

IR NEWS

Quarter III 2021

Investors Relation Department (IR)

Imexpharm Corporation

*Add: 63B-65B No.2 Street, Lu Gia Block, Ward 15,
District 11, HCMC*

Tel : (84.277) 3851 941

Fax : (84.277) 3853 106

Website: www.imexpharm.com

CONTENTS

I. MACRO ENVIRONMENT IN Q3 AND FORECAST

II. PHARMACEUTICAL INDUSTRY IN Q3 AND FORECAST

III. IMP STOCK MOVEMENT IN Q3 2021

IV. IMEXPHARM'S BUSINESS IN Q3 2021

V. KEY FOCUS IN Q4 2021

I. MACRO ENVIRONMENT IN Q3 AND FORECAST

The Vietnamese economy in Q3 of 2021 has firstly witnessed the recorded minus growth of 6.17%, which is the deepest drop of Gross Domestic Products (GDP) since Vietnam commenced to calculate and report such figure. Services the sector experienced highest plummet in Q3 with the 9.28% while industry and construction decreased by 5.02%. A positive signal among obstacles is agriculture forestry and fishery in Q3 rising by 1.04%.

GDP of 9 months in 2021 only increased 1.42% year over year. Whereas, agriculture forestry and fishery went up by 2.74% and accounted for 12.79%; industry and construction grew by 3.57% and made up 38.03% of total GDP. Services was the sector witnessing the heaviest impacts induced by the pandemic when GDP of 9 months declined 0.69% and constituted 40.19%, the rest portion in GDP structure is product tax minus product subsidies holding 8.99%.

In the context of complicated movement of the Covid-19 pandemic, agriculture forestry and fishery is the area that has brought a momentum for the economy, however, the supply chain-production and consumption have been affected by the mobility restrictions.

Services especially retails and tourism have crashed because of the pandemic. The number of international tourists arriving in Vietnam in Sep 2021 felt dramatically by 97% whilst retails selling goods and consumption services reduced by 28.4%.

Nevertheless, import and export turnover of 9 months in 2021 increased by 24.4% and attained USD 483 billion, in which export of goods rose by 18.8% and import soared by 30.5%. The USA is the largest market of Vietnam export in 9 months with the turnover of USD 69.8 billion, which raised 27.6% compared to the previous year, the next position was China with value of USD 38.5 billion and grew by 18.3%. EU market recorded the turnover of USD 28.8 billion and went up by 11.6%. *(Source: General Statistics Office)*

Asian Development Bank (ADB) has forecasted the growth of the Vietnamese economy being 3.8% in an outlook published in Sep, this figure is reduced from 5.8% predicted in July. While World Bank (WB) considered that the prospect of the Vietnamese economy in 2021 would be growing by 4.8% in a report disclosed in Sep with the assumptions that the pandemic might be controlled in quarter III and the economy could be resilient in quarter IV, the following years WB anticipated the growth rate of Vietnam being 6.5%-7%. But in Oct, WB has reduced the forecast growth rate of Vietnam to 2-2.5% in 2021. The recovery of the global economy, especially in the main export markets of Vietnam such as the USA and China has been creating foundation for the Vietnamese economy to make a breakthrough. However, the pandemic is still going on complicatedly, therefore, Vietnam has to adapt to stay vigilantly with Covid-19 and focus on economic resilience.

II. VIETNAM PHARMACEUTICAL INDUSTRY AND FORECAST

The social distancing orders and mobility restrictions in Q3 have hugely impacted on pharmaceutical industry. ETC witnessed stronger impacts than OTC when the residences delayed hospital visit. However, OTC has encountered challenges due to disruptions of productions – supply and consumption in Q3-2021.

Vietnam pharmaceutical industry is extremely influenced by the global supply chain disruptions, rapid increase of transportation fees and faced high risk of rise in prices of materials.

In addition, Vietnam pharmaceutical industry in 2020 experienced low growth of only 3% (Source: SSI Research report). At the beginning of 2021, Fitch Solutions forecasted Vietnam pharmaceutical industry would develop by 8.7% in this year. But, the 4th outbreak has been slowing down the growth of such industry in Q3/2021.

Protective measures to stay vigilantly with Covid and the general recover of the global economy thanks to vaccine strategies would advocate the pharmaceutical industry to catch the momentum of development.

Besides, high rate of aging population and appearances of more and more diseases would stimulate the demand of medicines in the next years. Foreign drugs are more favorable in the high value segment. According to report of the Department of Customs 2020, Vietnam imported USD 3.3 billion of pharmaceutical products, increasing by 7,4% year over year; the compound annual growth rate for the period from 2018 to 2020 was 9%. Domestic productions met approximately 47% of the aggregate demand of the whole country. Hence, improvement of product quality, technology innovation and technology transfer are focused by local enterprises to gradually replace imported products. Nevertheless, capability of research and development of domestic firm is constrained. Thus, M&A activities could partially support such companies to solve the problems of products and production processes. But such event is going together with the risk of being acquired and controlled by foreign corporations which are affluent in capital and technology,

Furthermore, the issue of materials is an anxiety of enterprises whereas the supply chains were disrupted and especially energy crisis makes electricity prices increase in China. Moreover, China is tightening the policies to protect the environment and the flooding situation is threatening some regions of this nation. Therefore, the prices of materials are predicted to go up in the last months of 2021 and this trend would be extended to 2022.

III. IMEXPHARM STOCK MOVEMENT IN Q3/2021

Total volume of IMP transactions in Q3 in 2021 attained 1,524,481 shares, in which 968,800 shares were traded under order matching and the rest 555,681 ones were dealt by put through method. There were 23,820 shares transacted per day in average. Total amount of

IMP transactions in Q3 2021 was only equal to 19% of the figure of Q3 2020. The impacts of social distancing orders together with struggles in business induced by the pandemic could make IMP stock transactions quiet. The number of order matched and put through shares in Q3/2021 reduced by 85% and 64% respectively year over year. Closing price of IMP in the last round of Sep 2021 was VND 73,000, which declined 6,800/share compared to the last round of June 2021.

IV. IMEXPHARM'S BUSINESS IN Q3 2021

No.	Criteria	YTD 30 Sep 2021	% Plan 2021	YTD 30 Sep 2020	Growth Rate
I	Operating results (VND billion)				
1	Total net revenue and other incomes	885.4	57.9%	893.4	-0.9%
2	Net revenue	870.1		882.4	-1.4%
3	Operating profit	150.9		164.8	-8.4%
4	Profit before tax	155.1	53.4%	167.3	-7.3%
5	Profit after tax	122.5		139.3	-12.1%
II	Assets - Resources (VND billion)				
1	Total assets	2,152.6		2,072.2	3.9%
2	Total owners' equity	1,727.8		1,632.6	5.8%
3	Charter capital	667.1		642.4	3.8%
III	Liquidity ratios (time)				
1	Current ratio	3.2		2.3	0.9 time
2	Quick ratio	1.8		1.3	0.5 time
IV	Profitability ratios				
1	Profit before tax/net revenue	17.8%		19.0%	-1.2%
2	ROS	14.1%		15.8%	-1.7%
3	ROE (latest 4 quarters)	11.5%		12.2%	-0.7%
4	ROA (latest 4 quarters)	9.1%		9.9%	-0.8%
5	EPS (adjusted) latest 4 quarter	2,600		2,555	1.8%
6	BV (VND) adjusted	24,806		24,309	2.0%
7	P/E (time) adjusted	28		18	10 time
8	P/B (time) adjusted	2.9		1.9	1 time
	Market price on 30 Sep (VND)	73,000		47,100	55%

As foreseen in the beginning of quarter 3 when the pandemic moved complicatedly, total net revenue and other incomes of Imexpharm in the quarter would decrease dramatically. In details, total net revenue and other incomes in Q3 dropped 11.7%, which is the highest minus figure witnessed in many years. The pandemic induces business and production to stagnate; therefore, sales in Q3 of Imexpharm declined sharply. The higher production costs caused by applying 3 or 4 on the spot model have led to the plummet of profit before tax at 32.6% in Q3 2021.

In terms of accumulated revenue until end of Sep 2021, total net revenue and other incomes attained VND 885.4 billion, dropping by 0.9% year over year and met 57.9% of annual plan.

In which, net revenue reached VND 870.1 billion, falling by 1.4% compared to the figure of 9 months in 2020. Profit before tax of 9 months was VND 155.7 billion, declining 7.3% year over year and accounting for 53.4% of annual target.

Cost of goods sold in 9 months of 2021 decreased by 2.4% compared to the amount of the previous year. While administrative expenses were maintained as last year, selling expenses increased 12.3% because of expenditures for selling programs to boost sales before the pandemic's outbreak. In addition, cost of goods sold was expected to decline more rapidly than revenue since the Company focused on key products with high effectiveness; however, expenses to keep productions safe and to follow the model recommended by the local authorities caused an increase in production cost and gross profit could not meet the plan. Hence, the profit fell more quickly than revenue.

Total assets and total owner's equity increased slightly year over year. The charter capital also rose due to the fact that in quarter 3 2020, ESOP shares issued by Imepxharm had not been recorded, so the charter capital at that time has not been adjusted.

Although the pandemic is complicated, the demand on working capital increased, liquidity ratios of Imexpharm are still kept at safe level and also improved compared to Q3 2020. Quick ratio and current ratio rose by 0.5 and 0.9 times respectively.

Due to a decrease in profit, all profitability ratios dropped year over year. EPS (calculated by the cycle of 365 days, ended in Q3/2021) was VND 2,600, increased marginally 1.8% compared to the figure of last year. Similarly, BV went up about 2%. As closing price of IMP in Q3, 2021 surged by 55% compared to closing price of Q3 2020, P/E soared by 10 times and P/B increased 1-time year over year.

IV. KEY FOCUS IN Q4 2021

In Q4 2021, the top priority of Imexpharm is to keep business and productions safe. Currently, Imexpharm is still applying 3 or 4 on the spot model at factories and operations of medical representatives always comply with the guidelines of the Ministry of Health in order to protect health for all Imexpharm employees.

The Company is following closely the schedule to accredit EU-GMP for IMP4 and expects the plant would receive certification within first 6 months of 2022.

Although restrictions are being eased, selling, support and marketing activities have not restarted yet because social distancing are still implemented in some provinces. Imexpharm continuously enhances online events to stimulate sales.

In addition, account receivables and inventories in the last months of the year have to be controlled tightly to gradually shorten the operating cycle of the Company.