

REPORT ON PRODUCTION AND BUSINESS RESULT IN 2023 & PRODUCTION AND BUSINESS PLAN IN 2024

1. REPORT ON PRODUCTION AND BUSINESS RESULT IN 2023

Vietnam's economy in 2023 had to face many challenges, in addition to objective factors from the world economic situation, these challenges were also due to internal instability in the domestic economy. Gold prices soared, breaking all historical records, sometimes reaching a peak of more than 80 million VND/tael, and the USD exchange rate also increased by more than 24,700 VND/usd. The real estate market faced difficulties from mid-2022 and lasted until the end of 2023, credit for the real estate industry was still tight. Although bank interest rates have decreased, businesses still encountered obstacles accessing loans. Many provinces and cities in the Northern region and Hanoi were seriously affected by rotating power cuts. Many occupations remained few jobs, especially industries related to processing export goods.

For TPP, due to the impact of the real estate market and reduced consumer demand, in 2023 the Company achieved a number of production and business targets:

No.	Target	Unit	Plan in 2023	Aggregation of 2023	Plan completion rate	Aggregation in 2022	Growth of 23/22 (%)	Growth of 23/22
1	Revenue	Bil. dong	5.875	5.084	87%	5.615	91%	(531)
2	Sales output	Ton	106.000	98.582	93%	101.058	98%	(2.476)
3	Pre-tax profit	Bil. dong	535	641	120%	532	120%	109

Total revenue in 2023 reached 5,084 billion VND, decreased 9% compared to the same period in 2022 (equivalent to a decrease of 531 billion VND), completing 87% of the 2023 plan.

Sales output in 2023 reached 98,582 tons, decreased 2% compared to the same period in 2022 (equivalent to a decrease of 2,476 tons), completing 93% of the 2023 plan.

Pre-tax profit in 2023 reached 641 billion, increased 20% over the same period in 2022 (equivalent to an increase of 109 billion), an increase of 20% compared to the 2023 plan.

The decrease in revenue compared to the previous year was due to:

- Due to the decrease in the price of main raw materials, TPP also reduced the selling price of its products to suit the competitive situation in the market:

- + TPP reduced selling prices twice on August 1, 2022 and September 21, 2022, each time reducing 5% for UPVC product lines. This price discount reduced 2023 revenue by 413 billion, equivalent to a decrease of more than 7%.

- + The real estate market has slowed down, so the demand for construction materials (iron, steel, cement, bricks, stone...) in general and plastic pipes for the construction industry in particular have decreased. The decrease due to reduced consumer demand was 118 billion, equivalent to a decrease of 2%.

- Inflation was still high, many industries had few jobs, so people limited their consumption, lessened new construction and home repair, so the demand for plastic pipes also decreased.

- Some sales members were new and weak so the market potential were not fully exploited.

- Many other plastic pipe manufacturers on the market also reduced their revenue by 15-20-30-50%, especially those that only sell to projects.

Profit increased compared to the same period in 2022 due to:

- Prices of main raw materials decreased over the same period; our company predicted the time when the price of raw materials was low to buy a lot, when the price of raw materials was high to buy little or not at all, so pre-tax profit increased;

- Bank interest rates decreased over the same period, so profits increased;

- Save some costs in production and business (*Using cheap alternative raw materials, saving costs of renting cranes, rearranging convenient delivery premises, thus reducing the cost of loading and unloading goods...*).

II. NEW PRODUCTS

In 2023, TPP continued to try to sell new product lines to the market such as:

- 2-layer corrugated PP/PE pipe up to DN1000 used for drainage systems to replace concrete pipes;
- Single-layer PE pipe with twisted ribs for carrying electric cables to serve underground electrical wires in some provinces/cities;
- Ball valves, inspection chambers, UPVC plastic flanges manufactured according to Sekisui's technology copyright, some of these products have been exported to Europe;
- Processing products for IPLEX Australia and New Zealand;
- UPVC electrical conduit pipes and fittings.

Total revenue of these new product lines in 2023 reached more than 303 billion VND.

In 2023, NTP continued to cooperate with Sekisui to research technology for producing CPVC pipes and fittings used for fire protection systems to replace current iron and steel pipes. Production and sales are expected to start in the third quarter of 2024. This is also a new product line that will bring revenue in the coming years. TPP is the first enterprise to produce this type of product in Vietnam.

In 2023, NTP continued to cooperate with Sekisui to produce a number of products for export to foreign markets such as UPVC flanges, UPVC ball valves, resistance welding HDPE fittings...

TPP continued to process products for IPLEX Australia and New Zealand to contribute to increasing revenue;

TPP will promote sales of new product lines of UPVC pipes and fittings according to ISO 3633 standard for drainage systems. This is also the product line that TPP is the first manufacturer in Vietnam, hence, searching for overseas export markets for current products and other new products.

III. Production and business plan of 2024

- Based on Vietnam's economic development growth plan for 2024 of 6% compared to 2023;
- Based on the average revenue growth rate in the period 2018-2023: nearly 3%;
- Based on the control of real estate enterprise bonds and credit room for loans to the real estate industry, policies for the real estate industry have not yet been removed, construction demand will decrease and demand for plastic pipes will also be difficult to significantly grow.
- Based on the situation where the price of main raw materials such as PVC resin, HDPE pellets, and PPR pellets are at the current low level and the trend is unlikely to increase as high as in the last months of 2021, the increase in revenue due to the impact of price increase will no longer exist. If the price of main raw materials remains at the current level, it may be necessary to consider plans to reduce prices of some product lines to suit the competitive situation in the market.

TPP proposes a production and business plan for 2024 with the following targets:

No.	Target	Unit	Aggregation of 2023	Plan of 2024	Growth of 2024/2023
1	Revenue aggregation	Bil. dong	5.084	5.400	106%
2	Sales output	Ton	98.582	104.500	106%
3	Pre-tax profit	Bil. dong	641	555	87%

IV. Result of production and business in the first quarter of 2024

No.	Target	Unit	Plan in 2024	1 st quarter of 2024	1 st quarter of 2023	Growth rate of 24/23 (%)	Growth of 24/23
1	Revenue	Bil. dong	5.400	849	1.172	72%	(323)
2	Sales output	Ton	104.500	16.666	22.005	76%	(5.339)
3	Pre-tax profit	Bil. dong	555	106	132	80%	(26)

To achieve the proposed 2024 production and business plan, in the coming time TPP must try and make efforts to promote sales, specifically:

- Continue to recruit and train sales staff for 2 Market Development departments to maximize market capacity.

- 2 Market Development Board continues to update projects on the software system to set appropriate outreach goals and exploit project information in each locality.

- Develop flexible business policies such as: Promotions and bonuses that are close to the competitive situation in the market.

- Continue to consider adjusting price increases and decreases to suit the situation of raw material prices and competition in the market.

- Continue to review and strengthen the distribution system across regions, build Distributors in regions where Tien Phong Plastic's distribution system is still weak.

- Continue to promote market research to produce products suitable to market needs;

- Promote "Tien Phong Plastic" brand communication programs to support sales;

- Enhance product introduction seminars in market areas to support sales;

- Promote sales of the Company's new product lines such as: 2-layer corrugated PP/PE pipes, UPVC ball valve, UPC pipes and fittings according to ISO 3633 standard, CPVC pipes and fittings...

With the above synchronous solutions, Tien Phong Plastic will strive to achieve the 2024 production and business plan as set out.

Yours sincerely!

Hai Phong, April 1st, 2024

GENERAL DIRECTOR

CHU VAN PHUONG