks while promoting branded products
- Improve human resource structure and effective control of sales branches
- Expand the market in the North while consolidating the Central market. Bring Imexpharm's products to consumers across the country
- Scan export markets to increase sales and promote Imexpharm's image to the world

Finance

- Optimize the Company's operating costs
- Maintain a prudent working capital management policy and minimize liquidity risk
- Promote digital transformation in sales activities while minimizing the use of cash

- Reduce inventory and accounts receivable days
- Introduce reasonable dividend policy to safeguard shareholders' income and the company's investment goals

Manufacture, research & Development

- Manage product portfolio and commodity forecasting
- Efficiently operate EU-GMP factories to ensure ETC channel growth
- Maintain a stringent quality management system of the factories to ensure the quality standards are met
- Establish effective mechanism and control to promote R&D and drug registration to effectively meet the growth target of the term 2023-2027

Human resources management

- Develop and improve the quality of human resources with high professional qualifications and professional working style.
- Maintain and develop Imexpharm's culture, especially among managers, to share, understand, and work towards the company's goals.
- Train human resources towards positive mindset and agility to realize growth in 2023
- Adjust and update reasonable policies to attract and retain talents.

VI. CONCLUSION

It can be said that the last term was a challenging one for the Board of Management against a VUCA (Volatile, Uncertain, Complex and Ambiguous) backdrop. Amidst these complicated developments, the Board of Management has come up with drastic yet flexible and innovative implementation strategies that have helped Imexpharm overcome the turbulent period in the term 2018-2022.

The Board of Management all staff of Imexpharm have navigated through such a period to successfully achieve the following strategic goals during the term: net revenue CAGR of 8.5%, profit before tax CAGR of 13.8% and workers' per capita income CAGR of 5.3%. We can take pride in these achievements under Imexpharm home in the last term. This also creates an important foundation for us to firmly believe in more breakthrough achievements that will continue in the next term, 2023-2027.

Sincerely,

GENERAL DIRECTOR 



TRẦN THỊ ĐẠO