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HaNoi, May 14. 2026

**REPORT OF THE BOARD OF MANAGEMENT
AT THE 2026 ANNUAL GENERAL MEETING OF SHAREHOLDERS****To:** The 2026 Annual General Meeting of Shareholders

Based on the business results in 2025 and the actual operating situation of the Company, the General Director would like to report to the Annual General Meeting of Shareholders in 2026 on the business performance in 2025 and the operational direction for 2026, with the specific contents as follows:

SECTION I**SUMMARY OF BUSINESS PERFORMANCE IN 2025****1. Overview of the economic situation in 2025**

The global economy maintained a stable trend as inflation continued to ease and monetary policies in many major economies gradually shifted toward a neutral stance. For Central Pharmaceutical Joint Stock Company No.1 – Pharbaco, 2025 was a year full of difficulties and challenges; however, it also brought about new opportunities.

The year 2025 also marked an important step forward in the reform of State management in the pharmaceutical sector. The implementation of the Law amending and supplementing a number of articles of the Law on Pharmacy, together with the issuance of Decree No. 163/2025/ND-CP and guiding circulars, standardized the procedures for drug registration, circulation, importation, testing, and quality supervision, thereby contributing to the reduction of administrative procedures in the pharmaceutical sector.

1.1. Challenges

- Dependence on imported raw materials: Approximately 90% of pharmaceutical production materials are imported, mainly from India and China, making the industry vulnerable to exchange rate fluctuations and supply disruptions.
- The increase in raw material and auxiliary material prices led to higher production costs; however, in order to maintain market share, the Company had to keep selling prices unchanged, resulting in reduced profit.
- In order to meet higher product quality requirements, the Company invested trillions of VND in machinery, equipment, facilities, and research and development activities. These substantial investments directly impacted the Company's working capital, thereby affecting its business performance.
- People's access to medicines has been affected by the implementation of certain policies related to procurement, bidding, and health insurance reimbursement, thereby impacting the Company's pharmaceutical supply activities.
- Intensified competition: Developing and securing competitive sources of supply has become extremely challenging due to changes in industry policies, the expansion of centralized national bidding and local bidding programs, and the increasing number of



product categories prioritizing low prices. Meanwhile, as most raw materials are imported and subject to high exchange rates, production costs remain high and difficult to compete on price, requiring enterprises to continuously innovate in order to maintain market share.

1.2. Opportunities

- Government support policies: The National Strategy for the Development of Vietnam's Pharmaceutical Industry to 2030, with a vision to 2045, aims to enhance self-reliance, master advanced technologies, and position Vietnam as a regional hub for high-value pharmaceutical manufacturing.

- Free Trade Agreements (FTAs): New-generation FTAs such as the EVFTA enable pharmaceutical enterprises to expand export markets, access advanced technologies and high-quality human resources, and move toward products that meet international standards such as EU-GMP.

- Population growth and increasing healthcare demand: With a population of over 100 million people and a rapidly aging population, the demand for pharmaceutical products continues to rise, creating favorable conditions for the development of the industry.

2. Business operations in 2025

During the early months of 2025, the Company faced financial challenges, particularly with working capital shortages at certain times, which affected production activities. However, with the strong determination of the Board of Management, the Company achieved the following business results in 2025:

Unit: VND

No.	Financial Indicators	2025	2024	% Change (2025 vs. 2024)
1	Total Assets	3.127.733.516.541	3.167.616.373.235	98,74
2	Net Revenue	1.077.703.554.827	1.065.095.345.564	101,18
3	Operating Profit	34.589.142.094	30.211.254.668	114,49
4	Other Profit	5.275.604.737	-2.061.860.047	
5	Profit Before Tax	39.864.746.831	28.149.394.621	141,62
6	Profit After Tax	31.505.675.841	21.675.459.762	145,35

3. Management and Administration

3.1 Corporate Governance

The Company's Board of Management has implemented the following measures in management and administration:

- Developing diversified distribution channels. Previously, the Company mainly focused on exclusive distribution; it has now expanded into bidding and OTC sales channels to improve profit margins.

- Strengthening maintenance and servicing activities by establishing and implementing maintenance plans to promptly meet production demands, thereby avoiding



equipment failures that could disrupt production and affect delivery schedules to customers.

- Ensuring stable employment and income for employees, thereby contributing to improved living standards for staff members.

3.2 Research and Product Development

- In 2025, the Company successfully registered and supplied 56 products, while 37 products were granted renewals, providing a diverse product portfolio for market supply.

3.3 Human Resources

- The Company has continued to ensure stable employment for employees, maintaining its organizational structure while recruiting additional personnel to meet supply demands and ensure employees' income.

- The Company organizes periodic health check-ups and other welfare activities for employees, such as annual vacations, to improve health and boost morale, thereby supporting ongoing production and business operations.

- In 2025, despite various challenges, the Company fully complied with policies and regulations regarding salaries, bonuses, holidays, and insurance in accordance with applicable laws, and organized company-wide trips and vacations for all employees.

SECTION II

BUSINESS ORIENTATION AND PLAN FOR 2026

1. Outlook for 2026

Global Economy

- The global economy in 2026 is forecast to face significant challenges, particularly due to geopolitical tensions involving the United States and other countries, which may lead to a global economic slowdown.

- Ongoing conflicts around the world have not yet subsided and show signs of further escalation.

Vietnam's Economy

- Exchange rates and bank interest rates are expected to remain high, significantly impacting financial costs and business performance of enterprises.

- Input material prices are rising due to geopolitical instability, while selling prices remain subject to state regulation.

Given the above context, the Company has established the following objectives for 2026:

2. Business Objectives and Orientation for 2026

Indicators	2025 Actual	2026 Plan	Comparison (2026 Plan vs. 2025 Actual)
Revenue (VND billion)	1,077.70	1,380.00	128%
Accounting Profit After Tax (VND billion)	31.50	50.00	219%
Dividend Payout (%)	3%	5%	166%

- The Company's objective is to continuously develop its manufacturing, trading, import-export activities related to pharmaceuticals, medical equipment, healthcare, and real estate, with the aims of maximizing profits, creating stable employment for employees, enhancing shareholder value, contributing to the State budget, fostering the Company's growth, and contributing to public healthcare.

- To promote the development of product sources, diversify the product portfolio, and optimize costs in order to improve business efficiency.

- To focus on research and production of high-efficacy products with advanced technological and technical content, capable of competing in the market.

- To select and cooperate with distribution partners, leveraging mutual strengths to bring products to market at optimal cost, thereby reducing financial pressure on the Company.

- To continuously enhance the knowledge and working capabilities of employees to meet the Company's requirements in the new phase.

- To maintain long-term customer relationships while developing and expanding distribution channels, particularly in the OTC segment.

3. Investment Activities

- To continue identifying high-quality products for technology transfer and registration for production on new manufacturing lines.

- To continue implementing the project for the construction of pharmaceutical production lines that meet EU-GMP standards.

4. Finance and Accounting

- To strengthen financial management, closely monitor capital balancing, ensure financial stability, and implement capital restructuring where necessary.

- To conduct regular inspection and control of investments and expenses in order to enhance capital efficiency and optimize costs.

The above is the report on the Company's business performance in 2025 and its business orientation for 2026. The Board of Management will make its utmost efforts, with strong determination and a high sense of responsibility, to achieve the targets approved by the Annual General Meeting of Shareholders 2026.

We sincerely thank you!

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



Nguyen Dinh Tuan

