

Re: Explanation of the difference in profit  
after tax on the Audited consolidated  
financial statements for 2025 compared to  
2024

**To:**

- State Securities Commission
- Ho Chi Minh City Stock Exchange
- Hanoi Stock Exchange

BAF Vietnam Agriculture Joint Stock Company would like to provide an explanation regarding the difference in Profit After Tax in the Audited Consolidated Financial Statements for 2025 compared to 2024 as follows:

In the Audited Consolidated Financial Statements for 2025 of the Company:

Indicator	2025 (VND)	2024 (VND)	Increase (Decrease) Difference	
			(VND)	%
Accumulated Net Pre-tax Profit	99,838,409,483	406,249,012,223	(306,410,602,740)	-75%
Accumulated Net Profit After Tax	127,130,389,938	318,936,314,048	(191,805,924,110)	-60%

Net profit after tax for FY2025 declined year-on-year compared to 2024 due to the following key factors:

### 1. Positive developments

- In 2025, BAF continued to expand its operating scale, with several new farms coming into operation. Sales volume maintained a strong upward trend, bringing total full-year output to about 800,000 heads, increase equivalent to 140% of the 557,000 heads recorded in the previous year. Accordingly, revenue from the livestock segment reached a historical high of over VND 5,000 billion, providing a solid foundation for BAF to further optimize profit margins in the coming years.
- The fresh meat and processed meat segments continued to increase their contribution to total revenue, reflecting the Company's strategic shift toward downstream, higher value-added products. The expansion and optimization of the integrated value chain—from breeding, feed production, and farming to slaughtering, processing, and distribution—have enabled BAF to gradually reduce its dependence on fluctuations in live hog prices, thereby stabilizing gross margins and mitigating cyclical risks.
- Although business performance in Q4/2025 faced significant pressure, December 2025 recorded a return to positive profitability, supported by a recovery in live hog prices from the trough observed in October–November 2025, as well as improved cost control in farming operations. This development suggests that margins have likely bottomed out and entered a recovery phase, creating a positive premise for business results in subsequent quarters as hog prices and seasonal demand during the Lunar New Year continue to improve.



## 2. Key factors behind the weaker-than-expected Q4 results

- Live hog prices declined sharply during October–November 2025, falling to a trough of approximately VND 45,000–46,000/kg, due to the combined impact of disease outbreaks (ASF) and widespread adverse weather conditions. This significantly compressed gross profit margins.
- Production costs increased markedly in Q4, including expenses related to disease prevention, environmental treatment, and additional operating costs arising from unfavorable weather conditions. As a result, average production costs rose while selling prices declined.
- The commissioning of multiple new farms throughout 2025 led to a rapid increase in fixed costs (labor, utilities, depreciation, and initial operating expenses), while operational efficiency had not yet reached optimal levels during the early stages. Consequently, gross margins did not fully reflect the system’s long-term potential, and short-term pressure was exerted on cash flows and financial indicators in Q4/2025. However, as output ramps up and operations stabilize in 2026, unit costs are expected to decline significantly, thereby supporting margin and profit improvement.

Above is the additional explanation from BAF Vietnam Agriculture Joint Stock Company.

Thank you sincerely./.

### Recipients:

- *As above*
- *Archived at Accounting Department*  
*Administrative Department.*



**General Director**

**Bui Huong Giang**

