



Chapter 3

CORPORATE PERFORMANCE REPORT 2022

TRANSFORMING EFFORTS

Determining that continuous innovation is the key to maintaining its leading position, PVFCCo has been promoting its digital transformation strategy, optimizing operating methods and improving operational management capacity. At the same time, PVFCCo has also considered investing in creating new high-quality products, in line with modern agricultural trends, collaborating with farmers to contribute in the creation of bountiful harvests.



2022'S FERTILIZER-CHEMICAL MARKET OVERVIEW AND 2023'S FORECAST

2022'S WORLD SUPPLY AND DEMAND OF UREA

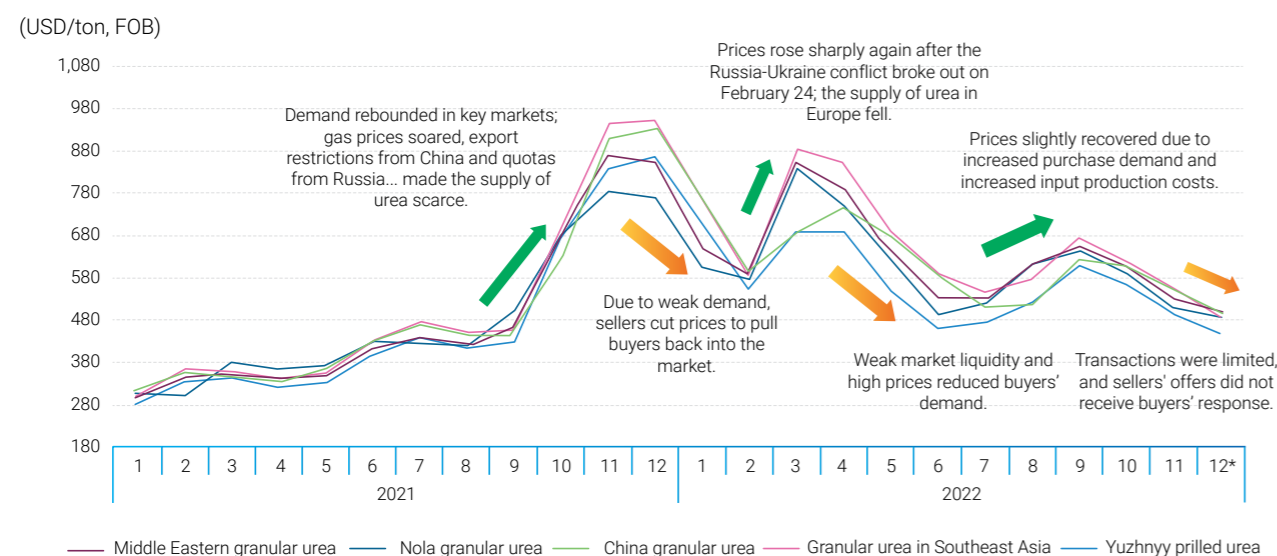
In 2022, global Urea supply was expected to reach 182-183 million tons, up 2% from 2021. The output increase was mainly from such markets as Nigeria, Brunei, India and Brazil and it offset the output decline in Europe and Asia. Accordingly, right from February, Dangote Fertilizer's second urea plant in Lekki (Nigeria) with a capacity of 3 million tons/year (the second largest in the world) was put into operation, and the urea plant of Brunei Fertilizer Industries (BFI) with a capacity of 1.4 million tons/year in Brunei also commenced its commercial production. In contrast, urea output tends to decrease by 50% in Europe due to the impact of the Russia-Ukraine conflict since late February 2022, forcing many factories to close or suspend production due to lack of input materials. In Asia, the incident at Pupuk Indonesia's Kaltim 5 plant along with China's continued restriction on urea exports until the end of 2022 resulted in a reduction in export output.

The International Fertilizer Association (IFA) expects that in 2023, the world urea production capacity may be adjusted down in Russia, Ukraine and Belarus (based on the possibility that the export capacity of these countries may be affected by international sanctions and logistics-related problems in Ukraine). Supply in Western and Central Europe may also be adjusted based on disrupted natural gas supplies from Russia.

WORLD UREA PRICE IN 2022

The price of urea in 2022 increased by 23-42% compared to the price in 2021. The price increased sharply in the first quarter and was considered the highest price since 1995 until now due to the impact of the Russia-Ukraine conflict, which shaped the supply shortage in Europe. However, prices turned around and fell in the second quarter. In the third quarter, prices increased due to a sharp increase in natural gas prices, which reduced urea supply in Europe. In the fourth quarter, the price decreased again when sellers' offers did not secure any buyers' feedback.

Monthly average price of granular urea in some regions in the period of 2021-2022

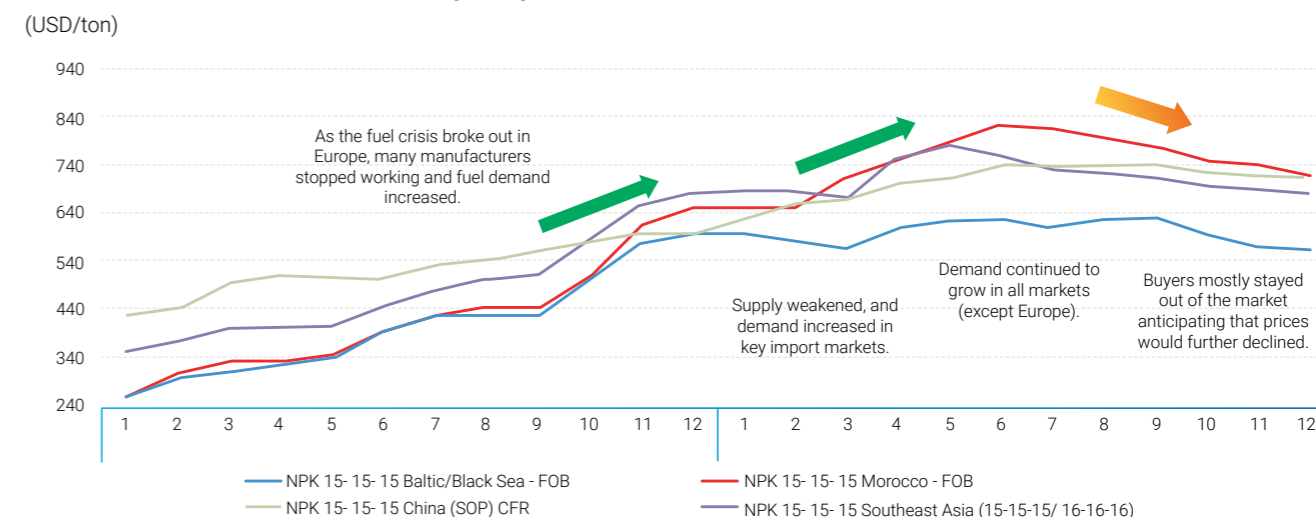


Source: AgroMonitor (December*: as of December 13)

NPK MARKET

Similar to urea, the world supply of NPK in 2022 was weak, and NPK prices increased strongly by 35-77% compared to prices in 2021 in most markets.

Average monthly NPK price developments in some regions from January 2021-2022.

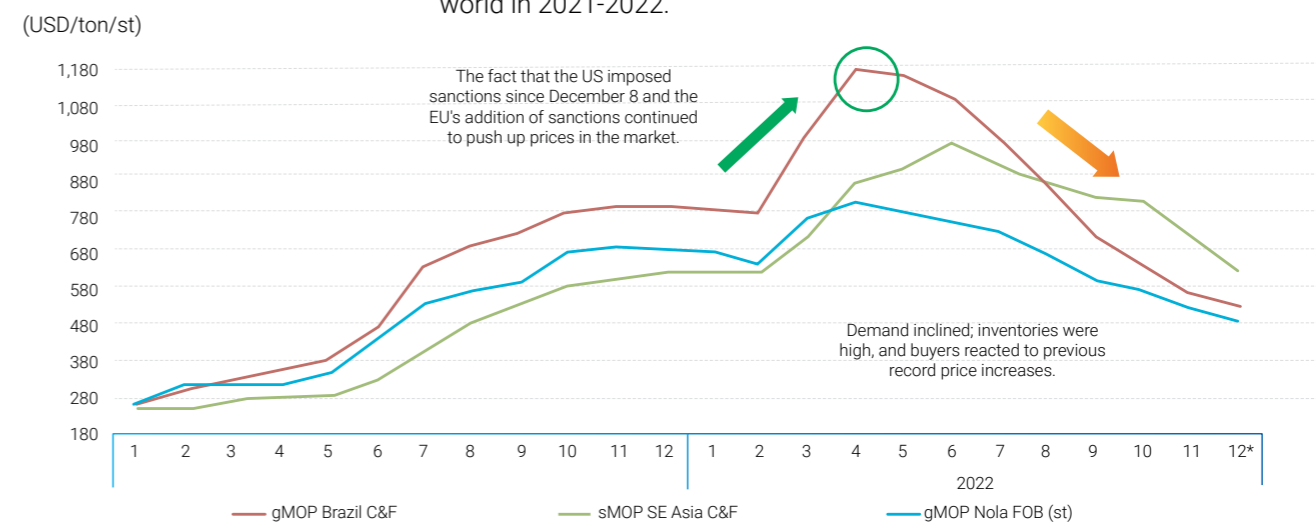


Source: AgroMonitor (December*: as of December 13)

MOP MARKET

The world MOP prices in 2022 increased by 62-94% compared to that of 2021. Prices increased mainly in the first quarter and the first half of the second quarter, then gradually weakened towards the end of the fourth quarter.

The average monthly MOP price developments in some markets around the world in 2021-2022.



Source: AgroMonitor (December: as of December 13)

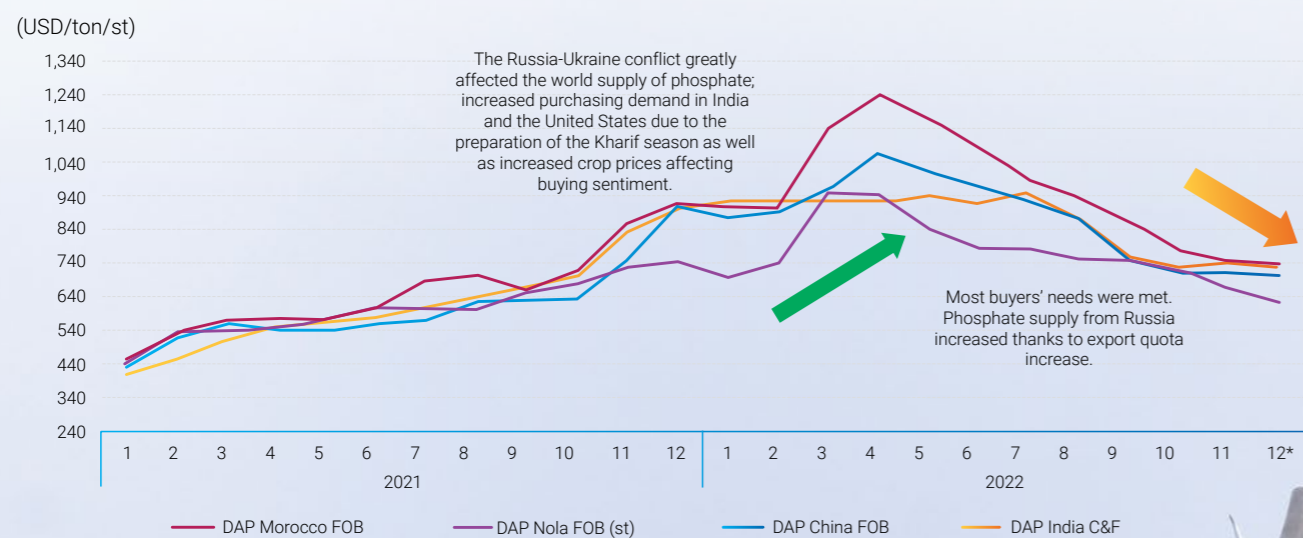
2022'S FERTILIZER-CHEMICAL MARKET OVERVIEW AND 2023'S FORECAST (continued)



In 2022, world production of phosphoric acid was estimated to reach 89 million tons, up 7% compared to that of 2021. The increase in production was supported by the recovery of production in the US and Brazil and better-than-expected output in Russia this year. Phosphate production was estimated to increase by 4% in 2022 to 52 million tons of P₂O₅. However, the commercial transaction of DAP/ MAP in 2022 was estimated to decrease 5% compared to that of 2021 to nearly 32 million tons due to the influence of reduced purchasing power and slowness due to low solvency.

DAP price increased sharply in the first 4 months of 2022, then weakened and continuously decreased from May and lasted until the first half of December. People's purchasing demand decreased compared to that of the same period in 2021 due to high prices affecting their ability to pay.

Average monthly DAP price developments in some regions in 2021-2022



Source: AgroMonitor (December*: as of December 13)

DEVELOPMENTS OF THE DOMESTIC FERTILIZER MARKET IN 2022

Urea supply and demand in Vietnam market 2022

The Vietnam urea market in 2022 was mainly supported by exports when it increased sharply compared to 2021 and was a bright spot supporting a number of other supply and demand indicators. Exports in 2022 increased by about 322,000 tons (78% higher) to 733,000 tons, accounting for 30% of domestic production (while 2020-2021 only accounted for 17-19% of production). The sharp increase in exports largely offset the decline of about 420,000 tons in domestic consumption for crops and used as raw materials for fertilizer production. At the same time, it also supported the country's urea production

to increase slightly compared to 2021, despite the escalation of production costs (ammonia, natural gas, etc.).

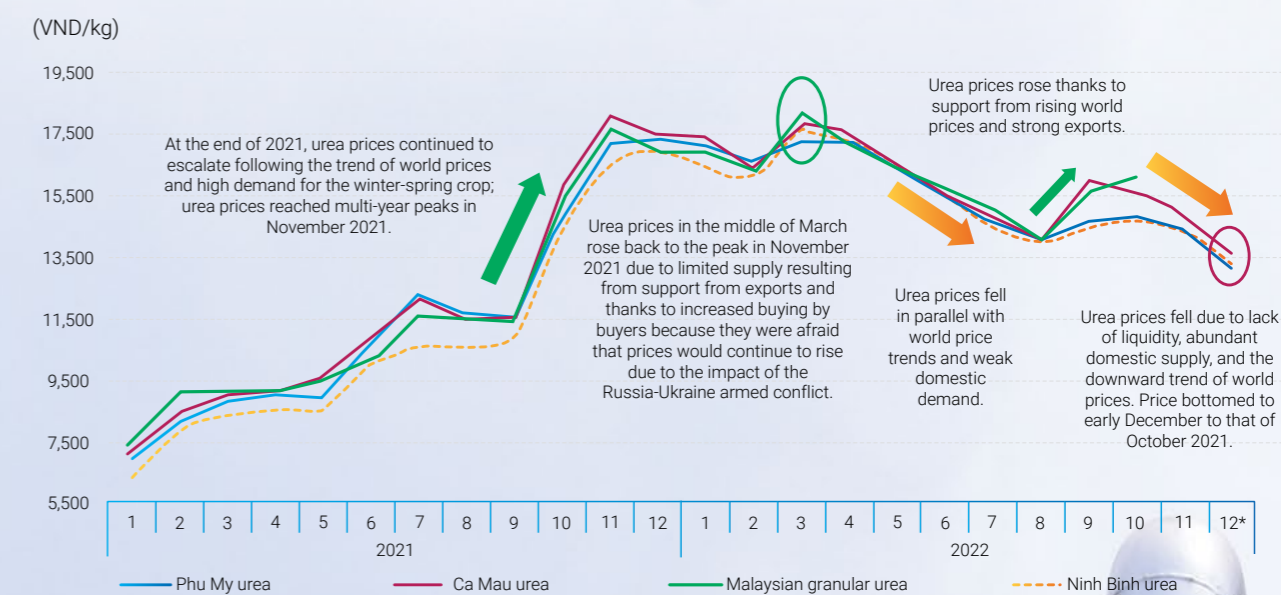
Urea inventories at the beginning of 2022 were at 346,000 tons, but right at the end of January, inventories decreased to 251,000 tons and stayed below 300,000 tons until the beginning of August. However, from the end of August to the beginning of October, inventories increased to over 300,000 tons; and from the end of October to December, inventories jumped to about 400,000 tons.

Urea price in the Vietnamese market in 2022

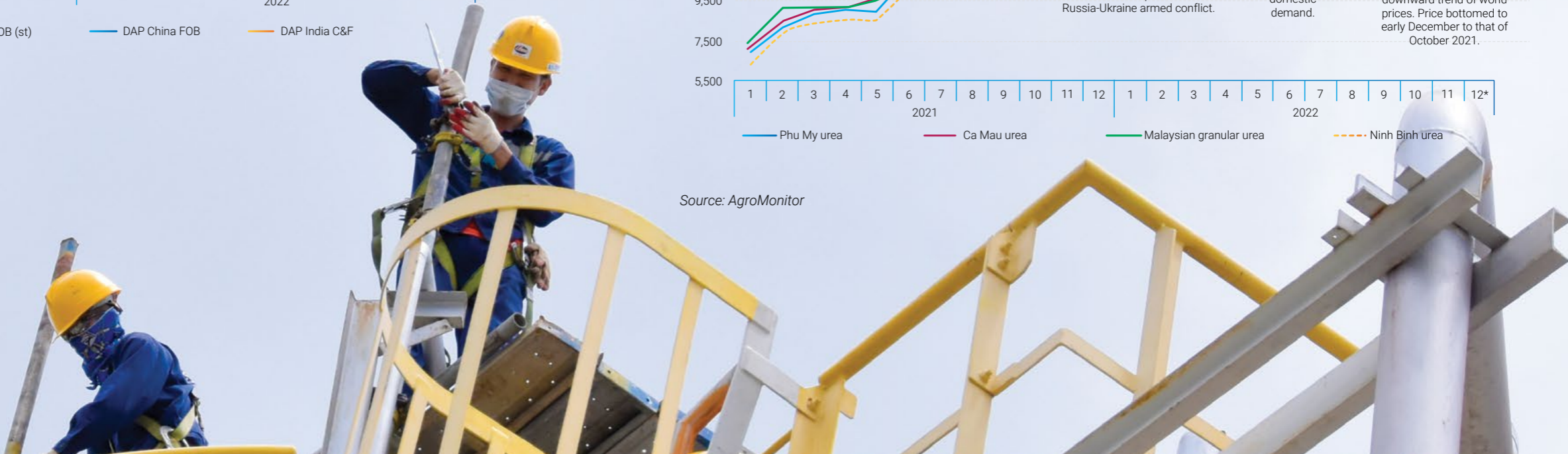
Urea prices traded in Vietnam's domestic market in 2022 increased in the first quarter. However, from April to the end of August, urea prices kept a continuous downward trend; from early September, they increased again thanks to the support from world prices and increased exports. The price uptrend lasted about 2 months; then prices continued the downtrend due

to lack of liquidity and abundant domestic supply although exports were still sustained. Urea prices in 2022 bottomed around early December. In general, urea prices in Vietnam in 2022 were much higher than they were in the same period in 2021 (except for the last 2 months of the year), with an average increase of VND 3,000-6,000/kg (21-45% higher).

The average monthly urea price developments traded in District 7, Ho Chi Minh City, in 2021-2022



Source: AgroMonitor



2022'S FERTILIZER-CHEMICAL MARKET OVERVIEW AND 2023'S FORECAST (continued)

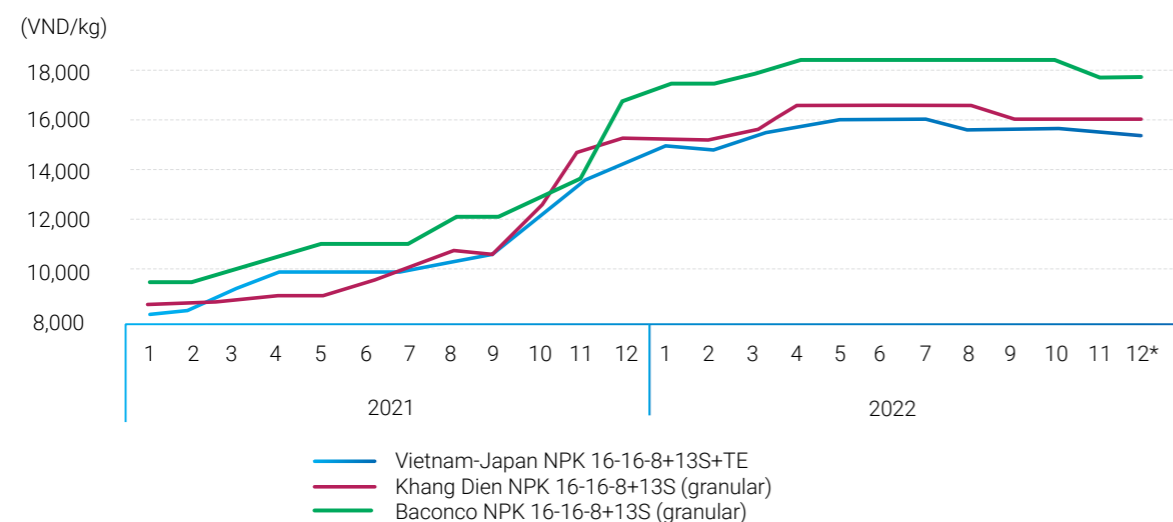


NPK MARKET

The NPK market in Vietnam in 2022 was similar to those of straight fertilizers; the sharp increase in price reduced the total demand and reduced the output of factories compared to that of 2021. It was estimated that NPK production in 2022 reached 2.6 million tons, down 18% compared to that of 2021. Commercial enterprises also reduced NPK imports to 353,000 tons, (down 19%). On the demand side, consumption in 2022 decreased by 590,000 tons (down 17.9%) to 2.7 million tons; exports also decreased to 292,000 tons (in 2021 it was 360,000 tons). Because of low consumption and the factory's reduced output, NPK inventory at the end of 2022 decreased to about 284,000 tons, down 15% compared to that of the beginning of the year. This was a relatively low level of inventory.

In 2022, the price of NPK products at factories continuously increased in the first 5 months of the year when the prices of most straight fertilizers reached their peak of the whole year. However, in the second half of 2022, NPK price was almost flat although straight fertilizer price cooled down because NPK factories still had inventories of raw materials purchased at high prices, so production costs were still high.

Average monthly NPK price developments traded in District 7, Ho Chi Minh City in 2021-2022



Source: AgroMonitor

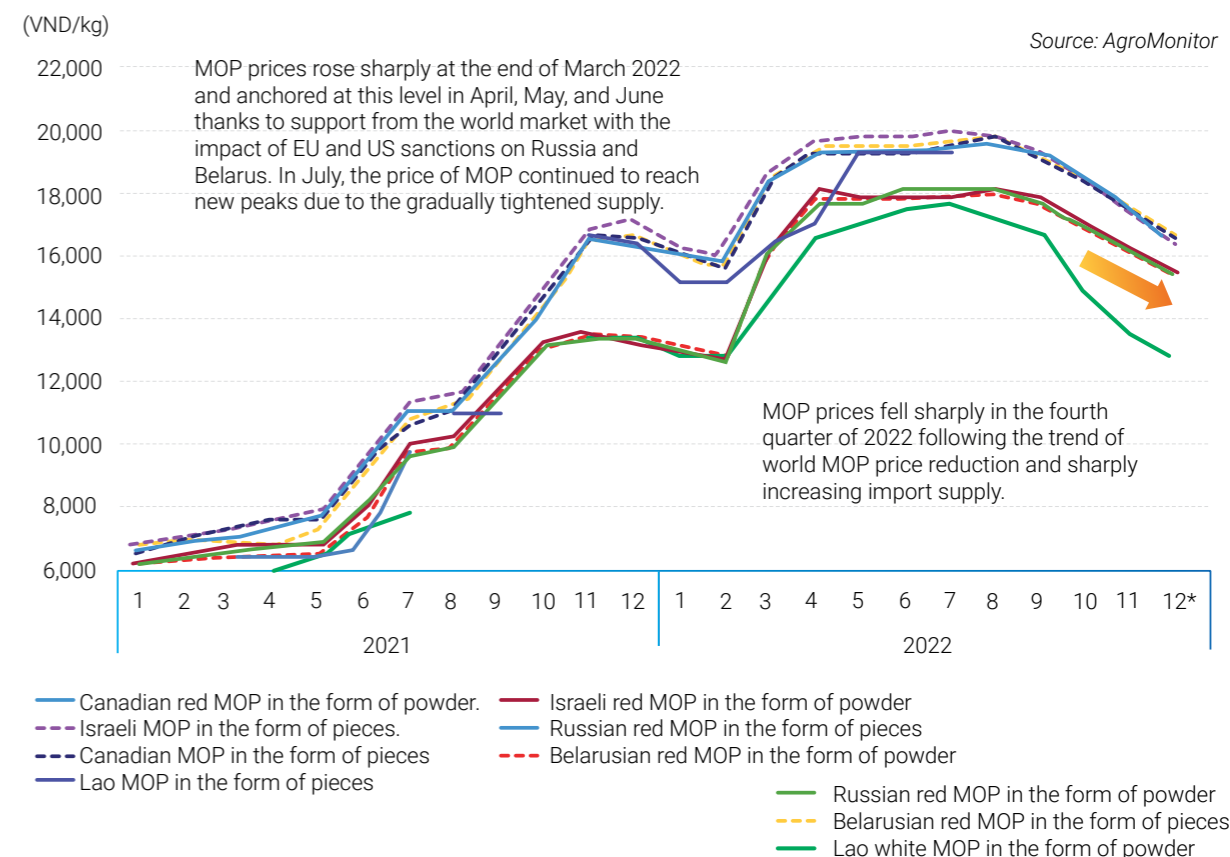
In 2022, the price of MOP in Vietnam was higher than that of 2021 (up 25-92% in Ho Chi Minh City) due to the impact of high import prices while the supply of MOP in Vietnam entirely depended on imports. The decrease of MOP supply and the escalating price in the world and in the country weakened domestic demand compared to that of 2021 (down 49%); NPK factories also reduced their capacity and the amount of MOP purchased to make production materials (down 27%). However, to reduce pressure on domestic prices while world supply was scarce, importers stepped up re-export activities to 3rd countries (up 57% compared to that of 2021).

MOP MARKET

At the same time, importers also sharply reduced their imports compared to 2021's imports, so inventories at the end of 2022 were reduced to 140,000 tons (down 180,000 tons compared to the amount imported at the beginning of the year).

MOP prices traded in Vietnam generally kept an upward trend over the first half of 2022; MOP prices set a new high in March and April 2022, then paused, and gradually decreased in September 2022. On average, in 2022, the price of MOP in the form of powder and pieces in Ho Chi Minh City increased by VND 3000-8000/kg (up 25-92%) compared to that of 2021.

Average monthly price of MOP traded in District 7 Saigon (TXS) in 2021-2022.

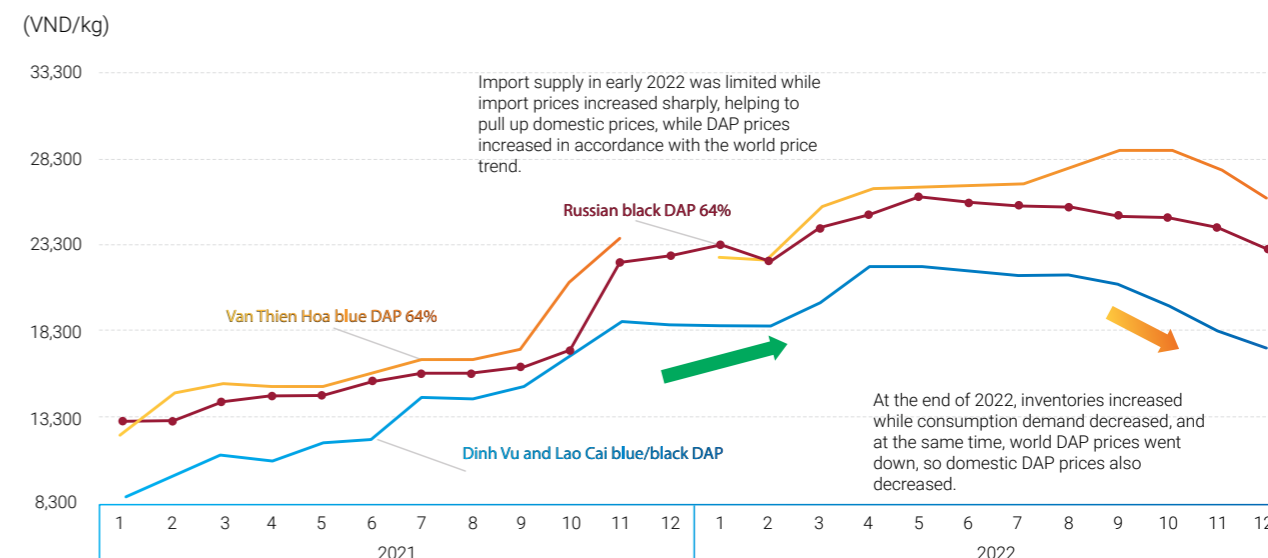


DAP MARKET

DAP prices traded in the Vietnam market place in 2022 generally kept an upward trend, especially for Chinese DAP and Korean DAP, due to limited import volume. Meanwhile, domestic DAP grew more slowly and fell sharply from the end of the third quarter and throughout the fourth quarter.

For imported goods, in 2022, in Ho Chi Minh City, the price of Korean black DAP increased by 64%, continuously setting new price peaks in October. For domestic goods, in 2022, in Saigon, Dinh Vu/Lao Cai blue DAP prices peaked in April and fell to the lowest price in December and average prices in 2022 were 51-56% higher than those in 2021.

Average monthly DAP pricing details traded in District 7, Ho Chi Minh City, in 2021-2022.



Source: AgroMonitor

2022'S FERTILIZER-CHEMICAL MARKET OVERVIEW AND 2023'S FORECAST (continued)

Policies related to the fertilizer market in 2022

In 2022, for the fertilizer tax policy, Vietnam has made the following specific changes:

The import and export tax rate for Vietnam's fertilizers in 2022-2023 has not yet been adjusted compared that of 2021. However, the Ministry of Finance is collecting opinions and is expected to submit to the Government for regulations on unifying an export tax rate of 5% for fertilizers regardless of the mineral resource ratio (NPK alone is not subject to tax).

From February 7, 2022 to September 6, 2022, the safeguard tax rate for Vietnam's DAP/MAP has been reduced to VND 1,007,778/ton, down from VND 1,209,219/ton previously. However, from September 7, 2022, because the Ministry of Industry and Trade decided not to extend the safeguard tax on DAP and MAP, the safeguard tax was reduced to 0 VND/ton.

There has been no official information on the imposition of VAT on fertilizers.

Prospects for 2023

For urea, it is expected that fertilizer demand will recover in 2023 compared to that of 2022. The market mainly expects user demand to increase to compensate after a year of drastic reduction in all nutrients for plants; the possibility that the domestic market urea price will decrease due to the decrease in world urea price in 2023 will help people continue to increase investment in fertilizers to increase production productivity. However, it is likely that Vietnam's fertilizer demand will remain lower than that of 2021. Specifically, AgroMonitor estimates that Vietnam's fertilizer demand will increase by 10-18% compared to that of 2022 but will be about 8-13% lower than that of 2021. It is predicted that there is strong increase in DAP (28-46%), urea (12-16%), and MOP (15-26%); lower increase of other fertilizers is expected (7-14% for NPK, 7-11% for SA, etc.).

For NPK, AgroMonitor forecasts that in 2023, production and consumption will move in the same direction; recovery will be slow in the first half of the year and may be more positive in the last months of the year if the straight fertilizer pricing declines significantly. Regarding imports, in the beginning of 2023, it is forecast that there will be a return of Russian goods after imports being halted from July 2022 (importers have signed contracts to buy since the end of the year); However, the rumored price has not decreased significantly compared to that of the orders from mid-2022 and the amount of NPK imported from Russia is still subject to NPK export quota in the first half of 2023. NPK from China is rumored to increase owing to the possibility that China will gradually loosen its export policies in 2023.

MOP supply in Vietnam depends on imports, so in 2023 it will continue to be affected by world supply

and prices. ICI experts forecast that in 2023 the world supply of MOP may not be guaranteed because the sanctions against Belarus and Russia are still in place etc. Therefore, the MOP price may remain high. However, after consumption demand in Vietnam and the world both fell sharply in 2022, the market expects demand to recover in 2023 although it is difficult to return to 2021's levels. AgroMonitor forecasts MOP consumption in Vietnam in 2023 will increase 24-35% compared to that of 2022 to 230,000-250,000 tons, but still reduced by 110,000-130,000 tons compared to 2021's figures. Import volume is also forecasted to increase to 800,000-900,000 tons, an increase of 250,000-350,000 tons compared to 2022's import volume but there will still be a decrease of 300,000-400,000 tons compared to 2021's figures.

For DAP, in 2023 the import amount is expected to increase compared to 2022's; however, the increase may be more obvious in the second half of 2023. AgroMonitor predicts that DAP imports in 2023 will increase to 350,000-400,000 tons, an increase of over 20% from 292,000 tons in 2022, and will return to the level of 2021, when China began to tighten its export activities due to the escalating DAP price because of the energy crisis. Domestic consumption of DAP (for crops and NPK production) in 2023 will increase to 570,000-650,000 tons, up from 445,000 tons in 2022, but still down from 770,000 tons in 2021. For domestic production, according to the production plan of DAP factories in 2023, output will increase again after a sharp decline in 2022. However, factories will monitor supply and demand and price trends to flexibly adjust production according to the actual direction. It is forecasted that the output in 2023 will reach 400,000-420,000 tons, an increase of 337,000 tons compared to that of 2022.

BOARD OF MANAGEMENT REPORT

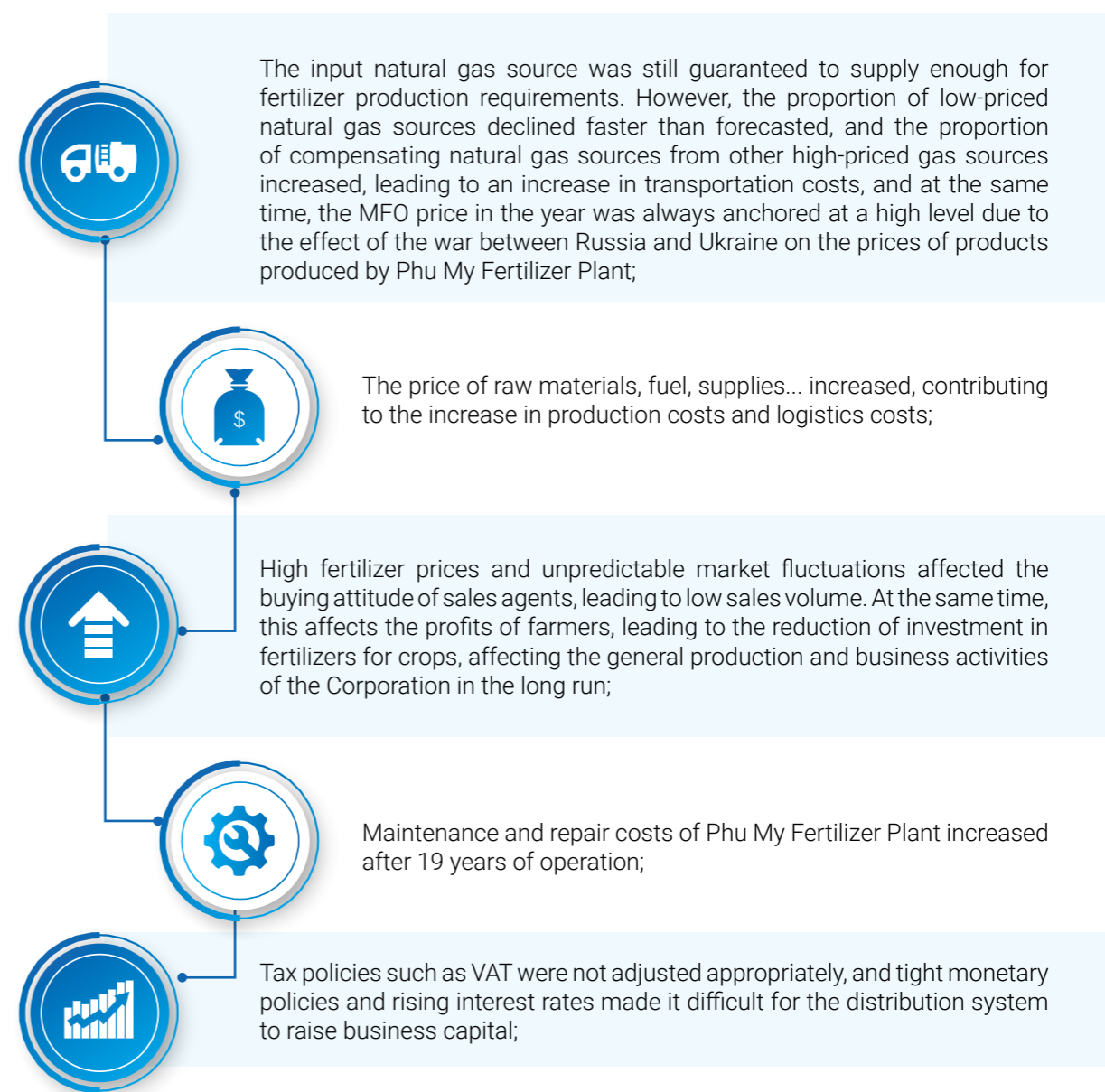
OUTSTANDING FACTORS AFFECTING PRODUCTION AND BUSINESS ACTIVITIES IN 2022

The Corporation's business operations in 2022 took place with inherent advantages and difficulties as well as those arising during the year.

As far as favorable factors involved, objectively speaking, in the fertilizer market in 2022, the price of most fertilizer products continued to increase, especially the price of urea, a key product of

the Corporation, was the highest increase ever. Subjectively, the reputation of the Phu My fertilizer brand and PVFCCo's distribution system have positively promoted wide coverage of consumption areas; Production activities of Phu My Fertilizer Plant remained stable at high capacity thanks to sufficient natural gas input and a healthy financial condition to meet production and business activities.

However, in 2022 PVFCCo faced many difficulties:



BOARD OF MANAGEMENT REPORT (continued)

In the actual situation and conditions of production and business activities in 2022 as reviewed and evaluated above, on the basis of the tasks and targets of the annual plan approved by the General Meeting of Shareholders, PVFCCo's Board of Management organized the implementation of timely, synchronous and flexible solutions, helping the Corporation achieve business results in 2022 for each specific field as follows:



Production

With the experience accumulated in periodic maintenance, PVFCCo continued to actively and promptly resolve issues that arose, as well as efficiently carrying out preventative maintenance for production equipment in 2022, which was a crucial factor in minimizing machine shutdowns. The review, adjustment, and application of the requirements were clearly effective, as total energy consumption of production progress in 2022 was lower than targets, and overall fuel, energy savings in the production sector reached VND 235 billion. In particular, there were numerous measures to increase the quality and output of NPK.

Phu My Fertilizer Plant achieved a record production output of 917,000 tons of urea. The NH₃ Revamp - Phu My NPK Complex was operated and taken advantage of effectively. In 2022, the project complex continued to contribute VND 3,537 billion in revenue, equivalent to 19% of the total revenue and VND 983 billion in profit, equivalent to 15% of the Corporation's total profit.

Sales, marketing and product research

In the face of fierce competition, the Phu My urea brand maintained its solid position and market share in the domestic market, while taking advantage of rising prices in the international market, through its progress towards the goal of developing foreign markets. In 2022, the Corporation exported 191 thousand tons of Phu My urea. Furthermore, it has established a market presence with the quality of Phu My NPK, MOP, and DAP, and continues to expand chemical production and business activities. The Corporation was flexible in implementing changes and improvements in transportation, distribution, sales, and inventory policies, among others, to improve the business effect and expand the customer segment, as well as policies on input material inventory to respond to fluctuations in the raw materials market and disruptions in the supply chain.

Capital construction investment and procurement projects

Total disbursement for investment and procurement projects is over VND 118 billion.

Organization, human resources, human resource development and restructuring

The Remuneration Policy Improvement project and KPI project have provided motivation for employees to promote creativity and improvement in their work and assisted the Corporation in retaining highly skilled personnel.

Safety-Health & Environment Policies

Complying with the new requirements on the prevention of the Covid 19 pandemic, the Corporation reviewed and updated the epidemic prevention and control plans according to the recommendations of professional authorities; prepare physical facilities, human resources and means to be ready to respond accordingly to local epidemic forecasting scenarios; Security, safety, fire prevention, and rescue were always appreciated and strengthened by the business units, especially during holidays, Tet, etc. As a result, in 2022 the Corporation did not have any accidents happen affecting labor safety, production and business activities.

Limitations and solutions, details as follows:

Production

After many years of operation, despite regular maintenance, engineering and technical issues have surfaced in fixed equipment at Phu My Fertilizer Plant, which risks the stability of the whole Plant's operation being affected.

Capital Contribution to Associated Companies

The planned divestments and withdrawal of capital from associated companies, such as VNPOLY, PVC Mekong, and Ut Xi Aquatic Products Processing Corporation were delayed, etc., the operations of these companies continued to deteriorate.



Some unmet targets

Sales of fertilizers reached 91% (of which Phu My urea reached 99%, NPK reached 78%, Kebo fertilizer reached 26% and other fertilizers reached 80%), mainly due to: (i) Fertilizer prices fluctuated unpredictably worldwide; (ii) Domestically, the price of agricultural fertilizers increased, and the prices of agricultural products were very unstable; (iii) there were negative effects from the covid-19 epidemic and the political crisis in the countries importing Vietnam's agricultural products; (iv) Tight monetary policies and rising interest rates made it difficult to mobilize capital for business. These impacts made fertilizer marketing very difficult, sales volume in regions were low, and the purchasing power was very weak.

Disbursement ratio of capital construction investment reached 22% of the planned target due to the disbursement progress of the final milestones of NH₃ Revamp - Phu My NPK Complex being unsatisfactory. At the same time, the procurement implementation was not as planned due to the impact of the Covid-19 epidemic and the escalating wars in the world.

BOARD OF MANAGEMENT REPORT (continued)

FINANCIAL ANALYSIS

Assets and Capital



TOTAL ASSETS AS OF 31/12/2022 **17,699** VND billion
 ▲ 27% compared to the beginning balance (17,699/13,918 VND billion)



CASH AND CASH EQUIVALENTS **2,084** VND billion
 ▼ 17% compared to the beginning balance (2,084/2,524 VND billion)
 due to the regulation of the Corporation to switch to savings of VND of 6,880 billion with a term of over 6 months



Liabilities

- ◆ PVFCCo's liabilities as of 31/12/2022 were VND 3,681 billion, an increase of 15% compared to the beginning of the year (VND 3,681/3,205 billion).
- ◆ Total liability to total assets ratio and total liability to equity ratio decreased compared to those of 2021, but the current ratio and quick ratio in 2022 remained higher than 1. This demonstrates a good capacity to pay debts, and the Corporation is not under any pressure on due debt, ensuring good production and business activities.
- ◆ Given the closing balance of Cash and Cash equivalents of VND 2,084 billion, there is sufficient funding for manufacturing, trading and investment projects as planned.



Profitability

Profitability ratios of PVFCCo such as ROE, ROA increased sharply compared to those of 2021 (35% and 40%, respectively).

Outstanding results in production and business:

PRODUCTION OUTPUT

UREA
917
 thousand tons

NPK
157
 thousand tons

NH₃ (FOR TRADING)
74.4
 thousand tons

ENERGY SAVINGS IN PRODUCTION
235
 VND billion

SALES REVENUE OF THE NH₃-NPK COMPLEX
3,537
 VND billion

THE NH₃-NPK COMPLEX CONTRIBUTED
983
 VND billion in profit before tax

Production activities: The Phu My Fertilizer Plant has finished its production plan 36 days ahead of schedule, resulting in an annual output of 917 thousand tons of Phu My urea, 11% more than planned - this was the year in which the production output reached a record since the factory came into operation. The production of NH₃ for consumption reached 74 thousand tons - 6% more than planned.

Business activities: Effectively trading about 1.1 million tons of fertilizer (791 thousand tons of Phu My urea; 129 thousand tons of Phu My NPK, 209 thousand tons of other fertilizer) and 136 thousand tons of chemicals.

Revenue reached a record level of VND 19,013 billion, representing 110% of the plan and up 45% YoY.



Profit before taxes reached VND 6,606 billion, achieving 160% of the plan for the year and an increase of 74% compared to 2021. Profit arrived the yearly target 6 month ahead at a record level since the Corporation started operations. The record high profit level, in addition to the high selling price of the main products, was due to the Corporation's closely monitoring and forecasting of the direction of the domestic and world markets, closely following the epidemic situation to take the initiative in different scenarios and appropriate business management solutions, especially focusing on cost management to cut and reduce costs; focusing on production management to optimize production costs, while improving product quality and reducing consumption of raw materials and energy; managing risks in order to operate with some business flexibly in sensitive market times etc. so as to increase profit and reduce the impact of unfavorable factors (increasing prices, rising interest rates, reducing fertilizer demand).

BOARD OF MANAGEMENT REPORT (continued)

Summary on business performance 2022

No.	Item	Unit	Actual 2021	Plan 2022	Actual 2022	Ratio compared with 2021 (%)	Plan completion rate (%)
A	B	C	1	2	3	4=3/1	5=3/2
I Production output							
1.1	Phu My urea	thousand tons	797	828	917.062	115%	111%
1.2	UFC 85	thousand tons	12.0	12.8	13.231	110%	103%
1.3	NPK	thousand tons	162	165	155.471	96%	94%
1.4	Phu My urea + KeBo	thousand tons	5	10	4.5	98%	45%
1.5	NH ₃ (for trading)	thousand tons	69	70	74.412	108%	106%
II Sales volume							
2.1	Phu My urea	thousand tons	749	800	791.157	106%	99%
2.2	NPK	thousand tons	151	165	129	85%	78%
2.3	Phu My urea + KeBo	thousand tons	3.2	10	2.6	83%	26%
2.4	Other fertilizers	thousand tons	241	260	209.163	87%	80%
2.5	UFC 85	thousand tons	9.4	8.5	9.544	102%	112%
2.6	NH ₃ (for trading)	thousand tons	70	70	71.488	102%	102%
2.7	CO ₂	thousand tons	44	50	54.006	124%	108%
2.8	Chemicals	thousand tons	0.8	0.6	1.031	137%	154%
III Consolidated financial indicators							
3.1	Total revenue	VND billion	13,117	17,239	19,013	145%	110%
3.2	Profit before tax	VND billion	3,799	4,130	6,606	174%	160%

No.	Item	Unit	Actual 2021	Plan 2022	Actual 2022	Ratio compared with 2021 (%)	Plan completion rate (%)
3.3	Profit after tax	VND billion	3,172	3,473	5,585	176%	161%
3.4	Budget payable (paid)	VND billion	466		1,614	346%	
IV Parent company's financial indicators							
4.1	Owner's equity	VND billion	10,503	9,011	13,779	131%	153%
4.2	In which: Charter capital	VND billion	3,914	3,914	3,914	100%	100%
4.3	Total revenue	VND billion	11,951	16,343	16,924	142%	104%
4.4	Profit before tax	VND billion	3,612	4,128	6,507	180%	158%
4.5	Profit after tax	VND billion	3,030	3,489	5,511	182%	158%
4.6	Ratio of Profit after tax/Charter capital	%	77%	89%	141%	182%	159%
4.7	Budget payable	VND billion	423		1,551	367%	
4.8	Investment						
4.8.1	Investment disbursement	VND billion	110	548	118	107%	22%
	Capex	VND billion	89	245	75	84%	30%
	Equipment procurement	VND billion	22	303	43	200%	14%
	Capital investment	VND billion					
4.8.2	Capital investment source	VND billion	110	548	118	107%	22%
	Owner's equity	VND billion	62	548	118	192%	22%
	Loans and others	VND billion	49			0%	

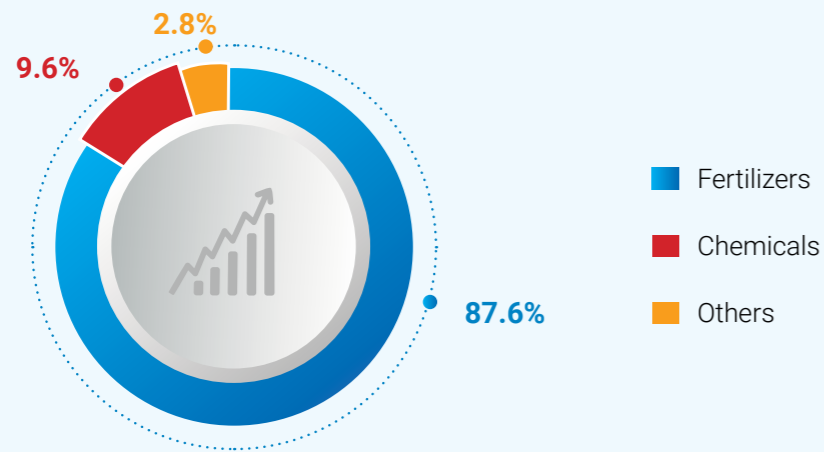
BOARD OF MANAGEMENT REPORT (continued)



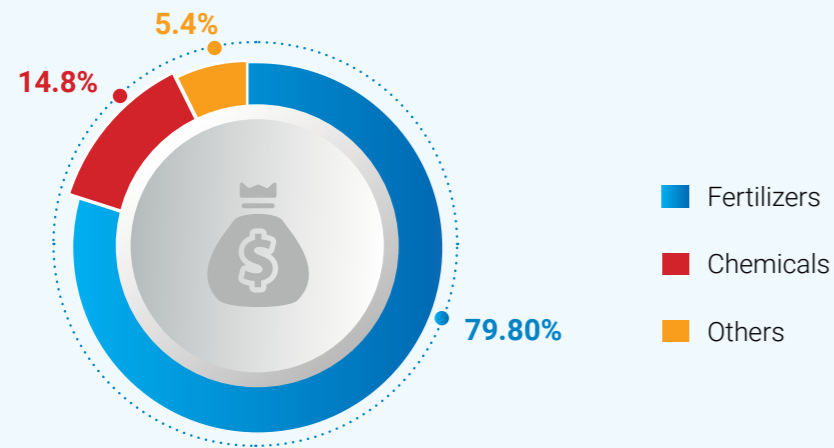
PRODUCTION AND BUSINESS STATISTICS FOR THE CORPORATION'S LEADING PRODUCTS OVER 2012-2022 PERIOD

Production and sales targets

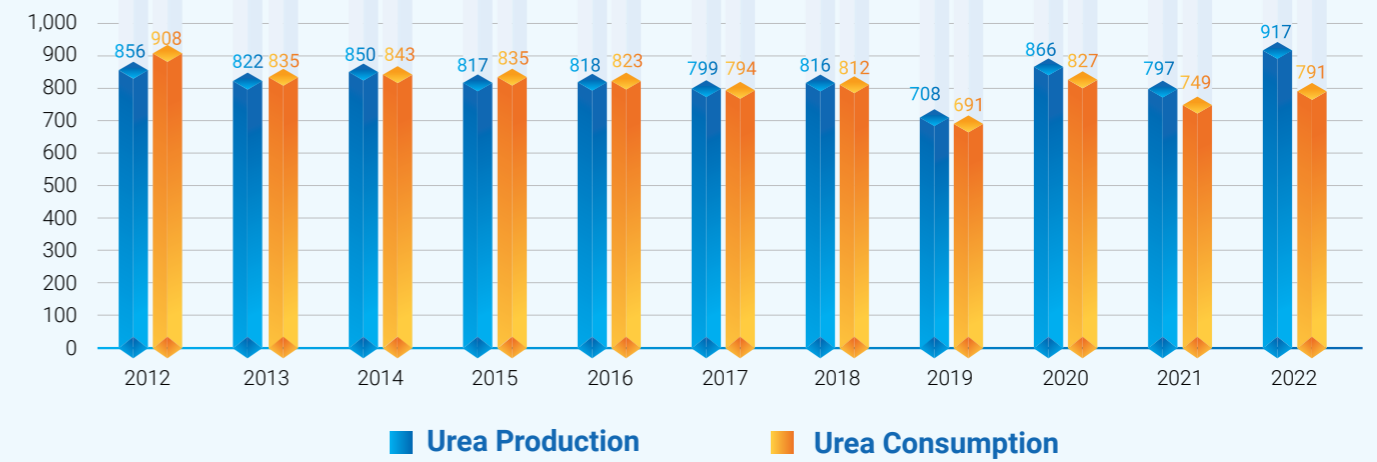
Revenue structure in 2022



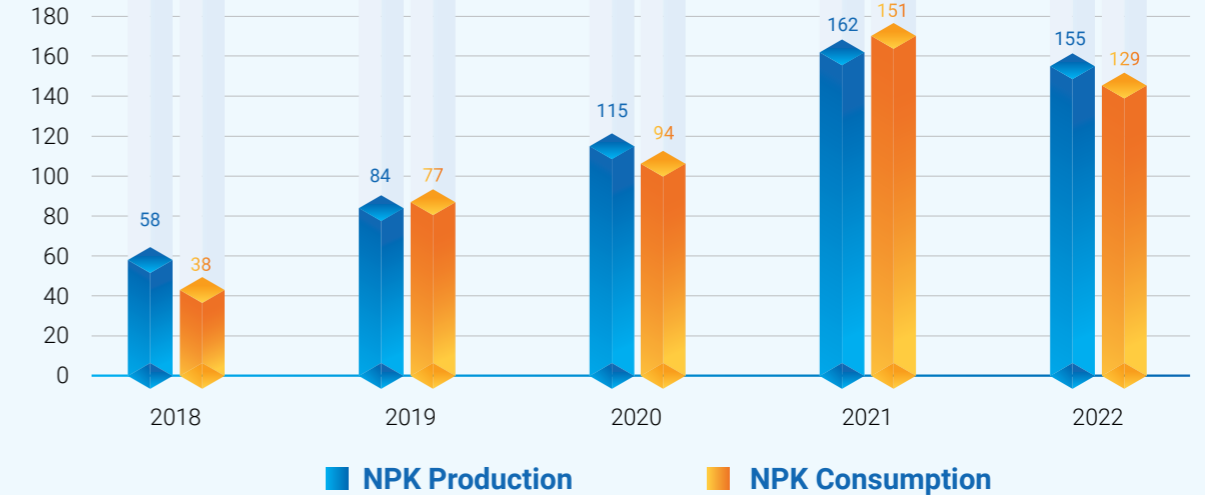
Profit structure in 2022



(thousand tons)

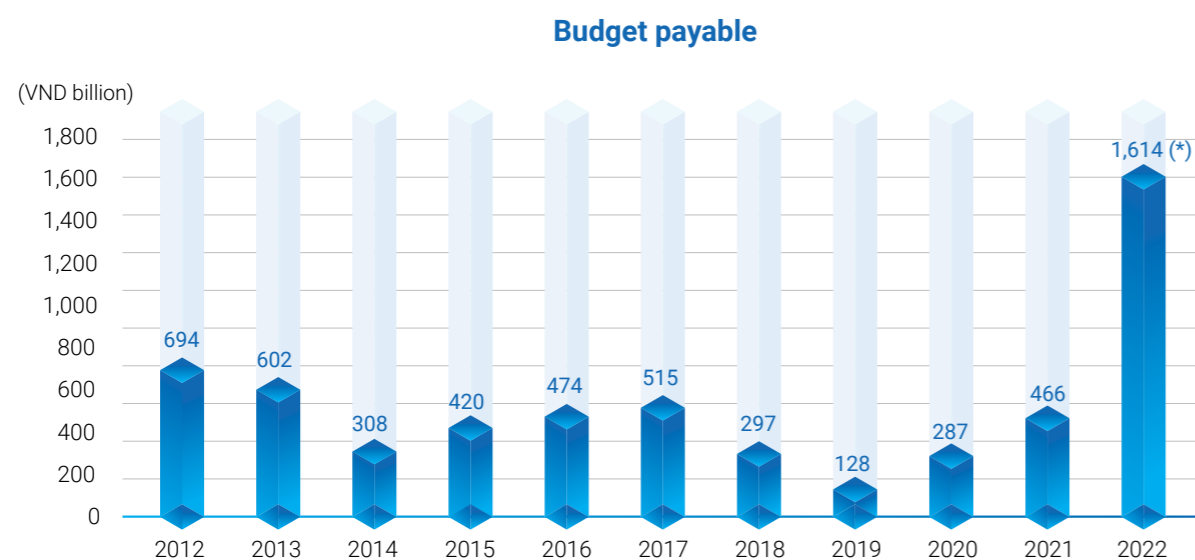
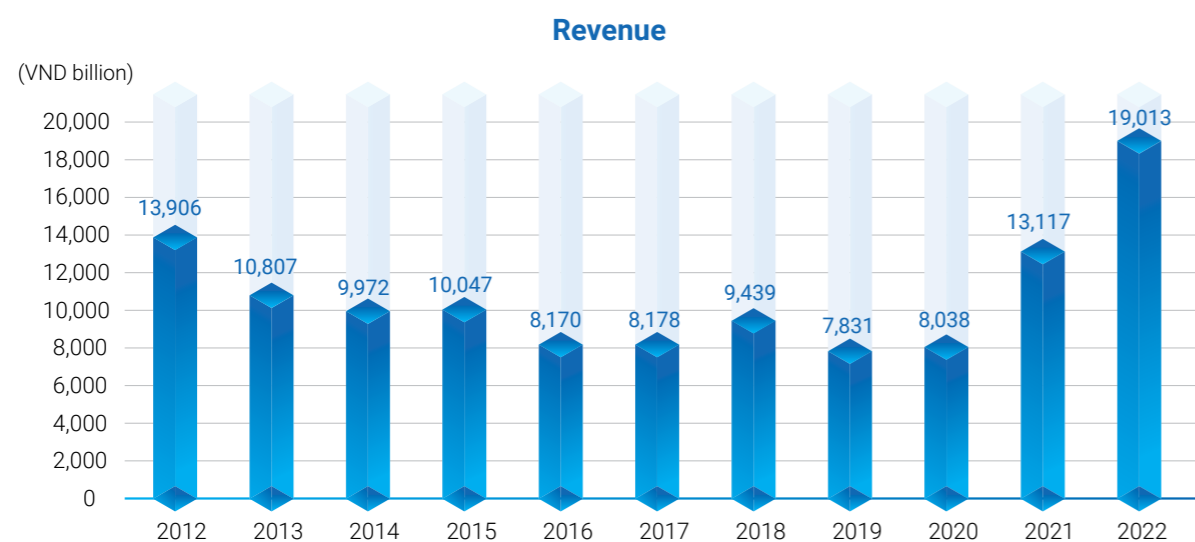


(thousand tons)

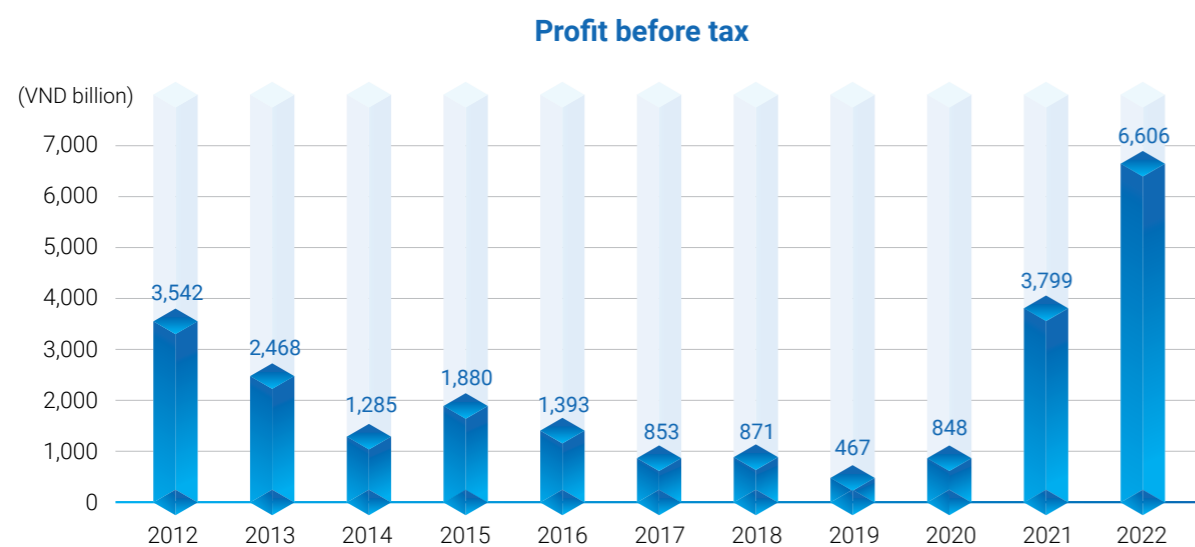


BOARD OF MANAGEMENT REPORT (continued)

Consolidated financial indicators over 2012-2022 period



(*) Actual amount paid in 2022



Investment in and implementation of projects

Major investments:

According to the 2022 plan, total capital for investment in construction and procurement was VND 548 billion. In 2022, PVFCCo disbursed over VND 118 billion, achieving 22% of the plan according to the actual progress.

Return on capital (Summary report on the performance of subsidiaries and capital contributors):

No.	Item	Equity to total charter capital ratio	Total invested capital (VND billion)	Charter capital (VND billion)	Profit after tax (PAT) (VND billion)	PAT to charter capital ratio	2022 dividend (VND billion)
I	Investment in subsidiaries		386.25	515.00	80.06		55.73
1	PVFCCo North	75.00%	90.00	120.00	17.85	14.9%	15.30
2	PVFCCo Central	75.00%	75.00	100.00	29.70	29.7%	18.75
3	PVFCCo SE	75.00%	93.75	125.00	21.31	17.1%	
4	PVFCCo SW	75.00%	127.50	170.00	11.20	6.6%	21.65
II	Investment in joint venture companies		680.90	2,487.80	-814.94		2.00
1	VNPOLY	25.99%	562.70	2,165.11	-819.21	-37.8%	
2	PVC Mekong	35.63%	100.00	280.69	-2.86	-1.0%	
3	PVFCCo Packaging	43.34%	18.20	42.00	7.14	17.0%	2.00
III	Other long-term investments		20.50	396.35	-89.29		0.22
1	PAIC	8.50%	3.60	42.35	3.61	8.5%	0.22
2	Ut Xi Aquatic Products Processing Corporation	6.78%	16.90	354.00	-92.91	-26.2%	
	TOTAL		1,087.65	3,399.15	-824.17		57.94

BOARD OF MANAGEMENT REPORT (continued)

THE CORPORATION'S FINANCIAL PERFORMANCE:

Assets and capital

Unit: VND billion

Item	31/12/2021	31/12/2022	% Increase (Decrease)
TOTAL ASSETS	13,918	17,699	27%
Current assets	9,520	13,579	43%
Non-current asset	4,398	4,120	-6%
TOTAL RESOURCES	13,918	17,699	27%
LIABILITIES	3,205	3,681	15%
OWNER'S EQUITY	10,713	14,017	31%
◆ Charter capital	3,914	3,914	
TOTAL REVENUE	13,117	19,013	45%
TOTAL COST	9,320	12,410	33%
INTEREST	69,3	64,8	-6%
EBIT	3,866	6,668	73%
PROFIT BEFORE TAX	3,799	6,606	74%
PROFIT AFTER TAX	3,172	5,585	76%
◆ Profit after tax of minority shareholders	55	20	
◆ Profit after tax of parent company	3,117	5,565	

Financial indicators

Item	2021	2022
Liquidity ratios		
Current ratio	4.42	4.53
Quick ratio	3.13	3.24
Solvency ratios		
Total debt/total assets	23%	21%
Total debt/total equity	30%	26%
Operational capacity ratios		
Inventory turnover	3.77	3.25
Net revenue/total assets	1.01	1.18
Profitability ratios		
Net profit after tax/Net revenue	24.80%	29.98%
ROE	33.45%	45.17%
ROA	25.15%	35.33%
EPS	7,749	13,897

BOARD OF DIRECTORS REPORT

ASSESSMENTS OF THE BOARD OF DIRECTORS ON PVFCCO'S OPERATIONS



Corporate Governance review by the BOD

In accordance with the Enterprise Law 2020, PVFCCo applied a corporate governance model that includes a General Meeting of Shareholders, a Board of Supervisors, and a Board of Management. Corporate governance complied with and met the requirements of Decree No. 155/2021/ND-CP, dated 31/12/2020, issued by the Government. All internal operations, supervision, and auditing were covered by the corporate governance practices. The financial statements were prepared in accordance with the law, reflecting accurately and honestly the production and business activities of the Corporation, and they were audited by renowned external auditors approved by the Ministry of Finance. Members of the BOD, BOS, and BOM are capable and qualified, and their services are free of conflicts of interest. They have performed their roles and duties effectively, contributing to help the Corporation to fulfill its annual production and business plan. The Corporation is constantly working to improve its governance management, heading towards successfully applying upstanding practices such as: improving the BOD's governance efficiency, improving the supervision of the BOS, implementing supportive solutions in management and administration of production and business: ERP, ISO, KPI management and performance evaluation systems, etc.

BOARD OF DIRECTORS REPORT (continued)



Overview

In 2022, Vietnam's economy achieved impressive growth after the COVID-19 pandemic in the context of a slow recovery by the world economy and the influences of the Russia-Ukraine conflict.

The fertilizer sector was generally affected by the pandemic last year, following the impact of the supply chain that was not yet escaped from the state of disruption and stagnation due to the world political situation; the agriculture industry, which was experiencing many difficulties of its own, directly affected the overall demand for fertilizer consumption. Other difficulties persisted in 2021, as non-deductible input VAT which continued to account for a sizable portion of production costs. However, the world fertilizer market was affected by the pandemic and the war in Ukraine, which limited the supply of imported fertilizer, which in turn has raised the selling price and boosted profit margins for domestic fertilizer manufacturers. Simultaneously, the efforts to overcome pandemic-related disadvantages, manage costs, and capitalize on opportunities by PVFCCo's leaders and employees, timely attention, leadership, direction, and support from authorities, Vietnam Oil and Gas Group, and companionship and sharing from valued shareholders, the Corporation has met the Corporation's primary obligations under the 2022 production plan with the highest profit in history.

The discussions from the two Annual General Meetings of Shareholders are summarized as Advantages and Limitations. The Corporation successfully achieved and exceeded its annual planned targets in production, and operations and financial performance.

Along with guaranteeing the optimal production and sales efficiency of the Corporation's flagship products, Phu My urea and Phu My NPK, the Corporation concentrated on cost and asset management in 2022, as well as boosting the operations of self-employed fertilizer distributors. The Corporation aggressively promoted the sale of its specialty Phu My fertilizer products (DAP, SA, Phu My MOP), which contributed to the overall success outcomes while maximizing the distribution system's efficiency. The distribution subsidiaries took the initiative to steadily increase their business's competitiveness in fertilizers and oil and gas chemicals. The Corporation exported about 191 thousand tons of urea.

The Phu My Fertilizer Plant exceeded the urea production plan with a new record output of 917 thousand tons.

The Corporation has adopted an honesty and transparency policy. As an award-winning organization, the management adhered to these principles as a foundation and standard for best practices. In 2022, the Corporation maintained an effective integrated management system in accordance with ISO 9001 - 2008, OHSAS 18001 - 2007, and ISO 14001 - 2004; systems such as ERP, STOP, 5S, Six Sigma, CBM, RCA, FMEA, RBI, and RCM, and so on. The Corporation also developed a set of measures to determine the effectiveness of its key performance indicators and salary innovation projects (3P). The intention of this initiative is to foster a professional, fair, and efficient work environment. Internal auditing was deployed with a fresh strategy to complete and upgrade risk management in PVFCCo's manufacturing and commercial operations.

With the aforementioned performance, the Corporation achieved a pre-tax profit of VND 6,606 billion, significantly exceeding the profit target set by the General Meeting of Shareholders.



Results

Assessment on environmental and social responsibilities:

The Corporation is committed to upholding the highest standards of environmental and social responsibility in all of its manufacturing, commercial, and investment activities. The Corporation's primary activities are in the sector of fertilizer and chemical production, both of which are environmentally responsible and have a high potential for negative impact on the environment. Compliance with applicable safety and environmental laws is therefore a major emphasis during production. In product distribution, the Corporation is constantly developing programs and initiatives to educate

farmers about the effective and economical use of fertilizers while reducing environmental impact.

The Corporation remains focused on its duties and obligations to society. It has consistently and actively contributed to social security work and cared for its employees throughout the years.

The results of the implementation of environmental and social responsibilities in 2022 are presented in detail in the Sustainable Development Report.



Assessment of the Board of Directors on the Board of Management's operations

A general assessment of the Board of Management on business operation management:

- ◆ The members of the Board of Management are all qualified, capable, and qualified, professionally trained, knowledgeable in their assigned fields, and have extensive experience managing and administering significant projects/enterprises.
- ◆ The President & CEO has delegated specific roles to the Vice Presidents and conducted weekly briefings to assess weekly work results and assign the work plan for the following term.
- ◆ The Board of Management conducted the unit's business activities in accordance with the General Meeting of Shareholders' resolutions, under the direction of the Board of Directors, and in strict compliance with the enterprise's charter and legal provisions.
- ◆ The Board of Management maintained a comprehensive awareness of the Corporation's advantages and disadvantages, which enabled it to adapt operating production and business activities while also issuing internal documents in accordance with its authority to effectively control the Corporation's production and business activities; effectively performing the role of risk control beginning with the Board of Management and middle managers.

BOARD OF DIRECTORS REPORT (continued)

The Board of Directors' plans and orientations for 2023

With the fertilizer market projection, gas prices will continue to be challenging in 2023, as they were in 2022. However, with the help of the fertilizer market, the Corporation has achieved remarkable profit results in 2022. The Board of Directors has established a business plan for 2023, with the cooperation of State shareholders specifically as follows:



Production targets

No.	Item	Unit	Plan 2023
I	Production output		
1.1	Phu My urea	thousand tons	785.0
1.2	Phu My NPK	thousand tons	200.0
1.3	Phu My urea + KeBo	thousand tons	10.0
1.4	UFC 85/Formaldehyde	thousand tons	12.5
1.5	NH ₃ (for trading)	thousand tons	65.5
II	Sales volume		
2.1	Phu My urea	thousand tons	800.0
2.2	Phu My NPK	thousand tons	200.0
2.3	Phu My urea + KeBo	thousand tons	10.0
2.4	UFC 85/Formaldehyde	thousand tons	8.5
2.5	NH ₃	thousand tons	70.0
2.6	Other fertilizers	thousand tons	309.5
2.7	CO ₂	thousand tons	45.0
2.8	Other chemicals	thousand tons	0.668

The Corporation's financial plan (consolidated)

No.	Item	Unit	Plan 2023
1	Total revenue	VND billion	17,372
2	Profit before tax	VND billion	2,670
3	Profit after tax	VND billion	2,250
4	Budget payable	VND billion	637

Parent company's plan

Financial plan

No.	Item	Unit	Plan 2023
1	Owner's equity	VND billion	10,149
2	Total revenue	VND billion	15,103
3	Profit before tax	VND billion	2,606
4	Profit after tax	VND billion	2,207
5	Ratio of Profit after Tax/Average Owner's equity	%	21.7
6	Ratio of Dividend/Charter capital (**)	%	40.0
7	Total debt/total Owner's equity	time	0.22
8	Budget payable	VND billion	613

Capital investment plan

No.	Item	Unit	Plan 2023
I	Total capital investment	VND billion	492.0
1	Capex	VND billion	209.3
2	Procurement projects	VND billion	282.7
3	Capital contribution to member companies	VND billion	-
II	Capital investment source	VND billion	492.0
1	Owner's equity	VND billion	492.0
2	Loans and others	VND billion	0
III	Capital expenditure	VND billion	492.0
1	Owner's equity	VND billion	492.0
2	Loans and others	VND billion	0