6-MONTH PERIODIC ISSUER CREDIT RATING SURVEILLANCE RESULT

THUAN DUC JOINT STOCK COMPANY

THUAN DUC JOINT STOCK COMPANY

INDUSTRY: PACKAGING
NATIONALITY: VIETNAM

No. 45/2026/TBKQXH-SGR
June 08, 2026

Credit rating	**vnBBB**
Outlook	**Positive**
Information disclosure	**Public**

Rating history

Date	Credit Rating	Outlook
08/12/2025	vnBBB	Stable
17/09/2025	vnBBB	Stable
17/06/2025	vnBBB	Stable
12/12/2024	vnBBB	Stable
06/06/2024	vnBBB	Stable
02/11/2023	vnBBB	Stable

Rating Methodology
Corporate Credit Rating Methodology of Saigon Ratings (2026)

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RATING SURVEILLANCE RESULT

Saigon Ratings conducts the 6-month Credit Rating Surveillance Process for the third year of Rating Surveillance for Thuan Duc Joint Stock Company (hereinafter referred to as "**Thuan Duc**" or the "**Company**").

Thuan Duc Joint Stock Company is one of the leading enterprises in Vietnam in the field of PP plastic packaging production. Established in 2007, the Company commands large-scale production capabilities, delivering diverse packaging solutions to both domestic and international markets. The Company is also a supplier and partner of many international retail corporations, along with a network of over 400 dealers nationwide.

After comprehensively updating, analyzing and evaluating key risk factor information, Saigon Ratings has decided to maintain the Rating Surveillance result for Thuan Duc Joint Stock Company (Issuer) as **"vnBBB"** with Outlook **"Positive"**.

Saigon Ratings provides its Credit Rating for the Issuer based on the following key summary expectations and assessment points:

In 2026, the global economy is projected to experience significant volatility due to geopolitical influences, trade, energy, and technology. Trade growth is expected to slow, and inflation will decline unevenly, while the risks of supply chain disruptions and oil price volatility remain high, especially if conflicts in the Middle East escalate.

In 2026, Vietnam's growth drivers are expected to come from a combination of renewing traditional drivers and exploring new ones. Three key pillars including infrastructure investment, attracting high-quality FDI, and developing the capital market will continue to play a fundamental role. In particular, transportation infrastructure, logistics, energy, and digital transformation are areas with the potential to create significant spillover effects, enhancing the country's production, business capabilities, and competitiveness.

The Vietnamese Packaging industry possesses strong long-term growth potential and prospects, thanks to the recovery and expansion of industrial production sectors and the development of e-commerce. However, in the short and medium term, businesses in the industry continue to face many significant difficulties and challenges: (i) Prolonged global geopolitical tensions negatively impact supply chains, causing significant fluctuations in the prices of input materials and driving up logistics costs and sea freight rates; (ii) The current business environment requires businesses to adapt to the green transition trend and ESG standards. The conversion of production technology and investment in machinery systems to meet new standards requires significant capital and increases initial investment costs.

Thuan Duc's Business Profile currently remains at a Satisfactory risk. The Company's operational scale, business resources, and competitiveness are considered significantly superior to those of other companies in the industry. However, the Company's revenue remains concentrated in certain products and a few large customers; concurrently, its raw material supply depends on a few key suppliers, increasing the risk of volatility.

The Company's business outlook is supported by plans to bring new and expanded factory projects into operation from the end of 2026 and throughout 2027, thereby expected to increase capacity, diversify products, and improve the ability to meet market demand, contributing to strengthening its competitive position and gradually reducing concentration risk. In addition, its line of environmentally friendly supermarket bags, meeting the standards of many demanding markets, creates positive growth potential for the Company in the future.

Thuan Duc's current Financial Profile continues to be assessed at an Aggressive risk. We assess the Company's short-term liquidity position as Appropriate, with an estimated Liquidity Sources/Liquidity Uses ratio of 1.3 times.

SURVEILLANCE RATIONALE

The **"Positive"** Outlook reflects Saigon Ratings' assessment regarding the Company's improvement in Credit Rating over the next 24 months.

This Outlook is based on the expectation that the Company will continue to effectively leverage its competitive advantages and market opportunities, including utilizing free trade agreements (FTAs) to promote its business development strategy towards product diversification, expanding raw material supply sources, enhancing competitiveness, and gradually improving operational efficiency.

At the same time, the trend towards environmentally friendly packaging and ESG standards is seen as a key growth driver as the Company accelerates the development of green packaging product lines to meet the increasingly stringent requirements of export markets. This is expected not only to support market expansion but also to improve revenue quality and long-term competitive position.

In addition, the Company is expected to maintain its revenue and profit growth momentum, consolidating and expanding its domestic and international markets. In the short and medium term, Thuan Duc also plans to raise feasible and appropriate capital to meet the capital needs of production and business operations while ensuring the effective fulfillment of due debt refinancing obligations, thereby supporting the stability of its credit profile and improving financial quality.

Upgrade scenarios

The potential for a credit rating upgrade of the Company can occur when there is one or a combination of the following material factors:

- The Company's sales schedule is accelerating to fulfil signed committed contracts, generate cash flow to repay debts, and maintain a Net Debt/EBITDA ratio of 3–4 times or lower over the next 24 months.
- The Company's interest coverage ratio (EBITDA/Interest Expense) is approximately 3–6 times.
- The Company's Net Debt/Equity ratio is below 1.5 times.
- Business operations have shown significant positive changes, such as more effective cost control and a substantial increase in production capacity and sales of key products, contributing to an improvement in the Company's gross profit margin to over 20%.

Downgrade scenarios

The potential for a credit rating downgrade of the Company can occur when there is one or a combination of the following material factors:

- Thuan Duc's business operations are unfavorable, leading to negative consequences such as a sudden surge in inventory, a significant decline in revenue and profits, and a liquidity shortage in meeting financial obligations.
- The Company continues to pursue investment plans to develop its factory system and raw material sources using borrowed funds, resulting in a high level of financial leverage for an extended period.
- Ongoing factory projects face difficulties and legal obstacles, preventing implementation according to plan, increasing investment costs without generating cash flow.

- The Company violates the provisions outlined in the "Events of default" clause of its loan agreements with credit institutions.

In the next 6 months, Saigon Ratings will continue to update, monitor, analyze and fully assess the following key risk factors, which may have positive impacts (or vice versa), on the business performance and financial position of the Company.

Industry development prospects in the short and medium term

Packaging Market in 2025

In 2025, Vietnam's Packaging industry recorded positive growth momentum, indirectly reflected through the recovery of downstream industrial sectors and major consumption industries. Specifically, the IIP of two packaging-related segments showed strong growth, with the manufacture of paper and paper products increasing by 10.4% yoy, and the rubber and plastics manufacturing sector expanding by 15.7%. Demand for packaging is being driven by the recovery in production and consumption activities, particularly in sectors such as consumer goods, food, and e-commerce.

Plastic packaging segments

Accounting for 50.35% of the total plastics market, plastic packaging remains the leading driver of growth in the plastics sector in 2025, and is projected to grow at a CAGR of 8.78% through 2031.

Rising demand for plastic packaging is fueled by the rapid expansion of e-commerce and the growing preference for convenience-oriented consumption. Key product categories include flexible packaging (such as preservation films that extend shelf life, lightweight shipping bags that reduce logistics costs, cushioning foam, and molded trays for protecting electronics) as well as environmentally friendly packaging solutions.

Metal packaging segments

Vietnam's metal packaging market reached approximately USD 692 million in 2025 and is projected to sustain a CAGR of 3.12% through 2033. The primary growth driver is the strong expansion of the food and beverage (F&B) sector, particularly alcoholic beverages and soft drinks.

Demographic shifts, including a growing middle class and rising disposable income, have directly supported demand for packaged goods. In addition, factors such as convenience, extended shelf life, and technological advancements including lightweighting and modern printing technologies are expanding the application scope of metal packaging in industrial and personal care segments. Despite facing pressures from raw material price volatility and environmental regulations, the industry is actively adapting through sustainable solutions and circular economy models.

Paper packaging segments

Vietnam's paper packaging market was valued at approximately USD 2.60 billion in 2025. Accounting for around 80% of total paper consumption, the paper packaging segment largely reflects the overall trends of the paper manufacturing industry. According to the Vietnam Pulp and Paper Association (VPPA), total paper consumption in 2025 reached approximately 7.77 million tons, up 10.8% compared to 2024. Of this, packaging paper consumption accounted for 6.19 million tons, representing a 12.6% increase and roughly 80% of total demand. As a result, fluctuations in supply -

demand dynamics, input materials, and production capacity within the paper industry directly impact the outlook of the paper packaging segment.

Outlook of the plastic packaging market in 2026

In 2026, the plastic packaging market is expected to continue its growth momentum, driven by a strong economic recovery and inherent industry drivers. Key factors driving this growth include:

(i) The increasing popularity of online shopping has led to a surge in demand for specialized plastic packaging, wrapping films, and shockproof bags to support logistics and ensure the safe transportation of goods;

(ii) Continued positive growth in the Retail industry, fueled by the dynamic expansion of retail, cosmetics, and electronics exports. Total retail sales of goods in 2025 reached approximately VND 5,335.1 trillion, up 8.0% yoy, providing a solid foundation for consumer packaging demand. Vietnam's cosmetics market is expected to continue its strong expansion, reaching approximately USD 3 billion by 2026, while exports of electronics and components exceeded USD 107 billion in 2025, requiring substantial volumes of high-quality protective and transport packaging;

(iii) Transitioning to technology and recyclable, environmentally friendly materials is prioritizing Plastic packaging manufacturers to adapt to the growing trend of green consumption.

These dynamics promise significant opportunities for businesses in the industry, while also requiring investment in sustainable technology and materials solutions to meet increasingly stringent demands from partners and consumers. This will create a foundation for maintaining a competitive advantage and ensuring the long-term sustainable development of the plastic packaging market.

In 2026, the plastic packaging market is being impacted by global security and macroeconomic conditions. Geopolitical tensions in the Middle East, home to key oil and petrochemical production and export links within OPEC, are a major factor.

This directly affects the supply of raw materials (virgin plastic resins such as LLDPE, BOPP, and CPP) due to supply chain disruptions, driving up prices. Furthermore, shipping costs (freight) are increasing as many major shipping companies are forced to change routes, extending transit times. Import container freight rates for raw materials and the export of plastic packaging products from Vietnam to other countries have also increased sharply.

Saigon Ratings believes that although the Packaging industry is facing negative impacts from global security and macroeconomic conditions, its medium- and long-term prospects remain positive. This sustainable growth momentum is strongly supported by the expansion of industrial manufacturing, the Food and Beverage Processing industry, and E-commerce.

Sustainable development trends in the Vietnam's Packaging industry

The current growth of Vietnam's Packaging industry is strongly driven by the green consumer trend. Consumers are increasingly aware of health and environmental protection, thereby boosting demand for recyclable, reusable, or bio-based packaging.

To meet this trend, businesses in the food and beverage, retail, and e-commerce sectors have proactively set goals to reduce single-use plastics. The shift to alternatives such as paper packaging, bioplastics, or single-component films is forcing packaging manufacturers to continuously innovate designs and improve operational standards to gain a long-term competitive advantage.

Policies such as restrictions on single-use plastics, recycling requirements, and ESG standards are directly impacting the production activities of businesses. In Vietnam, from 2030 onwards, businesses will cease producing and importing single-use plastic products and products containing microplastics, except for those produced for export and those producing or importing non-biodegradable plastic packaging for products sold on the market.

Businesses have also proactively invested in technologies for producing recycled plastic pellets, bioplastics, and improving factory processes to optimize carbon emissions. The application of circular economy models (reusing raw materials on-site and optimizing the product lifecycle) is expected to improve resource efficiency while significantly reducing negative impacts on the ecosystem. However, the transition to green plastics still faces many challenges, from high investment costs to technological limitations and market awareness.

Saigon Ratings assesses that sustainable development remains the inevitable and only path for the Vietnam's Packaging industry to enhance its competitiveness and meet stringent standards for deeper integration into the global supply chain.

Assessment of Business Profiles

Saigon Ratings maintains assessment of Thuan Duc's current Business Profile at the Satisfactory risk level.

Progress of projects implementation and capacity expansion

Saigon Ratings assesses the progress of Thuan Duc's projects implementation and production capacity expansion as positive. Existing factories have been operating at high utilization rates (approximately 70–100%) throughout 2025 and QI/2026, reflecting stable output demand and efficient asset utilization.

Over the past 6 months, Thuan Duc has continued to simultaneously implement multiple capacity expansion projects across key locations, including Thanh Hoa and Hung Yen, aiming to increase industrial packaging production capacity and strengthen its position within the plastic packaging value chain.

The Thuan Duc JB project in Hung Yen, with phase 1 capacity of approximately 8,400 tons per year, has partially commenced operations and started contributing to revenue from October 2025, thereby supporting short-term revenue growth. Meanwhile, the Thuan Duc Bim Son project in Thanh Hoa, with total investment of approximately VND 1,000 billion (designed capacity of around 42,000 tons per year), has completed pile foundation works for the entire plant and is currently progressing with major construction items. The plant is expected to become fully operational by the end of 2027.

In addition, the expansion project of the Thai Yen plant in Thanh Hoa, with total investment of approximately VND 606 billion and designed capacity of around 50,000 tons per year, is being developed on the existing factory site. Part of the workshop has been completed, and machinery installation has commenced, with partial operation of the new sections expected from October 2026.

Overall, Saigon Ratings considers the implementation progress of Thuan Duc's projects to be in line with planned schedules. The phased development approach helps alleviate capital expenditure pressure and supports early cash flow generation, thereby mitigating execution risks for the Company. These projects are expected to support revenue and cash flow growth in the short term and serve as key growth drivers over the medium to long term. However, execution effectiveness remains dependent on the Company's ability to control project timelines, investment costs, and market demand conditions.

Scale and business diversification

Saigon Ratings assesses that Thuan Duc's revenue scale remains high and ranks among the leading listed companies in the industry, with revenue reaching approximately VND 4,764 billion in 2025 (up 9% yoy) and a target of approximately VND 4,900 billion for 2026.

In QI/2026, revenue reached approximately VND 1,448 billion, equivalent to nearly 30% of the full-year target, indicating positive progress in achieving business objectives. Revenue growth is expected to remain stable (around 3% per annum during 2026–2028), reflecting a prudent expansion strategy amid the absence of a clear market demand breakthrough.

Overall, Saigon Ratings views Thuan Duc's revenue growth as stable, supported by a large operating scale, the ability to maintain a competitive position within the industry, and moderate growth prospects over the short to medium term.

Business results in 2025 and QI/2026 indicate that the Company's revenue structure remains highly concentrated in virgin granules products. This reflects a relatively limited level of product diversification and continued sensitivity to input price fluctuations. However, the strong growth of PP bags (up 30% in 2025) and shopping bags (up 31% in QI/2026) suggests that these segments are gradually becoming key drivers in improving the revenue mix toward greater balance over the medium to long term.

Chart 1: Revenue breakdown by product (left) and export bag revenue breakdown by market (right) in 2025 and QI/2026 (Unit: %)

Source: Company, Saigon Ratings compiled and calculated.

From a market perspective, the revenue structure of export bags remains well diversified across three key regions including Europe, North America, and Asia, which help to mitigate concentration risks and enhance resilience to regional demand fluctuations. This serves as an important offset to the high product concentration.

Over the medium to long term, Thuan Duc's outlook is supported by global policy trends promoting a circular economy. The acceleration of single-use plastic reduction roadmaps and increasing recycling requirements are expected to create favorable conditions for the export of substitute products such as shopping bags, thereby expanding the Company's growth potential and market reach. However, the pace of this transition remains dependent on demand dynamics in key export markets and increasingly stringent environmental standards, particularly in Europe.

Assessment of Financial Profiles

Saigon Ratings maintains assessment of Thuan Duc's current Financial Profile at the Aggressive risk level, reflecting its high financial leverage with a Debt/EBITDA ratio. While short-term debt and interest expense pressures are expected to increase in 2026 due to planned bond issuance, the Company's financial profile is mitigated by its Appropriate liquidity, bolstered by highly liquid assets.

Financial Leverage

At the end of 2025, the Company's outstanding debt was VND 2,909 billion, an increase of VND 373 billion compared to 2024. This stemmed from working capital refinancing, financial leases, and investments in expanding production and business operations in affiliated companies. Meanwhile, equity only recorded modest growth from retained earnings, while debt increased significantly, resulting in the Company's Debt/Equity ratio rising up from 2.49 times in 2024 to 2.61 times in 2025.

After adjusting debt from highly liquid assets such as cash, cash equivalents, and deposit contracts held to maturity, the adjusted financial leverage ratio is the Company's Net Debt/Equity at 1.27 times, which, lower than the 2024 level, is still quite high compared to the industry average.

In 2026, the Company plans to offer a public bond issue worth approximately VND 350 billion. All funds raised from this bond issuance will be used to supplement working capital, directly supporting the Company's production and business activities. In addition, the Company expects to maintain short-term debt at approximately VND 2,350 billion during the 2026–2028 period.

Furthermore, in QI/2026, Thuan Duc completed the offering of nearly 5.48 million common shares to existing shareholders, successfully raising approximately VND 82 billion. Following the issuance, the Company's charter capital increased from VND 882 billion to nearly VND 937 billion, while the difference between the offering price and par value was recorded as capital surplus. We believe that the capital increase will contribute to enhancing the scale of equity capital, supporting a reduction in the financial leverage ratio, and improving the Company's liquidity in the future.

Ability to meet debt obligations

Saigon Ratings assesses Thuan Duc's ability to meet its financial obligations through the Debt/EBITDA ratio and the Interest Coverage Ratio (EBITDA/Interest Expense).

Due to the rapid increase in debt, the Debt/EBITDA ratio has risen sharply from 7.35 times in 2024 to 9.01 times at the end of 2025. After adjusting for debt, the Company's Net Debt/EBITDA ratio in 2025 is 4.39 times and is expected to gradually decrease to 2.53 times by 2028.

The interest coverage ratio declines in 2026 as the Company plans to raise additional capital through bond issuance (expected interest rates higher than current loans), but is expected to improve from

2027, due to EBITDA growth. At the same time, reducing short-term debt and/or restructuring it into long-term debt will help reduce the pressure of principal repayment and improve credit indicators.

HISTORY OF ISSUER CREDIT RATING RESULTS

Date	Credit Rating	Outlook
08/06/2026	Issuer Credit Rating Surveillance: **vnBBB**	**"Positive"**
08/12/2025	Issuer Credit Rating Surveillance: **vnBBB**	**"Stable"**
17/09/2025	Issuer Credit Rating Surveillance: **vnBBB**	**"Stable"**
17/06/2025	Issuer Credit Rating Surveillance: **vnBBB**	**"Stable"**
12/12/2024	Issuer Credit Rating Surveillance: **vnBBB**	**"Stable"**
06/06/2024	Issuer Credit Rating Surveillance: **vnBBB**	**"Stable"**
02/11/2023	First-time Issuer Credit Rating: **vnBBB**	**"Stable"**

Rating surveillance is valid: November 09, 2026.

The rating scale used by Saigon Ratings is designed, developed, and consistently applied to enterprises operating in the Vietnamese market; therefore, it does not carry equivalent value or meaning to the rating scales of any other credit rating agencies.

This document on the Issuer Rating Surveillance Results is prepared by Saigon Ratings in both Vietnamese and English. The English version is provided for reference purposes only, and the Vietnamese version shall prevail in the event of any inconsistency between the two versions.

INFORMATION ABOUT CHANGES TO ANALYSTS AND MEMBERS OF THE CREDIT RATING COMMITTEE

- Change in Analyst: Mr. Nguyen Duc Phu (MSc) stopped participating in the credit rating contract from December 15, 2025. Additional and replacement personnel: Mr. Nguyen Hoang Chuong (BA).

  Reason: Mr. Nguyen Duc Phu is assigned to perform other professional tasks.

OWNERSHIP INFORMATION

The information disclosed below is made publicly and transparently by Saigon Ratings to ensure absolute compliance with current legal regulations in implementing the Credit Rating process and announcement of Issuer Credit Rating Surveillance Result every 6 months, from the time of the announcement of First-time Issuer Credit Rating Result:

- Equity ownership at Saigon Ratings by Thuan Duc Joint Stock Company: 0%.
- Equity ownership at Thuan Duc Joint Stock Company by the employee* of Saigon Ratings: 0%.
- Bond ownership in Thuan Duc Joint Stock Company by Saigon Ratings: 0%.
- Bond ownership in Thuan Duc Joint Stock Company by the employee* of Saigon Ratings: 0%.
- Ownership of other debt instruments of Saigon Ratings by Thuan Duc Joint Stock Company: 0%.
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(*) Including ownership of members of the Board of Directors, members of the Credit Rating Committee, members of the Analysts, and other related Saigon Ratings' employees.

The above figures are reviewed, updated, and checked by Saigon Ratings through the Internal Control system throughout the process of providing Credit Rating services, from the date Saigon Ratings officially signed the contract with Thuan Duc Joint Stock Company and updated to the date of publication of this Credit Rating Surveillance Report.

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Full information on the First-time Issuer Credit Rating Report and Issuer Credit Rating Surveillance Report is only provided by Saigon Ratings to subjects in case of request, according to the specific terms and conditions.

SAI GON PHAT THINH RATINGS JOINT STOCK COMPANY

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RATING SCALE AND ITS MEANINGS

RATING SCALE	MEANINGS
vnAAA	An Issuer rated vnAAA has an extremely strong capacity to meet its financial commitments. vnAAA is the highest Credit rating in Saigon Ratings.
vnAA	An Issuer rated vnAA has a very strong capacity to meet its financial commitments. At the same time, the vnAA rating is not too different from the vnAAA rating.
vnA	An Issuer rated vnA has a strong capacity to meet its financial commitments. But Issuer's ability can be affected by adverse changes in the business environment and economic conditions.
vnBBB	An Issuer rated vnBBB has adequate capacity to meet its financial commitments in full and on time. However, this ability can be affected by adverse changes in the business environment and economic conditions.
vnBB	An Issuer rated vnBB is likely to be less affected in the short term compared to organizations with lower ratings. However, susceptibility to significant impact from instability in business operations and unfavorable economic and financial conditions may jeopardize the issuer's ability to meet financial obligations fully and on time.
vnB	An Issuer rated vnB is more vulnerable than the entity rated vnBB, but the entity currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the Issuer's capacity or willingness to meet its financial commitments.
vnCCC	An Issuer rated vnCCC is currently vulnerable to negative impacts by the risk of insolvency and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
vnCC	An Issuer rated vnCC is facing the risk of insolvency. The possibility of company's default has not yet materialized, but it is likely to do so soon, however, the exact timing of default is unknown.
vnC	An Issuer rated vnC is highly likely to fail to meet its debt obligations in the short term. The Issuer's ability to pay is strongly impaired and may be irreversible.
vnR	An Issuer rated vnR is under State management agency supervision owing to its weak financial condition (if any). During the pendency of regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
vnSD and vnD	An Issuer rated vnSD or vnD applies to organizations that have become insolvent with one or more debt obligations when they come due, whether rated or unrated, except for financial obligations arising from hybrid instruments that are included in the legal capital or are not required for Issuer's payment. The vnD Credit Rating is applied when there are sufficient grounds to determine that the Issuer is completely insolvent and is unable to pay all or almost all its debt obligations when due. The vnSD Credit Rating is applied when Saigon Ratings has sufficient grounds to believe that the Issuer has partially defaulted on a particular debt obligation or a type of debt obligation but will still meet its obligations on time with other residual obligations. The Credit Rating of the Issuer will be downgraded to vnSD or vnD if the Issuer is in the process of dissolution or merger to resolve the crisis.

* The Credit Rating scales from 'vnAA' to 'vnCCC' may be adjusted by adding a plus sign "+" or a minus sign "-" to indicate the relative Credit Rating between Issuers in the same rating assessment scale.

** The symbol "vn" before the Credit Rating is interpreted as the Credit Rating according to the National Rating (Vietnam) scale of Saigon Ratings.

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