THANH THANH CONG – BIEN HOA
JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Tay Ninh, October 07, 2022

REPORT ON BUSINESS OPERATIONS RESULTS YEAR 2021-2022 FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

Dear General Meeting of Shareholders,

Pursuant to the Resolution of the General Meeting of Shareholders of the Company in the year 2021 – 2022, the Board of Management would like to report to the General Meeting of Shareholders the operations results for the year 2021 – 2022 of the Company with the following main contents:

I. Overview of macroeconomic condition and sugar industry:

1. Surplus/deficit forecasted over the years

- In the 2021-2022 season, total global production reached 191.47 million tons, while global demand reached 187.13 million tons.
- Demand will continue to grow mainly due to population growth in poor/developing countries and the recovery from the Covid pandemic.
- Sugar prices have entered a recovery phase since mid-2020. Currently, sugar prices are reaching resistance and accumulation levels at the 18-20 cents/lb zones in anticipation of a new cycle.

2. Production for the crop 2021 – 2022

- Total domestic sugar production in the 2021-2022 season will reach about 735,000 tons of sugar with 26/41 factories still operating.
- The State will organize bidding for imported sugar quotas to meet domestic consumption demand. Participants are sugar factories and B2B customers wanting to secure raw materials for production of finished products. Meanwhile, the official source of imported sugar in 2022 of domestic traders will be limited, the cost of imported sugar will be added to bidding fees (quota bidding).
- The policies of imposing trade remedies on sugar originating from Thailand, although helping domestic sugar prices to rise higher, also contribute more to increase in smuggled sugar and cause consumers to suffer more and farmers to benefit less.

II. Evaluation of production and business results

Dear General Meeting of Shareholders,

In the year 2021 – 2022, TTC Bien Hoa has achieved the following targets:

In the year 2021 – 2022, total consumption continues to exceed 1 million tons. Net revenue reached VND 18,319 billion, completing 108% of the plan and up 23% over the same period. Profit before tax of the whole company reached VND 1,046 billion, completing 139% of the plan and up 33% over the same period.

III. Implementation of key tasks

Dear General Meeting of Shareholders,

In order to achieve positive results and exceed the set profit plan, the Board of Management of the Company would like to present to the entire General Meeting of Shareholders the points achieved in the year 2021 – 2022 as follows:

1. Agriculture

- In the year 2021 – 2022, the total sugarcane output of Vietnam of 26 factories reached 7.3 million tons, up 7%, of which the sugarcane volume of the whole company increased by 25% and accounted for 30% of vietnam's total sugarcane production.
- In terms of the quality of raw sugarcane, the average CCS of the whole Company, although there was a slight decrease over the same period, remained high.
- The company has also applied digital farming technology through the FRM management platform to control investment norms, self-cultivation, supervise the care disbursement process, complete the TMS sugarcane transport vehicle management project and drone management project to monitor operation to detect waterlogging, pests and diseases to recommend the station, farmers timely process.

2. Production

- Production output in the year 2021 – 2022 decreased slightly over the same period due to the lack of input materials, but still met the demand for consumption. With the policy of improving recovery efficiency and minimizing total losses in production, factory operation has been improved.
- Some prominent projects were implemented during the year such as: the project to increase refinery capacity at BHNH from 600 tons of RE/day to 760 tons of RE/day, the project to renovate the boiler from bagasse-fueled to coal-fueled, the sludge conveyor project. Subsidiaries have completed project investment items and prepared well for the production season. Project costs are well controlled and do not exceed the original approved costs.
- Digital transformation and operation optimization are also implemented through the construction of DigiFactory software integrating Oracle ERP data to monitor and manage production reports, production orders, build acceptance process, check the quality of production materials, semi-finished products, finished products.

3. **Sales**

- With a flexible business strategy, in the year 2021 – 2022, TTC-BH has provided customers and consumers with more than 1 million tons of sugar of all categories, continuing to maintain its leading position in the domestic sugar industry. Although consumption volume decreased slightly over the same period due to being heavily affected by the Covid-19 epidemic in the first months of the year, the Company has flexibly adjusted its sales policy, proactively seizing the market to meet the planned revenue and profit targets.
- With the advantage of owning "Trading house" - International commodity trader, TTC Bien Hoa continues to promote the search for new export markets, proving its role as one of the pioneers actively involving in the international commodity market, bringing Vietnam's clean sugar to the world.
- The average selling price of most channels was higher than the same period thanks to the trend of rising world sugar prices and the application of the defensive tariffs.
- In addition, in the past year, TTC-BH has also successfully launched the sugarcane juice line Miaha. Despite the unfavorable timing of the launch (i.e during beginning of the year) that was heavily affected by the Covid-19 epidemic, causing many big cities to be locked down, the product promotion campaign with youthful creative content was still widely deployed across the mass media. With leverage from utilizing celebrities' social networks, the campaign contributes to increased brand recognition among consumers during its initial launch.

4. **Supply Chain**

In the year 2021 – 2022, the Supply Chain Division has achieved the following targets:

- Fully and promptly meet the demand for consumption in the context of domestic supply constraints, especially the B2C sugar segment with strong demand.
- The application of information technology helps to make inventory management more convenient from an overall perspective.
- Carry out the analysis of the supply market for key industries, update and adjust strategies and plans in a timely manner to optimize costs, manage risks to ensure sufficient supply for production demand, control budgets in the context of market fluctuations, loss of supply and demand congestion and global supply chain bottlenecks.

5. **Finance and Accounting**

- In the year 2021 – 2022, the Company improves financial compliance and cost control, contributing significantly to achieving pre-tax profit milestone 1,046 billion. The company has made efforts to maintain stable profitability from business activities despite adverse market movement of the Sugar industry in the 2021 – 2022 period.

- To achieve the above business results, the Company has simultaneously implemented solutions to digitize operations, successfully implement ERP system for both VAS and IFRS financial reporting standards, integrated E-invoices for all 14 business units in Vietnam, implementing the domestic and foreign capital structuring to be more aligned with production and business activities.

Fluctuations in business activities results

Indicators	**UOM**	**Year 2020-2021**	**Year 2021-2022**	**% Variance**
Net revenue	Billion	14,925	18,319	23%
Operating Profit	Billion	791	1,170	48%
Profit before tax	Billion	784	1,046	33%
Profit after tax	Billion	650	873	34%

(Source: Audited consolidated financial statements)

The scale of net revenue reached VND 18,319 billion, up 23%, profit before tax reached 1,046 VND billion, up 33% over the same period. This is also the first time TTC Bien Hoa has surpassed the one trillion VND profit before tax mark since its establishment.

Asset

Total assets as of 30/06/2022 reached VND 27,730 billion, up 35% yoy, corresponding to an increase of VND 7,259 billion. In which, short-term assets reached VND 18,027 billion, up VND 5,449 billion, equivalent to 43% yoy increase while long-term assets reached VND 9,704 billion, up 23% yoy. Trade Receivables and Inventories increased by 825 billion and 1,467 billion, respectively.

The detailed structure of short-term and long-term assets is as follows:

No	**Items**	**30/06/2021**		**30/06/2022**		**% increase and decrease**	
		Value (billion)	%	Value (billion)	%	Value (billion)	%
1	Short-term Asset	12,577	61%	18,027	65%	5,449	43%
2	Long-term Asset	7,894	39%	9,704	35%	1,810	23%
*	**Total assets**	**20,471**	100%	**27,730**	100%	**7,259**	35%

(Source: Audited consolidated financial statements)

Liabilities and Equity

Total Liabilities at 30/06/2022 was VND 18,061 billion, up 48% yoy, in which long-term liabilities decreased by 24% yoy from VND 3.661 billion VND to 2,767 billion while short-term liabilities increased by 78% yoy from VND 8.572 billion to VND 15,295 billion. The fluctuation in liabilities is mainly due to reduction of long-term debt and increase in short-term debt. For TTC-BH, the restructuring of debt, signaled by increase in proportion of short-term loans and reduction of proportion of long-term loans, demonstrates that the Company has flexible tactics, in line with market fluctuations to seize business opportunities.

No	Items	30/06/2021		30/06/2022		% increase and decrease	
		Value (billion)	%	Value (billion)	%	Value (billion)	%
1	Short-term Liabilities	8,572	70%	15,295	85%	6,723	78%
2	Long-term Liabilities	3,661	30%	2,767	15%	-895	-24%
*	**Total Liabilities**	**12,233**	**100%**	**18,061**	**100%**	**5,829**	**48%**
1	Capital contribution	6,388	78%	6,508	67%	120	2%
2	Undistributed earnings	844	10%	1,435	15%	591	70%
3	Other capital	1,007	12%	1,727	18%	720	71%
*	**Equity**	**8,238**	**100%**	**9,669**	**100%**	**1,431**	**17%**

(Source: Audited consolidated financial statements)

III. Conclusion

Against the backdrop of unstable economic conditions in Vietnam and other parts of the world, the Board of Management and employees of TTC Bien Hoa have constantly been proactive and flexible to adapt, turning challenges into opportunities and closing the 2021 -2022 fiscal year with many spectacular results.

In the time ahead, the Board of Management will continue to promote R&D activities and improve to overcome existing limitations, as well as leverage potential strengths to step-by-step conquer the strategic goals and fulfill the business plan in manners satisfactory to shareholders and investors' expectations.

The Board of Management of the Company sincerely express gratitude for the support of shareholders, the observant guidance from the Board of Directors, as well as the trust and perseverance of all employees over the years.

ORIENTATION OF ACTIVITIES IN THE YEAR202 2 – 2023
OF BOARD OF MANAGEMENT

Dear General Meeting of Shareholders,

In order to implement business activities in 2022 – 2023 effectively, the Board of Management would like to report to the Company's 2022 – 2023 Orientation Meeting with the following main contents:

I. Overview of macroeconomic situation and sugar industry:

1. World sugar market

- Brazil's CS production in the 2022-2023 season is likely to fall to 29 million tons from the original forecast of 32.8 million tons, while sugar production in China is also forecast to decline.
- The Government of India has officially decided to limit sugar exports in the 2021-2022 season (October 2021 – October 2022) to 10 million tons to ensure domestic supply.
- The global supply chain is forecast to continue to be difficult until the end of 2022, with rising fertilizer prices and input costs that are bound to increase the cost of sugar production.
- The tendency to stockpile food and commodities, especially essential goods such as sugar.
- Production in Asian countries increased thanks to monsoon climate. This trend is in line with the recovery of world sugar prices, creating conditions for countries to develop raw material areas / build more factories and increase export output again.
- Sugar prices: The medium-term market for raw sugar prices in 2022-2023 may fluctuate in the range of 17 - 23 cents/lb, with reasonable level of around 19 cents/lb.

2. Domestic sugar market

- It is forecasted that domestic sugar production is difficult to grow in the coming years due to difficulties in raw material areas, in which TTC Bien Hoa accounts for about 40-45% of total domestic sugar production from sugarcane. Thus, to meet the domestic demand, Vietnam must import more than 1 million tons per year.
- After the imposition of trade evasion defensive tariffs, imported sugar from Indonesia, Myanmar, Laos to Vietnam still persisted.
- World sugar prices are forecast to continue to remain high, along with high import and domestic logistics costs, helping domestic sugar prices remain high.
- The USD exchange rate is forecasted to continue to rise, which affects the price of imported sugar inputs.

- The opening of an additional quota of 500 thousand tons outside WTO commitments with the ratio of 70% raw sugar / 30% white sugar helps stabilize supply, thereby maintaining good input prices for the domestic market. Sugar prices will depend greatly on the ability to control smuggled sugar and import policies in the near future.

II. Annual planning targets 2022 – 2023

Dear General Meeting of Shareholders,

In the year 2022 – 2023, TTC Bien Hoa sets the following targets:

In the year 2022 – 2023, total consumption is expected to increase slightly and maintain market share in the business segments as planned. Forecasted revenue decreased by 7% yoy, equivalent to VND 17,017 billion and profit before tax of is estimated at VND 850 billion.

III. Annual Plan 2022 – 2023

Dear General Meeting of Shareholders,

In order to achieve the set plan, the Board of Management of the Company presented to the entire General Meeting of Shareholders the operating plan for the year 2022 – 2023 as follows:

1. Agriculture

- Focus on expanding planting areas, agrochemicals and restructuring Agricultural management activities. Focus on reorganizing agricultural activities from a self-governing model (owned farm) to an outsourced model
- Groups of solutions are also offered corresponding to each specific target group:
    - Farmers: Develop contracted farmers in Gia Lai, Kratie (Cambodia) and Laos, provide training on governance and management for large farmers.
    - Policy – management: Systematize investment policies designed towards sustainability and stability based on data analysis, agronomy; invest in PP&E tracking systems through GPS and TMS software; implement the Mobile App system for farmers to interact directly with TTC Bien Hoa.
    - Technical: Receiving the transfer of all activities, complying with Farmacist's advice, improving soil and balancing nutrition, positioning planting goods – improving fertilizer equipment applied at TTC-BH farms.

2. Production

Production output in the year 2022 – 2023 is expected to grow by over 20% over the same period. To achieve this increase, the Company offers solutions to be achieved for the upcoming year:

- Energy audit, promote investment in steam saving, bagasse drying at business units to optimize off-season sugar refining capacity and production costs.

- Conducting research on automatic / semi-automatic investment and digitizing the production part, focusing on cost control/product quantity in a timely manner.
- Diversify products according to customer-centric needs; strengthening R&D to provide solutions participating in the customer's food processing value chain.
- Meet and exceed all criteria for evaluating the technical management capacity of the sugar industry by carrying out major repairs, maintenance work according to the expected schedule and promulgating a set of criteria for evaluating production management capacity.

3. Sales

- Develop a medium-term trade strategy based on new market data
- Transforming the business to the Commercial Center model, defining and re-defining the business model in a new role. In particular, TTC-BH sets specific goals for each sales channel as follows:
  - MNC: continue to maintain market share, build strategic partners
  - SME: expand coverage to northern, central and western regions
  - Trade: build a stable and loyal distribution clientele
  - Export: focus on countries with preferential tariffs with Vietnam. Product offerings are mixed sugar, liquid sugar, etc.
  - B2C: boost growth, increase profits and promote brands, strengthen the opening of new points of sale for the Sugar/Drinks segments

4. Supply Chain

In the year 2022 – 2023, the Supply Chain Division sets the following objectives:

- SC Control Tower system organization model: Diversifying and optimizing distribution methods – planning – sourcing, compatible with the new commercial center business model, complete E2E integration solution, towards optimizing transportation costs, developing and implementing IBP step by step integrating and homogenizing end-to-end stages.
- Take advantage of the output and stability of the volume of goods in and out of TTC Bien Hoa to negotiate freight rates and raw material costs.
- Improve operation at the port – warehouse for loading and unloading, shorten the process and records of acceptance and payment for carriers.
- Build warehouses close to the main consumption area, increase market access.
- Build information channels, continuously update prices of orders and supplier status.
- Diversify suppliers, coordinate with functional departments to collect demand and purchase to stockpile inventory before prices rise.

5. **Finance and Accounting**

- In the fiscal year 2022 – 2023, by implementing the PBCS budget planning system and OAC governance reporting into operations, the Company expects to manage the revenue and costs as projected on the budget plan, thereby justifying the basis for achieving the proposed earnings after tax.
- In addition, to the service the expansion of business activities to be implemented in the coming period, the Finance Department sets out the following operating plan for the fiscal year 2022 – 2023:
  - Synchronously implement financial solutions to balance capital sources for new investment activities.
  - Continue to raise capital for the 5-year development strategy with the goal of increasing shareholders' equity by 20%.
  - Building an optimal capital structure, continuing the debt structure in phase 2 (short – long; VND-USD), seeking long-term credit solutions to balance short-term borrowings: implement international credit solutions and increase short-term credit limits to ensure capital sources for production and business activities.
  - Aggressive restructuring of the investment portfolio to ensure a healthy financial structure in preparation to enter the next phase of investment.

Variance in business activities

Criteria	Unit	Actual 2021-2022	Budgeted 2022-2023	% Variance
Net revenue	Billion VND	18,319	17,017	-7%
Profit before tax	Billion VND	1,046	850	-19%

(Source Approved Budget Plan)

Net revenue is estimated to be VND 17,017 billion, representing a 7% decrease over the same period, pre-tax profit is estimated to reach VND 850 billion, 19% decrease over the same period. At a time when the sugar industry is intensely competitive and challenging, the Company aims to maintain the market dominance, control cost and ensure operating efficiency.

IV. Conclusion

Entering the fiscal year 2022 – 2023, TTC - BH aims to transform the management model from agricultural processor to an import-export & commerce centric model, focusing on the market – consumers, converting SBT's Core Management to a higher value chain, alongside the ap-scaling and higher quality of management in accordance with international standards. This feat cannot be achieved without the efforts and hard work of all employees and the on-going support of shareholders.

In the coming fiscal year, the Board of Management is going to limit weaknesses, maximize the strengths of the Company to achieve all targets and the expectations of shareholders and investors.

The Board of Management gives our most sincere appreciation for the support of our shareholders, the guidance of the Board of Directors, and the faith and trust of all employees until now.

Above is the strategy of production and operating activities for the fiscal year 2022 - 2023 of Thanh Thanh Cong - Bien Hoa Joint Stock Company, reporting to the General Meeting of Shareholders.

Respectfully submit to the General Meeting of Shareholders.

CHIEF EXCUTIVE OFFICER

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