

REPORT FROM BOARD OF MANAGEMENT

Dear Shareholders,

Overcoming the past two long years of fighting against the pandemic, 2022 is marked as the first year Vietnam has returned to the “new normal” with many positive signs. In the first six months, Minh Phu proudly recorded more than VND 8,700 billion in revenues, increased by 43% over the same period. In the face of inflation, war, and such, which are taking place in late 2022, although Minh Phu has recorded promising business results there are still other targets to be achieved.

Business Performance Report

In 2022, Minh Phu has achieved impressive revenues, reaching more than VND 16 trillion, increased by 21% over the same period, and at the same time, yielding a profit after tax of over VND 800 billion for the first time – the highest amount yet, increased by nearly 27% compared to the 2021’s base. The revenue growth was contributed significantly by the first half of 2022 when the shrimp industry was benefited from returned customer demand in export markets, especially in the US market.

Targets	Unit	Year 2021	Year 2022	Plan of 2022	Increase/ Decrease compared to 2021 (%)	Compared to the plan (%)
1- Export Turnover	Million USD	648,74	618,27	796,00	-4,70%	77,67%
2- Production Volume	Ton	59.968,00	61.533,00	64.600,00	2,61%	95,25%
3- Exports	Ton	52.791,00	48.054,00	-	-8,97%	-
4- Net Revenue	Billion VND	13.578,00	16.425,00	18.963,00	20,97%	86,62%
5- Profit before tax	Billion VND	775,36	940,34	1.373,80	21,27%	68,45%
6- Profit after tax	Billion VND	656,59	832,18	1.266,50	26,74%	65,71%

In the first 6 months, Minh Phu has recorded more than VND 8,700 billion in revenue, increased by 43% over the same period. North America continued to keep its role as the main importers. However, the first half of the year was a challenging period for Minh Phu in particular and for the shrimp industry in general as high inflation in export markets has tightened consumers spending. This would promote affordable food section yet disadvantage the shrimp industry which is considered high priced. While having to face competitors such as Ecuador in the main market, the US market, Minh Phu has begun shifting its focus to Asia with two big markets, Japan and Korea, and other international markets such as Canada and Australia in addition to the familiar US market.

No.	Markets	Year 2021		Year 2022	
		Value (millionUSD)	Ratio (%)	Value (millionUSD)	Ratio (%)
1	United States	221,0	34,07%	103,36	16,72%
2	Japan	126,6	19,52%	148,95	24,09%
3	Canada	67,1	10,35%	75,36	12,19%

4	Australia & New Zealand	69,2	10,66%	103,63	16,76%
5	Hong Kong & Taiwan	17,0	2,62%	16,25	2,63%
6	EU countries	74,1	11,42%	94,93	15,35%
7	Russia	23,0	3,55%	15,48	2,50%
8	East Europe	0,2	0,04%	-	-
9	Korea	29,9	4,61%	35,13	5,68%
10	China	5,0	0,78%	3,45	0,56%
11	Others	15,5	2,40%	21,72	3,51%
	Total	648,7	100%	618,27	100%

1. Assets and Liabilities Situation

As of December 31st, 2022, Minh Phu's total assets reached more than VND 10 trillion, increased by 11.28% over the same period, largely contributed by the rise in long-term assets, while short-term assets still accounted for the higher proportion in the total asset structure which also have a tendency to increase by 5.32%. For short-term assets, the increase was largely contributed by the increase in inventories, cash and cash equivalents. For long-term assets, Minh Phu invests in wastewater treatment system and processing factories in Ca Mau and Hau Giang, and at the same time, purchases machinery and equipment. Thus, continuously recorded long-term assets increased by 77.55%, tangible fixed assets increased by 24.81%, total long-term assets increased by 29.26%.

By the end of 2022, both short-term and long-term debts tend to increase over the same period, contributing to the quick rise of total debts, increased by 15.20% and then 154.73%. Liabilities increased by 19.32%. Minh Phu is always cautious in its funding plan, being effective in both working capital and investment plans, gradually stepping towards the goal of being the world's leading seafood supplier.

Unit: billion VND

ACCOUNTING BALANCE SHEET						
STT	KEY INDICATORS	December 31 st , 2022	Proportion	January 1 st , 2022	Proportion	Increase/Decrease
I	Assets	10.637,84	100%	9.559,17	100%	-
1	Short-term	7.561,26	71,08%	7.178,98	75,10%	5,32%
2	Long-term	3.076,58	28,92%	2.380,19	24,90%	29,26%
II	Capital	10.637,84	100%	9.559,17	100%	
1	Liabilities	4.852,66	45,62%	4.067,04	42,55%	19,32%
2	Equity	5.785,18	54,38%	5.492,13	57,45%	5,34%

2. Financial Situation

- **Solvency:** End of 2022, solvency expenditures have decreased compared to 2021. Specifically, the short-term ratio and the quick ratio decreased by 0.16 and 0.14 respectively, down by 8.57% and 19.68% over the same period. In the complexity of the economy, Minh Phu has limited over-six-month-period banking saving deposits, gradually converting into cash and cash equivalents, thereby being more proactive in supplementing cash flow, increasing safety net for the company.

- **Capital Structure:** As of December 31st, 2022, Minh Phu has maintained a lower proportion of debt than equity with 45.62% of total assets which tend to increase over the same period. This change is due to the fact that in 2022, Minh Phu has increased bank loans and also added working capital in the short term, on the other hand, focused on investments in expanding factories, machinery and equipment.

- **Production Capacity:** The challenges in sales in late 2022 have led to high inventory of finished products that have not been shipped. On the other hand, Minh Phu always tries its best in cost control, owning a low-cost and closed production process through purchasing from farmers, thus, decreasing inventory turnover. Minh Phu is negotiating to reduce storage costs, controlling financial stability and sticking its vision to the long-term success of the company.

- **Profitability:** In 2022, high inflation has caused many countries to raise interest rates, especially the US. The tightening of the monetary policy in the US increased the value of the dollar, putting pressure on the exchange rate and affecting import activities. Minh Phu has also been affected by this move. Despite various challenges from the economic fluctuations, Minh Phu has been keen on controlling costs, achieving growths in net operating profit and profit after tax by 21.95% and 26.74% respectively. This is the third consecutive year that Minh Phu has been recording positive growth in net margin.

Targets	Unit	2021	2022
1.Solvency			
- Current payout ratio	Time	1,82	1,66
- Quick payout ratio	Time	0,69	0,55
2. Capital structure			
- Debt/Total assets ratio	Time	42,55	45,62
- Debt/Equity ratio	Time	74,05	83,88
3. Capacity			
- Inventory turnover	Time	3,11	2,87
- Net revenue/Total assets	Time	1,47	1,63
4. Profitability			
- Profit after tax/Net revenue	%	4,84	5,07
- Profit after tax/Equity	%	12,14	14,76
- Profit after tax/Total assets	%	7,10	8,24
- Sales profit/Net revenue	%	5,64	5,69

1. Changes in shareholder equity:

As of May 24th, 2023, the final list is: shareholders.

Total shares of the company:

- Common shares: 399.887.300 shares
- Preferred shares : None
- Treasury shares : None

On behalf of Board of Directors
Deputy General Director – Lê Văn Điệp