



## Chapter 1

### GENERAL INFORMATION

# A STEADY POSITION

The impressive achievements in production and business activities that PVFCCo has established over the past 20 years have affirmed its role and position in the field of fertilizers and petroleum chemicals in Vietnam, positively contributing to the development of the country's agriculture and economy.





# A MESSAGE FROM MANAGEMENT

Dear valued shareholders, business partners and employees,

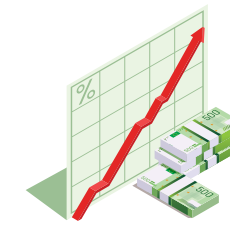
This annual report reaches you as PVFCCo celebrates its 20<sup>th</sup> anniversary (March 28, 2003 - March 28, 2023), an important milestone in the development journey of our enterprise!

On behalf of the Leadership, I sincerely thank the outstanding efforts and dedication of the staff, the support and camaraderie of the shareholders, customers, partners, institutions, department etc. over the past year and during the two decades of growth to enter a new stage of development. I believe that each of us must feel very honored and proud to be a member of PVFCCo's great family, a reliable partner who has accompanied and witnessed the maturity and growth of our Corporation in this development journey over the past 20 years.

Different generations of PVFCCo have worked together to create many valuable achievements. Since Phu My Fertilizer Plant officially started commercial production in September 2004, PVFCCo has produced and supplied over 14 million tons of high-quality Urea to the market, making an important contribution to stabilizing the fertilizer market and contributing

to the development of Vietnam's agriculture. The Corporation's operational efficiency has always been maintained at a high level, with an average net profit/revenue ratio of about 20%, thereby continuously increasing value and benefits for the shareholders, partners, and society.

Looking back, we can't help but be proud of the similarities over the span of 2 decades: On the 10<sup>th</sup> anniversary of its establishment, in 2012, the Corporation reached its historical records up to that time. Phu My reached 856,000 tons of Urea; the total revenue reached VND 13,906 billion; the total pre-tax profit reached VND 3,542 billion. Up to now, in 2022, the Corporation's production and business activities have again set new more impressive records. The total revenue reached over VND 19,000 billion and pre-tax profit reached VND 6,606 billion, up 45% and 74%, respectively, over the last year. The output that Phu My Fertilizer produced this year also reached the highest level of 917,000 tons, equivalent to 115% of the designed capacity, and 191,000 tons of Urea has been exported to international markets.



REVENUE IN 2022

**19,013**  
VND billion

▲ 45% compared to 2021



PROFIT BEFORE TAX

**6,606**  
VND billion

▲ 74% compared to 2021



The amount of Phu My Urea sold in 2022 reached 791,000 tons, up 6% compared to that of 2021. Of this amount, the export volume reached 191,000 tons, 3 times higher than that of 2021.

PVFCCo managed to increase its domestic market share by maintaining high sales figures despite a significant decline in local demand.

It is estimated that the market shares of high-quality Phu My Urea and NPK in 2022 were 46% and 19%, 8.3% and 1%, respectively, higher than those of 2021.

During the year, the Corporation also launched a new fertilizer product set called "Phu My Garden" exclusively produced for urban customers.



## A MESSAGE FROM MANAGEMENT (continued)

The achievements in 2022 will be remembered in the Corporation's history because these achievements were gained in an operating environment that continued to witness many uncertainties and unpredictable fluctuations. The Russia-Ukraine conflict has pushed up energy and agricultural prices and threatened a global agricultural supply chain crisis; inflation in the US and European countries increased to the highest level in many decades; the strong value increase of the US dollar put pressure on the local currency, deeply affecting the daily lives of people; the world's fertilizer market continued to struggle with many fluctuations, from raw material sources, supply and demand, prices, etc., which had a strong impact on domestic market movements. In 2022, the demand for fertilizers in Vietnam was estimated to drop by 20-30% as farmers postponed purchases due to affordability issues.

In that situation, PVFCCo has focused its resources on safety and stability of the production process at Phu My Fertilizer Plant; continue to control and reduce costs, especially focusing on forecasting in order to proactively come up with appropriate production and business management solutions to maximize advantages and make good use of opportunities in order to increase overall operational efficiency. Accordingly, although the domestic sales volume decreased, it was compensated when the export volume and prices increased, thereby supporting strong growth with both revenue and profit reaching record highs.

In addition to achieving impressive business results, in 2022 the Corporation also implemented many solutions to quickly adapt itself to fluctuations and changes in the current business environment. Specifically, the Corporation has completed the transformation of working process based on digital offices so as to optimize and speed up the work process both inside and outside the system. Along with implementing the digital transformation project,

the Corporation has also continued to restructure the system to adapt to the new context and resource needs for the development investment strategy in the next cycle.

Additionally, with the mission of accompanying the customer to build a sustainable foundation for Vietnam's agriculture, in 2022 PVFCCo has increased resources to promote social responsibility activities, with special priority given to projects on supporting farmers and underprivileged households, and children heavily affected by the Covid-19 pandemic... Especially, during the Tet holiday in the Year of the Cat, the Corporation continued to implement the program "Spring of love - Tet of sharing", giving away nearly 30,000 Tet gifts worth nearly VND 20 billion in 200 wards and communes in 50 provinces and cities across Vietnam.

In 2023, difficulties caused by international and national politics and economy will continue to affect the Corporation's operations. The degree of influence will depend on the prospects of resolving the political crisis between Russia and Ukraine as well as the US's and Western countries' policy on sanctions against Russia, which is expected to continue to affect the global energy market. Besides, rising inflation and interest rates are also factors that can push the global economy into recession.

For the fertilizer industry, although domestic demand is forecasted to recover and grow again compared to that of 2022, the consumption capacity will still be lower than it was in 2021. Nevertheless, with its leading position in the market and solidly consolidated operating system, I fully believe that the Corporation will continue to promote its competitive advantage, fulfill the set targets, and increase the benefits for the shareholders, partners and PVFCCo's staff. PVFCCo's Leadership has set specific goals for each operation segment, in which priority is given to consolidating

and optimizing human, technological, and financial resources, specifically as follows:

- ◆ Regarding production and trading: PVFCCo ensures the safe and stable operation of the plant and production progress, product quality, and successfully carries out the overall maintenance of Phu My Fertilizer Plant. At the same time, PVFCCo continues to seek long-term stable gas sources for Urea production along with strengthening cost management in order to ensure production and trading efficiency according to the objectives in the development strategy. For trading activities, PVFCCo continues to increase market share, expand consumption markets, and strengthen and innovate marketing activities to strengthen PVFCCo's image and brand reputation.
- ◆ Regarding capital sources: PVFCCo continues to improve the efficiency of using existing assets and resources and develops a plan to increase the charter capital to submit to relevant authorities for consideration and approval in accordance with the provisions of the law. At the same time, PVFCCo continues to promote divestments in subsidiaries and associated companies as planned.
- ◆ Regarding investment and development of new products: PVFCCo effectively operates the newly established Center of Research and Application, promoting research and development of new products, making full use of the existing technological resources and systems.
- ◆ Regarding human resource development, information technology application: PVFCCo continues to carry out activities to create corporate culture, taking care of PVFCCo's employees' material life, health, spiritual life and working conditions and ensuring steady income for employees. PVFCCo continues to fulfill digital transformation in order

to strongly apply information technology and improve operational efficiency and work process throughout the Corporation's structure.

- ◆ In addition, PVFCCo continues to review and perfect its medium and long-term development strategy along with transforming and perfecting its operating model in order to adapt itself to the new conditions and to follow closely to the business governance models of large listed enterprises.

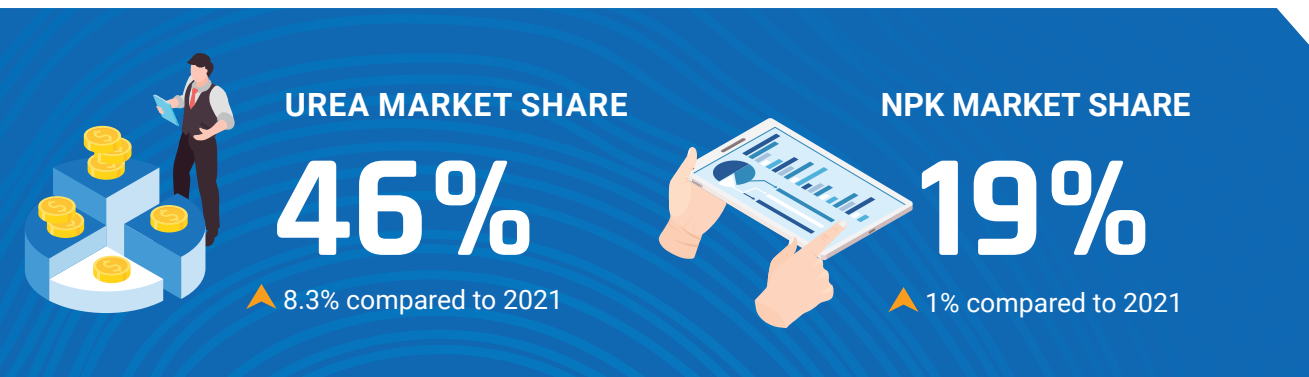
With the goals, tasks and action plans that have been supported and shared by PVFCCo's staff, along with solidarity and consensus, we fully believe that the Corporation will continue to grow in 2023, successfully complete the tasks assigned and expected by its shareholders.

On behalf of PVFCCo's staff, I would like to say thank you for the trust and support of the shareholders, partners, and colleagues. With the results and achievements that we have achieved in 2022 and accumulated in the past 2 decades, we are completely optimistic about the future and the growth of PVFCCo's business scale. PVFCCo's staff is confident to conquer challenges together, consolidate its leading position in the market, increase value for the shareholders and partners, and continue to firmly walk on the new development path in the journey of Bountiful Harvests.

**On behalf of the Management,  
Chairman of the Board of Directors**



**Hoang Trong Dung**



# HONORS AND TITLES IN 2022



Phu My Fertilizer brand continued to maintain its position in the list of High-quality Vietnamese goods (19 consecutive years).



Top 50 best listed companies in 2022 (ranked by Forbes Vietnam).



Top 15 listed companies with good financial management capacity in 2022 (Corporate performance assessment program 2022, implemented by Business Forum Magazine in collaboration with The Institute of Business Studies and Development, Vietnam Federation of Accountants and Auditors, and Vietnam Association Corporate Directors).



Phu My Fertilizer product set continued to be recognized as a National Brand in 2022 (5<sup>th</sup> consecutive time).



PVFCCo improved its position in the VNR500 Ranking - Top 500 Largest Enterprises in Vietnam in 2022 (ranked 114<sup>th</sup> among 500 largest enterprises in Vietnam).



PVFCCo was honored in the Top 40 enterprises implementing practical and effective social responsibility programs (ranked by Saigon Times CSR [Corporate Social Responsibility] 2022 program of Saigon Economic Times).

# OUTSTANDING RESULTS FOR THE PERIOD 2018-2022

Outstanding results in the last 5 years from 2018 to 2022

	Unit	2018	2019	2020	2021	2022
Total revenue	VND billion	9,439	7,831	8,038	13,117	19,013
Gross profit	VND billion	2,041	1,402	1,730	4,786	7,838
EBITDA	VND billion	1,450	1,124	1,477	4,393	7,183
Earnings per share	VND/share	1,551	836	1,535	7,749	13,897
Total assets	VND billion	11,134	11,440	11,300	13,918	17,699
Owner's equity	VND billion	8,255	8,161	8,247	10,713	14,017

## Some outstanding results in 2022

Revenue structure (fertilizers & chemicals) and growth rate

REVENUE FROM FERTILIZERS  
**16,753** VND billion  
▲ 44% compared to 2021

REVENUE FROM CHEMICALS  
**1,833** VND billion  
▲ 63% compared to 2021

Contribution to shareholders, employees, society

DIVIDEND RATIO IN 2022  
**70%** par value of shares (7,000 VND/share)

NET REVENUE FROM EXPORT  
**3,348** VND billion  
▲ 277% compared to 2021 (888 VND billion)

PROFIT AFTER TAX  
**5,585** VND billion  
▲ 76% compared to 2021

OBLIGATIONS TO STATE BUDGETS (payable)  
**1,521** VND billion  
▲ 91% compared to 2021

TOTAL DISBURSEMENT FOR INVESTMENT AND PROCUREMENT  
**118** VND billion

COST SAVINGS  
**229** VND billion  
Reached **450%** of the 2022 plan

DISBURSEMENT FOR SOCIAL SECURITY ACTIVITIES  
**91** VND billion



# OUTSTANDING RESULTS FOR THE PERIOD 2018-2022 (continued)

## PARTY AND YOUTH UNION ACTIVITIES

### Farmer supporting programs

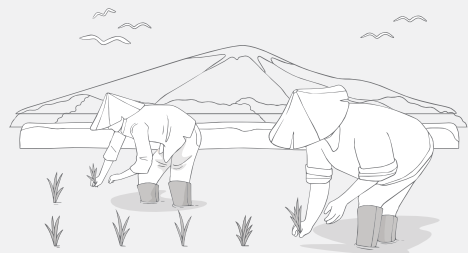


PVFCCo coordinated with the provincial Departments of Agriculture and Rural Development to implement demonstration models of economical and efficient use of fertilizers.



**Programs for cooperating, exchanging with agents, customers, and suppliers.**

Programs for community connection and support: Giving Tet gifts to poor households and children affected by the Covid-19 pandemic.



Through the "Doctor of agronomy" program, PVFCCo cooperated with leading agricultural experts to advise farmers on issues related to production and consumption of their products.

