

REPORT

OF THE BOARD OF MANAGEMENT ON

2024 OPERATING RESULTS AND OPERATING PLAN IN 2025

To: The General Meeting of Shareholders of Nafoods Group JSC

The Company's Board of Management would like to report to the General Meeting of Shareholders ("GMS") on the results of operating activities in 2024 and the operating plan for 2025 as follows:

I. 2024 OPERATING RESULTS

In 2024, the world economy continued to recover at a slow pace due to many difficulties and major fluctuations. Geopolitical tensions in Ukraine and the Middle East disrupted supply chains, caused logistics costs increased in some period. Global inflation continued to decrease but interest rates still remained high, affecting consumer demand and investment. Domestically, extreme weather and natural disasters were complex and unpredictable, affecting the productivity and some crops harvest. This has significantly affected Vietnamese export processing enterprises in general and Nafoods in particular. However, with the close direction of the Board of Directors, the solidarity and sharing of the staffs, along with efforts to restructure the organizational structure, operating apparatus and governance model, Nafoods' operating activities last year still recorded many encouraging results.

1. Operating results

Metric	FY 2024		FY 2023		Growth
	Billion dong	% NR	Billion dong	% NR	
Net Revenue (NR)	1,437,0	100,0%	1,733,3	100,0%	-17,1%
Gross Profit	405,6	28,2%	469,7	27,1%	-13,7%
Financial Income	36,0	2,5%	34,7	2,0%	3,7%
Financial Expenses	68,2	4,7%	75,6	4,4%	-9,8%
<i>In which: Interests</i>	52,0	3,6%	45,7	2,6%	13,7%
Selling Expenses	122,8	8,5%	135,2	7,8%	-9,2%
Administration Expenses	121,6	8,5%	170,2	9,8%	-28,5%
Operating Profit	129,0	9,0%	123,5	7,1%	4,4%
Profit from other activities	11,1	0,8%	8,9	0,5%	25,0%
Profit before tax	140,1	9,7%	132,4	7,6%	5,8%
Profit after tax	116,4	8,1%	109,9	6,3%	5,9%

❖ Revenue

In 2024, the Group's consolidated net revenue reached VND 1.437,0 billion, decreased 17,1% over the same period, and only reached 65,3% of the plan as the beginning of the year, of which:

- ***Industrial Business Segment***

- + 2024 marked an important turning point when the Company restructured its product portfolio, applying higher quality standards to meet strict import regulations in major markets such as the EU and the US. This led to a temporary decline in revenue as customers need time to accept the new standards and prices from the Company.
- + Moreover, objectively speaking, 2024 also witnessed a decline in the supply of key fruits such as passion fruit and lychee due to weather conditions. However, thanks to efforts in product diversification and operational flexibility, the Company has intensified its investment, production, and operating activities in other products such as mangoes and bananas to compensate.
- + As a result, the net revenue of the Industrial Business Segment in 2024 reached VND 1.350 billion, despite a 14,9% decline yoy due to decreased revenue from key fruits such as passion fruit and lychee. However, the sector witnessed a growth of over 60% in products like mango and banana. It is expected that the growth of these new fruit categories, combined with the recovery of key products, will drive strong revenue growth for the Industrial Business Segment in 2025.

- ***Dried Products and Consumers Segment***

- + In 2024, the revenue of the Dried Products and Consumer segment reached VND 63 billion, a significant increase compared to VND 14 billion in the previous year.
- + Although the development of dried products in both export and domestic markets has been behind the initial plan, the Company achieved positive results in the year by successfully expanding into new markets such as Asia (Taiwan, South Korea,...), Russia, the UK, and the US. At the same time, the Company has made initial progress in completing its product portfolio (26 SKUs) and establishing brand recognition in the domestic market by diversifying distribution channels, including MT, GT, Horeca channels, and e-commerce platforms.



- Seedlings Business Segment

- + Last year witnessed a relatively gloomy picture of the Company's passion fruit seedlings business segment. Sales volume declined due to unfavorable weather conditions in the Central Highlands – Vietnam's main passion fruit planting area – which were not conducive to passion fruit cultivation. Additionally, competition from other crops such as coffee and durian further reduced farmers' demand for passion fruit seedlings.
- + At the end of 2024, to ensure an adequate supply of passion fruit for the production plant in the following year, the Company proactively provided seedling price reductions to encourage farmers to cultivate. As a result, the revenue of the passion fruit seedling business in 2024 reached only VND 24 billion, marking a significant decline of 81,5% compared to the previous year.
- + Amid market challenges, the seedling business still achieved some positive results over the past year. Notably, the Company focused on refining its production management processes and quality control systems to ensure the supply of the highest-quality seedlings to the market and farmers. This effort aims to maintain its leading position and prepare for the next growth cycle.

❖ Cost & Profit:

To ensure profit growth amid last year's market fluctuations, the Company proactively implemented strict cost control measures and strengthened debt collection efforts. Specifically:

- Gross profit margin continued to improve, reaching 28,2%, an increase of 1,1 percentage points compared to the previous year. Gross profit reached VND 405,6 billion, decreased 13,7% yoy, a slight decrease than revenue.
- Selling expenses were VND 122,8 billion, decreased VND 12,4 billion (-9,2%) compared to the previous year. The selling expense-to-revenue ratio was at 8,5%, a slight increase of 0,7 percentage points yoy.
- Administration expenses were VND 121,6 billion, decreased VND 48,5 billion (-28,5%) compared to the previous year. The G&A expense-to-revenue ratio was at 8,5%, decreased 1,3 percentage points yoy, mainly due to a reduction in provision expenses.
- Financial expenses were VND 68,2 billion, decreased VND 7,4 billion (-9,8%) compared to the previous year. Interest expenses amounted to VND 52,0 billion, an increase of VND 6,3 billion (+13,7%) yoy. The interest expense-to-revenue

ratio reached 3,6%, increased 1,0 percentage point from the previous year due to an increase in the average outstanding debt in 2024.

- Net profit in 2024 continued to reach a new record of VND 116,4 billion, increased VND 6,5 billion (+5,9%) compared to the previous year, achieving 90,2% of the target set at the beginning of the year. The net profit margin reached 8,1%, an increase of 1,8 percentage points compared to 2023.

2. Financial Situation

Indicator	31/12/2024		31/12/2023		Growth
	Billion dong	%TA	Billion dong	%TA	+/-%
Total Asset (TA)	2.029,0	100,0%	2.043,2	100,0%	-0,7%
Short-term assets	991,1	48,8%	1.016,6	49,8%	-2,5%
Long-term assets	1.037,9	51,2%	1.026,6	50,2%	1,1%
Liability	1.044,0	51,5%	1.055,3	51,6%	-1,1%
Short-term debts and finance leases	692,1	34,1%	746,9	36,6%	-7,3%
Long-term debts and finance leases	155,6	7,7%	62,4	3,1%	149,3%
Other liabilities	196,3	9,7%	246,0	11,9%	-20,2%
Equity	985,0	48,5%	988,0	48,4%	-0,3%
Owner's equity	653,0	32,2%	629,2	30,8%	3,8%
Share premium	21,2	1,0%	67,2	3,3%	-68,4%
Retained earnings	277,6	13,7%	231,5	11,3%	19,9%
Other equity	33,1	1,6%	60,1	3,0%	-44,9%

❖ Assets Structure

The total consolidated assets of the Group as of December 31st 2024 reached VND 2.029,0 billion, a slight decrease of 0,7% in comparison with the previous year. Of which:

- Short-term assets reached VND 991,5 billion, decreased 2,5% compared to December 31st 2023, accounting for 48,8% of the total asset structure.
- Long-term assets reached VND 1.037,9 billion, a slight increase of 1,1% compared to the end of last year, accounting for 51,2% of the total asset structure.

❖ Resources Structure

- Consolidated owner's equity as of December 31st 2024 reached VND 985,0 billion dong, a slight decrease of 0,3% compared to the previous year, accounting for 48,5% of total resources. During the period, the Company completed the repurchase of 2.675.000 redeemable preference shares with a total value of VND 72,76 billion and completed the issuance of an additional 5.056.196 ordinary shares to pay stock dividends to shareholders.

- The Liabilities structure has changed from short-term debt to long-term debt. Specifically, short-term debt balance as of December 31st 2024 reached VND 692,1 billion, decreased 7,3% compared to the beginning of the year, accounting for 34,1% of total resources. Long-term debt balance as of December 31st 2024 reached VND 155,6 billion, increased 149,3% compared to the previous year, accounting for 7,7% of total resources. Total debt balance at the end of the year reached VND 847,7 billion, increased 4,7% compared to the beginning of the year, accounting for 41,8% of total resources.

❖ Financial Indicators

Indicator	Unit	31/12/2024	31/12/2023
1. Liquidity			
Current ratio	Times	1,16	1,05
Quick ratio	Times	0,91	0,78
2. Capital Structure			
Total Liability/Total Assets	Times	0,51	0,52
Total Liability/ Owner's Equity	Times	1,06	1,07
Debts/ Owner's Equity	Times	0,86	0,82
Debts /EBITDA	Times	2,87	3,28
3. Operating Efficiency			
Receivable Turnover Ratio	Times	4,21	4,63
Payable Turnover Ratio	Times	15,15	12,25
Inventory Turnover Ratio	Times	4,31	5,95
Total Asset Turnover Ratio	Times	0,71	0,92
4. Profitability			
Net Profit Margin	%	8,1%	6,3%
EBITDA Margin	%	20,5%	14,4%
ROE	%	11,8%	11,1%
ROA	%	5,7%	5,4%

- The Company's liquidity indicators in 2024 have improved, with current ratio reaching 1,16 times, increases vs 1,05 times at the beginning of the year. These indicators increased mainly due to the change on the structure of current liabilities to non-current liabilities during the year.
- Debt Leverage Ratio in 2024 are similar to the previous year. The partial repurchase of redeemable preferred shares during the year increased the debt-to-equity ratio, but the Debt/EBITDA ratio continued to improve to 2,89 times during the year, thanks to the strong improvement in EBITDA, showing that the Company's debt repayment ability is gradually improving.
- The receivables turnover ratios, inventories turnover ratio and total assets turnover

ratio in the year decreased mainly due to the decrease in revenue.

- Total assets and equity did not change much, while EBITDA and profit after tax increased, helping to improve the indicators of return on equity and total assets.

3. Investment activities

❖ Project investments

In 2024, regarding project investments, the Company has implemented investment projects to expand the Group's core production capacity. Specifically:

- Nafoods Southern Joint Stock Company: In April 2024, the IQF production line with a capacity of 2.000 tons of finished products/year was completed and put into operation, contributing to increasing the production capacity and supply of IQF Mango and IQF Dragon Fruit products.
- Nghe An Food Products Joint Stock Company: During the year, the company has been investing in expanding the production capacity of juice and IQF products. It is expected that after completion and put into operation in 2025, it will increase the total capacity of the factory by 1.000 tons of finished products/year.
- Nafoods Tay Nguyen Joint Stock Company: Continued to research and invested in expanding the passion fruit processing and production complex with the goal of becoming the largest passion fruit processing center in Asia. After being put into operation in 2025, the factory can receive and produce 100.000 tons of passion fruit products annually.

❖ M&A activities

Regarding M&A activities, during the year, the Company worked with potential partners to target M&A deals to complete the Group's capacity chain and production value. These deals are in the negotiation stage and are expected to be completed in the first half of 2025.

II. OPERATING PLAN IN 2025

In general, it is forecasted that in 2025 potential risks from the world economic environment will still exist and continue to negatively impact the prospects for recovery of global economic growth in general, and of Vietnam in particular. In that context, the BOM believes that Nafoods' operating activities are expected to face many risks and challenges. Specifically as follows:

- The high prices of input materials and unstable changes while the competitive pressure is increasingly fierce in the context of a not-so-bright global trade shall affect the Company's profit margin;

- Geopolitical tensions shall affect oil prices, shipping costs, logistics;
- Inflationary pressure and increased interest rates shall affect the Company's interest expenses and ability to fundraise;
- Trade tensions due to tariff policies from the US Government shall affect tariff and non-tariff barriers of the Company's export markets.

However, with the foundations achieved in 2024 as mentioned above, the BOM believes and will, be together with all officers and employees, commit to solidarity and strive to achieve the following goals:

❖ **Key objectives:**

- Growth, improvement of market share and position
- Ensuring stable product quality, aiming for traceability
- Building in-depth Know-how as a lever for competition
- Proactive managing, controlling and continuous improving the ESG system

❖ **Financial target:**

- Net Revenue: **1.985 billion dong**, increases 38% in comparison with 2024 implementation
- Profit after tax: **135 billion dong**, increases 16% in comparison with 2024 implementation

❖ **Business target:**

- Increase 20% in sales volume of Passion Fruit and Mango
- Develop the Chinese and Australian markets while maintaining and improving our position in the European and American markets.
- Develop new products: durian, fresh passion fruit. Get the position with pineapple products.
- Return to the Russian market with dried products and the Nafoods brand.

❖ **Purchasing & Planting areas target:**

- Develop 5.000 hectares of passion fruit planting area, 100 hectares of dragon fruit planting area, 100 hectares of MD2 pineapple planting area
- Purchase rate from planting areas exceeds 70%
- Raw material quality reaches >95%. Develop a set of raw material standards according to season and export market.
- Develop over 200 quality suppliers. Build a strategic supplier system for each

fruit group.

- Main crop purchase rate exceeds 70%.

❖ **Production and Investment target:**

- Increase effective capacity >85%, maximize main crop production
- Upgrade the production capacity of passion fruit, mango... to ensure the stability of the production line.
- Complete investment in construction of factory and IQF production line at Nasoco factory
- Complete investment to increase production capacity of the Nafoods Tay Nguyen factory.
- Invest in new crispy drying line system
- Control product standards, 100% of products are free of foreign objects

❖ **Research and Develop new products:**

- Complete Juice Smile product set
- Diverse products: No added Sugar, less sugar, added sugar and flavored. Developing new lines of dried products: Plum, lychee...
- Develop new crispy dried products: Fruits, vegetables
- Diverse range of fresh fruit products: Passion fruit, durian, pineapple, mango...

O/B THE BOARD OF MANAGEMENT

CEO



NGUYEN MANH HUNG