



Chapter 3

ASSESSMENTS OF THE BOD ON PVFCCo'S OPERATIONS

ENDLESS INNOVATION COMPREHENSIVE PROGRESSION

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OVERVIEW

In 2023, the global fertilizer market faced significant challenges, with geopolitical instability and shifts in export policies of key countries leading to oversupply and sharp price declines compared to the high levels of 2022.

Apart from external factors, the domestic fertilizer market suffered from unfavorable impacts due to VAT policies, escalating input costs, and escalating competition among manufacturers. This led to a significant reduction in prices for fertilizers and chemicals within the country.

Through diligent operational management, proactive sales volume enhancement, and cost-saving measures throughout the production-to-consumption process, the Corporation overcame external and internal challenges. This ensured stable production and business operations, leading to positive outcomes.



RESULTS

Playing the role of managing the Corporation between two terms of Annual General Meeting of Shareholders, Board of Directors reviewed the 2023 year-end performance amidst both favorable and challenging conditions. With the right solutions, the Corporation successfully achieved its fundamental tasks and production targets as per the adjusted plan authorized by the General Meeting of Shareholders.

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. Internal auditing was deployed with a fresh strategy to complete and upgrade risk management in PVFCCo's manufacturing and commercial operations.

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 general managers.

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 2023 are presented in detail in Chapter 5 - Sustainable Development Report (pages 80- 105).

THE BOARD OF DIRECTORS' PLANS AND ORIENTATIONS FOR 2024

In 2024, the fertilizer market and gas prices remain challenging due to the ongoing difficulties from late 2023, compounded by political factors. Notably, the natural gas supply has entered a challenging phase, with cheaper sources experiencing production declines. Considering these factors, the Board of Directors has approved and assigned the 2024 production and business plan for the Corporation as follows:

PRODUCTION TARGETS

No.	Item	Unit	Plan 2024
1	Production output		
1.1	Phu My urea	Thousand tons	850.0
1.2	Phu My NPK	Thousand tons	143.1
1.3	Other fertilizers (produced by the factory)	Thousand tons	4.0
1.4	UFC85/Formaldehyde	Thousand tons	12.5
1.5	NH ₃ (for trading)	Thousand tons	65.5
2	Sales volume		
2.1	Phu My urea	Thousand tons	870.0
2.2	Phu My NPK	Thousand tons	143.1
2.3	Other fertilizers (produced by the factory)	Thousand tons	5.0
2.4	UFC 85/Formaldehyde	Thousand tons	8.5
2.5	NH ₃	Thousand tons	65.0
2.6	Other fertilizers	Thousand tons	260.0
2.7	CO ₂	Thousand tons	45.0
2.8	Other chemicals	Thousand tons	0.787

THE CORPORATION'S FINANCIAL PLAN (CONSOLIDATED)

No.	Item	Unit	Plan 2024
1	Total revenue	VND billion	12,755
2	Profit before tax	VND billion	660
3	Profit after tax	VND billion	542
4	Budget payable	VND billion	263



PARENT COMPANY'S PLAN

Financial plan

No.	Item	Unit	Plan 2024
1	Owner's equity	VND billion	10,316
2	Total revenue	VND billion	11,534
3	Profit before tax	VND billion	611
4	Profit after tax	VND billion	509
5	Ratio of Profit after Tax/Average Owner's equity	%	4.9
6	Ratio of Dividend/Charter capital (*)	%	15
7	Total debt/total Owner's equity (time)	Times	0.22
8	Budget payable	VND billion	240

Note: (*) Charter capital is expected to increase according to the 2024 plan

Capital investment plan

No.	Item	Unit	Plan 2024
I	Total capital investment	VND billion	666.15
1	Capex	VND billion	223.13
2	Procurement projects	VND billion	443.02
3	Capital contribution to member companies	VND billion	-
II	Capital investment source	VND billion	666.15
1	Owner's equity	VND billion	666.15
2	Loans and others	VND billion	-
III	Capital expenditure	VND billion	666.15
1	Owner's equity	VND billion	666.15
2	Loans and others	VND billion	-