
BOARD OF SUPERVISORS REPORT

Dear Shareholders!

Performing the functions of the Supervisory Board (BKS) in accordance with the provisions of law, according to the charter of organization and operation of Minh Phu Seafood Group Joint Stock Company, BKS would like to report to the General Meeting of Shareholders the following main contents:

We have received and reviewed all of reports of the companies which include:

- The Board of Management report
- The Board of Directors report
- Financial statement report of 2021

The Board's opinions are as follow:

- We agree with the comments of the Board of Directors and the Board of Directors on the operating situation, business result of 2021 and development plan of the company in the next time.
- We have reviewed and agreed on the truthfulness and reasonableness of the Consolidated Financial Statements for accounting year 2021 by the Board of Directors of the company was audited by KPMG Vietnam Co., Ltd., according to the audit report No. 21-01-00311-22-2 on March 20, 2022, which was posted on the company's website.

The company failed to meet the plan assigned by the Board of Directors in 2021 due to some of reasons:

- While COVID-19 situation is getting worse nationally, especially in the third quarter, the whole country must strictly apply the social distancing as well as the options for both production and -epidemic prevention ('Three-in place option'). In addition, lockdown instruction was applied at the ports and many countries which also caused a decline in the consumption of products in export markets. The disease has caused the cost of products to rise (incurring many unplanned epidemic prevention costs such as: hotel renting, picking, accommodation, medicine...) which has caused declining in factory productivity (the labor force decreased about 20%, the time workers spent creating products was less due to having to implement anti-epidemic requirements), which affected seriously to the production and business activities of enterprises in general and Minh Phu Seafood Group in particular.
- Unfavorable climate conditions: saltwater intrusion, high tide, etc. occur a large scale in Mekong Delta where is the main raw material area of Minh Phu factories. On the other hand, the shrimp farming of Minh Phu is in the construction investment phase which lead to a shortage of raw materials. To ensure to meet contract conditions, the company has to buy raw shrimp with higher price than the contingency plan. In addition, other input costs such as: Supplies, packaging, raw materials, and logistics costs are constantly increasing suddenly, so the business performance is not as expected.

As facing above difficult challenges with the close direction of the Board of Management, the dynamic management of the Board of Directors and the efforts of all employees, the Company has maintained a good customer relationship, stable shrimp quality, well-managed production, closely following in export activities on each shipment and minimize damages at the lowest level.

Minh Phu Seafood Corporation has completed personnel, build corporative culture after the participation of strategic shareholder, Mitsui and they also shared valuable experiences with us in building the Kaizen process step by step throughout the group to get good results in 2021. Besides, Minh Phu has well preparation from the ingredients, personnel, and automate some of stages in the production at the same time through the effective application of the SAP system to control costs, as well as make quick and timely business decisions.

In terms of financial work in 2021, we have reduced costs and interest expenses compared to 2020, but selling expenses increased due to a sudden increase in logistics costs.

Regarding investment, the company has participated in raising capital in existing subsidiaries such as Loc An, Kien Giang and Ninh Thuan. Besides, we also established a number of new projects linking institutes and universities to research together and apply automation technology into farming and processing and AI in production and business activities step by step.

Therefore, we believe that the company will continue to promote its strengths, and complete the business plan assigned by the General Meeting of Shareholders in 2022. In Vietnam, COVID-19 situation is gradually stabilizing or the production line is highly adapted which lead to good results in the production and business situation of two processing companies in the first quarter.

Regarding the operation of the Supervisory Board and the relationship with the Board of Management and the Board of Directors: In 2021, the Supervisory Board plans and assigns members to supervise the implementation of the resolutions of the General Meeting of Shareholders, Board of Management as well as the company's production, business, and investment activities comply with the company's charter and current Vietnamese laws. During the year, we continue to recruit, personnel training, complete the control process at subsidiaries, with a focus on farming companies. In the course of performing the tasks, the Supervisory Board has been given opportunities to have favorable conditions by the Board of Management, the Board of Directors and related parties to participate in all important meetings: monthly progress meeting of the Board of Directors, etc. Besides, the Supervisory Board also collect enough information, receive advices from our members in order to perfect the operation process and constantly strengthen the management and improve the efficiency of production and business of the company.

Above is the full report of the Supervisory Board. We would like to thanks to our Shareholders, the Board of Management, the Board of Directors and all employees for creating favorable conditions for our Supervisory Board to carry out our tasks in accordance with the provisions of the Law and successfully complete the tasks that the Shareholders have entrusted.

***On behalf of Supervisory Board
Mr. Tran Van Khanh***