

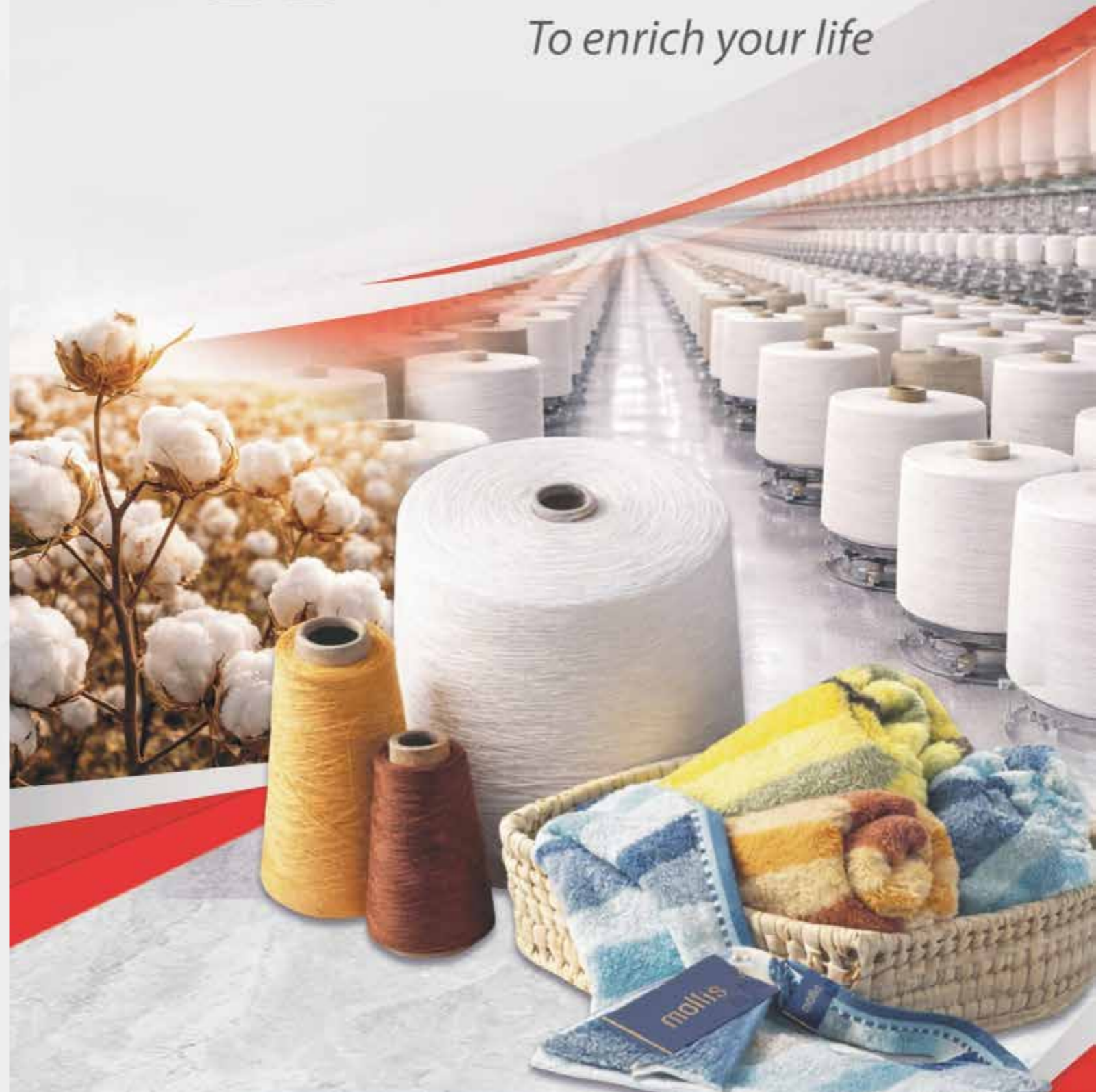
PHONG PHU CORPORATION

ANNUAL REPORT 2025



**PHONG PHU**

*To enrich your life*



 028 6684 7979

 [phongphucorp.com](http://phongphucorp.com)

 48 Tang Nhon Phu, Tang Nhon Phu Ward, Ho Chi Minh City

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# 01

## GENERAL INFORMATION

Overview Information

Formation and Development Process

Business Lines and Operating Areas

Governance Model, Business Organization and Management Structure

Development Orientation

Risks in Operations





## OVERVIEW INFORMATION



**Trading name:** PHONG PHU CORPORATION

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**Enterprise Registration Certificate No.:** Enterprise Registration Certificate No.: 0301446006, initially issued on February 20, 2009, and amended for the 20th time on August 20, 2025 by the Department of Finance of Ho Chi Minh City.

**Address:** 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City, Vietnam

**Tel:** (028) 6684 7979

**Số fax:** (028) 3728 1893

**Website:** <http://www.phongphucorp.com>

**Email:** [info@phongphucorp.com](mailto:info@phongphucorp.com)

**STOCK CODE**

**PPH**

**CHARTER CAPITAL**

**746,708,910,000 VND**

**OWNERS' EQUITY**

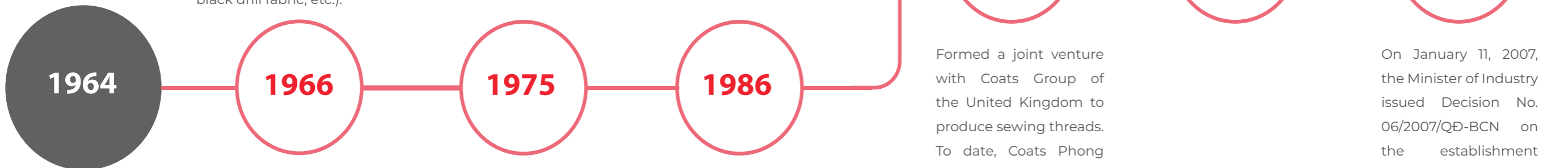
**2,112,046,920,154VND**

## FORMATION AND DEVELOPMENT PROCESS

The first factory was officially put into operation on a small scale, consisting of three production workshops (Spinning – Weaving – Dyeing), with a total workforce of more than 1,050 employees. Main products: yarn and fabrics (Satin, Batist, Crestone, Khaki, Siam fabric, black drill fabric, etc.).

In addition to its core products of fabrics and yarn, Phong Phu further expanded into towel products, striped kate fabric, and denim fabric.

Restructured the organizational model into a Corporation operating under a parent–subsidiary structure.



**1964**

**1966**

**1975**

**1986**

**1989**

**2006**

**2007**

On October 14, 1964, the foundation stone was laid for the construction of the Sicovina – Phong Phu Industrial Complex under the Vietnam Cotton Industry Company.

The factory was renamed Phong Phu Textile Factory.

Formed a joint venture with Coats Group of the United Kingdom to produce sewing threads. To date, Coats Phong Phu has become one of the leading enterprises in the Asia-Pacific region.

On January 11, 2007, the Minister of Industry issued Decision No. 06/2007/QĐ-BCN on the establishment of Phong Phu Corporation.



## FORMATION AND DEVELOPMENT PROCESS (CONTINUED)

Phong Phu implemented the equitization of the parent corporation and successfully held the first General Meeting of Shareholders on January 15, 2009, with an initial charter capital of VND 500 billion.

**2009**

**2014**

The Corporation restructured its operations, completed a vertically integrated supply chain from spinning – weaving – dyeing – garment manufacturing, proactively responded to free trade agreements, strengthened internal capabilities, and accelerated investment activities.



**2017**

The stock code PPH of Phong Phu Corporation was officially listed for trading on the UPCOM market.

**2022**

Phong Phu Corporation was proud to be a supplier of towel products for the FIFA World Cup 2022.

**2023**

In 2023, the Corporation was awarded the Certificate of Merit titled “Outstanding Enterprise for Employees” by the Vietnam General Confederation of Labour. This program has been implemented since 2014 by the Vietnam General Confederation of Labour in coordination with the Ministry of Labour, Invalids and Social Affairs and the Vietnam Chamber of Commerce and Industry (VCCI).

Since 2018, Phong Phu has continuously received the Certificate of Merit titled “Outstanding Enterprise for Employees” from the Vietnam Textile and Apparel Trade Union.



**2024**

The year 2024 marked a significant milestone in the 60-year development journey of Phong Phu Corporation (1964–2024). Notably, for the ninth consecutive time, Phong Phu’s premium towel brand Mollis proudly received the prestigious title “Vietnam National Brand 2024.”

Mollis has not only strengthened its market position through the launch of premium towel products made from environmentally friendly materials, featuring sophisticated designs and diverse styles, but has also become a symbol of care and modern lifestyle.

**2025**

On April 24, 2025, Phong Phu Corporation was honored to receive the Third-Class Labour Order for its outstanding achievements in production and business activities, contributing to the cause of national development and defense, awarded by the President of the State.

## ACHIEVEMENTS

Hero of Labour Unit

Independence Order – Third Class, Second Class, First Class

Labour Order – Third Class, Second Class, First Class

Military Exploit Order – Third Class

Prime Minister's Certificate of Merit for Outstanding Emulation

High-Quality Vietnamese Goods Award

Typical State-Owned Enterprise Award

Golden Cup for Community Development

Favorite Vietnamese Brand Award

Vietnam Golden Star Award

Excellent Supplier Award from Target Corporation – the largest retail group in the United States

Prestigious Export Enterprise Award

Corporate Social Responsibility (CSR) Award

Top 10 Vietnam Business Stars

Enterprise with branded products selected to participate in the Vietnam National Brand Program

Top 10 Vietnamese Brands



## BUSINESS LINES AND OPERATING AREAS

### BUSINESS LINES

Textile and garment manufacturing is the Corporation's long-standing traditional business and remains one of the core strengths of Phong Phu Corporation.

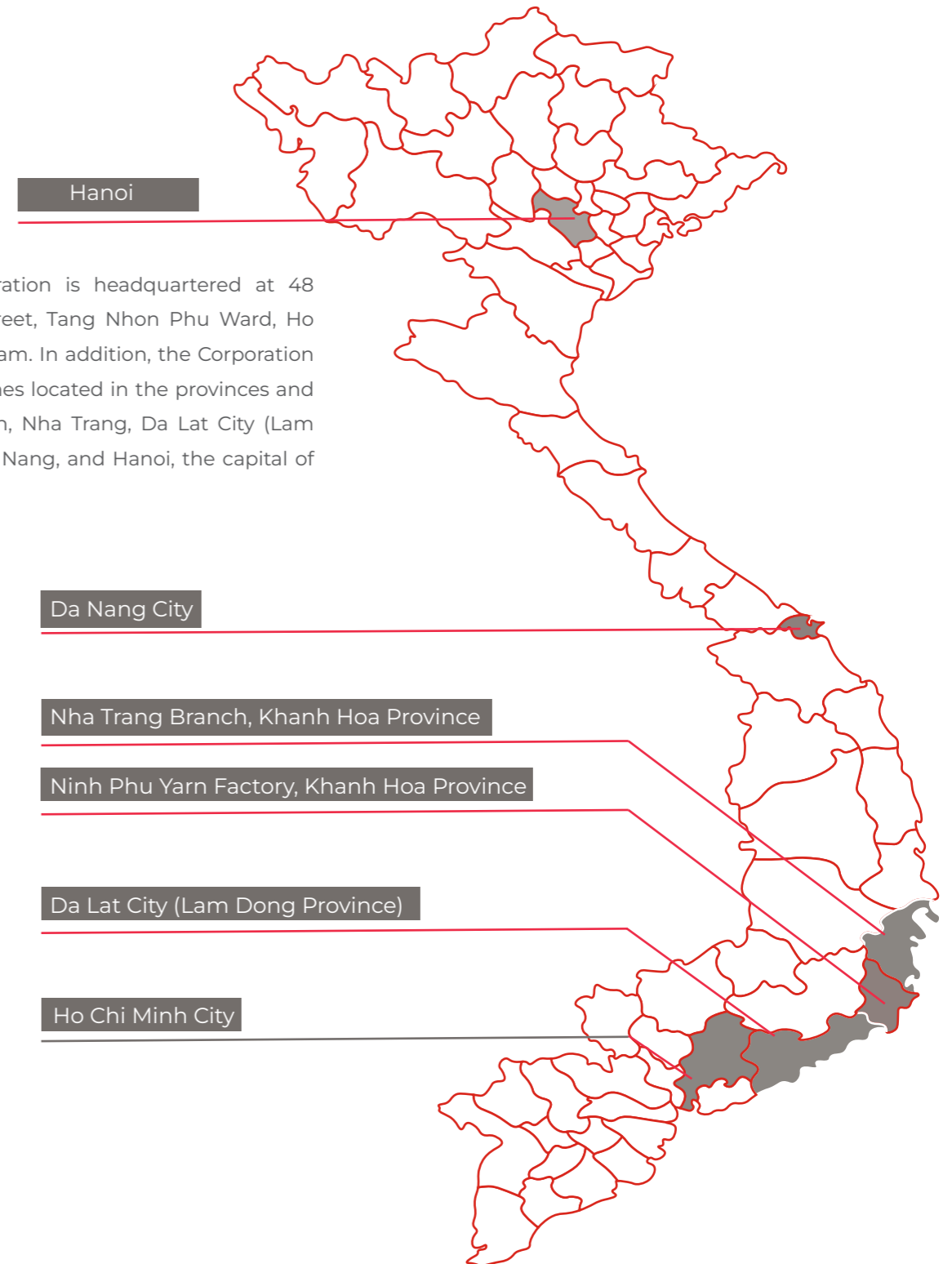


### Business Activities

- » Production of yarn, sewing thread, embroidery thread, woven fabrics, towels, garments, ready-made clothing, and packaging products.
- » Trading of textile and garment machinery and spare parts.
- » Business of office equipment, electrical materials, machinery and industrial equipment; measuring and testing systems for laboratory and environmental purposes. Wholesale of electrical machinery, equipment, and electrical materials (including generators, electric motors, wires, and electrical circuit devices).
- » Wholesale of agricultural machinery, equipment, and spare parts; scientific research services; technology transfer
- » Pig farming (not operated at the head office); forestry planting and care; logging and processing of forest products.
- » Construction, consulting, design, and installation of civil and industrial electrical systems, refrigeration systems; food and beverage services (not operated at the head office, excluding entertainment activities).
- » Infrastructure construction, industrial parks, urban areas, and housing development; real estate consulting and brokerage.
- » Preschool and primary education services.
- » Mechanical engineering and machining services.
- » Production and distribution of steam, hot water, and air conditioning services.
- » Wastewater treatment services.
- » Interior decoration activities.
- » Advertising services.
- » Retail of clothing and apparel products.
- » Cultivation of root crops containing starch, sugarcane, tobacco, fiber crops, oilseed crops, pepper, rubber, coffee, tea; cultivation of vegetables, legumes, ornamental plants, and flowers (not operated at the head office).

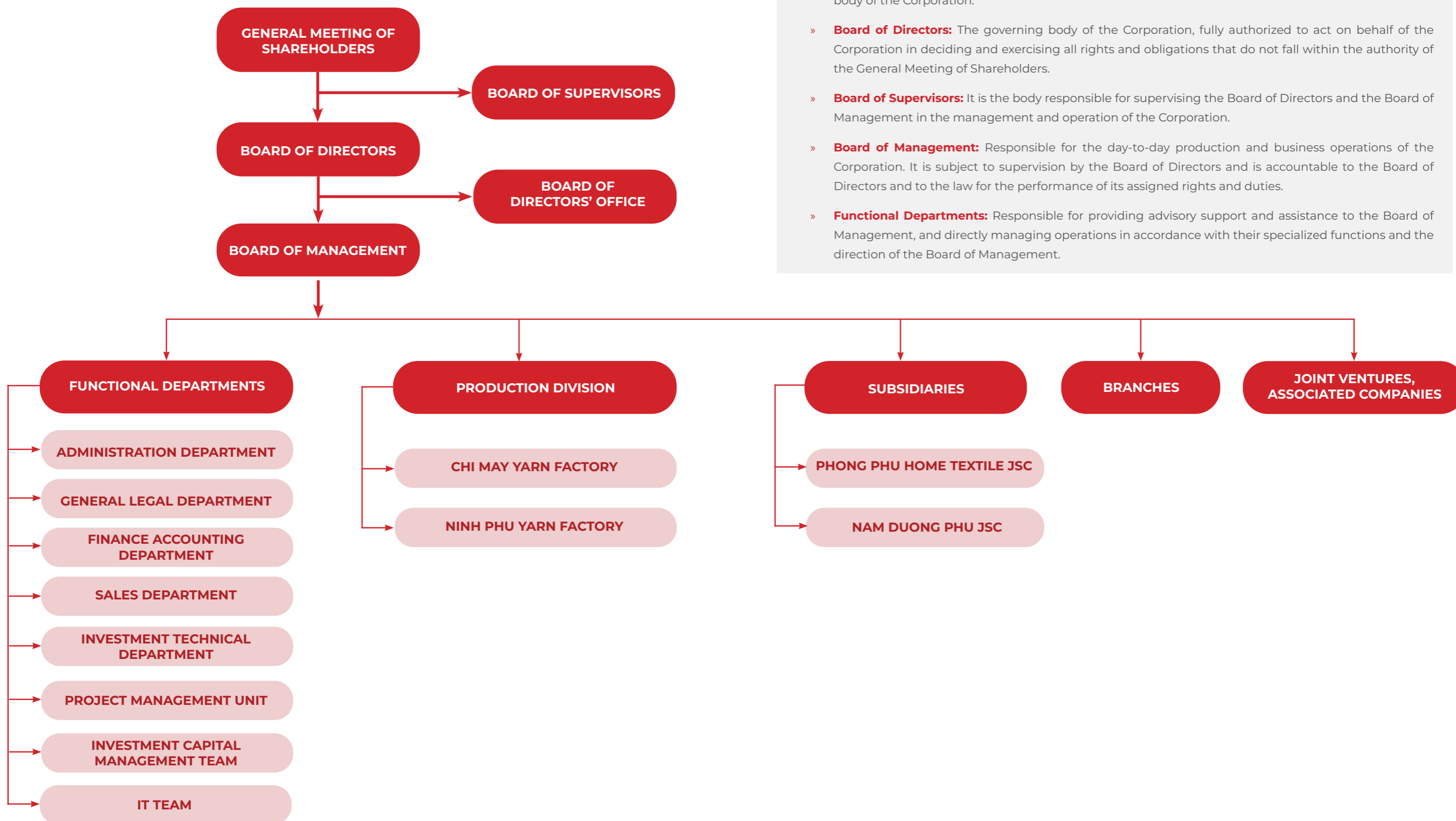
**“TO ENRICH YOUR  
Life”**

### OPERATING AREAS



Phong Phu Corporation is headquartered at 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City, Vietnam. In addition, the Corporation operates five branches located in the provinces and cities of Ninh Thuan, Nha Trang, Da Lat City (Lam Dong Province), Da Nang, and Hanoi, the capital of Vietnam.

# GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGEMENT STRUCTURE



The company operates under the joint stock company model according to the provisions of the Enterprise Law and related legal regulations:

- » **General Meeting of Shareholders:** Comprising all voting shareholders, it is the highest decision-making body of the Corporation.
- » **Board of Directors:** The governing body of the Corporation, fully authorized to act on behalf of the Corporation in deciding and exercising all rights and obligations that do not fall within the authority of the General Meeting of Shareholders.
- » **Board of Supervisors:** It is the body responsible for supervising the Board of Directors and the Board of Management in the management and operation of the Corporation.
- » **Board of Management:** Responsible for the day-to-day production and business operations of the Corporation. It is subject to supervision by the Board of Directors and is accountable to the Board of Directors and to the law for the performance of its assigned rights and duties.
- » **Functional Departments:** Responsible for providing advisory support and assistance to the Board of Management, and directly managing operations in accordance with their specialized functions and the direction of the Board of Management.

## COMPANY'S SUBSIDIARIES, ASSOCIATED COMPANY

### COMPANY'S SUBSIDIARIES



#### Phong Phu Home Textile Joint Stock Company

Business lines: Production and trading of textile products.

Actually contributed Charter capital: 160,000,000,000 VND

Percentage of ownership: 90% Actually contributed charter capital

#### Nam Duong Phu Joint Stock Company

Business lines: Production and trading of textile products.

Actually contributed Charter capital: 17,360,000,000 VND

Percentage of ownership: 81.08% Actually contributed charter capital

### ASSOCIATED COMPANY



#### Dong Nam Textile Joint Stock Company

Business lines: Production and trading of garment products.

Actually contributed Charter capital: 120,370,240,000 VND

Percentage of ownership: 35.65% Actually contributed charter capital

#### Nha Trang Textile & Garment Joint Stock Company

Business lines: Production and trading of garment products.

Actually contributed Charter capital: 235,000,000,000 VND

Percentage of ownership: 23.89% Actually contributed charter capital

#### COATS PHONG PHU

Business lines: Manufacturing and trading of fibers and yarns

Actually contributed Charter capital: 225,389,712,000 VND

Percentage of ownership: 35.65% Actually contributed charter capital

#### Phong Phu - Daewon - Thu Duc Housing Development Corporation

Business lines: Real estate trading, and land use rights owned, held by users, or leased

Actually contributed Charter capital: 303,479,411,966 VND

Percentage of ownership: 47.64% Actually contributed charter capital

#### HUD Saigon Housing And Urban Development Investment Joint Stock Company

Business lines: Investment, construction, and real estate business

Actually contributed Charter capital: 46,500,000,000 VND

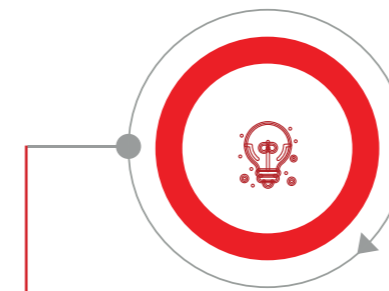
Percentage of ownership: 21.51% Actually contributed charter capital

#### Dalat Garment Joint Stock Company

Business lines: Production, trading of garment products, raw materials, machinery and equipment for the textile industry.

Actually contributed Charter capital: 10,577,500,000 VND

Percentage of ownership: 40% Actually contributed charter capital



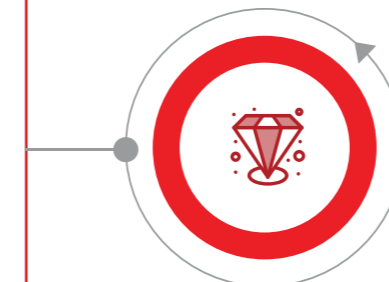
**VISION**

To become a leading and strong economic enterprise specializing in the textile and garment industry.



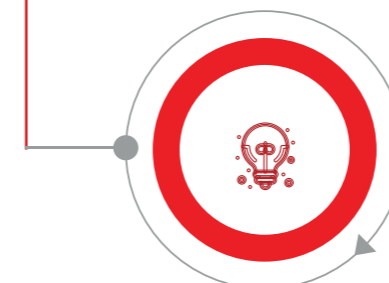
**MISSION**

To enhance economic capacity and improve the quality of life for the community through the provision of superior-quality products and services.



**CORE VALUES**

- » Creating a safe working environment in all aspects while ensuring high efficiency.
- » Meeting all customer needs through comprehensive solutions.
- » Cooperating and developing in conjunction with responsibility toward the community.
- » Integrity.
- » Professionalism.



**KEY OBJECTIVES OF THE CORPORATION**

- » Continue researching and investing in expansion, production development, and supply chain development to enhance the efficiency of the Corporation's production and business activities.
- » Direct the formulation of long-term planning, development strategies, and business plans for the Corporation and its member units.
- » Promote research and development activities, along with innovation and improvement initiatives to rationalize production and business operations, diversify products and designs, stabilize and enhance product and service quality, reduce costs, and strengthen competitiveness.
- » Pay close attention to directing efforts in preventing and mitigating both objective and subjective risks, as well as combating corruption, wastefulness, and stagnation that may negatively affect the Corporation's performance, growth rate, and financial health.
- » Ensure the guiding objective of "sustainable development, adaptive innovation, and superior efficiency."

## DEVELOPMENT ORIENTATION (CONTINUED)

### MEDIUM- AND LONG-TERM DEVELOPMENT STRATEGY

The Corporation continues to leverage its existing strengths while constantly developing and expanding markets for its two key supply chains: Yarn–Sewing Thread and Home Textile Products

#### Production:

- » The Corporation will maintain and further stabilize production for its two main supply chains, including Yarn–Sewing Thread and Home Textile Products.
- » It will enhance the integration and connectivity of existing machinery and equipment, strengthen real-time operational monitoring and data traceability, and invest in upgrading and supplementing highly automated support equipment (such as automatic bobbin feeders, yarn break detectors, and coarse yarn stop motion devices).
- » The Corporation will pilot and gradually adopt high-capacity synchronous motors in production equipment to improve energy efficiency, with an estimated cost saving of approximately 8–10%.
- » It will proactively seek and directly negotiate with original spare parts manufacturers, aiming to reduce unit costs by 5–10% compared to previous procurement prices.
- » The Corporation will research and develop new high value-added products that are suitable to its technological and equipment capabilities, while transitioning toward green manufacturing, prioritizing environmentally friendly and recycled raw materials.
- » Technical innovation initiatives will continue to be promoted to reduce processing costs, alongside action programs targeting at least a 3% reduction against minimum cost norms, thereby increasing value creation. Pre-feasibility studies will also be conducted for expansion investment projects and production relocation plans for the 2025–2030 period.
- » Product diversification will include polyester blended yarn, colored yarn, microfiber yarn, spa towels, hotel towels, baby towels, and gift products.....

#### Market:

The Corporation will focus on exploiting and maintaining its existing target markets, considering this a core strategic and long-term mission. It will strengthen development in markets where Vietnam holds competitive advantages and fully leverage opportunities in countries participating in free trade agreements with Vietnam.

#### Human Resources:

- » The Corporation aims to build a strong, cohesive workforce with long-term commitment to the company.
- » It will establish competitive compensation policies, streamline the organizational structure, and focus on developing a professional sales force.
- » Workforce planning and succession training will continue, with increased recruitment of engineers in Yarn, Weaving, Dyeing, and Sales positions.

#### Business Activities:

- » Brand building and development: The Corporation will develop a professional website with catalogs and product images, and actively participate in textile and garment trade fairs and exhibitions.
- » Customer focus: The Corporation will prioritize target customers, placing customers at the center of its strategy, and building systems and operational chains that meet supply chain requirements.
- » Export markets: The Corporation will maintain stable performance in traditional markets while actively expanding retail supply chains in the EU (IKEA, Action, JYSK, Vomar, Brunotti), the United States (Target), and Japan (Aeon, Muji, Shimamura, Marushin).
- » Domestic market: The Corporation will continue to develop an omnichannel distribution model to recover and promote domestic market growth, including supermarkets, traditional markets, HORECA, B2B, and e-commerce channels. Particular emphasis will be placed on strengthening online marketing activities for both B2C and B2B segments.



## DEVELOPMENT ORIENTATION (CONTINUED)

### MEDIUM- AND LONG-TERM DEVELOPMENT STRATEGY (CONTINUED)

#### Strengthening R&D activities:

- » The Corporation will allocate an appropriate budget to invest in and upgrade the rapid sample-making unit in order to respond flexibly and effectively to sales requirements.;
- » It will research and apply new raw material lines with differentiated features, high quality, and competitive costs;
- » The technological finishing processes will be optimized to ensure product quality, shorten production lead time, and reduce production costs;
- » The Corporation will proactively study market trends and customer demand to guide appropriate product development strategies.

#### Contingency and Flexibility:

- » The Corporation will proactively maintain raw material inventory in response to fluctuations in cotton, fiber, and yarn prices.
- » It will collaborate with satellite factories to expand production capacity when large orders arise.
- » Consumer trends will be continuously monitored to support product improvement and innovation..

#### Participation in Circular Economy, Green Economy, and Sustainable Development:

- » Green transformation and energy efficiency: The Corporation will use recycled, organic, or bio-based yarns; invest in wastewater recycling systems to reduce water consumption in dyeing processes; and maintain compliance with green standards such as OEKO-TEX and GOTS.
- » Renewable energy utilization: The Corporation will continue to efficiently operate the rooftop solar power systems installed at sewing workshops, dyeing facilities, and parking areas, while investing in additional rooftop solar systems at remaining factories to reduce energy costs.
- » Technology investment: To reduce production waste and emissions, the Corporation will invest in a fiber recycling line to recover waste from spinning and weaving processes for reuse as circular materials, thereby developing post-consumer recycled yarn products for European supply chains such as IKEA..

#### Tree planting and progress toward carbon certification:

In 2025, the Corporation completed the planting of approximately 500 trees (Melaleuca, Dipterocarpus, and Araucaria) within its premises. The number of trees will continue to increase annually through 2030, reflecting the Corporation's commitment to environmental protection and sustainable development, creating a green and friendly working environment, and enhancing the brand image and value of Phong Phu.

### SUSTAINABLE DEVELOPMENT OBJECTIVES

In the context of global green integration, Phong Phu Corporation (PPH) defines sustainable development as the guiding principle for all its operations. With more than 60 years of history, Phong Phu has not only affirmed its leading position in the textile and garment industry in terms of product quality, but also pioneered environmental and social responsibility.

- » Green Production and Sustainable Technology: Phong Phu prioritizes the transition toward environmentally friendly production models through investment in advanced technologies that meet the most stringent standards, including:
  - International-standard wastewater treatment systems;
  - Wastewater recycling and reuse technologies in production processes.
  - Waste heat recovery systems to optimize energy efficiency.
- » Human Values and Social Welfare: The Corporation places employees at the center of its development strategy. A scientific compensation and benefits system has been established, aligned with performance and capabilities, ensuring stability while improving the quality of life for the workforce..
- » Corporate Culture: The spirit of solidarity is fostered through regular union and social activities. Phong Phu is committed to building a humane working environment where every individual can find engagement, belonging, and long-term motivation to contribute.



## OPERATIONAL RISKS

### 1 Economic Risk

In 2025, Vietnam's economy recorded a strong recovery with impressive indicators, including GDP growth of 8.02% and effectively controlled inflation at 3.31%. Macroeconomic stability, together with balanced growth across production, investment, and consumption, created favorable conditions for domestic enterprises. However, the global economic landscape remained highly uncertain. Prolonged geopolitical tensions, tight monetary policies, and the rising trend of trade protectionism exerted significant pressure on export-oriented enterprises. For Phong Phu Corporation (PPH), 2025 was a period directly affected by a decline in global textile and garment demand, fluctuations in cotton prices, and rising logistics costs.

#### Key Challenges

- » International market pressures: Demand in key markets showed signs of saturation, while the shift of orders to lower-cost countries intensified price competition.
- » Technical barriers and rules of origin: Stringent requirements on local content to benefit from FTAs (EVFTA, CPTPP), along with green production standards, posed significant challenges to the fiber-weaving-dyeing-garment supply chain.
- » Domestic market: Although purchasing power improved, it remained highly segmented, while pressure from low-cost imported goods required stronger brand management capabilities..

#### Strategic solutions and adaptive capacity

- » In response, Phong Phu implemented a series of synchronized strategic solutions to ensure sustainable growth objectives:
- » Market diversification: Expansion into South Korea, Russia, the United States, and other markets to reduce dependence on traditional markets, thereby dispersing risks and maintaining stable orders.
- » Integrated supply chain enhancement: Focused investment in strengthening and optimizing a closed-loop production chain from fiber-weaving-dyeing-garment, ensuring compliance with rules of origin and maximizing value added per product.
- » Cost optimization and technology: Implemented solutions to stabilize input materials and restructure logistics
  - Increased automation and energy efficiency to reduce marginal costs.
  - Applied big data-based demand forecasting systems to manage inventory and cash flow more flexibly.
- » Brand enhancement: Strengthened the positioning of the mid-to-high-end segment for the Mollis cotton towel brand, expanded e-commerce activities, and reinforced brand protection measures amid competitive pressures.



## OPERATIONAL RISKS (CONTINUED)

### 2 Legal Risk

In 2025, the Corporation continued to be subject to the Vietnamese legal framework governing enterprises, investment, accounting and auditing, taxation, labor, and securities. In addition, newly issued regulations during the year further focused on enhancing corporate governance standards, information transparency, and risk management for public companies, thereby imposing higher compliance requirements on PPH.

During the year, several important legal documents were amended and supplemented, particularly those related to the Securities Law and regulations on information disclosure, financial reporting standards, and corporate governance codes. At the same time, regulations on occupational safety, environmental protection, emission standards, and fire prevention and fighting continued to be tightened, requiring timely updates in the Corporation's production and business activities.

In response to the evolving legal environment, PPH regularly monitored and reviewed regulatory documents, adjusted internal regulations, and strengthened training and communication efforts to ensure full compliance. In addition, the Corporation proactively coordinated with competent authorities and advisory firms to promptly update new regulations, minimize potential risks, and ensure that its governance and management activities remain aligned with current legal requirements.



### 3 Raw Material Risk

In 2025, Phong Phu Corporation (PPH) continued to face raw material risks, a critical factor across the entire production chain from spinning, weaving, dyeing to garment manufacturing. Unfavorable developments in the yarn market and fluctuations in input material prices placed pressure on the Company's profit margins and operational efficiency.

In addition, PPH remained significantly dependent on imported raw materials, exposing the Company to risks of global price volatility, logistics disruptions, and potential supply chain interruptions. At the same time, increasingly stringent requirements under free trade agreements regarding rules of origin, as well as environmental standards and chemical control regulations in major export markets, continued to impose additional pressure on ensuring compliant raw material sourcing.

In response to these challenges, the Company's management proactively identified key risks and oriented strategic solutions for the coming period, including supplier diversification, reduced dependence on any single market, increased localization of raw materials, investment in green and sustainable technologies, and strengthened supply chain risk management. These measures aim to enhance the Company's adaptability and maintain stability in production and business operations.



## OPERATIONAL RISKS (CONTINUED)

### 4 Sales Risk

In 2025, PPH's production and business activities faced dual pressures from rising raw material prices (cotton, yarn, and chemicals) and fluctuations in the USD/VND exchange rate. Localized supply shortages, together with escalating logistics costs, led to higher cost of goods sold and increased risks of production schedule disruptions.

To respond to these challenges, the Company implemented a supplier diversification strategy, strengthened localization of raw material sourcing, and applied price hedging instruments to mitigate market risks. At the same time, PPH accelerated digitalization in inventory management and optimized technical norms at its factories to reduce wastage. By prioritizing high-value orders and closely controlling input costs, PPH was able to protect its profit margins, maintain a stable supply chain, and ensure delivery rel



### 5 Other Risks

In 2025, in the face of challenges posed by climate change and the industry-specific fire risks in the textile and garment sector, the Corporation has decisively implemented comprehensive preventive and response measures. The Corporation upgraded its fire prevention and fighting (FPF) system in accordance with applicable standards, installed automated equipment, and provided emergency response training to all employees. In parallel, the Business

Continuity Plan (BCP) and insurance packages covering assets and business interruption were established to minimize financial losses. Thanks to thorough preparation, the Corporation maintained a 100% compliance rate with safety regulations, recorded no major incidents, and ensured uninterrupted production and supply chain operations even under force majeure circumstances.



# 02

## BUSINESS PERFORMANCE

Production and Business Operations

Organizational Structure and Personnel

Investment Activities and Project Implementation

Financial Situation

Shareholding Structure and Changes in Owners' Equity

Report on Environmental and Social Impacts of the Company



# PRODUCTION AND BUSINESS OPERATIONS

## PRODUCTION AND BUSINESS PERFORMANCE DURING THE YEAR

### 1 Global economic situation

In 2025, the global economy continued to experience complex and unpredictable developments, affected simultaneously by multiple adverse factors. Escalating geopolitical conflicts in several key regions increased supply chain risks and impacted global trade. Petroleum prices and international transportation costs remained highly volatile, putting significant pressure on production costs and the circulation of goods. The recovery of the economy and trade proceeded more slowly than expected, while total global investment declined due to a persistently high interest rate environment. In addition, natural disasters, climate change, and energy security issues continued to evolve in a complex manner, significantly affecting many economies and the textile and garment industry worldwide.



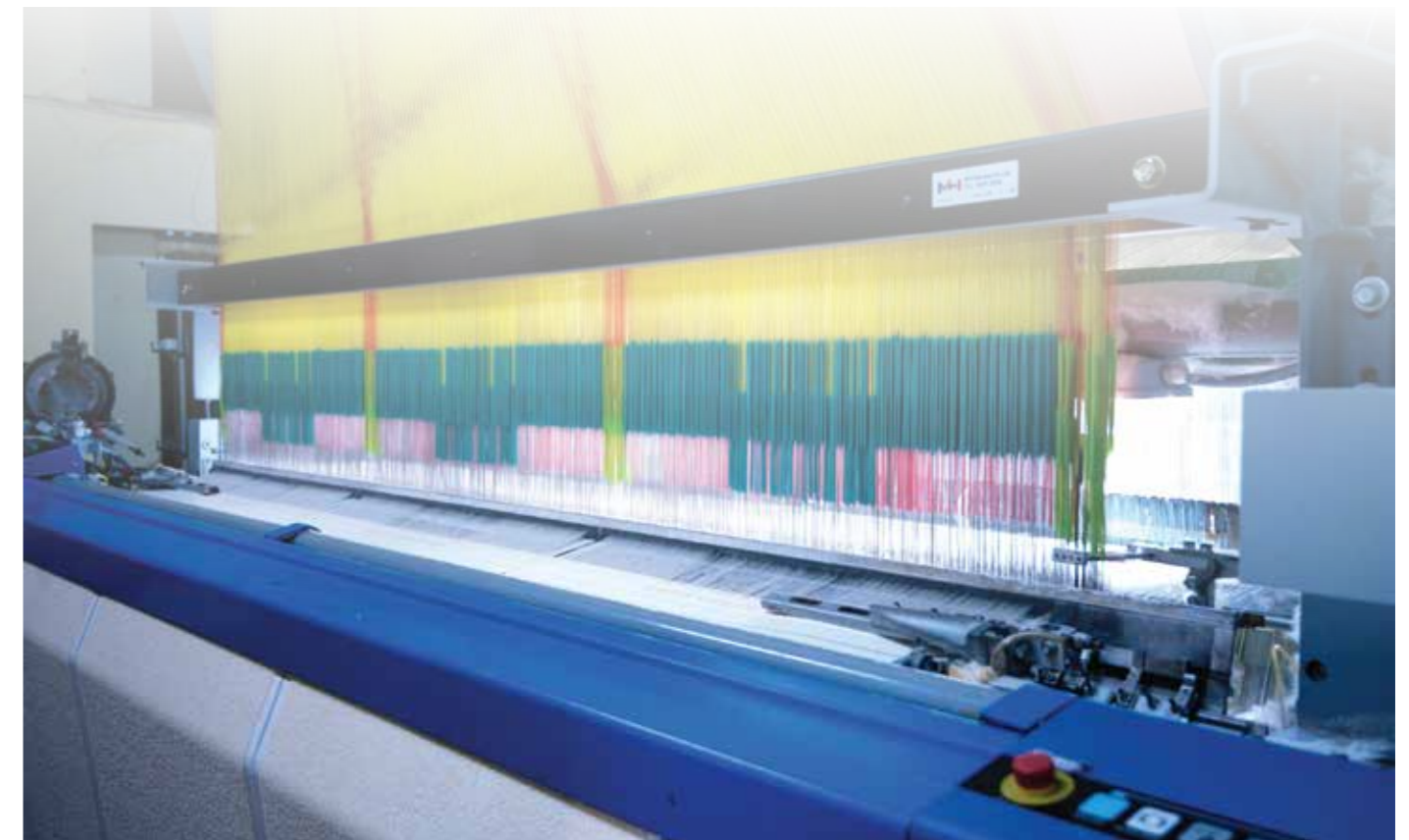
### 2 Domestic economic situation

Despite ongoing uncertainties in the international context, Vietnam's economy in 2025 still recorded positive growth signals. The economy achieved a growth rate of 8.02%, meeting the targets set by the National Assembly and the Government, demonstrating a relatively sustainable recovery foundation. Total import and export turnover of goods continued to maintain an upward trend compared to the previous year, with the trade balance remaining in surplus. In the textile and garment sector, industry reports indicate that export turnover in 2025 continued to increase compared to 2024, reaffirming its role as one of the key export industries of the economy.

### 3 At Phong Phu

In the face of complex fluctuations in the global economy, Phong Phu has affirmed its position through flexible adaptability and efforts to maintain sustainable growth momentum. Core advantages continue to be strongly leveraged:

- » Phong Phu is an enterprise with the capacity to produce yarn, including specialized yarn (used for sewing thread production), and towels, with a diverse market across major domestic and international sales channels.
- » Phong Phu possesses a workforce of experienced employees with high professional qualifications and strong commitment and dedication, which is a decisive factor enabling the Corporation to overcome peak periods of challenges.
- » Strategic alignment: Phong Phu receives strong trust and high consensus from shareholders as well as investors. This serves as a solid foundation for the Executive Management to decisively implement long-term development strategies.



## PRODUCTION AND BUSINESS OPERATIONS

### PRODUCTION AND BUSINESS PERFORMANCE DURING THE YEAR (CONSOLIDATED)

Items	Actual 2024	Plan 2025	Actual 2025	%Actual 2025/ Plan 2025	%Actual 2025/2024
Revenue	2,642.13	2,600	2,871.72	110.45%	108.69%
Expenses	2,258.11	-	2,395.95	-	106.10%
Profit before tax	384.02	355	475.77	134.02%	123.89%
Profit after tax	380.54	350	472.64	135.04%	124.20%



### NET REVENUE STRUCTURE (CONSOLIDATED)

Net revenue	2024	2025	%2025/2024
Revenue from sales and provision of services	2,238.05	2,456.91	109.78%
Revenue deductions	5.38	4.27	79.34%
Profit / (loss) from joint ventures and associates	352.01	364.31	103.49%
Financial income	48.55	47.04	96.89%
Other income	8.90	7.73	86.86%
<b>TOTAL</b>	<b>2,642.13</b>	<b>2,871.72</b>	<b>108.69%</b>



## ORGANIZATIONAL STRUCTURE AND PERSONNEL

### BOARD OF DIRECTORS

#### LIST OF THE BOARD OF DIRECTORS

No.	Member of the Board of Directors	Position	Number of personal shares		Number of shares represented	
			Number of shares	% of Charter Capital	Number of shares	% of Charter Capital
1	Mr. Tran Quang Nghi	Chairman of the Board of Directors (Non-executive Member)	200,000	0.27%	18,667,723	25%
2	Mr. Duong Khue	Member of the Board of Directors	166,494	0.22%	11,273,984	15.1%
3	Mr. Pham Phu Chung	Member of the Board of Directors	29,619	0.04%	7,467,089	10%
4	Ms. Pham Minh Huong	Non-executive Member of the Board of Directors	962,227	1.29%	0	0%
5	Ms. Truong Thi Ngoc Phuong	Member of the Board of Directors	114,000	0.15%	0	0%



The Board of Directors of Phong Phu Corporation

### PROFILE OF MEMBERS OF THE BOARD OF DIRECTORS

#### 1. MR. TRAN QUANG NGHI

##### Chairman of the Board

**Educational background:** Master of Business Administration.

**Working experience:** Mr. Tran Quang Nghi began working at Phong Phu Corporation in 1980. He has made significant contributions to the development of Phong Phu Corporation. He has been a member of the Board of Directors and has continuously served as Chairman of the Board since 2009.

**Current positions:** Vice Chairman of the Board of Directors of Vietnam National Textile and Garment Group; Chairman of the Members' Council of Coats Phong Phu Co., Ltd.; Chairman of the Board of Directors of Duong Tran Real Estate Joint Stock Company; and Chairman of the Board of Directors of Phong Phu

#### 2. MR. DUONG KHUE

##### Member of the Board of Directors, General Director

**Educational background:** Master of Business Administration.

**Working experience:** Mr. Duong Khue began working at Phong Phu Corporation in 1990. He has been a member of the Board of Directors of Phong Phu Corporation since August 2020 and was appointed as General Director of Phong Phu Corporation in October 2020, a position he has held to date.

**Current positions:** Chairman of the Board of Directors of Nam Duong Phu Joint Stock Company; Chairman of the Board of Directors of Phuoc Loc Joint Stock Company; and Member of the Board of Directors and General Director of Phong Phu Corporation.

#### 3. MR. PHAM PHU CHUNG

##### Member of the Board of Directors, Deputy General Director

**Educational background:** Master of Business Administration.

**Working experience:** Mr. Pham Phu Chung began working at Phong Phu Corporation in 1992. He has been a member of the Board of Directors of Phong Phu Corporation since June 2022 and was appointed as Deputy General Director of Phong Phu Corporation on October 7, 2022, a position he has held to date.

**Current position:** Chairman of the Board of Directors of Dong Nam Textile Joint Stock Company; and Deputy General Director of Phong Phu Corporation.

## ORGANIZATIONAL STRUCTURE AND PERSONNEL (CONTINUED)

### BOARD OF DIRECTORS (CONTINUED)

#### PROFILES OF MEMBERS OF THE BOARD OF DIRECTORS (CONTINUED)

#### 4. MS. PHAM MINH HUONG

##### Member of the Board of Directors

**Educational background:** Master of Business Administration and Finance.

**Working experience:** Ms. Pham Minh Huong has been associated with Phong Phu Corporation since 2001. She has been a member of the Board of Directors of Phong Phu Corporation since 2013.

**Current position:** Member of the Board of Directors of Phong Phu Corporation.

#### 5. MS. TRUONG THI NGOC PHUONG

##### Member of the Board of Directors, Executive Director

**Educational background:** Master of Business Administration.

**Working experience:** Ms. Truong Thi Ngoc Phuong has been working at Phong Phu Corporation since 1996. She was appointed as Executive Director of Phong Phu Corporation on July 15, 2022, and has been a member of the Board of Directors of Phong Phu Corporation for the 2024–2029 term since May 16, 2024.

**Current position:** Executive Director of Phong Phu Corporation; Member of the Board of Directors of Phong Phu International Joint Stock Company; Member of the Board of Directors / Deputy General Director of Nam Duong Phu Joint Stock Company; and member of the Supervisory Boards of several Phong Phu's affiliated companies.

### BOARD OF SUPERVISORS

#### LIST OF THE BOARD OF SUPERVISORS

No,	Member of the Board of Supervisors	Position	Number of personal shares		Number of shares represented	
			Number of shares	% of Charter Capital	Number of shares	% of Charter Capital
1	Ms. Nguyen Thi My Le	Head of the Board of Supervisors	48,527	0.065%	0	0%
2	Ms. Vu Thi Thuy Duong	Member of the Board of Supervisors	3,000	0.004%	0	0%
3	Mr. Le Hong Linh	Member of the Board of Supervisors	0	0%	0	0%

#### PROFILES OF MEMBERS OF THE BOARD OF SUPERVISORS

#### 1. MS. NGUYEN THI MY LE

##### Head of the Board of Supervisors

**Educational background:** Executive Master of Business Administration (EMBA), Bachelor of Banking and Finance, Certificate in Risk Management and Internal Control..

**Working experience:** Ms. Le has been with Phong Phu Corporation since 1997. She has been a member of the Board of Supervisors and was elected as Head of the Board of Supervisors of Phong Phu Corporation since 2019 to present.

**Current position:** Head of the Board of Supervisors of Phong Phu Corporation.

## ORGANIZATIONAL STRUCTURE AND PERSONNEL (CONTINUED)

### BOARD OF SUPERVISORS (CONTINUED)

#### PROFILES OF MEMBERS OF THE BOARD OF SUPERVISORS (CONTINUED)

#### 2. MS. VU THI THUY DUONG

##### Member of the Board of Supervisors

**Educational background:** Bachelor of Economics.

**Working experience:** Ms. Vu Thi Thuy Duong has been a member of the Board of Supervisors of Phong Phu Corporation since 2011 to present.

**Current position:** Deputy Head of the Office of the Board of Directors of Vietnam National Textile and Garment Group; Head of the Board of Supervisors of Viet Thang Corporation; and Member of the Board of Supervisors of Phong Phu Corporation.

#### 3. MR. LE HONG LINH

##### Member of the Board of Supervisors

**Educational background:** Bachelor of Accounting and Finance.

**Working experience:** Mr. Le Hong Linh has been a member of the Board of Supervisors of Phong Phu Corporation for the 2024–2029 term since May 16, 2024 to present.

**Current position:** Member of the Board of Supervisors of Phong Phu Corporation.



The Board of Supervisors of Phong Phu Corporation

### BOARD OF MANAGEMENT

#### List of the Board of Management

No.	Member of the Board of Supervisors	Position	Number of personal shares		Number of shares represented	
			Number of shares	% of Charter Capital	Number of shares	% of Charter Capital
1	Mr. Duong Khue	Member of the Board of Directors, General Director	166,494	0.223%	11,273,984	15.1%
2	Mr. Pham Phu Chung	Member of the Board of Directors, Deputy General Director	29,619	0.04%	7,467,089	10%
3	Ms. Truong Thi Ngoc Phuong	Member of the Board of Directors, Executive Director	114,000	0.15%	0	0%
4	Ms. Le Thi Hoang Trang	Deputy General Director	25,410	0.034%	627,680	0.84%
5	Mr. Ly Anh Tai	Deputy General Director	62,507	0.084%	0	0%
6	Mr. Nguyen Van Nhiem	Giám đốc điều hành	70,551	0.09%	0	0%
7	Mr. Doan Kien	Executive Director	0	0%	0	0%
8	Ms. Le Thi Tu Anh	Chief Accountant	4,300	0.006%	0	0%

# ORGANIZATIONAL STRUCTURE AND PERSONNEL (CONTINUED)

## BOARD OF MANAGEMENT

### LIST OF THE BOARD OF MANAGEMENT

#### 1. MR. DUONG KHUE, MR. PHAM PHU CHUNG AND MS. TRUONG THI NGOC PHUONG

Please refer to the Board of Directors' profiles.

#### 2. MS. LE THI HOANG TRANG

##### Deputy General Director

**Educational background:** Bachelor of Laws; certificates in Human Resources Management and Executive Management

**Working experience:** Ms. Le Thi Hoang Trang has been working at Phong Phu Corporation since 1995 to present. She was appointed as Deputy General Director of Phong Phu Corporation on July 15, 2022.

**Current position:** Party Committee Secretary, Chairwoman of the Trade Union, and Deputy General Director of Phong Phu Corporation.

#### 3. MR. LY ANH TAI

##### Deputy General Director

**Educational background:** Master of Business Administration

**Working experience:** Mr. Ly Anh Tai has been working at Phong Phu Corporation since 1996 to present. He was appointed as Deputy General Director of Phong Phu Corporation on October 7, 2022.

**Current position:** General Director of Nam Duong Phu Joint Stock Company; and Deputy General Director of Phong Phu Corporation.

#### 4. MR. NGUYEN VAN NHIEM

##### Executive Director

**Educational background:** Master of Business Administration

**Working experience:** Mr. Nguyen Van Nhiem has been working at Phong Phu Corporation since October 1989 to present. He was appointed as Executive Director of Phong Phu Corporation in 2015.

**Current position:** Chairman of the Board of Directors of Phong Phu Home Textile Joint Stock Company; and Executive Director of Phong Phu Corporation.

#### 5. MR. DOAN KIEN

##### Executive Director

**Educational background:** Master in Textile and Garment Technology; Mechanical Engineer, Hanoi University of Science and Technology.

**Working experience:** Mr. Doan Kien has been working at Phong Phu Corporation and other units within Vietnam National Textile and Garment Group since 2005. He was appointed as Executive Director of Phong Phu Corporation in April 2021, a position he has held to date.

**Current position:** Member of the Board of Directors / General Director of Dong Nam Textile Joint Stock Company; Member of the Board of Directors of Phong Phu – Daewon – Thu Duc Housing Development Joint Stock Company; Member of the Board of Directors of Nam Dinh Textile Urban Development Joint Stock Company; and Executive Director of Phong Phu Corporation.

#### 6. MS. LE THI TU ANH

##### Chief Accountant

**Educational background:** Bachelor of Economics and Finance; Chief Accountant Certificate; Accounting Practitioner Certificate (APC).

**Working experience:** Ms. Le Thi Tu Anh has been working at Phong Phu Corporation since 2009 to present.

**Current position:** Chief Accountant of Phong Phu Corporation; Head of the Board of Supervisors of Dong Nam Textile Joint Stock Company.

## ORGANIZATIONAL STRUCTURE AND PERSONNEL (CONTINUED)

### NUMBER OF EMPLOYEES

#### 1 Total number of employees

Items	2024		2025	
	Number of employees	%	Number of employees	%
<b>By qualification</b>	<b>584</b>	<b>100%</b>	<b>637</b>	<b>100%</b>
University degree and above	80	13.70%	87	14%
College and intermediate professional level	81	13.87%	89	14%
Primary level and technical workers	169	28.94%	-	-
Unskilled labor	254	43.49%	461	72%
<b>By gender</b>	<b>584</b>	<b>100%</b>	<b>637</b>	<b>100%</b>
Male	338	57.88%	371	58%
Female	246	42.12%	266	42%
<b>By labor contract term</b>	<b>584</b>	<b>100%</b>	<b>637</b>	<b>100%</b>
Short-term labor contract (under 1 year)	-	-	-	-
Fixed-term labor contract (1 to 3 years)	221	37.84%	222	35%
Indefinite-term labor contract	363	62.16%	415	65%
<b>Total</b>	<b>584</b>	<b>100%</b>	<b>637</b>	<b>100%</b>

#### 2 Average employee income

Items	2024	2025
Average employee income (VND/person/month)	12,220,000	13,201,000

#### 3 Employee policies:

##### Remuneration and Benefits

Phong Phu Corporation has established competitive remuneration policies to appropriately recognize and reward employees. In addition to salaries, the Company implements performance-based bonuses, a comprehensive welfare system, internal engagement activities, and a clear career development and promotion pathway, thereby motivating employees and encouraging long-term commitment.

At the same time, Phong Phu Corporation provides health insurance for all employees and regularly reviews and improves its compensation and benefit policies to ensure competitiveness within the industry, aiming to attract and retain high-quality human resources.

##### Recruitment

Phong Phu Corporation has established itself as a reputable employer, attracting talent through transparent and fair recruitment policies, along with clear career development opportunities. The Company seeks candidates with strong professional competence, a positive working attitude, and alignment with its corporate culture, who are willing to accompany its long-term development.

At the same time, Phong Phu Corporation focuses on building competitive recruitment policies and a professional, dynamic working environment in order to develop a strong workforce that is committed to long-term engagement with the Company.

##### Human Resource Development

The Company consistently focuses on the quality and skills of its workforce. Through training programs, Phong Phu Corporation provides employees with opportunities to improve their professional skills and offers guidance on operating new machinery and technologies to support the Company's production activities.

##### Working Environment

Phong Phu Corporation provides a professional, dynamic, safe, and friendly working environment. The Company emphasizes respect, cooperation, and open communication among employees. It also focuses on work-life balance and supports employees' holistic development. Phong Phu Corporation pays close attention to employees' health, well-being, and engagement, creating conditions for them to work effectively, creatively, and with satisfaction. To ensure occupational safety and employee health, the Company strictly complies with occupational safety regulations, fully equips employees with personal protective equipment, and builds a safe, healthy, fair, and efficient working environment.

## INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

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### MAJOR INVESTMENTS

In 2025, Phong Phu Corporation made total investments of approximately VND 168 billion, including investment in replacement equipment for the yarn segment to improve quality, productivity, reduce costs, and ensure supply for the internal production chain serving towel manufacturing, with a total cost of VND 75 billion; investment in equipment and expansion of the factory in Ninh Phu to increase filament twisted yarn output by 30 tons per month (from 150 tons/month to 180 tons/month) with a total cost of nearly VND 15 billion; investment in fire prevention and fighting (PCCC) equipment of nearly VND 16 billion; and additional investment in equipment to enhance towel production capacity with a total cost of VND 62 billion

### SUBSIDIARIES AND ASSOCIATES

Please refer to the Consolidated Financial Statements.



Trạm xử lý nước thải tại Ninh Thuận

## FINANCIAL SITUATION

### FINANCIAL SITUATION

Unit: Billion VND

Items	2024	2025	% 2025/2024
Total assets	3,579.05	3,636.31	101.60%
Net revenue	2,232.68	2,452.64	109.85%
Profit from operating activities	379.63	471.61	124.23%
Other profit	4.39	4.16	94.74%
Profit before tax	384.02	475.77	123.89%
Profit after tax	380.54	472.64	124.20%
Dividend payout ratio	(*) Expected: 30% of par value per share		



### FINANCIAL INDICATORS

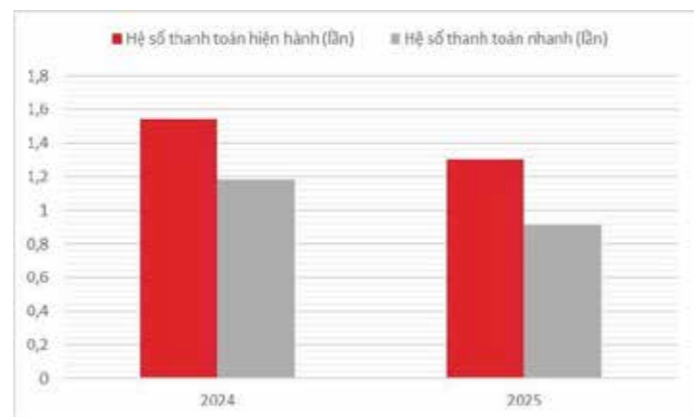
Items	2024	2025
<b>1. Liquidity ratios</b>		
Current ratio	1.54	1.30
Quick ratio	1.02	0.92
<b>2. Capital structure ratios</b>		
Debt-to-total-assets ratio	49.37%	41.92%
Debt-to-equity ratio	97.51%	72.17%
<b>3. Activity ratios</b>		
Inventory turnover	4.39	4.45
Total asset turnover	0.63	0.68
<b>4. Profitability ratios</b>		
Net profit after tax / Net revenue ratio	17.04%	19.27%
Net profit after tax / Equity ratio (ROE)	21.00%	22.38%
Net profit after tax / Total assets ratio (ROA)	10.63%	13.00%
Operating profit / Net revenue ratio	17.00%	19.23%

# FINANCIAL SITUATION (CONTINUED)

## 1 Liquidity ratios

In 2025, Phong Phu Corporation's liquidity ratios adjusted compared to 2024, with the current ratio reaching 1.30 times and the quick ratio reaching 0.92 times. This decrease was mainly due to short-term liabilities increasing at a faster pace than current assets during the expansion of business operations.

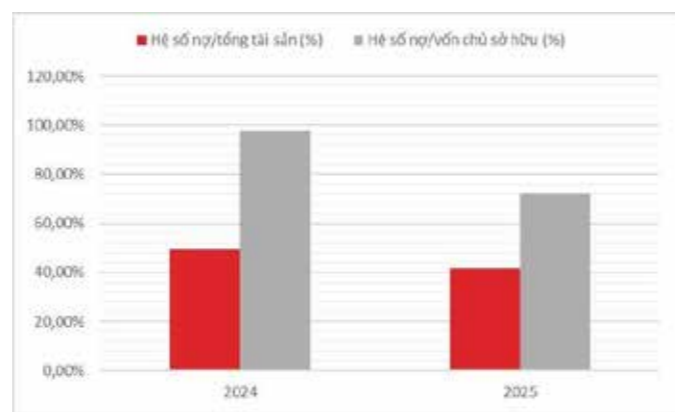
Although the liquidity ratios declined, the Company maintained a current ratio above 1, ensuring its ability to meet due debt obligations. However, the quick ratio falling below 1 indicates a higher reliance on inventories in debt repayment, thereby requiring continued control of short-term liabilities and improvement in asset quality in the coming period.



## 2 Capital structure ratios

In 2025, the capital structure of Phong Phu Corporation (PPH) shifted towards a more prudent and financially sound position compared to 2024. Specifically, the Debt-to-Total-Assets ratio decreased from 49.37% to 41.92%, while the Debt-to-Equity ratio declined significantly from 97.51% to 72.17%.

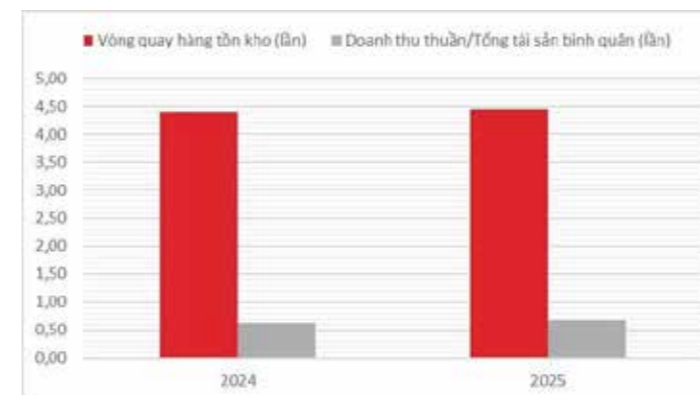
These changes indicate that the Company has gradually reduced its reliance on borrowed capital while strengthening its equity base. As a result, Phong Phu Corporation has enhanced its financial autonomy, reduced financial leverage risks, and gained greater flexibility to respond to market fluctuations.



## 3 Activity ratios

In 2025, operating efficiency showed a fundamental improvement compared to 2024. Inventory turnover increased from 4.39 times to 4.45 times, indicating faster inventory circulation and positive progress in inventory management, thereby helping to reduce capital stagnation.

In addition, total asset turnover increased from 0.63 times to 0.68 times, reflecting more efficient utilization of assets in generating revenue. These developments demonstrate improved resource utilization efficiency, providing positive support for the Company's production and business activities during the period.

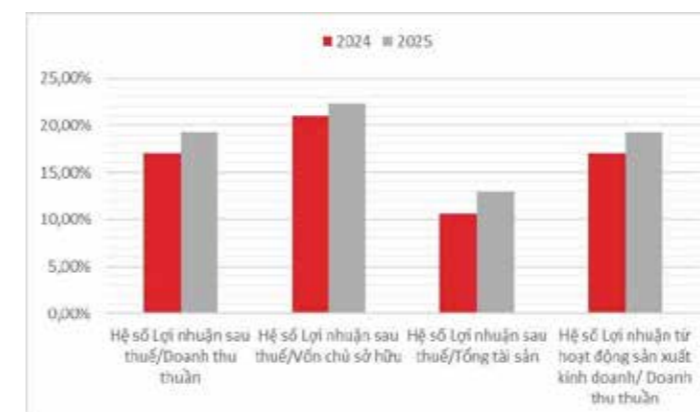


## 4 Profitability ratios

The profitability indicators of Phong Phu Corporation (PPH) continued to improve in 2025. The net profit margin increased from 17.04% to 19.27%, indicating enhanced cost control efficiency and improved optimization of business operations.

Return on Equity (ROE) rose from 21.00% to 22.38%, while Return on Assets (ROA) increased from 10.63% to 13.00%. In addition, the operating profit margin also improved from 17.00% to 19.23%.

Overall, 2025 recorded a synchronized improvement in operational efficiency and profitability, reflecting better asset utilization and capital efficiency, thereby creating a solid foundation for sustainable growth in the subsequent periods.



# SHAREHOLDING STRUCTURE AND CHANGES IN OWNERS' EQUITY

## STOCK INFORMATION

The stock code **PPH** of Phong Phu Corporation was officially listed and traded on the UPCOM market in 2017.



**Total number of issued shares:** 74,670,891

**Number of outstanding shares:** 74,670,891

**Treasury shares:** None

**Number of restricted shares:** None

**Par value:** VND 10,000 per share



## SHAREHOLDER STRUCTURE

As of December 31, 2025

No.	Shareholder category	Number of shares	Ownership ratio / Charter capital (%)	Number of shareholders	Shareholder structure	
					Institutional shareholders	Individual shareholders
I	<b>State shareholder</b>	<b>37,408,796</b>	<b>50.1</b>	<b>1</b>	<b>1</b>	<b>-</b>
II	<b>Major shareholders (5% or more)</b>	<b>50,322,485</b>	<b>67.39%</b>	<b>3</b>	<b>3</b>	<b>0</b>
1	Domestic	50,322,485	67.39%	3	3	-
2	Foreign	-	-	-	-	-
III	<b>Trade Union of the Company</b>	<b>627,680</b>	<b>0.84%</b>	<b>1</b>	<b>1</b>	<b>-</b>
IV	<b>Other shareholders</b>	<b>25,490,930</b>	<b>34.15</b>	<b>-</b>	<b>-</b>	<b>-</b>
1	Domestic	25,476,680	32.13	-	-	-
2	Foreign	14,250	0.02	4	1	3
V	<b>Treasury shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (I + II + III + IV+V)</b>		<b>74,670,891</b>	<b>100%</b>	<b>2,086</b>	<b>15</b>	<b>2,071</b>
Including: - Domestic		74,656,641	99.98%	2,081	15	2,066
- Foreign		14,250	0.02	5	-	05

## LIST OF MAJOR SHAREHOLDERS

No.	Name	Number of shares	Ownership ratio / Charter capital (%)
1	Vietnam National Textile and Garment Group	37,408,796	50.10%
2	An Tam Investment Development Joint Stock Company	6,488,071	8.69%
3	Duong Tran Real Estate Trading and Investment Joint Stock Company	6,425,618	8.6%
<b>Total</b>		<b>50,322,485</b>	<b>67.39%</b>

## TREASURY SHARE TRANSACTIONS

No transactions occurred in 2025

## OTHER SECURITIES

No transactions occurred in 2025



# REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS OF THE COMPANY

## ENVIRONMENTAL IMPACT

### 1 Total direct and indirect greenhouse gas (GHG) emissions

In 2025, Phong Phu Corporation optimized its resources in a sustainable manner through two key initiatives:

**Green materials:** Rooftop solar power systems were implemented at factories in Ho Chi Minh City and Ninh Thuan, directly reducing greenhouse gas (GHG) emissions and lowering energy costs.

**Renewable energy:** Rooftop solar power systems were implemented at factories in Ho Chi Minh City and Ninh Thuan, directly reducing greenhouse gas (GHG) emissions and lowering energy costs.

These efforts not only enhanced the Company's competitiveness but also reaffirmed its commitment to sustainable development. In the coming period, Phong Phu Corporation will further promote the application of advanced technologies to optimize resource efficiency and minimize environmental impact.



# REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS OF THE COMPANY (CONTINUED)

## RAW MATERIAL MANAGEMENT

**1 Total amount of raw materials used for the production and packaging of the organization's main products and services during the year**

No.	Items	Unit	Total quantity	Reused quantity	Recycled material quantity	Reuse rate (%)	Notes
<b>I Materials</b>							
1	Outsourced PP woven bags	Piece	21,627	21,490	-	99.37%	Reuse of outsourced PP woven bags
2	Cartons	Piece	12,025	-	-	0.00%	
3	TK box liners	Sheet	11,360	-	-	0.00%	
4	13-layer liners	Sheet	20,590	143,384	-	65.00%	
5	Yarn labels	Piece	6,199,500	-	-	0.00%	
6	Plastic bags	Kg	9,450	-	-	0.00%	
7	Paper cones	Piece	-	-	-		
8	Plastic cones	Piece	78,000	77,327	-	99.14%	23 uses/year
9	Box strapping bands	Kg	520	-	-	0.00%	
10	Nylon straps	Kg	-	-	-		
11	Dyed yarn plastic cores	Piece	-	-	-	0.00%	
12	PE film 500 mm (16 kg/roll)	Roll	1,314	-	-	0.00%	
<b>II Raw materials</b>							
1	Polyester staple fiber	Kg	2,519,971	-	2,313,587	91.81%	
2	Filament yarn	Kg	1,988,690	-	1,579,163	79.41%	

**2 Report on the percentage of recycled materials used in the production of the organization's main products and services**

Phong Phu Corporation has affirmed its green supply capability, with the proportion of sewing thread produced from recycled materials (Recycle) reaching 74% (equivalent to 6,837 tons/year); in addition, a dedicated recycled material production line has been put into operation for towel product lines; the Company has also used Solucell fibers to replace PVA for Non-Twist yarn products, aiming at sustainable development, environmental protection, and enhancing added value and brand differentiation; energy has been optimized through renewable sources, with rooftop solar systems maintained at a total capacity of 7 MWp (6 MWp in Thu Duc and 1 MWp in Ninh Thuan), significantly reducing the carbon footprint per product; and water is also recycled in production, where at the Ninh Thuan Dyeing Factory, the wastewater reuse rate reaches 15%–20% (equivalent to 18,000 m<sup>3</sup>/month), demonstrating an environmentally friendly production model.



# REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS OF THE COMPANY (CONTINUED)

## ENERGY CONSUMPTION

### Direct and Indirect Energy Use

The textile and garment industry is a highly energy-intensive sector, particularly in electricity consumption. It is estimated that, on average, Vietnam's textile and garment industry consumes approximately 391 billion kWh of electricity per year, accounting for around 10% of total industrial electricity consumption.

The electricity and water consumption of Phong Phu Corporation are as follows:

Consumption volume	2024	2025
Electricity (KW)	49,878,397	55,387,585
Water (M3)	549,382	576,512

### Energy saved through energy efficiency initiatives

Approximately 6% reduction in environmental emissions..

### Energy-saving initiatives and their outcomes (including the provision of energy-efficient products and services or the use of renewable energy)

The Company implemented 157 improvement projects, achieving cost savings of more than VND 11.8 billion. Product quality also improved significantly compared to 2024, reaching 98%..

## WATER CONSUMPTION

### Water Sources and Usage

The use of large volumes of water in production is a characteristic feature of the textile and garment industry. Phong Phu Corporation has implemented proper wastewater treatment and recycling processes in accordance with regulations, ensuring no adverse impact on the surrounding environment. The Company proactively conducts regular inspections of its water systems to address leakage issues, thereby reducing water loss. Smart water spray devices have also been installed to help control water consumption effectively.

Cost-reduction solutions for wastewater treatment operations implemented efficiently:

- » Installation of fine screens to reduce sludge and sand.
- » Switching to cyclic operation to reduce electricity costs during periods of lower wastewater flow.
- » Technology improvements.
- » Automation of aeration systems to adjust oxygen levels as required, improving treatment efficiency.
- » Installation of an online monitoring system to track wastewater quality and reduce the amount of chemicals required for treatment.

### Percentage and total volume of recycled and reused water

Wastewater reuse increased by 5% (approximately 18,000 m<sup>3</sup>/month, accounting for around 20% of total clean water consumption).

## COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

### Number of violations/fines for non-compliance with environmental laws and regulations

None

### Total amount of fines for non-compliance with environmental laws and regulations

None

# REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS OF THE COMPANY (CONTINUED)

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## LABOR POLICIES FOR HEALTH, SAFETY, AND WELFARE

### Workplace Safety:

- » Regarding Salaries: The income and benefits policy is developed based on market salary benchmarks, individual competencies, and work efficiency for each specific position. This approach aims to foster individual potential and encourage employees to contribute actively to the Company's overall development.
- » Regarding Regimes and Benefits: The Company proposes health insurance programs for all employees to enhance morale and demonstrate care for their well-being. These initiatives are designed to create a supportive working environment, promoting long-term commitment and engagement with the Company.

### Labor Policies for Health, Safety, and Welfare

- » Workplace Safety: Employees are fully equipped with personal protective equipment (PPE), and the working environment is maintained to ensure safety and compliance with occupational health and safety regulations.
- » Nutrition and Special Care: The Corporation provides nutritious mid-shift meals for all employees. Furthermore, specialized compensation and health restoration policies are in place for those performing heavy or hazardous tasks.
- » Health Management: The Corporation organizes annual health check-ups for 100% of its workforce. Additionally, an on-site Medical Station is maintained at Phong Phu Corporation JSC to provide regular health monitoring and medical care for all employees.

### Employee Training and Development Activities

- » Training Hours: The average training duration is 16 hours per month per employee, categorized by staff level and department
- » Skill Development and Continuous Learning Programs: To support employability and career advancement, the Corporation implements various programs, including: Management skills enhancement, Internal communications management, Production Team Leader professional skills, Bidding and procurement expertise,...
- » Labor Policies and Welfare: Strictly comply with State policies and legal regulations regarding labor. Continuously refine income and benefit policies based on market salary benchmarks, individual competencies, and performance efficiency to ensure flexibility for each position. Guarantee stable employment and consistent income while constantly striving to improve the material and spiritual well-being of all employees

## REPORT ON RESPONSIBILITIES TOWARDS THE LOCAL COMMUNITY

The Corporation conceives that a thriving enterprise should not only bring maximum benefits to Shareholders but also demonstrate its noble values towards local communities in particular and society in general. In 2025, the Corporation successfully fulfilled its social responsibilities through social and charitable activities aimed at building a friendly Phong Phu image and brand within the community, such as "Gratitude" activities, poverty reduction, and providing "Back-to-School" scholarships; participating in contributions and support for the local "Fund for the Poor"; Mutual Affection Fund; supporting school construction, etc.



# 03

## REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT

Assessment of Production and Business Performance

Financial Situation

Improvements in Organizational Structure, Policies and Management

Future Development Plan

Explanation of the Board of Management regarding the Auditor's Opinion

Assessment Report related to Environmental and Social  
Responsibilities



The Board of Management of Phong Phu Corporation

## ASSESSMENT OF PRODUCTION AND BUSINESS PERFORMANCE

In the face of “unpredictable” market difficulties, Phong Phu Joint Stock Corporation has implemented various solutions to boost investment in technology and automate production lines to ensure fast delivery progress and high product quality.

### 2025 BUSINESS RESULTS (CONSOLIDATED)

Unit: Billion VND

No.	Indicator	Unit	Plan 2025	Actual 2025	% vs. Plan 2025
1	Total revenue	Billion VND	2,600	2,871.72	110%
2	Profit before tax	Billion VND	355	475.77	134%
3	Profit after tax	Billion VND	350	472.64	135%

### 2025 BUSINESS RESULTS (PARENT COMPANY)

Unit: Billion VND

No.	Indicator	Unit	Plan 2025	Actual 2025	% vs. Plan 2025
1	Total revenue	Billion VND	1,850	2,027.66	110%
2	Profit before tax	Billion VND	310	412.76	133%
3	Profit after tax	Billion VND	310	412.76	133%



# ASSESSMENT OF PRODUCTION AND BUSINESS PERFORMANCE

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To achieve the above business results, in 2025, the Leadership and all employees of the Corporation carried out many activities to consolidate the Corporation's internal strength and prepare for production, business, and development plans in the coming period, specifically:

## MARKET DEVELOPMENT

- » Export: Export market increased by 10% compared to 2024, in which the Japanese market increased by 7%, the US by 15%, and the EU by 26%. In 2025, the Corporation developed 14 new customers (12 towel customers and 2 yarn customers). Notably, it passed the strict evaluations of Ikea to export its first orders.
- » Domestic: The domestic market continued to be maintained stably and grew by 8% compared to 2024. In the context of traditional channels still facing difficulties, the Corporation gradually expanded its reach to new channels, including hotel customers and B2B, reaching a growth rate of 67%; digital channel sales increased by 69% compared to 2024. At the same time, the Corporation also actively added products outside the towel sector to diversify the product list.

## DEVELOPMENT INVESTMENT

- » In 2025, the Corporation invested 168 billion VND in the Yarn and Household sector, focusing on programs to replace and upgrade equipment and expand production at the OE yarn factory and Ninh Phu yarn factory; so far, the categories have been completed and put into effective operation.

## COST MANAGEMENT AND QUALITY IMPROVEMENT

- » The Corporation has strongly deployed initiatives, technical improvements to create production motivation and maximize benefits: Completed 11 improvement initiatives, 63 cost-saving programs along with 83 encouragement categories, as well as applying effective solutions to help reduce production costs, saving nearly 18 billion VND, equivalent to a 4.4% reduction in processing costs.
- » The quality standard rate reached 98%, an increase compared to 2024 with key solutions: Optimizing the consumption norms of raw yarn materials; increasing the quality of hotel towels; cost of steam and lake.

Labor productivity has made many improvements. In 2025, over 1,000 new products were developed (up 10% compared to 2024), asserting the design and output capacity that meets the high requirements of customers. The product production cycle was shortened by an average of about 2-3 weeks, creating a competitive advantage in delivery speed and service response. Actively expanding product categories and applying new materials to reach more markets and diverse customer segments.

## PARTICIPATION IN CIRCULAR ECONOMY

- » Renewable energy has been used with a capacity of 7MWp, including 6MWp in the Thu Duc area and 1MWp in Ninh Thuan.
- » Ninh Thuan Dyeing Factory has reused wastewater at a rate of 15% - 20%, averaging 18,000 m<sup>3</sup>/month.
- » 74% of sewing thread is produced from recycled materials with an output of 6,837 tons/year.
- » Developing new products from special yarns such as Smart yarn, Solucell core yarn. Initial customer orders have reached over 70 tons.

## HUMAN RESOURCES - TRAINING - SALARY

- » The workforce maintained a scale of 1,962 employees. Recruitment reached 95% of the plan, ensuring the pace of workforce rejuvenation. The resignation rate was strictly controlled at 15.8% (equivalent to 2024), affirming the stability of the system compared to the industry average.
- » Training and succession: Trained and fostered 47 potential managers and 49 production team leaders; sent 78 key officers to participate in intensive courses on Law, Bidding, Tax, Warehouse Management, and Export-Import... Standardized the competency framework and job descriptions, creating a foundation for the operation of the 2025 KPI system, helping officers and employees quickly adapt and work effectively in the digital era.
- » Salary and bonuses: Based on the labor market, we continue to build and complete income and welfare policies suitable for workers based on performance and work efficiency for each individual, each position, to motivate employees to promote their full potential, contributing to the development of the Corporation. In 2025, we implemented an average salary increase of 7%-9% for all employees, maintaining the position of having a high labor movement index. Maintain care activities for the lives of officers and employees.

# ASSESSMENT OF PRODUCTION AND BUSINESS PERFORMANCE

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## ON POLICIES, BENEFITS, AND INTERNAL ENGAGEMENT

- » Implementing comprehensive health insurance for all employees, creating a secure and sustainable working environment to foster long-term commitment.
- » Organizing diverse vacation activities, cultural exchanges, and sports (Pickleball, football, etc.), along with the “Union Meal” program to strengthen solidarity.
- » Recognizing outstanding personnel by organizing study tours in Japan, China, Singapore, and Malaysia for 142 individuals with exemplary contributions.
- » Coordinating with the Trade Union to organize periodic “Union Meal” programs for workers and specialized health care sessions for female employees on March 8th and October 20th. Honoring 591 students with excellent academic achievements for the 2024–2025 school year and giving gifts on June 1st to 1,459 children of employees. Awarding “Back to School” scholarships to children of workers in difficult circumstances, spreading the value of sharing and community responsibility within the internal network.

## SOCIAL RESPONSIBILITY AND COMMUNITY COMMITMENT

- » Phong Phu continues to affirm its humane brand image and responsibility through practical activities: Partnering with local authorities to care for the poor during Lunar New Year, contributing to the construction of kindergartens; promptly mobilizing and providing direct support of over 1 billion VND (including cash and products) to aid people in the North and Central regions and families affected by natural disasters. Conducting visits and providing essential subsidies to employees’ families suffering from fatal diseases or facing particularly difficult circumstances, strengthening the bond within the great Phong Phu family.

## ON DIGITAL TRANSFORMATION

The Corporation is determined to apply technology to optimize operating processes and enhance transparent management capacity:

- » Management and Data Digitization: Building a Data Warehouse to synchronize source data to the Data Warehouse to reduce the load on the operating system. Building and cleaning data for Dashboard templates. Setting up Robotics for the business department to automatically extract and check data, moving towards automatic updates to the internal ERP system. Developing additional report software combined with management charts for production, sales, costs, and inventory. Testing AI applications in inventory counting and piloting digital signature applications in several professional departments to prepare for system-wide implementation. Collaborating with banks to implement online banking.
- » Supply Chain and Security Digitization: Operating a traceability program from raw materials to finished products, meeting the transparency standards of the international market; applying digital transformation to serve security control and manage vehicles entering and exiting the gate at the Security - Firefighting Department of the Corporation.

## OTHER PROGRAMS IMPLEMENTED IN 2025

- » Extending the land lease contract and updating the Certificate of Land Use Rights in Thu Duc until August 2030. The land lease price is stabilized from August 2023 to August 2028.
- » Completed the early repayment of 13.4 million USD to ADB in November 2025, helping the company reduce interest costs and exchange rate fluctuation risks for subsequent years. Recognizing outstanding personnel by organizing study tours in Japan, China, Singapore - Malaysia for 142 individuals with exemplary contributions.
- » Completed tax inspection and finalization for 2023–2024 in November 2025. (iv) Implemented an advance payment of 15% of the 2025 dividend in December 2025 for shareholders.



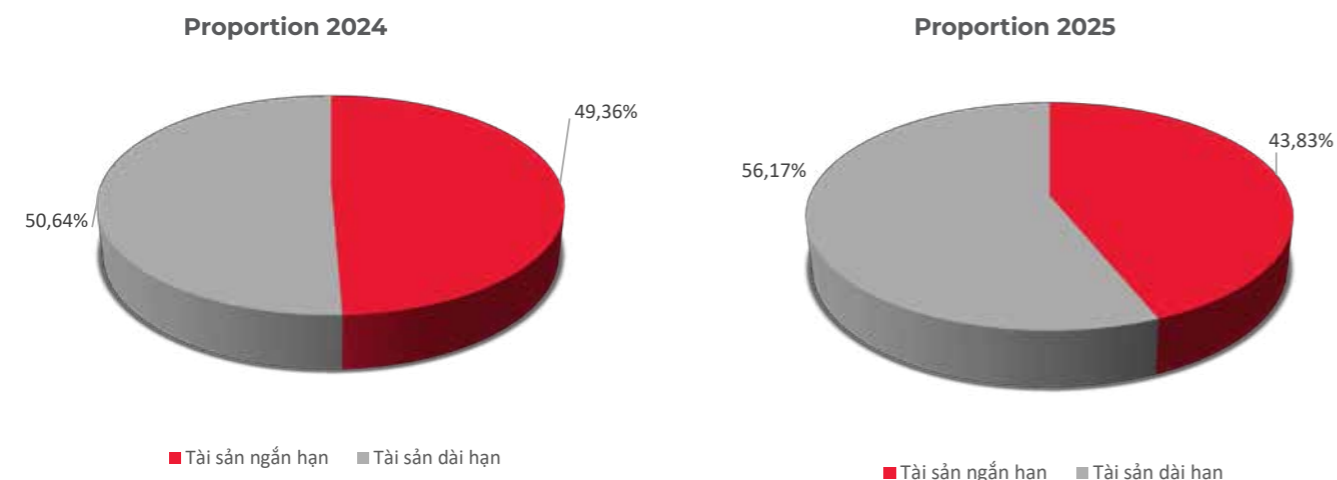
# FINANCIAL SITUATION

## ASSET STATUS (CONSOLIDATED)

Unit: Billion VND

Indicator	Year 2024	Proportion 2024	Year 2025	Proportion 2025	%2025/ 2024
Current assets	1,766.59	49.36%	1,593.83	43.83%	90.22%
Non-current assets	1,812.46	50.64%	2,042.48	56.17%	112.69%
Total assets	3,579.05	100.00%	3,636.31	100.00%	101.60%

In 2025, the Corporation recorded total assets of 3,636.31 billion VND, a slight increase compared to 2024. The asset structure showed a clear shift towards increasing the proportion of non-current assets. Specifically, current assets reached 1,593.83 billion VND, a decrease from the previous year and accounting for 43.83% of total assets. Conversely, non-current assets increased to 2,042.48 billion VND, accounting for 56.17% of total assets. This increase shows that the Corporation is pushing investment into fixed assets and expanding production capacity, consistent with its long-term development orientation. The shift in asset structure towards increasing the proportion of non-current assets contributes to enhancing operational capacity; however, it also sets higher requirements for managing capital utilization efficiency and ensuring a balance between liquidity and profitability.



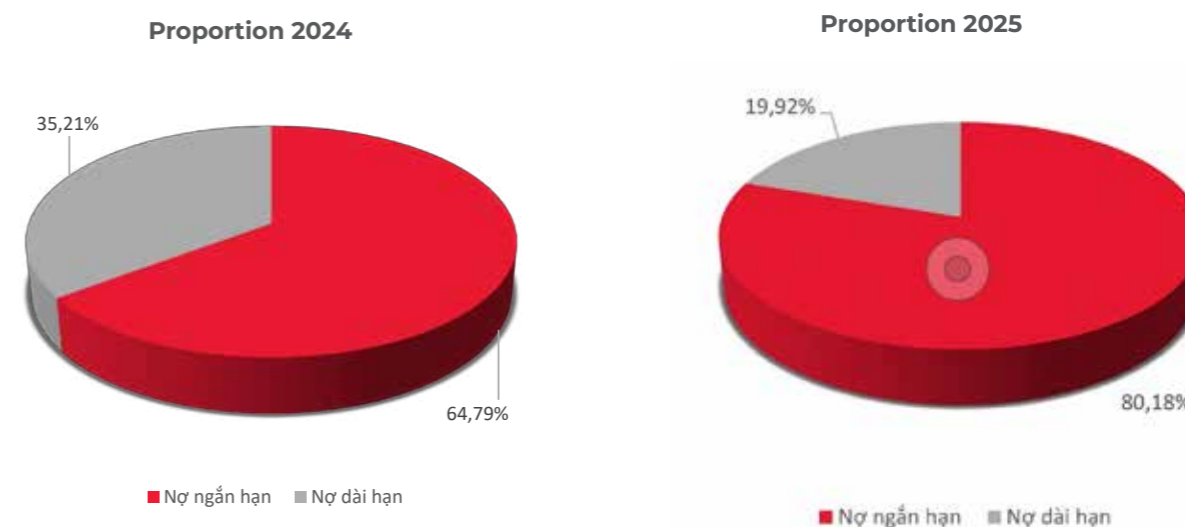
## LIABILITIES STATUS (CONSOLIDATED)

Unit: Billion VND

Indicator	Year 2024	Proportion 2024	Year 2025	Proportion 2025	%2025/ 2024
Current liabilities	1,144.76	64.79%	1,222.13	80.18%	106.76%
Non-current liabilities	622.177	35.21%	302.124	19.92%	48.56%
Total Liabilities	1,766.94	100.00%	1,524.26	100.00%	86.27%

In 2025, the Corporation's total liabilities recorded a downward trend compared to 2024, reflecting efforts to control financial obligations and improve the capital structure. However, the debt structure saw a significant shift towards increasing the proportion of current liabilities. Specifically, current liabilities increased to 1,222.13 billion VND, accounting for 80.18% of total liabilities, while non-current liabilities decreased sharply to 302.12 billion VND, corresponding to 19.82%.

The increase in current liabilities suggests that short-term payment pressure tends to be higher. In contrast, the sharp decrease in non-current liabilities reflects the trend of narrowing long-term loans, contributing to reducing interest costs and financial risks in the long term, while simultaneously shifting the debt structure to focus more on current liabilities. This requires the Company to strengthen cash flow management and ensure payment capacity during the period to maintain financial stability.



## IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

Over the past year, the Corporation continued to maintain its organizational structure as in previous years. Management policies remained stable, were further refined, and continued to provide active support for the Board of Management's executive operations.



# FUTURE DEVELOPMENT PLAN

## SITUATION ASSESSMENT

The year 2026 is identified as the starting year for a new development cycle, in which Vietnam stands before opportunities for a powerful breakthrough but also faces unpredictable variables from the international context. According to a synthesis of macroeconomic forecast reports and socio-economic development orientations for the 2026-2030 period, the economic situation in 2026 is as follows:

### 1 Regarding Advantages

- » Domestic politics continue to be stable and sustainable following the success of the 14th National Congress, creating high unity in governance from the Central to local levels. Strategic infrastructure projects such as Long Thanh International Airport, high-speed railways, and the North-South expressway system are being accelerated or put into operation, creating a direct boost for logistics and trade.
- » For the textile and garment industry, the rise of Artificial Intelligence (AI) and robotics helps businesses optimize operating costs and compensate for the shortage of unskilled labor. Major technology fairs like SaigonTex 2026 show that the trend of applying Big Data in design and supply chain management is becoming a reality.

### 2 Regarding Difficulties

- » Global textile and garment demand is growing slowly, with 2026 growth forecast at only about 3% (half the growth rate of 2025). Price competition pressure from competitors such as Bangladesh and India remains very intense.
- » Domestically, high pressure from input material costs is causing difficulties for the local production sector. Energy prices, logistics costs, and the pressure of increasing minimum wages are significantly narrowing business profit margins.

### 3 Challenges for the Textile and Garment Industry

- » 2026 is forecast to be a year of continued difficulty for Vietnam's textile and garment industry, facing a series of challenges from fluctuations in trade policy, inflation, and monetary policy.
- » The requirement to transition the growth model from capital-based to science, technology, and innovation-based.
- » Adapting to complex climate change developments and the urgent requirement for "greening" production requires large investment resources.
- » Legal "green barriers": Strict regulations from the EU such as the Carbon Border Adjustment Mechanism (CBAM) and Extended Producer Responsibility (EPR) are no longer mere encouragements but have become mandatory. Businesses that fail to meet "greening" standards (using renewable energy, wastewater treatment, recycled materials) will be excluded from the global supply chain.
- » Labor working conditions and income: Improving the working environment and benefit policies are crucial factors in retaining labor and increasing productivity.



## FUTURE DEVELOPMENT PLAN (CONTINUED)

### IMPLEMENTATION SOLUTIONS

#### 1 Regarding market and customers

- » Diversifying customers by expanding into branded customers, hotel-resort-spa clients, retailers, and e-commerce platforms.
- » Building long-term OEM/ODM customer relationships and collaborating on the development of towel collections.

#### 2 Regarding product strategy

Diversifying the product portfolio and focusing on developing high value-added product segments, such as:

- » High-quality towels; premium hotel-resort towels; eco-friendly and sustainable towels; and customized towels or branded collections.
- » Increasing value per unit of product rather than relying solely on output volume.

Strengthening close coordination among production, technical, and sales departments in new product development to better meet the needs of target customer groups.

Expanding business into non-core products such as uniforms, apparel, and workwear to meet customers' integrated demand.

#### 3 Regarding finance

- » Balance the management and utilization of long-term borrowed capital for investment projects.
- » Continuing efforts to seek partners for divestment of non-core investments in accordance with the 2025 General Meeting of Shareholders' Resolution, in order to accelerate capital recovery and reduce outstanding debt.
- » Continuing the repayment program with Vinatex for the second phase of ADB loans totaling more than USD 30 million.
- » Reducing excess inventory and controlling slow-moving stock to release tied-up capital.
- » Negotiating extended payment terms with suppliers.
- » Coordinating cost control initiatives and implementing cost-saving programs to reduce production costs, minimize waste, and improve overall operational efficiency.

## “A SOLID FOUNDATION

*Phong Phu*

## ENDURES”

#### 4 Regarding investment

##### Investment and development of the Yarn sector:

A phased investment roadmap will be developed to ensure financial efficiency, scalability, and alignment with the production expansion plan to 300 containers per month for the 2026–2029 period.

- » The Company will continue implementing the expansion investment plan to enhance production capacity, with a total estimated value of VND 58.3 billion, including the addition of 22 twisting machines and 3 end-opening machines, along with supporting equipment such as Uster Tester 6 and fiber opening machines. This investment is expected to increase yarn output by approximately 1,481 tons per year while improving yarn quality.
- » In addition, the Company will promote intensive investment with a total value of VND 35 billion, focusing on equipment replacement and upgrading, including: replacing 4 twisting machines, 2 automatic roving defect detection machines, and 1 end-opening machine; as well as installing 20 roving break detection units and 20 bobbin feeding systems for Toyota spinning machines.
- » Through these intensive investment items, the Company aims to reduce energy consumption, lower spare parts and materials costs, reduce labor requirements, improve working conditions, and enhance overall production line efficiency.

##### Investment and development of the Household Products sector:

The total investment for the Household Products sector in 2026 is estimated at VND 60.6 billion, implemented in two main locations: Khanh Hoa and Ho Chi Minh City.

- » At Khanh Hoa (VND 35.8 billion), the Company will focus on intensive investment and technological improvement, including upgrading Karl Mayer sizing machines; investing in laboratory equipment upgrades to improve testing efficiency; upgrading Ram machines; and investing in production equipment such as fabric spreading machines, automatic fabric cutting machines, automatic cross-cutting machines, towel folding machines, and towel beating machines. In addition, the wastewater treatment system will be upgraded through the installation of equalization tank pumps, construction of sedimentation and filtration systems, and a recycled water storage system.
- » At Ho Chi Minh City (VND 24.8 billion), the Company will invest in new production equipment such as yarn joining machines, towel-dyeing yarn machines, and hemming sewing machines; while also completing the fire protection system for the ring-spun and OE yarn factories in compliance with current regulations.

These investment activities aim to increase sizing and dyeing capacity, improve sample pass rates, meet production expansion demand, and enhance productivity, while ensuring a production capacity of approximately 170 containers per month and full compliance with fire safety standards.

## FUTURE DEVELOPMENT PLAN (CONTINUED)

### IMPLEMENTATION SOLUTIONS (CONTINUED)

#### 5 Organization and human resource development

- » Establishing a transparent KPI system with integrated risk control mechanisms, and implementing a pilot program for the Corporation's Business Division and the Household Products sector in 2026. Job-based task allocation will be applied across all levels, including individuals, teams/units, departments/factories, with consideration of external consulting support for system design and implementation.
- » Enhancing managerial autonomy by delegating appropriate authority in line with assigned responsibilities, based on a clear "task assignment – authority – accountability" mechanism
- » Standardizing and further improving the Human Resource Management and Development system in accordance with the requirements of Vietnam National Textile and Garment Group. Continuing to improve workforce quality through internal training programs and external training by employee groups (middle managers, engineers, production workers).
- » Reducing employee turnover, particularly among machine operators, to ensure production stability. Continuing to recruit young engineers for training and development as successor teams for positions with insufficient succession readiness, in line with workforce planning roadmaps.
- » Compiling and analyzing the evaluation of successor workforce development for the Corporation and Household Products Company for the 2026–2030 and 2030–2035 periods.
- » Aiming to increase average employee income by approximately 10%, with a focus on skilled workers and high-performing managers. Aligning job-based salary structures with social insurance contribution salary scales in a synchronized manner.
- » Strengthening training activities and proactively building succession teams to prepare human resources for the expected strong production growth phase. Clearly assigning responsibilities across functional blocks—investment, technology, production, business, and HR—to ensure coordinated and consistent implementation.

#### Proposing policies to enhance employee engagement and long-term commitment, including::

- » Maintaining and expanding comprehensive health insurance coverage for employees and one family member for long-serving staff, managers, and high-performing professionals with significant contributions.
- » Providing scholarships for managers and key professionals to pursue higher education (bachelor's and master's degrees) in fields aligned with job competency frameworks, as well as foreign language training (English, Chinese).
- » Considering the establishment of a "loyalty fund – contribution fund" accumulated based on tenure and performance, serving as a basis to support employees in purchasing housing developed by the Corporation in the future.

#### 6 Digital transformation and application of artificial intelligence

##### Objectives

- » Building an integrated and modern technology platform that consolidates multiple internal functions (production, HR, operations, reporting, communication, etc.) into a single digital ecosystem.
- » Automating and optimizing administrative and office processes, enabling fast information retrieval and processing, and reducing manual workloads.
- » Digitizing governance and operational processes to enhance productivity, reduce costs, and improve data-driven decision-making capabilities.

##### Implementation programs

- » Implementing digital signature solutions across the Corporation.
- » Continuing the development of dashboards for production, finance, and executive management to enhance real-time monitoring and decision support.
- » Developing a Super App to create a closed digital ecosystem in the form of a multi-functional integrated mobile platform. The Company will conduct a feasibility survey, define the implementation roadmap, and outsource development to a specialized software provider.
- » Building a Core AI system and chatbot for office functions by outsourcing AI development and training based on existing internal documents, conducting pilot testing on the infrastructure platform, and gradually deploying into actual operations.

#### 7 Other programs

- » Synchronizing digital signature usage across the Corporation's overall governance system.
- » Completing the development of dashboards for production, finance, and executive management to support real-time monitoring and decision-making.
- » Developing a Super App as a closed digital ecosystem, integrating multiple functions into a single mobile platform. The Company will conduct a feasibility assessment, define an appropriate implementation roadmap, and outsource development to a specialized software provider in accordance with requirements.
- » Building a Core AI system and office chatbot by outsourcing AI development and training based on existing internal documentation, conducting pilot testing on the infrastructure platform, and gradually deploying it into real operations.

## ASSESSMENT REPORT RELATED TO ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### ASSESSMENT RELATED TO ENVIRONMENTAL INDICATORS

During the production process, the Corporation recorded no environmental pollution incidents. The wastewater treatment system is operated in accordance with regulations, with periodic inspections and sampling for analysis to ensure the quality of output water meets standards. The Company regularly provides training to enhance the capacity of the operating team to minimize risks and promptly rectify any incidents should they arise.

Fire prevention and fighting, as well as chemical incident response, are strictly implemented through periodic training, installation of warning systems, regular equipment maintenance, and machinery inspection according to regulations. Workers are fully instructed on safety, prohibited from using ignition sources in fire and explosion-prone areas, and trained in situational handling to ensure safety in production.

### ASSESSMENT RELATED TO LABOR ISSUES

#### Labor, Safety, and Benefit Policies

The Corporation focuses on building a safe working environment and ensuring the health of employees by providing full protective equipment and complying with occupational safety and hygiene regulations. Workers are guaranteed appropriate nutritional regimes with shift meals, and specific allowance policies are applied for positions working in heavy or hazardous conditions. The Company organizes periodic health checks for all employees and arranges medical stations at units for regular monitoring and healthcare.

#### Training and Human Resource Development Activities

The Corporation identifies human resources as the core factor for sustainable development; therefore, it places special emphasis on recruitment, training, and team development. The enterprise develops professional training plans, especially for the technical team, to meet high-tech production requirements and to attract and retain high-quality talent. In addition, the Company fully implements benefit regimes as prescribed by law, while flexibly building income and welfare policies based on the capacity and contribution efficiency of each individual. Thereby, it ensures stable jobs, improves income, and enhances the material and spiritual life of employees.

### ASSESSMENT RELATED TO THE CORPORATE RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY

In addition to business goals, the Corporation actively fulfills its social responsibility through activities to support disadvantaged people, contributing to the construction of civil works, and supporting social funds. These activities demonstrate the commitment to sustainable development and long-term attachment to the local community.



# 04

## REPORT OF THE BOARD OF DIRECTORS

Assessment of the Board of Directors

Assessment of the Board of Directors on the performance of the Board of Management

2026 Plans and strategic orientations of the Board of Directors



The Board of Directors of Phong Phu Corporation

# ASSESSMENT OF THE BOARD OF DIRECTORS ON THE CORPORATION'S OPERATIONS

## ADVANTAGES

- » 2025 recorded impressive GDP growth, exceeding expectations at 8.02%, the highest in the region and among the top in the world. Notably, Q4/2025 achieved a record growth rate of 8.46%, creating strong momentum for development in 2026.
- » Turnover: Net exports reached a new record, with total trade turnover of nearly USD 930.5 billion. The textile and garment industry recorded USD 46 billion in export value, maintaining its position among the world's top three exporters
- » Trade Balance: Vietnam continued to enjoy a trade surplus for the 10th consecutive year with a surplus of 20.03 billion USD.
- » Inflation Control: The average Consumer Price Index (CPI) in 2025 increased by 3.31%, remaining within the target set by the National Assembly.
- » Strong FDI Attraction: Foreign Direct Investment (FDI) implementation reached a 5-year high, reflecting international investors' confidence in Vietnam's political and economic environment..
- » Regarding the Textile and Garment Industry:
  - » International Positioning: Continued to maintain its position in the Top 3 textile and garment exporting powers globally. In 2025, despite economic fluctuations, the industry still brought in nearly 46 billion USD in export turnover, reaching over 140 countries and territories, with key markets including Japan, the USA, South Korea, and Europe. Contributing 10% - 17% of GDP, the textile and garment industry affirms its position as a pillar of the economy.
  - » The industry also quickly absorbed automation and advanced governance technologies, adapting well to green and sustainable standards from various export markets.
  - » Textile and garment workers have adapted to digital technology transformation, actively participating in creative emulation movements with many initiatives and technological improvements to enhance productivity, quality, and skills, accompanying the enterprise in production, business, and export.

## DIFFICULTIES

- » Pressure from Fuel and Raw Material Prices: The price index of raw materials used for production increased, combined with global oil price fluctuations at the end of the year, putting pressure on operating and logistics costs.
- » Geopolitical Risks: Prolonged international conflicts caused local supply chain disruptions, increasing time and costs for transporting export goods.

### Challenges for Vietnam's Textile and Garment Industry:

- » Vietnam and the USA reached an important milestone in bilateral trade negotiations; specifically, the USA agreed to reduce the safeguard tax on most garment exports from Vietnam to 20%, instead of the 46% previously proposed. However, in February 2026, the USA shifted to applying an additional 10% tax for 150 days. This makes it difficult to predict market trends and long-term orders.
- » The USA is tightening rules of origin and green supply chain standards. This forces businesses to be transparent about the origin of raw materials and invest heavily in sustainable production to maintain competitiveness in this largest market.
- » The biggest challenge for businesses, especially small and medium enterprises, is limited financial potential for technological innovation. To resolve this bottleneck, the banking system is promoting green credit policies.
- » Faced with current geopolitical and economic fluctuations, to continue maintaining its position and moving forward steadily, the Board of Directors, together with the Board of General Directors of the Corporation, has set out objectives, correctly assessed the situation, and proactively and flexibly synchronized solutions to improve competitiveness. We are innovating management methods while developing existing foundations, with the support of shareholders, especially the major shareholder – Vietnam National Textile and Garment Group (Vinatex). Phong Phu has achieved the set goals.



# ASSESSMENT OF THE BOARD OF DIRECTORS ON THE CORPORATION'S OPERATIONS (CONTINUED)

## 2025 BUSINESS RESULTS

CONSOLIDATED TOTAL REVENUE **2,871.72**  
billion VND

CONSOLIDATED PROFIT BEFORE TAX **475.77**  
billion VND

CONSOLIDATED PROFIT AFTER TAX **472.64**  
billion VND

DIVIDEND PAYOUT RATE TO SHAREHOLDERS **30**  
expected 2025 %/par value

## ASSESSMENT OF THE BOARD OF DIRECTORS ON THE OPERATIONS OF THE CORPORATION'S BOARD OF MANAGEMENT

### KEY MATTERS FOR THE BOARD OF MANAGEMENT'S ATTENTION IN THE COMING PERIOD

- » Members of the Board of Management hold university degrees or higher, with the majority possessing Master's degrees. They are professionally trained, deeply knowledgeable in their assigned fields, and have many years of experience in management and corporate governance. They possess expertise in the textile and garment industry, technological processes, as well as finance, human resources, and business administration...
- » The CEO has strictly implemented the reporting of results on the execution of the Board of Directors' resolutions on a quarterly basis, in accordance with the Corporation's Internal Regulations on Corporate Governance.
- » The Board of Management has managed the production and business activities of the Corporation in alignment with the Resolutions of the General Meeting of Shareholders, the Resolutions of the Board of Directors, and in strict compliance with the Corporate Charter and legal regulations.
- » The Board of Management clearly recognizes the opportunities and challenges facing the Corporation; therefore, they have proactively and flexibly managed all production and business activities. Simultaneously, they have developed and updated internal documents and materials in compliance with legal regulations to effectively control all production and business operations of the Corporation, fulfilling the risk control role of the Board of Management and mid-level management.
- » The Board of Management identifies the 2026 goal as: Creating growth momentum and making a successful breakthrough. Therefore, Phong Phu has made continuous efforts, determined to achieve the set goals: managing intelligence, digitizing management data, investing in additional machinery and equipment, and updating technology and new science and techniques to improve the Corporation's management system.

## 2026 PLANS AND STRATEGIC ORIENTATIONS OF THE BOARD OF DIRECTORS

The Board of Directors, together with the Board of Management and the entire staff, is determined to make every effort in corporate governance and management to successfully complete the tasks assigned by the General Meeting of Shareholders in 2026, ensuring the achievement of goals based on the spirit of "Understand clearly - Act correctly - Follow through to the end" with the following plans and orientations:

- » Effectively implement the Resolutions of the Board of Directors regarding: personnel work, monitoring investment efficiency, corporate culture, internal control, production, finance, and practicing thrift and combatting waste...
- » Focus on planning and establishing medium and long-term plans consistent with the development strategy of the Corporation and its subsidiaries.
- » Promote development investment, expand markets, strengthen digital transformation, and apply artificial intelligence to general management, focusing on key projects. Research and develop new products with high differentiation and products outside traditional lines such as blankets, bedsheets, curtains... to bring high value to the Corporation.
- » In the context of unpredictable U.S. policies, the Corporation should not be complacent with signals of short-term tax reductions, but should consider the period of temporary additional tax imposition as a "buffer" period to review origins, clarify supply chains, and strengthen compliance capacity to prepare response scenarios for the future.
- » Consolidate and develop human resources: build a training system, promote intelligence, wisdom, and creativity for contribution; develop income/reward policies worthy of creating breakthrough motivation. This is the core factor to promote development along with consolidating human resources.



# 05

## CORPORATE GOVERNANCE

Activities of the Board of Directors

Activities of the Board of Supervisors

Remuneration, compensation and other benefits of the Board of Directors, Board of Supervisors and Board of Management

Transactions between the Company and other parties



## ACTIVITIES OF THE BOARD OF DIRECTORS

### ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES DURING THE YEAR

In 2025, members of the Board of Directors attended meetings in full and provided opinions on matters within the jurisdiction of the Board of Directors with a high sense of responsibility, promoting the leadership capacity of the members, for the benefit of shareholders and the development of the Company.

No.	Member of BOD	Position	Number of BOD meetings attended	Attendance rate	Reason for absence
1	Mr. Tran Quang Nghi	Chairman Non-executive member	52/52	100%	
2	Mr. Duong Khue	Member	52/52	100%	
3	Mr. Pham Phu Chung	Member	52/52	100%	
4	Ms. Pham Minh Huong	Member Non-executive member	52/52	100%	
5	Ms. Truong Thi Ngoc Phuong	Member	52/52	100%	

### ACTIVITIES OF INDEPENDENT BOARD MEMBERS

None

### LIST OF BOARD MEMBERS POSSESSING CORPORATE GOVERNANCE TRAINING CERTIFICATES

- » Training courses on Corporate Governance in which members of the Board of Directors, members of the Board of Supervisors, the Board of Management, other managers, and the Company Secretary participated in accordance with the regulations on Corporate Governance.
- » Participating in training sessions organized by the State Securities Commission (SSC) and Stock Exchanges (if any).
- » Assigning officials to participate in professional training courses in the fields of finance, accounting, and auditing.

### RESOLUTIONS/DECISIONS

No.	Resolution/ Decision No.	Date	Content	Approval rate
1	02/NQ-HĐQT	17/01/2025	Approval of supplementary investment for replacement of Reiter combers at Garment Thread Spinning Mill	100%
2	05/QĐ-HĐQT	18/02/2025	Approval of borrowing from Vietnam International Bank	100%
3	07/NQ-HĐQT	20/02/2025	Approval of investment for replacement of carding machines at Ninh Phu Spinning Mill	100%
4	09B/NQ-HĐQT	17/03/2025	Approval of supplementary investment for minor equipment at Ninh Phu Spinning Mill	100%
5	11/NQ-HĐQT	19/3/2025	Plan for organizing the 2025 Annual General Meeting of Shareholders (AGM) (record date for attendance rights)	100%
6	12/QĐ-HĐQT	20/3/2025	Agreement on re-assignment of capital representatives at Household Textile Joint Stock Company	100%
7	17/QĐ-HĐQT	28/3/2025	Liquidation of assets at Nha Trang Denim Fabric Mill to Vinh Phuong Company	100%
8	25/NQ-HĐQT	23/4/2025	Approval of the project "Investment in construction and expansion of Nha Trang Denim Mill"	100%
9	29/NQ-HĐQT	05/5/2025	Approval of the finalization report for the project "Investment in 05 Carding Machines"	100%
10	30/NQ-HĐQT	09/5/2025	Approval of the overall estimated budget for the project "Investment in construction and expansion of Nha Trang Denim Mill"	100%
11	31/NQ-HĐQT	13/5/2025	Approval of the overall bidding plan for the project "Investment in construction and expansion of Nha Trang Denim Mill"	100%
12	35/QĐ-HĐQT	16/5/2025	Agreement on the 2024 dividend payout ratio and the record date	100%
13	38/QĐ-HĐQT	22/5/2025	Agreement on assignment of capital management representatives at Da Lat Garment Joint Stock Company	100%
14	49/QĐ-HĐQT	25/6/2025	Agreement on selecting A&C auditing firm	100%
15	54/QĐ-HĐQT	25/6/2025	Approval of borrowing from BIDV Bank	100%

## ACTIVITIES OF THE BOARD OF DIRECTORS (CONTINUED)

### RESOLUTIONS/DECISIONS (CONTINUED)

No.	Resolution/ Decision No.	Date	Content	Approval rate
16	56/QĐ-HĐQT	30/6/2025	Agreement and guarantee for Nam Duong Phu Joint Stock Company to enter into a finance lease with VCB Leasing	100%
17	62/QĐ-HĐQT	01/07/2025	Issuance of the Regulations for implementation at Phong Phu Corporation	100%
18	69B/NQ-HĐQT	31/07/2025	Approval of the investment final settlement for the project "Replacement of the winding machine at Chi May Yarn Factory"	100%
19	72/QĐ-HĐQT	14/08/2025	Decision on personnel appointment	100%
20	74B/NQ-HĐQT	25/08/2025	Approval of the investment for replacement of the underground medium-voltage cable system of Phong Phu Corporation	100%
21	76/NQ-HĐQT	11/09/2025	Appointment of the person in charge of corporate governance	100%
22	78/NQ-HĐQT	12/09/2025	Approval of bank loan at Asia Commercial Bank (ACB) – Nguyen Van Troi Branch	100%
23	82/NQ-HĐQT	23/09/2025	Approval of additional investment in fire prevention and fighting (FPF) equipment	100%
24	85/NQ-HĐQT	07/10/2025	Decision on appointment of the General Director of Phong Phu Corporation	100%
25	88B/NQ-HĐQT	10/11/2025	Approval of borrowings, other credit facilities, and asset-backed security/pledge at Vietnam Bank for Industry and Trade (VietinBank)	100%
26	90/QĐ-HĐQT	12/11/2025	Decision on the interim dividend payment plan for 2025	100%
27	95B/NQ-HĐQT	28/11/2025	Resolution on the removal from the asset list of properties being construction works classified as fixed assets that have been dismantled and cleared for site clearance	100%
28	97/NQ-HĐQT	23/12/2025	Resolution on the execution and implementation of transactions with related parties	100%
29	104/NQ-HĐQT	31/12/2025	Resolution on the approval of collateral assets for margin deposits to open Letters of Credit (L/Cs) for the import of machinery and equipment	100%

## ACTIVITIES OF THE BOARD OF SUPERVISORS

### ASSESSMENT OF THE BOARD OF SUPERVISORS' ACTIVITIES DURING THE YEAR

In performance of the supervisory duties of the Board of Supervisors (BOS) in accordance with the Law on Enterprises, the Charter of the Corporation, and the internal management regulations of the Corporation, the activities of the BOS in 2025 are as follows:

No.	Member of BOS	Number of meetings attended	Attendance rate	Voting rate	Reasons for absence
1	Nguyen Thi My Le	02	100%	100%	
2	Vu Thi Thuy Duong	02	100%	100%	
3	Le Hong Linh	02	100%	100%	

#### Supervising the activities of the Board of Directors and the Board of Management in the implementation of:

- » The Charter, Resolutions of the General Meeting of Shareholders, and Resolutions of the BOD;
- » Meetings of the BOD;

#### Supervising business and production activities:

- » The implementation status of the business plan of the Corporation and companies with capital from the Corporation;
- » The financial situation and business results of the parent Corporation and its subsidiaries;
- » The implementation status of investment projects of the parent Corporation and its subsidiaries;

#### Related activities:

- » Periodic inspections: Appraising the annual financial statements of the Corporation.
- » Warning of risks in business operations, finance, and investment.
- » Attending meetings of the BOD.
- » Organizing meetings of the BOS.

### COORDINATION BETWEEN THE BOS AND THE ACTIVITIES OF THE BOD, BOARD OF MANAGEMENT, AND OTHER MANAGERS

The BOD, Board of Management, and other managers have created favorable conditions for the BOS to perform its functions and duties.

## REMUNERATION, COMPENSATION AND OTHER BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT

### SALARY, BONUS, REMUNERATION, AND OTHER BENEFITS (AS OF 31/12/2025)

The actual remuneration paid to the Board of Directors and the Board of Supervisors during the year was implemented in accordance with the Resolution of the 2025 Annual General Meeting of Shareholders.

#### Actual implementation in 2025:

- » Total remuneration of the Board of Directors and Board of Supervisors: 82,000,000 VND/month (after-tax income).
- » The bonus level for the Board of Directors, Board of Supervisors, Board of Management, and operating expenses is 3% of post-tax profit and 10% of the portion of post-tax profit exceeding the set plan after deducting items...

#### Plan for 2026:

- » Total remuneration of the Board of Directors and Board of Supervisors is 82,000,000 VND/month (after-tax income).
- » The bonus level for the Board of Directors, Board of Supervisors, Board of Management, and operating expenses is 3% of post-tax profit and 10% of the portion of post-tax profit exceeding the set plan after deducting items...

## STOCK TRANSACTIONS OF INSIDERS

None

### Transactions between the company and related persons of the company; or between the company and major shareholders, insiders, and related persons of insiders

No.	Name of organization/ individual	Relationship with the company	ID No.*, date of issue, place of issue	Registered office address/ Contact address	Time of transaction with the company	Resolution/ Decision No. of the GSM/BOD... approved (if any, specify date of issuance)	Content, quantity, total transaction value
1	Hoa Tho Textile - Garment Joint Stock Corporation	Same parent company (Vietnam National Textile and Garment Group)	0400101556	36 Ong Ich Duong Street - Cam Le District - Da Nang City	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision: 2.36 billion VND Purchase of goods and raw materials: 10.63 million VND

### Transactions between insiders of the company, related persons of insiders with subsidiaries, or companies controlled by the company

None

## TRANSACTIONS BETWEEN THE COMPANY AND OTHER TARGET ENTITIES

Transactions between the company and a company in which members of the Board of Directors, members of the Board of Supervisors, the Director (General Director), and other managers have been or are founding members or members of the Board of Directors, the Director (General Director) executive for the past three (03) years (calculated at the time of reporting):

No.	Name of organization/ individual	Relationship with the company	ID No.*, date of issue, place of issue	Time of transaction with the company	Resolution/ Decision No. of the GSM/BOD... approved (if any, specify date of issuance)	Content, quantity, total transaction value
1	Vietnam National Textile and Garment Group	Parent company	0100100008	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision: 1.43 billion VND Purchase of goods and raw materials: 34.29 million VND Interest and fees on loans: 31.90 billion VND Dividends payable: 74.82 billion VND
2	Phong Phu Home Textile Joint Stock Company	Subsidiary	4500470547	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Sales contract for goods and finished products: 132.90 billion VND Service provision contract. Total value: 99.63 billion VND Asset rental interest receivable: 9.53 billion VND Purchase contract for goods and raw materials. Total value: 247.97 billion VND Service receiving contract: 11.92 billion VND
3	Coats Phong Phu Co., Ltd.	Associate company/ Related person of an insider	0300828098	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Sales contract for goods and finished products: 798.25 billion VND Service provision contract: 16.52 billion VND Dividends received: 343.04 billion VND Purchase contract for goods and raw materials: 388.08 billion VND

## REMUNERATION, COMPENSATION AND OTHER BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT (CONTINUED)

### TRANSACTIONS BETWEEN THE COMPANY AND OTHER TARGET ENTITIES (CONTINUED)

No.	Name of organization/ individual	Relationship with the company	ID No.*, date of issue, place of issue	Time of transaction with the company	Resolution/ Decision No. of the GSM/BOD... approved (if any, specify date of issuance)	Content, quantity, total transaction value
4	Phuoc Loc JSC	Associate company/ Related person of an insider	0304506503	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Sales contract for goods, finished products and services: 94.65 billion VND
						Service provision contract: 8.61 billion VND
						Dividends received: 1.05 billion VND
						Purchase contract for goods and raw materials. Total value: 120.04 billion VND
						Dividends payable: 51.59 million VND
5	Phong Phu International JSC	Associate company/ Related person of an insider	0304995318	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision contract. Total value: 16.66 billion VND
						Dividends received: 7.2 billion VND
						Dividends payable: 2.01 billion VND
6	Nam Duong Phu JSC	Subsidiary	0317851320	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Sales contract for goods and finished products. Total value: 5.07 billion VND
						Service provision contract: 960 thousand VND
						Purchase contract for goods and raw materials. Total value: 19.43 billion VND
						Capital contribution: 24.4 billion VND

No.	Name of organization/ individual	Relationship with the company	ID No.*, date of issue, place of issue	Time of transaction with the company	Resolution/ Decision No. of the GSM/BOD... approved (if any, specify date of issuance)	Content, quantity, total transaction value
7	Nha Trang Textile & Garment JSC	Associate company	4200237973	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Sales contract for goods and finished products. Total value: 13.65 billion VND
						Purchase contract for goods and raw materials: 19.56 billion VND
						Receiving services: 485.72 million VND
8	Da Lat Garment JSC	Associate company	5800483309	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Dividends received: 423.10 million VND
9	Nam Dinh Textile Urban Development JSC	Related person of an insider	0600823862	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Dividends received: 2.48 billion VND
						Capital contribution: 1.65 billion VND
10	Vinatex International Fabric Co., Ltd	Related person of an insider	0401871798	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision contract: 6.14 billion VND
						Asset rental interest receivable: 4.01 billion VND
11	Lien Phuong Textile & Garment JSC	Related person of an insider	0301445891	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Profit transfer: 9.58 billion VND
12	Vinatex International JSC	Related person of an insider	0106234350	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision contract: 1.25 billion VND
13	Sinnika Vietnam Co., Ltd	Related person of an insider	0311520259	Year 2025	Resolution No. 392/NQ-HĐQT dated 25/12/2024	Service provision contract: 2.99 billion VND

## ASSESSMENT OF THE IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS

Corporate governance is always ensured by Phong Phu in compliance with the Law, the Charter, internal regulations, and criteria to ensure the smoothest operation of the Corporation; pursuing goals for the benefit of the Corporation and its shareholders, as well as creating favorable conditions for effective monitoring of the Corporation's activities, thereby encouraging the Corporation to utilize resources in the best possible way.

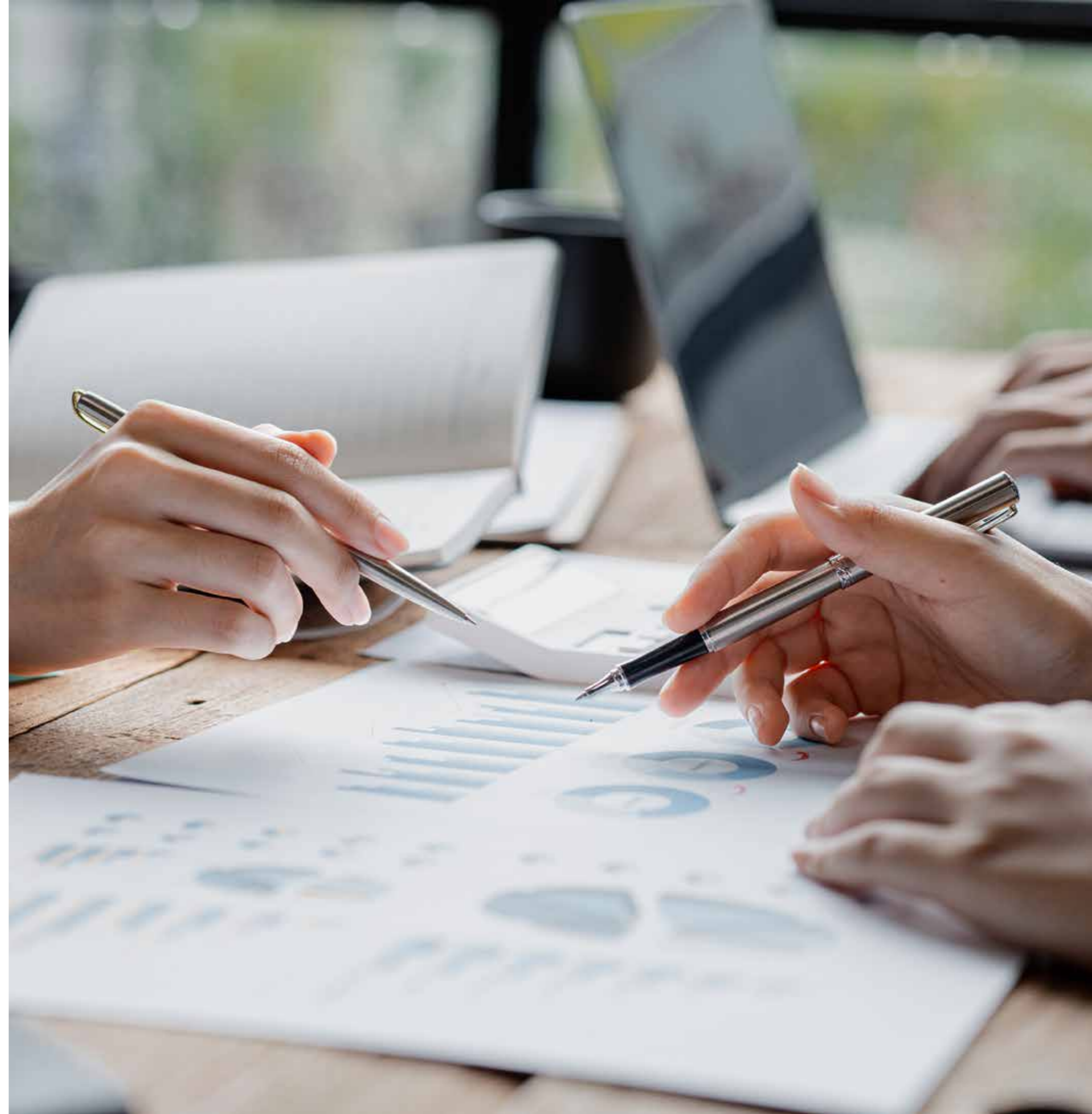
In addition, the Corporation constantly strengthens governance knowledge for members of the Board of Directors and the Board of Management by sending officers for training according to notices from the State Securities Commission (SSC), relevant agencies, and the Corporation's governance classes. Consequently, this improves business efficiency, enhances the ability to access capital, reduces capital costs, and builds trust with shareholders and investors.

# 06

## FINANCIAL STATEMENTS

Audit Opinion

Audited Financial Statements



## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Phong Phu Corporation (hereinafter referred to as “the Corporation”) presents this statement together with the Consolidated Financial Statements for the fiscal year ended 31 December 2025, including the Combined Financial Statements of the Corporation and the Financial Statements of the subsidiaries (hereinafter collectively referred to as “the Group”).

**Business highlights**

Phong Phu Corporation is a company formed by equitizing the former State-owned company in line with the Decision No. 06/2007/QĐ-BCN dated 11 January 2007 of the Minister of Industry (now is the Ministry of Industry and Trade). The Corporation has been operating under the Business Registration Certificate No. 0301446006, which was registered for the first time on 20 February 2009 and amended for the 20<sup>th</sup> time on 20 August 2025, granted by Ho Chi Minh City Department of Finance.

**Head office**

- Address : No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City
- Tel. : +84 (028) 35 147 340 – 6684 7979
- Fax : +84 (028) 38 406 790

**The Corporation’s affiliates:**

Affiliates	Address
Branch of Phong Phu Corporation	No. 378 Minh Khai Street, Vinh Tuy Ward, Hanoi City
Branch of Phong Phu Corporation in Nha Trang	Km1447, Highway 1A, Bac Nha Trang Ward, Khanh Hoa Province
Branch of Phong Phu Corporation in Da Lat – Du Lys Hotel	No. 14 Nam Ky Khoi Nghia Street, Xuan Huong - Da Lat Ward, Lam Dong Province
Branch of Phong Phu Corporation in Ninh Thuan – Ninh Phu Fiber Factory	Hanh Tri Village, Ninh Son Commune, Khanh Hoa Province
Branch of Phong Phu Corporation in Da Nang	No. 34 Ong Ich Duong Street, Cam Le Ward, Da Nang City

**Principal business activities of the Corporation are:**

- Manufacturing fibers, sewing thread, embroidery thread, woven cloth, towels, fabric, fibers, garments, readymade garments (excluding clothes, bleaching, dyeing, starching, printing and processing second-hand goods), packages (excluding scrap recycling, pulp production at the head office);
- Trading in machines, spare parts used in garment and textile industries. Trading in office equipment, electrical materials, machinery and equipment serving industrial production, checking and measuring system serving environmental experiment. Wholesaling electrical machinery and equipment, electrical materials (generators, electric motors, electric wires, equipment used in electronic boards). Wholesaling machinery and equipment, spare parts of agricultural machinery;
- Providing services of scientific researches and technology transfer;
- Breeding pigs (not at the head office);
- Afforesting and tending forest;
- Exploiting and processing forestal products;
- Executing, consulting, designing and installing civil-industrial and refrigerant electric system;
- Providing food and beverage services (not providing food and beverage service and games at the head office);
- Constructing infrastructures, industrial and urban parks, developing houses;
- Giving consulting and brokerage services in real estate;
- Kindergarten and primary education;

- Mechanical processing;
- Producing, distributing steam, hot water, air-conditioning;
- Treating sewage;
- Providing interior decoration services;
- Advertising;
- Retailing garments;
- Growing bulbs with starch content, sugar cane, tobacco including rustic tobacco, plants or crops in order to harvest thread or fiber, plants or crops with oil seeds or nuts containing oil, pepper, rubber, coffee, tea, bean of all types, ornamentals and flowers (not at the head office).

**Board of Directors and Executive Board**

The Board of Directors and the Executive Board of the Corporation during the year and as of the date of this statement include:

**The Board of Directors**

Full name	Position	Appointing/re-appointing date
Mr. Tran Quang Nghi	Chairman	Re-appointed on 23 May 2024
Mr. Duong Khue	Member	Re-appointed on 16 May 2024
Mr. Pham Phu Chung	Member	Re-appointed on 16 May 2024
Ms. Pham Minh Huong	Member	Re-appointed on 16 May 2024
Ms. Truong Thi Ngoc Phuong	Member	Appointed on 16 May 2024

**The Supervisory Board**

Full name	Position	Appointing/re-appointing date
Ms. Nguyen Thi My Le	Head of the Board	Re-appointed on 23 May 2024
Ms. Vu Thi Thuy Duong	Member	Re-appointed on 16 May 2024
Mr. Le Hong Linh	Member	Appointed on 16 May 2024

**The Executive Board**

Full name	Position	Appointing/re-appointing date
Mr. Duong Khue	General Director	Re-appointed on 07 October 2025
Ms. Le Thi Hoang Trang	Deputy General Director	Appointed on 15 July 2022
Mr. Pham Phu Chung	Deputy General Director	Appointed on 07 October 2022
Mr. Ly Anh Tai	Deputy General Director	Appointed on 07 October 2022
Mr. Nguyen Van Nhiem	Chief Executive Officer	Re-appointed on 01 June 2019
Mr. Doan Kien	Chief Executive Officer	Appointed on 01 April 2021
Ms. Truong Thi Ngoc Phuong	Chief Executive Officer	Appointed on 15 July 2022

**Legal representative**

The legal representative of the Corporation during the year and as of the date of this statement is Mr. Duong Khue – General Director (re-appointed on 07 October 2025).

**Auditors**

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Group’s Consolidated Financial Statements for the fiscal year ended 31 December 2025.

**Responsibilities of the Board of Management**

The Board of Management of the Corporation is responsible for the preparation of the Consolidated Financial Statements to give a true and fair view of the consolidated financial position, the consolidated financial performance and the consolidated cash flows of the Group during the year. In order to prepare these Consolidated Financial Statements, the Board of Management must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- state clearly whether the accounting standards applied to the Group are followed or not, and all the material differences from these standards are disclosed and explained in the Consolidated Financial Statements;
- prepare the Consolidated Financial Statements of the Group on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system to minimize the risks of material misstatements due to frauds or errors in the preparation and presentation of the Consolidated Financial Statements.

The Board of Management hereby ensures that all the proper accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Group at any time, and that all the accounting books have been prepared in compliance with the applicable Vietnamese Accounting System. The Board of Management is also responsible for protecting the Group's assets, and consequently has taken appropriate measures to prevent and to detect frauds and other irregularities.

The Board of Management hereby commits to the compliance with the aforementioned requirements in preparation of the Consolidated Financial Statements.

#### Approval of the Financial Statements

The Board of Management of the Corporation hereby approves the accompanying Consolidated Financial Statements, which give a true and fair view of the consolidated financial position as of 31 December 2025 of the Group, its consolidated financial performance and its consolidated cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements.

For and on behalf of the Board of Management,



**Duong Khue**  
General Director

Date: 29 March 2026

No. 1.0725/26/TC-AC

### INDEPENDENT AUDITOR'S REPORT

**To: THE SHAREHOLDERS, THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT OF PHONG PHU CORPORATION**

We have audited the accompanying Consolidated Financial Statements of Phong Phu Corporation (hereinafter referred to as "the Corporation") and its subsidiaries (hereinafter collectively called "the Group"), which were prepared on 28 March 2026 (from page 07 to page 59) including the Consolidated Balance Sheet as of 31 December 2025, the Consolidated Income Statement, the Consolidated Cash Flow Statement for the fiscal year then ended and the Notes to the Consolidated Financial Statements.

#### Responsibility of the Board of Management

The Board of Management of the Corporation is responsible for the preparation, true and fair presentation of the Consolidated Financial Statements of the Group in accordance with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements; and responsible for such internal control as the Board of Management determines necessary to enable the preparation and presentation of the Consolidated Financial Statements to be free from material misstatement, whether due to fraud or error.

#### Responsibility of Auditors

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit to obtain assurance about whether the Consolidated Financial Statements of the Group are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and true and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion of Auditors

In our opinion, the Consolidated Financial Statements give a true and fair view, in all material respects, of the consolidated financial position as of 31 December 2025 of the Group, its consolidated financial performance and its consolidated cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements.

### Emphasis of matter

Without qualifying our opinion above, we would like to draw the readers' attention to Note No. VIII.6 in the Notes to the Consolidated Financial Statements regarding the transfer of Residence Area project in Phuoc Long Ward, Ho Chi Minh City between Saigon Agriculture Incorporation and the Corporation. The Corporation accordingly made the provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined at the transfer date under the Judgment dated 18 December 2021 and the Appellate Judgments dated 08, 09 and 15 June 2022 of the People's Court of Ho Chi Minh City. The Corporation also handed over the project assets and relevant invoices to Saigon Agriculture Incorporation. Currently, the Corporation is working with Saigon Agriculture Incorporation to resolve civil issues (if any) arising from the cancellation of the project transfer contract, in accordance with the guidance of competent authorities and prevailing laws.

For and on behalf of  
A&C Auditing and Consulting Co., Ltd.



**Hoang Thai Vuong**  
Partner

Audit Practice Registration Certificate No. 2129-2023-008-1  
Authorized Signatory

Ho Chi Minh City, 29 March 2026

**Vo Tri Phuong**  
Auditor

Audit Practice Registration Certificate No. 4697-2024-008-1

### PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

### CONSOLIDATED BALANCE SHEET

As of 31 December 2025

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>1,593,825,741,716</b>	<b>1,766,586,086,522</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>102,474,353,367</b>	<b>123,279,779,901</b>
1. Cash	111		60,024,353,367	72,679,779,901
2. Cash equivalents	112		42,450,000,000	50,600,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>433,721,706,198</b>	<b>546,189,593,362</b>
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123	V.2a	433,721,706,198	546,189,593,362
<b>III. Short-term receivables</b>	<b>130</b>		<b>564,592,985,046</b>	<b>489,715,825,856</b>
1. Short-term trade receivables	131	V.3	471,095,948,733	437,727,287,214
2. Short-term prepayments to suppliers	132	V.4	19,415,617,053	21,623,063,707
3. Short-term inter-company receivables	133		-	-
4. Receivables according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5a	110,720,441,450	54,837,551,162
7. Allowance for short-term doubtful debts	137	V.6	(36,639,900,576)	(24,486,403,454)
8. Deficit assets for treatment	139		878,386	14,327,227
<b>IV. Inventories</b>	<b>140</b>		<b>473,682,309,212</b>	<b>601,007,721,345</b>
1. Inventories	141	V.7	487,673,674,602	607,962,909,452
2. Allowance for devaluation of inventories	149	V.7	(13,991,365,390)	(6,955,188,107)
<b>V. Other current assets</b>	<b>150</b>		<b>19,354,387,893</b>	<b>6,393,166,058</b>
1. Short-term prepaid expenses	151	V.8a	1,609,325,383	1,467,153,797
2. Deductible VAT	152		13,861,396,111	4,718,243,246
3. Taxes and other receivables from the State	153	V.17	3,883,666,399	207,769,015
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**Consolidated Balance Sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>B- NON-CURRENT ASSETS</b>	<b>200</b>		<b>2,042,480,805,615</b>	<b>1,812,465,966,813</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>131,137,132,233</b>	<b>3,940,070,645</b>
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Receivables for long-term loans	215		-	-
6. Other long-term receivables	216	V.5b	131,137,132,233	3,940,070,645
7. Allowance for long-term doubtful debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>1,038,339,701,031</b>	<b>1,054,372,239,697</b>
1. Tangible fixed assets	221	V.9	935,302,537,763	942,578,952,394
- Historical cost	222		2,366,802,843,001	2,287,317,961,521
- Accumulated depreciation	223		(1,431,500,305,238)	(1,344,739,009,127)
2. Financial leased assets	224	V.10	102,940,668,679	111,684,730,902
- Historical cost	225		123,870,337,088	122,118,650,662
- Accumulated depreciation	226		(20,929,668,409)	(10,433,919,760)
3. Intangible fixed assets	227	V.11	96,494,589	108,556,401
- Initial cost	228		583,927,273	583,927,273
- Accumulated amortization	229		(487,432,684)	(475,370,872)
<b>III. Investment property</b>	<b>230</b>		-	-
- Historical costs	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Long-term assets in process</b>	<b>240</b>		<b>80,592,055,165</b>	<b>6,882,372,470</b>
1. Long-term work in process	241		-	-
2. Construction-in-progress	242	V.12	80,592,055,165	6,882,372,470
<b>V. Long-term financial investments</b>	<b>250</b>		<b>775,669,785,057</b>	<b>723,048,832,989</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252	V.2b	700,729,625,096	650,156,006,561
3. Investments in other entities	253	V.2c	107,581,427,637	105,929,737,637
4. Provisions for devaluation of long-term financial investments	254	V.2c	(32,641,267,676)	(33,036,911,209)
5. Held-to-maturity investments	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>16,742,132,129</b>	<b>24,222,451,012</b>
1. Long-term prepaid expenses	261	V.8b	13,789,644,268	17,333,312,671
2. Deferred income tax assets	262	V.13	-	-
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
5. Goodwill	269	V.14	2,952,487,861	6,889,138,341
<b>TOTAL ASSETS</b>	<b>270</b>		<b>3,636,306,547,331</b>	<b>3,579,052,053,335</b>

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**Consolidated Balance Sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>C - LIABILITIES</b>	<b>300</b>		<b>1,524,259,627,177</b>	<b>1,766,943,289,487</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,222,134,954,493</b>	<b>1,144,765,766,632</b>
1. Short-term trade payables	311	V.15	269,154,789,478	264,768,227,637
2. Short-term advances from customers	312	V.16	132,248,522,502	138,987,307,686
3. Taxes and other obligations to the State Budget	313	V.17	4,122,642,731	77,031,229,033
4. Payables to employees	314	V.18	80,599,395,535	68,112,150,907
5. Short-term accrued expenses	315	V.19	13,317,460,394	10,383,298,588
6. Short-term inter-company payables	316		-	-
7. Payables according to the progress of construction contracts	317		-	-
8. Short-term unearned revenue	318	V.20a	4,099,518,119	4,029,941,115
9. Other short-term payables	319	V.21a,c	25,671,505,542	131,157,198,322
10. Short-term borrowings and financial leases	320	V.22a,c	611,995,202,717	374,262,338,235
11. Provisions for short-term payables	321	V.23	62,473,188,366	62,473,188,366
12. Bonus and welfare funds	322	V.24	18,452,729,109	13,560,886,743
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
<b>II. Non-current liabilities</b>	<b>330</b>		<b>302,124,672,684</b>	<b>622,177,522,855</b>
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336	V.20b	17,075,497,775	20,497,647,770
7. Other long-term payables	337	V.21b,c	13,999,742,000	13,891,296,000
8. Long-term borrowings and financial leases	338	V.22b,c	271,049,432,909	587,788,579,085
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

Consolidated Balance Sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>2,112,046,920,154</b>	<b>1,812,108,763,848</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>2,112,046,920,154</b>	<b>1,812,108,763,848</b>
1. Owner's capital	411	V.25	746,708,910,000	746,708,910,000
- Ordinary shares carrying voting rights	411a		746,708,910,000	746,708,910,000
- Preferred shares	411b		-	-
2. Share premiums	412	V.25	32,368,276,001	32,368,276,001
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.25	547,292,291,709	512,396,290,709
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.25	741,138,025,630	482,987,825,801
- Retained earnings accumulated to the end of the previous period	421a		387,229,662,678	482,987,825,801
- Retained earnings of the current period	421b		353,908,362,952	-
12. Construction investment fund	422		-	-
13. Non-controlling interests	429	V.25	44,539,416,814	37,647,461,337
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>3,636,306,547,331</b>	<b>3,579,052,053,335</b>

Ho Chi Minh City, 28 March 2026



Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Duong Khue  
General Director

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**CONSOLIDATED INCOME STATEMENT**

For the fiscal year ended 31 December 2025

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Revenue from sales of goods and provisions of services	01	VI.1	2,456,908,167,943	2,238,054,501,804
2. Revenue deductions	02	VI.2	4,266,233,047	5,377,071,122
3. Net revenue	10		2,452,641,934,896	2,232,677,430,682
4. Cost of sales	11	VI.3	1,971,452,305,915	1,803,527,972,601
5. Gross profit	20		481,189,628,981	429,149,458,081
6. Financial income	21	VI.4	47,040,264,914	48,549,589,677
7. Financial expenses	22	VI.5	78,394,792,159	103,476,344,756
In which: Interest expenses	23		58,025,738,276	54,671,580,549
8. Gain or loss in joint ventures, associates	24	V.2b	364,309,327,573	352,006,941,295
9. Selling expenses	25	VI.6	112,756,704,800	88,390,177,071
10. General and administration expenses	26	VI.7	229,773,006,469	258,205,156,184
11. Net operating profit	30		471,614,718,040	379,634,311,042
12. Other income	31	VI.8	7,726,994,175	8,896,409,854
13. Other expenses	32	VI.9	3,568,351,180	4,507,003,474
14. Other profit	40		4,158,642,995	4,389,406,380
15. Total accounting profit before tax	50		475,773,361,035	384,023,717,422
16. Current income tax	51	V.17	3,131,417,456	3,482,742,573
17. Deferred income tax	52		-	-
18. Profit after tax	60		472,641,943,579	380,540,974,849
19. Profit after tax of the Parent Company	61		466,957,232,784	373,773,464,227
20. Profit after tax of non-controlling shareholders	62		5,684,710,795	6,767,510,622
21. Basic earnings per share	70	VI.10	5,599	4,473
22. Diluted earnings per share	71	VI.10	5,599	4,473

Ho Chi Minh City, 28 March 2026



Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Duong Khue  
General Director

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

**CONSOLIDATED CASH FLOW STATEMENT**

(Indirect method)

For the fiscal year ended 31 December 2025

Unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		475,773,361,035	384,023,717,422
2. Adjustments				
- Depreciation/(Amortization) of fixed assets and investment properties	02	V.9, 10, 11, 14	140,369,673,123	142,536,047,428
- Provisions and allowances	03	V.2c, 6, 7	7,012,588,700	7,917,189,774
- Exchange gain/(loss) due to revaluation of monetary items in foreign currencies	04	VI.5	6,045,408,600	22,263,262,240
- Gain/(loss) from investing activities	05	V.2b; VI.4, 8	(406,023,383,942)	(389,500,584,275)
- Interest expenses	06	VI.5	58,025,738,276	54,671,580,549
- Others	07		-	-
3. Operating profit before changes of working capital	08		281,203,385,792	221,911,213,138
- Increase/(decrease) of receivables	09		(226,919,835,079)	7,020,214,001
- Increase/(decrease) of inventories	10		120,289,234,850	(2,933,072,235)
- Increase/(decrease) of payables	11		(65,385,646,654)	(108,272,346,371)
- Increase/(decrease) of prepaid expenses	12		3,401,496,817	(5,305,124,436)
- Increase/(decrease) of trading securities	13		-	-
- Interest paid	14	V.19, 21a, 22a, VI.5, VII	(62,349,735,495)	(57,717,261,062)
- Corporate income tax paid	15	V.17	(2,936,584,894)	(3,874,434,936)
- Other cash inflows	16		-	-
- Other cash outflows	17	V.24, 25	(31,771,737,966)	(43,608,577,086)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>15,530,577,371</b>	<b>7,220,611,013</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other non-current assets	21	V.9, 12, 22b, VII	(184,231,060,971)	(63,330,341,320)
2. Proceeds from disposals of fixed assets and other non-current assets	22	V.9; VI.8	6,364,235,371	5,811,673,494
3. Cash outflow for lending, buying debt instruments of other entities	23	V.2a	(779,032,112,836)	(1,014,189,593,362)
4. Cash recovered from lending, selling debt instruments of other entities	24	V.2a	891,500,000,000	958,656,983,597
5. Investments in other entities	25	V.2b	(6,624,262,000)	(21,591,240,000)
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27	V.2b, 5a, VI.4, VII	384,699,796,638	391,171,737,227
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>312,676,596,202</b>	<b>256,529,219,636</b>

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

Consolidated Cash Flow Statement (cont.)

ITEMS	Code	Note	Current year	Previous year
<b>III. Cash flows from financing activities</b>				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.22	1,424,324,689,209	1,036,972,956,926
4. Repayment for borrowing principal	34	V.22	(1,497,907,066,394)	(1,072,862,872,819)
5. Payments for financial lease principal	35	V.22	(21,103,109,455)	(22,518,654,105)
6. Dividends and profit paid to the owners	36	V.21a, 25	(254,322,672,525)	(157,974,609,475)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(349,008,159,165)</b>	<b>(216,383,179,473)</b>
<b>Net cash flows during the year</b>	<b>50</b>		<b>(20,800,985,592)</b>	<b>47,366,651,176</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>	<b>V.1</b>	<b>123,279,779,901</b>	<b>74,073,059,413</b>
Effects of fluctuations in foreign exchange rates	61		(4,440,942)	1,840,069,312
<b>Ending cash and cash equivalents</b>	<b>70</b>	<b>V.1</b>	<b>102,474,353,367</b>	<b>123,279,779,901</b>

Ho Chi Minh City, 28 March 2026

Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant



Duong Khue  
General Director

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**I. GENERAL INFORMATION****1. Investment form**

Phong Phu Corporation (hereinafter referred to as “the Corporation” or “the Parent Company”) is a joint stock company.

**2. Business fields**

The Group operates in various fields.

**3. Principal business activities**

The principal business activities of the Corporation are manufacturing and trading in fibers, cloth, towels, sewing thread, embroidery thread, garments and fashion clothes (excluding bleaching, dyeing, starching and printing on the textile, sewed, knitted products, processing second-hand goods); trading in chemicals and dye (excluding chemicals of high toxicity); trading in machines, equipment, materials and spare parts serving textile – dyeing – garment industries; trading in silk, thread, textile fibers and garments, etc.

**4. Normal operating cycle**

The Corporation’s normal operating cycle is within 12 months.

**5. Effects of the business operation during the years on the Consolidated Financial Statements**

Phong Phu - Daewon Thu Duc Housing Development Corporation has finalized the accounts for the Daewon Thu Duc Housing Development Project and make retrospective adjustments to the figures in the Financial Statements for previous years because the recognition of costs for this project were made at provisional costs. As the impact of this adjustment is immaterial to the Group’s Consolidated Financial Statements, it has been recognized in the Consolidated Financial Statements for the current year.

**6. Structure of the Group**

The Group includes the Parent Company and 2 subsidiaries controlled by the Parent Company. These subsidiaries are consolidated in these Consolidated Financial Statements.

**6a. List of subsidiaries to be consolidated**

Subsidiary	Address	Principal business activities	Percentage of equity	Percentage of benefit	Percentage of voting right
Phong Phu Home Textile Joint Stock Company	Hanh Tri Village, Ninh Son Commune, Khanh Hoa Province	Manufacturing, trading in cotton, fibers, fabric, garments; trading in chemicals, dye, machinery and equipment of textile and garment industries	90%	90%	90%
Nam Duong Phu Joint Stock Company (*)	No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City	Manufacturing, trading in cotton, fibers	94.73%	94.73%	96.01%

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**Notes to the Consolidated Financial Statements (cont.)**

(\*) According to the Charter of Nam Duong Phu Joint Stock Company, the Corporation invests in Nam Duong Phu Joint Stock Company at the percentage of voting right and percentage of benefit of 48%, and Phong Phu Home Textile Joint Stock Company invests in Nam Duong Phu Joint Stock Company at the percentage of voting right and percentage of benefit of 10%. As of the balance sheet date, the shareholders of Nam Duong Phu Joint Stock Company have not fully contributed the registered charter capital; therefore, the Group’s percentage of benefit and percentage of voting right in Nam Duong Phu Joint Stock Company, based on the actual capital contribution, are 94.73% and 96.01% respectively.

**6b. List of associates reflected in the Consolidated Financial Statements using the equity method**

Associates	Address	Principal business activities	Percentage ownership		Percentage of voting right	
			Ending balance	Beginning balance	Ending balance	Beginning balance
Coats Phong Phu Limited Liability Company	No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City	Manufacturing and trading in cotton, fibers	35.65%	35.65%	35.65%	35.65%
HUD Saigon Housing and Urban Development Investment Joint Stock Company	No. 159 Dien Bien Phu Street, Gia Dinh Ward, Ho Chi Minh City	Investing, constructing and trading in real estate	21.51%	21.51%	21.51%	21.51%
Dalat Garment Joint-Stock Company	No. 09 Phu Dong Thien Vuong Street, Lam Vien – Da Lat Ward, Lam Dong Province	Manufacturing and trading in garments, materials, machinery and equipment used in garment and textile industries	40.00%	40.00%	40.00%	40.00%
Phong Phu - Daewon - Thu Duc Housing Development Corporation	No. 378 Minh Khai Street, Vinh Tuy Ward, Hanoi City	Trading in real estate, land use right of owners, users or lessees	47.64%	47.64%	47.64%	47.64%
Phong Phu Trading & Investment Promotion Corporation	No. 117 Cong Quynh Street, Cau Ong Lanh Ward, Ho Chi Minh City	Manufacturing, trading in cotton, imported materials; manufacturing and exporting towel of all kinds	31.71%	31.71%	31.71%	31.71%
Dong Nam Textile Joint Stock Company	No. 727 Au Co Street, Tan Phu Ward, Ho Chi Minh City	Manufacturing textile products	35.99%	35.99%	35.99%	35.99%
Nha Trang Textile & Garment Joint Stock Company	Km 1447, Highway 1A, Bac Nha Trang Ward, Khanh Hoa Province	Manufacturing textile products	23.89%	23.89%	23.89%	23.89%
Nhuan Phu Textile Company Limited	Room 8 <sup>E</sup> , 8 <sup>th</sup> Floor, Building located at No. 42 Le Thanh Phuong Street, Tay Nha Trang Ward, Khanh Hoa Province	Trading in cotton, fibers	18.13%	-	21.80%	-

**7. Statement of information comparability on the Consolidated Financial Statements**

The corresponding figures in the previous year can be comparable with those in the current year.

## PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

Notes to the Consolidated Financial Statements (cont.)

### 8. Headcount

As of the balance sheet date, the Group's headcount is 2,017 (headcount at the beginning of the year: 1,983).

## II. FISCAL YEAR AND ACCOUNTING CURRENCY UNIT

### 1. Fiscal year

The fiscal year of the Group is from 01 January to 31 December annually.

### 2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND) because transactions of the Group are primarily made in VND.

## III. APPLICABLE ACCOUNTING STANDARDS AND SYSTEM

### 1. Applicable Accounting System

The Group companies apply the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 53/2016/TT-BTC dated 21 March 2016, guiding the Vietnamese Enterprise Accounting System, the Circular No. 202/2014/TT-BTC dated 22 December 2014 guiding presentation and preparation of the Consolidated Financial Statements as well as other Circulars guiding implementation of the Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

### 2. Statement of the compliance with the Accounting Standards and System

The Board of Management ensures to follow all the requirements of the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 53/2016/TT-BTC dated 21 March 2016, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding implementation of the Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

On 27 October 2025, the Ministry of Finance issued Circular No. 99/2025/TT-BTC ("Circular 99") providing guidance on the Enterprise Accounting System, replacing Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the Enterprise Accounting System ("Circular 200") and Circulars No. 75/2015/TT-BTC dated 18 May 2015 and No. 53/2016/TT-BTC dated 21 March 2016 of the Ministry of Finance amending and supplementing certain provisions of Circular 200. The provisions of Circular 99 shall apply to bookkeeping, preparation and presentation of the Financial Statements for fiscal years commencing on 01 January 2026.

## IV. APPLICABLE ACCOUNTING POLICIES

### 1. Accounting convention

The Consolidated Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

## PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

Notes to the Consolidated Financial Statements (cont.)

### 2. Consolidation bases

The Consolidated Financial Statements include the Combined Financial Statements of the Parent Company and the Financial Statements of its subsidiaries. A subsidiary is an enterprise that is controlled by the Parent Company. The control exists when the Parent Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the potential voting right arising from options or debt and capital instruments that can be converted into common shares as of the balance sheet date should also be taken into consideration.

The financial performance of the subsidiaries, which are acquired or disposed during the year, is included in the Consolidated Income Statement from the date of acquisition or disposal of investments in those subsidiaries.

The Financial Statements of the Parent Company and those of subsidiaries used for consolidation are prepared in the same accounting period and apply consistently accounting policies to the same types of transactions and events in similar circumstances. In the case that the accounting policy of a subsidiary is different from the accounting policy applied consistently in the Group, the Financial Statements of that subsidiary will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Intra-group balances in the Balance Sheet and intra-group transactions and unrealized profits resulting from these transactions must be completely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Non-controlling interests (NCI) reflect profit or loss and net assets of the subsidiaries, which are not held by the Group and presented in a separate item of the Consolidated Income Statement and the Consolidated Balance Sheet (classified under owner's equity). Non-controlling interests (NCI) include the values of their non-controlling benefits at the initial date of business combination and those arising within the ranges of changes in owner's equity from the date of business combination. Losses incurred by subsidiaries are allocated to non-controlling interests in proportion to their ownership interests, even if such losses exceed the non-controlling interests' share of the net assets of the subsidiaries.

### 3. Foreign currency transactions

Transactions denominated in foreign currencies are converted at the exchange rate ruling as of the transaction dates. The balances of monetary items denominated in foreign currencies at the end of the accounting period are converted at the exchange rate prevailing on that date.

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences arising from the revaluation of foreign currency-denominated monetary items at the end of the accounting period, after netting out increases and decreases, shall be included into financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate agreed upon in the contracts of trading foreign currency between the Group and the Bank.
- For capital contribution made or received: the buying rate of the bank where the Group opens its account to receive capital contributed from investors as of the date of capital contribution.
- For receivables: the buying rate ruling as at the time of transaction of the commercial bank where the Group designates the customers to make payments.

## PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2025

Notes to the Consolidated Financial Statements (cont.)

- For payables: the selling rate ruling as at the time of transaction of the commercial bank where the Group supposes to make payments.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Group makes payments.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are determined according to the following principles:

- For foreign currency deposits: the buying rate of the bank where the Group opens its foreign currency account.
- For monetary items denominated in foreign currency classified as other assets: the buying rate of each bank.
- For monetary items denominated in foreign currency classified as liabilities: the selling rate of each bank.

#### 4. Cash and cash equivalents

Cash includes cash on hand and cash in bank. Cash equivalents are short-term investments with a maturity of three months or less from the date of investment, which can be readily converted into a known amount of cash and are not subject to significant risks in conversion to cash at the reporting date.

#### 5. Financial investments

##### *Held-to-maturity investments*

An investment is classified as a held-to-maturity investment when the Group has the intention and ability to hold it to maturity. The Group's held-to-maturity investments include time deposits held to maturity for the purpose of collecting periodic interest.

Held-to-maturity investments are initially recognized at cost including the acquisition cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest income from these held-to-maturity investments after acquisition date is recognized in the Income Statement on an accrual basis. Interest incurred prior to the Group's acquisition of held-to-maturity investments is deducted into the costs at the acquisition time.

When there is reliable evidence proving that a part or the whole investment cannot be recovered and the loss is reliably measured, the loss is recognized as financial expenses during the year and directly deducted into the investment costs.

##### *Investments in joint ventures and associates*

###### *Joint ventures*

A joint venture is an entity which is established by a contractual arrangement whereby the Group and the involved parties undertake an economic activity that is subject to joint control. Joint control is understood as the requirement for strategic decisions regarding the operating and financial policies of the joint venture to be made with the consent of all parties involved in the joint venture.

The Group recognizes its interest in jointly-controlled entities using the equity method. Accordingly, the capital contribution in the joint venture is initially recognized at cost and subsequently adjusted for changes in the Group's share of the net assets of the jointly controlled entity. The Consolidated Income Statement reflects the Group's ownership in the financial performance of jointly-controlled entities. The Group stops using the equity method from the date it ceases to have the jointly-controlled right or significant influence on jointly-controlled entities.

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The Financial Statements of the jointly controlled entity are prepared for the accounting period that is the same with the Consolidated Financial Statements of the Group. In the case that the accounting policy of a jointly controlled entity is different from the accounting policy applied consistently in the Group, the Financial Statements of that jointly controlled entity will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized gains and losses arising from transactions with jointly controlled entities are eliminated to the extent attributable to the Group when preparing the Consolidated Financial Statements.

##### *Associates*

An associate is an entity over which the Group has significant influence but not control over its financial and operating policies. Significant influence is demonstrated by the right to participate in decisions regarding the financial and operating policies of the investee but not to control these policies.

Investments in associates are accounted for using the equity method. Accordingly, investments in associates are presented in the Consolidated Financial Statements at initial investment cost, adjusted for changes in the Group's share of the associate's net assets after the date of investment. If the Group's share of loss of an associate exceeds or equals the carrying amount of an investment, the investment is then reported at nil (0) value on the Consolidated Financial Statements, except when the Group has obligations to pay on behalf of the associate to satisfy obligations of the associate.

The Financial Statements of the associate are prepared for the same accounting period as the Consolidated Financial Statements of the Group. In the case that the accounting policy of an associate is different from the accounting policy applied consistently in the Group, the Financial Statements of that associate will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized gains and losses arising from transactions with associates are eliminated to the extent attributable to the Group when preparing the Consolidated Financial Statements.

##### *Investments in equity instruments of other entities*

Investments in equity instruments of other entities comprise investments in equity instruments over which the Group does not have control, joint control or significant influence over the investees.

Investments in equity instruments of other entities are initially recognized at costs, including cost of acquisition plus other directly attributable transaction costs incurred in connection with the investment. Dividends and profits incurred prior to the acquisition of investments are deducted into investment costs. Dividends and profits incurred after the acquisition of investments are recorded into the Group's financial income. Dividends received in the form of shares are accounted for by tracking only the increase in the number of shares held, with no recognition of the value of the shares received.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or investments whose fair value can be reliably determined, the provision is based on the market value of the shares.
- For investments for which fair value cannot be reliably determined at the reporting date, an impairment provision is recognized based on the losses incurred by the investee, with the provision amount determined as the difference between the total actual capital contributions of all investors in the investee and the investee's actual equity, multiplied by the Group's ownership interest in the investee.

Any increase or decrease in the impairment provision for investments in equity instruments of other entities required to be recognized as of the balance sheet date is recorded into financial expenses.

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### 6. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables or other receivables is made according to the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Group and customers who are independent to the Group.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the ages of debts after offsetting against liabilities (if any) or estimated loss as follows:

- As for overdue debts:
  - 30% of the value of debts overdue between 6 months and less than 1 year.
  - 50% of the value of debts overdue between 1 year and less than 2 years.
  - 70% of the value of debts overdue between 2 years and less than 3 years.
  - 100% of the value of debts overdue more than 3 years.
- As for doubtful debts: Allowance is made on the basis of the estimated loss.

Allowance for other receivables is made for each doubtful debt on the basis of estimated loss.

Increases/(decreases) in the allowance for doubtful debts as of the balance sheet date are recorded into general and administration expenses.

Receivables are classified as short-term or long-term on the Consolidated Balance Sheet based on their remaining maturity as of the balance sheet date.

### 7. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandise: Costs comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- For work-in-process: Costs are as follows:
  - Construction of real estate project: Costs include construction costs, borrowing interest, land use right and other directly relevant expenses.
  - Production of products: Costs include costs of main materials, labors and other directly relevant expenses.
- For finished goods: Costs comprise costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations.

Inventory costs are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business deducts the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for devaluation of inventories is recognized for each category of inventory when their costs are higher than their net realizable values. Increases/(decreases) in the obligatory allowance for devaluation of inventories as of the balance sheet date are recorded into costs of sales.

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### 8. Prepaid expenses

Prepaid expenses comprise actual expenses incurred but relevant to financial performance in several accounting periods. Prepaid expenses of the Group mainly include land use right, expenses of tools, repair expenses and property insurance premiums. These prepaid expenses are allocated into costs over the prepayment period or period in which corresponding benefits are realized.

#### *Land use right*

Expenses on transfer of land use right include the actual expenses paid for the transferred land being used by the Group. Expenses on transfer of temporary land use right are allocated over the term specified in Land Use Right Certificate.

#### *Expenses of tools*

Expenses on tools being put into use are allocated into costs in accordance with the straight-line method for the maximum period of 3 years.

#### *Repair expenses*

Repair expenses include the actual expenses used to repair offices for lease, machinery and equipment. These expenses are allocated into the financial performance for the maximum period of 3 years.

#### *Property insurance premiums*

Property insurance premiums arise in accordance with the actual insurance policies and are allocated into costs in accordance with the straight-line method over the term of the insurance policies.

### 9. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the Group's operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

### 10. Tangible fixed assets

Tangible fixed assets are presented at historical costs less accumulated depreciation. Historical costs of tangible fixed assets comprise all costs incurred by the Group to acquire the assets up to the time when it is brought to its working condition for its intended use. Subsequent costs are added to historical costs of fixed assets only if it is probable that future economic benefits associated with the asset will flow to the Group. Subsequent costs that do not meet the above conditions will be recognized as operation costs during the year.

Upon disposal or liquidation of a tangible fixed asset, its historical cost and accumulated depreciation are derecognized, then any gain or loss resulting from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 50
Machinery and equipment	03 – 15
Vehicles	02 – 30
Office equipment	03 – 10

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### 11. Financial leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessee. Finance lease assets are presented at cost less accumulated depreciation. Historical cost is the lower cost of the fair value of the leased asset at commencement of the lease term and the present value of the minimum lease payments. Discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease or else mentioned in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate at commencement of the lease term will be applied.

Financial leased assets are depreciated in accordance with the straight-line method over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the fixed asset shall be depreciated over the shorter of the lease term and the estimated useful life of the asset. The depreciation years of the financial leased assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Machinery and equipment	05 – 15
Vehicles	06 – 08

### 12. Intangible fixed assets

Intangible fixed assets are presented at initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all costs incurred by the Group to acquire the assets up to the time when it is brought to its working condition for its intended use. Subsequent costs relevant to intangible fixed assets are recognized as operation costs during the year in which they are incurred, unless such costs are directly attributable to a specific intangible fixed asset and increase the future economic benefits expected to be derived from that asset.

Upon disposal or liquidation of an intangible fixed asset, its initial costs and accumulated amortization are derecognized, then any gain or loss resulting from such disposal is included in the income or the expenses during the year.

The Group's intangible fixed asset only includes computer software. Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Group until the date the software is put into use. The computer software is amortized in accordance with the straight-line method from 2 - 5 years.

### 13. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant interest expenses following the accounting policies of the Group) directly attributable to assets under construction, machinery and equipment under installation for purposes of production, leasing and management as well as the repair of fixed assets in progress. These assets are recorded at historical costs and not depreciated.

### 14. Business combination and goodwill

The business combination is accounted by applying acquisition method. The costs of business combination include the fair values as at the acquisition date of the exchanged assets, the incurred or assumed liabilities as well as the equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. Identifiable assets acquired, liabilities assumed, and contingent liabilities arising from a business combination are recognized at their fair values on the date control is obtained.

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For business combinations achieved in stages, the cost of the business combination is determined as the aggregate of the consideration transferred at the date control is obtained and the fair value, at that date, of the Group's previously held equity interest in the subsidiary. The difference between the remeasured fair value and the costs of the investment is recognized in profit or loss if, prior to obtaining control, the Group did not have significant influence over the subsidiary and the investment was accounted for at cost. If, prior to the date of obtaining control, the Group had significant influence and the investment was accounted for using the equity method, the difference between the revalued amount and the value of the investment under the equity method is recognized in profit or loss. The difference between the value of the investment under the equity method and the cost of the investment is recognized directly in "Retained earnings" on the Consolidated Balance Sheet.

Goodwill is recognized as the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed, and contingent liabilities recognized at the date control is obtained. If the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed, and contingent liabilities recognized at the date control is obtained exceeds the cost of the business combination, the resulting difference is recognized immediately in profit or loss.

The goodwill is allocated according the straight-line method in 10 years. When there is evidence that goodwill has been impaired in an amount exceeding the annual amortization (if any), the impairment loss incurred during the year is recognized as the amount of goodwill impairment.

The non-controlling interests (NCI) at the date of the business combination are initially measured on the basis of the proportion of non-controlling shareholders in the fair value of the assets, liabilities, and contingent liabilities recognized.

### 15. Contractual arrangement

#### *Jointly controlled operations*

In respect of its interest in jointly controlled operations, the Group shall recognize in its Consolidated Financial Statements:

- the assets that the Group controls.
- the liabilities that the Group incurs.
- the Group earns from the sale of goods or services by the joint venture.
- the expenses that the Group incurs.

### 16. Payables and accrued expenses

Payables and accrued expenses are recorded for the amounts payable in the future associated with the goods and services received. Accrued expenses are recognized on the basis of reasonable estimates for the amount payable.

The classification of payables as trade payables, accrued expenses or other payables is made according the following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets, of which the seller is an independent entity with the Group.
- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

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The payables and accrued expenses are classified as short-term and long-term items in the Consolidated Balance Sheet on the basis of their remaining term as of the balance sheet date.

### 17. Provisions for payables

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, the settlement of which is expected to result in an outflow of economic benefits, and a reliable estimate of the obligation can be made.

If the effect of time is significant, provision is determined by discounting the future cash outflows required to settle the liability at a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the liability. The increase in the provision due to the passage of time is recognized as finance expenses.

The Group's provisions for payables represent the loss arising from the transfer of the project.

### 18. Owner's equity

#### *Owner's capital*

The contributed capital is recorded according to the actual amount invested by the Corporation's shareholders.

#### *Share premiums*

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price, carrying value of treasury stocks and the equity component of convertible bonds upon maturity. Expenses directly related to the additional issue of stocks and the re-issuance of treasury stocks are recorded as a decrease in share premiums.

### 19. Profit distribution

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Group as well as legal regulations and approved by voting of the General Meeting of Shareholders.

Profit distribution to shareholders is done under consideration to non-monetary items belonging to retained earnings which probably affects cash flows and dividend payment ability, including gains arisen from the revaluation of assets contributed as capital, interest due to the revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recorded as payables upon the approval by voting of the General Meeting of Shareholders and approval of the Board of Directors.

### 20. Recognition of revenue and income

#### *Revenue from sales of merchandise and finished goods*

Revenue from sales of merchandise and finished goods are recognized when the following conditions are satisfied:

- The Group transfers most of risks and benefits incident to the ownership of merchandise or products to customers.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the merchandise, products sold.
- The amount of revenue can be measured reliably. Where the contracts stipulate that buyers have the right to return products, merchandise purchased under specific conditions, the revenue is recorded only when those specific conditions no longer exist and the buyers retains no right to return merchandise, products (except for the case that such returns are in exchange for other goods or services).

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- The Group received or shall probably receive the economic benefits associated with sale transactions.
- The cost incurred or to be incurred in respect of the sale transaction can be measured reliably.

#### *Revenue from provisions of services*

Revenue from provisions of services shall be recognized when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably. When the contract stipulates that the buyer is entitled to return the services provided under specific conditions, the revenue is recognized only when these specific conditions no longer exist and the buyers retains no right to return the services provided.
- The Group received or shall probably receive the economic benefits associated with the provision of services.
- The stage of completion of the transaction at the end of reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of revenue is done on the basis of the volume of work done as of the balance sheet date.

#### *Revenue from operating lease*

Revenue from operating lease is recognized in accordance with the straight-line method during the lease term. Rentals received in advance for several periods are allocated to revenues in consistence with the lease term.

#### *Interest*

Interest is recorded based on the term and the actual interest rate applied in each particular period.

#### *Dividends and profit received*

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Dividends received in the form of shares are accounted for by tracking only the increase in the number of shares held, with no recognition of the value of the shares received.

### 21. Revenue deductions

Revenue deductions include trade discounts, sales allowances, sales returns incurred in the same year of providing products, merchandise, services, in which revenues are derecognized.

In case of products, merchandise, services provided in the previous years but trade discounts, sales allowances, sales returns incurred in the current year, revenues are derecognized as follows:

- If trade discounts, sales allowances, sales returns incur prior to the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the current year.
- If trade discounts, sales allowances, sales returns incur after the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the following year.

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### 22. Borrowing costs

Borrowing costs include interest and other costs incurred directly relevant to borrowings.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as borrowings are recognized as a decrease in the costs of relevant assets.

### 23. Expenses

Expenses are those that result in outflows of the Group's economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

### 24. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

#### Current income tax

Current income tax is the tax amount computed based on the assessable income. The assessable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

#### Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Consolidated Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of assessable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough assessable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough assessable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the Consolidated Income Statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

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The Group shall offset deferred tax assets and deferred tax liabilities if:

- The Group has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
  - Of the same subject to corporate income tax; or
  - The Group has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

### 25. Related parties

A party is considered a related party of the Group in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party of the Group in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

### 26. Segment reporting

A business segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group's segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Consolidated Financial Statements of the Group.

## V. ADDITIONAL INFORMATION ON THE ITEMS PRESENTED IN THE CONSOLIDATED BALANCE SHEET

### 1. Cash and cash equivalents

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	3,140,978,226	2,640,733,697
Cash in bank	56,883,375,141	70,039,046,204
Cash equivalents – Deposits of which the principal maturity is from 3 months or less	42,450,000,000	50,600,000,000
<b>Total</b>	<b><u>102,474,353,367</u></b>	<b><u>123,279,779,901</u></b>

### 2. Financial investments

The Group's financial investments include held-to-maturity investments and investments in other entities. Information on the Group's financial investments is as follows:

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**2a. Held-to-maturity investments**

This item reflects bank deposits, of which the principal maturity is from 6 months to 1 year.

In which, a deposit of VND 3,000,000,000 has been mortgaged to secure a borrowing of Nam Duong Phu Joint Stock Company from SHB (see Note No. V.22a).

**2b. Investments in joint ventures and associates**

	Ending balance			Beginning balance		
	Costs	Profit arisen after the investment date		Costs	Profit arisen after the investment date	
			Total			Total
Coats Phong Phu Limited Liability Company	85,253,638,578	320,618,774,719	405,872,413,297	85,253,638,578	311,747,220,574	397,000,859,152
HUD Saigon Housing and Urban Development Investment Joint Stock Company	10,000,000,000	277,352,691	10,277,352,691	10,000,000,000	19,739,243	10,019,739,243
Dalat Garment Joint-Stock Company	6,769,616,000	(1,630,605,981)	5,139,010,019	6,769,616,000	(1,636,287,331)	5,133,328,669
Phong Phu - Daewon - Thu Duc Housing Development Corporation	144,586,200,608	20,060,467,193	164,646,667,801	144,586,200,608	(5,228,765,629)	139,357,434,979
Phong Phu Trading & Investment Promotion Corporation	6,800,516,237	(6,800,516,237)	-	6,800,516,237	(6,800,516,237)	-
Dong Nam Textile Joint Stock Company	46,888,561,208	15,135,040,498	62,023,601,706	46,888,561,208	13,394,805,154	60,283,366,362
Nha Trang Textile & Garment Joint Stock Company	70,968,627,165	(23,170,619,583)	47,798,007,582	70,968,627,165	(32,607,349,009)	38,361,278,156
Nhuan Phu Textile Company Limited	4,972,572,000	-	4,972,572,000	-	-	-
<b>Total</b>	<b>376,239,731,796</b>	<b>324,489,893,300</b>	<b>700,729,625,096</b>	<b>371,267,159,796</b>	<b>278,888,846,765</b>	<b>650,156,006,561</b>

Value of the Group's ownership in joint ventures and associates is presented in Appendix 01 attached.

**Operations of joint ventures and associates**

The joint ventures and associates have been in normal operations and have not experienced significant changes as compared to the previous year.

**Transactions with joint ventures and associates**

Significant transactions between the Group and joint ventures and associates are as follows:

	Current year	Previous year
<b>Coats Phong Phu Limited Liability Company</b>		
Profit received	343,037,114,907	354,945,528,945
Sales of finished goods and merchandise	798,247,744,371	719,788,233,270
Provision of services	16,521,607,440	16,047,715,530
Purchase of materials	388,078,537,647	372,234,312,970
<b>Nha Trang Textile &amp; Garment Joint Stock Company</b>		
Purchase of merchandise, materials	20,488,260,083	1,519,280,484
Service charges	485,715,152	23,962,409,646
Sales of merchandise and finished goods	13,676,716,778	-
Purchase of tools and fixed assets	-	3,361,155,981

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	Current year	Previous year
<b>Dong Nam Textile Joint Stock Company</b>		
Receipt of capital contribution	-	260,000,000
Sales of finished goods	39,159,760	22,812,996
Capital contribution	-	21,591,276,542
<b>Nhuan Phu Textile Company Limited</b>		
Capital contribution	4,972,572,000	-
<b>Dalat Garment Joint-Stock Company</b>		
Dividends received	423,101,711	-

**2c. Investments in other entities**

	Ending balance		Beginning balance	
	Costs	Provisions	Costs	Provisions
Binh An Garment Textile Material Accessories Joint Stock Company	13,027,052,451	(2,903,621,187)	13,027,052,451	(1,423,365,164)
Lien Phuong Textile & Garment Corporation	32,288,540,334	(9,899,099,829)	32,288,540,334	(9,402,117,994)
Gia Dinh Development Corporation	12,533,634,095	-	12,533,634,095	-
Gia Dinh - Phong Phu Textile and Garment Corporation	5,852,355,319	(5,852,355,319)	5,852,355,319	(5,852,355,319)
Vietnam Wool Joint Stock Company	1,337,103,882	(776,304,707)	1,337,103,882	(877,928,858)
Vietnam Textile Garment Materials Trading and Manufacturing Joint Stock Company	11,282,879,453	(8,412,024,483)	11,282,879,453	(10,683,281,723)
Saigon - Rach Gia Corporation	2,984,184,383	(2,984,184,383)	2,984,184,383	(2,984,184,382)
Hung Phu Joint Stock Company	1,813,677,769	(1,813,677,768)	1,813,677,769	(1,813,677,769)
Vinatex Nam Dinh City Development Joint Stock Company	9,151,690,000	-	7,500,000,000	-
Phuoc Loc Joint Stock Company	3,216,754,481	-	3,216,754,481	-
Phong Phu International Joint Stock Company	14,093,555,470	-	14,093,555,470	-
<b>Total</b>	<b>107,581,427,637</b>	<b>(32,641,267,676)</b>	<b>105,929,737,637</b>	<b>(33,036,911,209)</b>

**Fair values**

The Group has not measured the fair values of investments because there has been no specific guidance on measurement of fair values.

**Provision for impairment of investments in other entities**

Changes in provision for impairment of investments in other entities are as follows:

	Current year	Previous year
Beginning balance	33,036,911,209	22,175,445,134
Provision/(Reversal of provision)	(395,643,533)	10,861,466,075
<b>Ending balance</b>	<b>32,641,267,676</b>	<b>33,036,911,209</b>

**3. Short-term trade receivables**

	Ending balance	Beginning balance
<b>Receivables from related parties</b>	<b>302,614,307,011</b>	<b>292,652,891,373</b>
Coats Phong Phu Limited Liability Company	281,676,531,142	262,239,956,872
Phong Phu Trading & Investment Promotion Corporation	11,930,807,340	12,930,807,340
Phuoc Loc Joint Stock Company	5,568,007,119	12,412,373,059
Vinatex International Fabric Company Limited	2,025,723,418	2,973,049,430

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	Ending balance	Beginning balance
Phong Phu International Joint Stock Company	803,561,279	1,490,805,374
Sinnika Vietnam Joint Stock Company	438,106,108	249,126,646
Vinatex International Joint Stock Company	144,930,995	-
Vietnam National Textile and Garment Group	26,639,610	82,425,600
Hoa Tho Textile - Garment Joint Stock Corporation	-	274,347,052
<b>Receivables from other customers</b>	<b>168,481,641,722</b>	<b>145,074,395,841</b>
<b>Total</b>	<b>471,095,948,733</b>	<b>437,727,287,214</b>

The Group has pledged certain trade receivables of VND 61,984,353,566 to secure borrowings of Phong Phu Home Textile Joint Stock Company from VietinBank – Ho Chi Minh City Branch and ACB – Saigon Branch (see Note No. V.22a).

#### 4. Short-term prepayments to suppliers

	Ending balance	Beginning balance
<b>Prepayments to related party</b>	-	2,077,920
Viet Thang Corporation	-	2,077,920
<b>Prepayments to other suppliers</b>	<b>19,415,617,053</b>	<b>21,620,985,787</b>
Dong Pho Company Limited	1,447,087,656	-
Van Khoa Technical Services Trading Company Limited	1,332,732,590	2,360,897,266
Hoang Thi Loan Textile & Garment Joint Stock Company – prepayment for processing services	-	10,000,000,000
Other suppliers	16,635,796,807	9,260,088,521
<b>Total</b>	<b>19,415,617,053</b>	<b>21,623,063,707</b>

#### 5. Other receivables

##### 5a. Other short-term receivables

	Ending balance		Beginning balance	
	Value	Allowances	Value	Allowances
<b>Receivables from related parties</b>	<b>305,162,320</b>	-	<b>2,006,193,539</b>	-
Vinatex Nam Dinh City Development Joint Stock Company – Dividends received	-	-	1,651,686,000	-
Vinatex International Fabric Company Limited – interest on asset rental	305,162,320	-	354,507,539	-
<b>Receivables from other organizations and individuals</b>	<b>110,415,279,130</b>	<b>(19,534,309,268)</b>	<b>52,831,357,623</b>	<b>(19,534,309,268)</b>
Saigon Agriculture Incorporation:	98,774,188,174	(16,291,758,178)	43,532,895,759	(16,291,758,178)
- Receivables for business co-operation in Lang Le – Bau Co project (*)	43,532,895,759	(16,291,758,178)	43,532,895,759	(16,291,758,178)
- Receivables arising from recovery of invoices and cancellation of the contract for transfer of the Residence Area Project in Phuoc Long Ward, Ho Chi Minh City (see Note No. V.7)	55,241,292,415	-	-	-
Advance	5,165,323,371	-	5,341,881,094	-
Receivables for short-term deposits	133,254,518	-	-	-
Other short-term receivables	6,342,513,067	(3,242,551,090)	3,956,580,770	(3,242,551,090)
<b>Total</b>	<b>110,720,441,450</b>	<b>(19,534,309,268)</b>	<b>54,837,551,162</b>	<b>(19,534,309,268)</b>

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(i) On 09 April 2021, Ho Chi Minh City People's Committee Office issued the Notice No. 279/TB-VP on conclusion of Vo Van Hoan, Vice Chairman of the Municipal People's Committee agreeing the policy that Saigon Agriculture Incorporation would not continue the project implementation and it is assigned to enter into negotiation to terminate the business co-operation contract with the Corporation. On 26 May 2021, the Department of Natural Resources and Environment issued the Document No. 4046/STNMT-QLĐ to report to the People's Committee of Ho Chi Minh City on taking back the project land and handing it over to the People's Committee of Binh Chanh District.

On 15 May 2023, the People's Committee of Ho Chi Minh City issued the Decision No. 1923/QĐ-UBND on recovery of land for Lang Le – Bau Co Industrial Cluster project. The Corporation and Saigon Agriculture Incorporation are working to reach an agreement on unfinished investment costs, shared capital and outstanding balances of the involved parties to report to the Municipal People's Committee for appraisal and direction toward handling.

#### 5b. Other long-term receivables

	Ending balance		Beginning balance	
	Value	Allowances	Value	Allowances
Saigon Agriculture Incorporation – amount for the business cooperation for the residence area project in Phuoc Long Ward, Ho Chi Minh City (i)	127,550,998,510	-	307,066,666	-
VAT on financial leases	2,541,815,389	-	2,559,086,949	-
Other long-term receivables	1,044,318,334	-	1,073,917,030	-
<b>Total</b>	<b>131,137,132,233</b>	-	<b>3,940,070,645</b>	-

(i) This item reflects the amount relating to the business cooperation for the residence area project in Phuoc Long Ward, Ho Chi Minh City, with Saigon Agriculture Incorporation under Business Cooperation Contract No. 52/HĐHT-TCT dated 31 October 2008 (see Note No. V.7).

#### 6. Doubtful debts

	Ending balance		Beginning balance	
	Original amount	Recoverable value	Original amount	Recoverable value
Saigon Agriculture Incorporation	43,532,895,759	27,241,137,581	43,532,895,759	27,241,137,581
Receivables from other organizations and individuals	22,806,086,556	2,457,944,158	8,698,315,932	503,670,656
<b>Total</b>	<b>66,338,982,315</b>	<b>29,699,081,739</b>	<b>52,231,211,691</b>	<b>27,744,808,237</b>

Changes in allowances for doubtful debts are as follows:

	Current year	Previous year
Beginning balance	24,486,403,454	25,111,525,365
Allowances/(Reversal of allowances)	372,054,950	(625,121,911)
Writing off debts	(1,149,365,170)	-
Increase in allowances for Phong Phu Trading & Investment Promotion Corporation	12,930,807,342	-
<b>Ending balance</b>	<b>36,639,900,576</b>	<b>24,486,403,454</b>

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**7. Inventories**

	Ending balance		Beginning balance	
	Costs	Allowances	Costs	Allowances
Goods in transit	5,383,641,392	-	-	-
Materials and supplies	182,246,384,908	(5,771,310,368)	136,636,089,820	(2,069,136,181)
Work-in-process	139,141,121,979	(2,782,779,723)	142,647,829,387	(1,685,911,923)
Construction-in-progress costs of the project <sup>(i)</sup>	-	-	187,766,564,464	-
Finished goods	140,139,730,925	(5,437,275,299)	128,704,264,411	(3,200,140,003)
Merchandise	16,680,558,141	-	8,502,593,674	-
Goods on consignment	4,082,237,257	-	3,705,567,696	-
<b>Total</b>	<b>487,673,674,602</b>	<b>(13,991,365,390)</b>	<b>607,962,909,452</b>	<b>(6,955,188,107)</b>

<sup>(i)</sup> The beginning balance represents the construction-in-progress costs of the Residence Area Project in Phuoc Long Ward, Ho Chi Minh City (see Note No. VIII.6). During the year, the Corporation and Saigon Agriculture Incorporation agreed to recover/refund invoices and solve financial matters incurred in relation to the cancellation of the Transfer Contract for the Residence Area Project in Phuoc Long Ward, Ho Chi Minh City. The Corporation has reclassified the project's construction-in-progress costs to Other short-term/long-term receivables, comprising the business cooperation value of the Residence Area Project in Phuoc Long Ward, Ho Chi Minh City, and outstanding receivables from Saigon Agriculture Incorporation (see Notes No. V.5a and V.5b).

Merchandise in circulation during production and business operations, with minimum collateral values of VND 245,000,000,000 and VND 40,000,000,000 respectively, have been mortgaged to secure borrowings of Phong Phu Home Textile Joint Stock Company from Vietcombank and VietinBank – Ho Chi Minh City Branch (see Note No. V.22).

Changes in allowances for devaluation of inventories are as follows:

	Current year	Previous year
Beginning balance	6,955,188,107	9,274,342,496
Allowances/(Reversal of allowances)	7,036,177,283	(2,319,154,389)
<b>Ending balance</b>	<b>13,991,365,390</b>	<b>6,955,188,107</b>

**8. Prepaid expenses****8a. Short-term prepaid expenses**

	Ending balance	Beginning balance
Tools	867,704,219	592,917,089
Repair expenses	276,383,333	-
Insurance premiums	387,269,826	351,935,046
Other short-term prepaid expenses	77,968,005	522,301,662
<b>Total</b>	<b>1,609,325,383</b>	<b>1,467,153,797</b>

**8b. Long-term prepaid expenses**

	Ending balance	Beginning balance
Tools	2,228,208,970	2,778,821,710
Repair expenses	8,183,894,389	8,862,053,372
Land use right	2,448,979,560	3,918,367,320
Other long-term prepaid expenses	928,561,349	1,774,070,269
<b>Total</b>	<b>13,789,644,268</b>	<b>17,333,312,671</b>

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**9. Tangible fixed assets**

Increase/(decrease) in tangible fixed assets is presented in the attached Appendix 02.

Certain tangible fixed assets with carrying values of VND 514,864,767,883 have been mortgaged to secure the Group's borrowings from banks and Vietnam National Textile and Garment Group (see Note No. V.22).

**10. Financial leased assets**

	Machinery and equipment	Vehicles	Total
<b>Historical costs</b>			
Beginning balance	119,047,676,419	3,070,974,243	122,118,650,662
Completed construction	1,751,686,426	-	1,751,686,426
<b>Ending balance</b>	<b>120,799,362,845</b>	<b>3,070,974,243</b>	<b>123,870,337,088</b>
<b>Depreciation</b>			
Beginning balance	9,955,066,424	478,853,336	10,433,919,760
Depreciation during the year	10,090,210,209	405,538,440	10,495,748,649
<b>Ending balance</b>	<b>20,045,276,633</b>	<b>884,391,776</b>	<b>20,929,668,409</b>
<b>Carrying value</b>			
Beginning balance	109,092,609,995	2,592,120,907	111,684,730,902
<b>Ending balance</b>	<b>100,754,086,212</b>	<b>2,186,582,467</b>	<b>102,940,668,679</b>

After the completion of lease term or premature payment for all leases and if the Group has performed all obligations as in the agreement stipulated in financial lease contract, the lessor commits to selling these leased assets to the Group at the nominal price.

**11. Intangible fixed assets**

	Initial costs	Amortization	Carrying value
Beginning balance	583,927,273	475,370,872	108,556,401
Amortization during the year	-	12,061,812	-
<b>Ending balance</b>	<b>583,927,273</b>	<b>487,432,684</b>	<b>96,494,589</b>

The initial costs of intangible fixed assets fully amortized but still in use are VND 403,000,000.

**12. Construction-in-progress**

	Beginning balance	Increases during the year	Inclusion into fixed assets during the year	Other decreases	Ending balance
<i>Acquisition of fixed assets</i>	2,945,959,447	133,839,282,052	(97,256,412,838)	(921,243,511)	38,607,585,150
<i>Construction in progress</i>	3,936,413,023	61,637,823,772	(21,364,584,779)	(2,225,182,001)	41,984,470,015
Vung Tau City new market project	1,407,780,001	-	-	(1,407,780,001)	-
22,000-pile textile factory project in Ninh Thuan	590,000,000	34,422,637,950	-	-	35,012,637,950
Fire protection system	213,288,000	11,120,131,209	(11,333,419,209)	-	-
Construction of a textile factory	1,484,163,204	15,070,652,613	(10,031,165,570)	-	6,523,650,247
Other projects	241,181,818	1,024,402,000	-	(817,402,000)	448,181,818
<b>Total</b>	<b>6,882,372,470</b>	<b>195,477,105,824</b>	<b>(118,620,997,617)</b>	<b>(3,146,425,512)</b>	<b>80,592,055,165</b>

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**13. Unrecognized deferred income tax assets**

The Group has not recognized deferred income tax assets for the following items:

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Temporarily deductible differences</i>	73,459,505,642	81,676,486,842
Accrued expenses	3,893,383,288	4,089,822,379
Provisions for payables	62,473,188,366	62,473,188,366
Non-deductible interest expenses <sup>(i)</sup>	7,092,933,988	15,113,476,097
<i>Taxable loss <sup>(ii)</sup></i>	-	88,947,721,291
<b>Total</b>	<b><u>73,459,505,642</u></b>	<b><u>170,624,208,133</u></b>

<sup>(i)</sup> Details of non-deductible interest expenses are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
2020	-	7,336,890,185
2021	6,141,037,484	6,824,689,408
2023	951,896,504	951,896,504
<b>Total</b>	<b><u>7,092,933,988</u></b>	<b><u>15,113,476,097</u></b>

In accordance with the Government's Decree No. 132/2020/NĐ-CP dated 05 November 2020, from the tax period of 2019 onwards, the non-deductible interest expense is carried forward to the next tax period for the determination of total deductible interest expense if the actually incurred interest expense in the next tax period is lower than the prescribed amount. The interest expense may be carried forward for a maximum consecutive period of 5 years, counting from the year following the year of incurring non-deductible interest expense. Deferred income tax assets are not recognized since there is little possibility on use of such interest expense.

<sup>(ii)</sup> According to the current Law on Corporate Income Tax, the loss of any tax year is brought forward to offset against the profit of the following years for the maximum period of 5 years from year after the loss suffering year and the temporary differences can be deducted without any limit on time. Deferred income tax assets are not recognized for these accounts since there is little possibility on the availability of taxable income in the future against which these accounts can be used.

**14. Goodwill****Initial costs**

Beginning balance	39,366,504,802
<b>Ending balance</b>	<b><u>39,366,504,802</u></b>

**Amount allocated**

Beginning balance	32,477,366,461
Allocation during the year	3,936,650,480
<b>Ending balance</b>	<b><u>36,414,016,941</u></b>

**Carrying value**

Beginning balance	6,889,138,341
<b>Ending balance</b>	<b><u>2,952,487,861</u></b>

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**15. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	170,892,225,908	169,031,259,672
Coats Phong Phu Limited Liability Company	167,140,071,222	160,984,769,508
Phuoc Loc Joint Stock Company	1,653,490,832	6,548,795,381
Nha Trang Textile & Garment Joint Stock Company	1,409,350,943	1,465,953,176
Viet Thang Corporation	635,824,404	-
Vietnam National Textile and Garment Group	53,488,507	-
Towel Woven Joint Stock Company - Nam Dinh Textile Garment	-	31,741,607
<i>Payables to other suppliers</i>	98,262,563,570	95,736,967,965
<b>Total</b>	<b><u>269,154,789,478</u></b>	<b><u>264,768,227,637</u></b>

The Group has no overdue trade payables.

**16. Short-term advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Advances from related parties</i>	21,442,860	9,984,020,760
Vietnam National Textile and Garment Group	21,442,860	21,442,860
Viet Nam Textile Garment Materials Trading and Manufacturing Company Limited	-	9,962,577,900
<i>Advances from other customers</i>	132,227,079,642	129,003,286,926
Advances from customers with respect to the transfer of terrace houses of Residence Area project in Phuoc Long B Ward (see Note No. VIII.6)	115,401,827,748	115,401,827,748
Other customers	16,825,251,894	13,601,459,178
<b>Total</b>	<b><u>132,248,522,502</u></b>	<b><u>138,987,307,686</u></b>

**17. Taxes and other obligations to the State Budget**

Details of taxes and other obligations to the State Budget are presented in the attached Appendix 03.

**Value added tax (VAT)**

The Group companies have to pay VAT in accordance with the deduction method. The VAT rates applied are as follows:

- Leasing, trading in fiber	10%
- Using water, trading in waste cotton	5%
- Export revenue	0%
- Revenue from the sale of unprocessed cotton	Before 01 July 2025: Not subject tax From 01 July 2025: 5%

From 01 January 2025 to 30 June 2025, the VAT rate applicable to certain merchandise and services is 8% pursuant to Decree No. 180/2024/NĐ-CP dated 31 December 2024 of the Government stipulating the VAT reduction policy in accordance with Resolution No. 174/2024/QH15 dated 30 November 2024 of the National Assembly. From 01 July 2025 to 31 December 2025, the VAT rate applicable to certain merchandise and services is 8% pursuant to Decree No. 174/2025/NĐ-CP dated 30 June 2025 of the Government stipulating the VAT reduction policy in accordance with Resolution No. 204/2025/QH15 of the National Assembly dated 17 June 2025.

**Import-export duties**

The Group companies have declared and paid these duties in line with the Customs' notices.

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**Corporate income tax**

According to the Investment Incentive Certificate No. 43121000136 dated 26 April 2011 granted by the People's Committee of Ninh Thuan Province to Corporation's project in difficult social-economic areas and the Official Letter No. 979/CT-TTHT dated 25 March 2014 of the Tax Department of Ninh Thuan Province giving guidance on corporate income tax incentives, Phong Phu Home Textile Joint Stock Company is applied the preferential tax rate of 10% in 15 years (i.e. from 2012 to 2026), exempted from tax in 4 years (i.e. from 2013 to 2016) and reduced 50% of tax payable in 9 following years (i.e. from 2017 to 2025).

Income from other activities is subject to the tax rate of 20%.

Other Group companies have to pay corporate income tax on assessable income at the rate of 20%.

The Group's corporate income tax payable during the year includes:

	<u>Current year</u>	<u>Previous year</u>
Phong Phu Corporation	-	29,729,199
Phong Phu Home Textile Joint Stock Company	2,608,216,598	2,968,915,033
Nam Duong Phu Joint Stock Company	523,200,858	484,098,341
<b>Total</b>	<b><u>3,131,417,456</u></b>	<b><u>3,482,742,573</u></b>

Determination of corporate income tax liability of the Group companies is based on currently applicable regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Consolidated Financial Statements can be changed upon the inspection of tax authorities.

**Natural resources tax**

The Group companies have to pay natural resource tax for the activity of exploiting underground water.

**Land rental, property tax**

The Group has to pay land rental for the land lots being used according to the notices of the tax authorities.

The Group has made a retroactive adjustment to the land rental up to 2024 for Plot No. 2, Truong Chinh Street, Tay Thanh Ward, Ho Chi Minh City, in accordance with Notice No. 11911/TB-CCTKV02 dated 27 June 2025 issued by the Regional II Tax Office (see Note No. VIII.4).

**Other taxes**

The Group companies have declared and paid these taxes in line with the prevailing regulations.

**18. Payables to employees**

This item reflects salary and bonus, etc. to be paid to employees.

**19. Short-term accrued expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Interest expenses	739,326,105	976,018,244
Utility costs	2,774,293,010	3,552,006,566
Commission	2,028,977,875	1,302,331,245
Payment for reaching sales target, supermarket and agent support	1,269,513,264	347,068,683
Advertising costs	-	1,020,000,000
Other short-term accrued expenses	6,505,350,140	3,185,873,850
<b>Total</b>	<b><u>13,317,460,394</u></b>	<b><u>10,383,298,588</u></b>

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**20. Unearned revenues****20a. Short-term unearned revenues**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Unearned revenues from related party</b>	<b>3,157,462,000</b>	<b>3,157,462,000</b>
Coats Phong Phu Limited Liability Company - Prepayments for leasing fixed assets	3,157,462,000	3,157,462,000
<b>Unearned revenues from other organizations and individuals</b>	<b>942,056,119</b>	<b>872,479,115</b>
<b>Total</b>	<b><u>4,099,518,119</u></b>	<b><u>4,029,941,115</u></b>

**20b. Long-term unearned revenues**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Unearned revenues from related party</b>	<b>14,208,578,980</b>	<b>17,366,041,000</b>
Coats Phong Phu Limited Liability Company - Prepayments for leasing fixed assets <sup>(i)</sup>	14,208,578,980	17,366,041,000
<b>Unearned revenues from other organization</b>	<b>2,866,918,795</b>	<b>3,131,606,770</b>
Vinh Phuong Trading Production Company Limited - Expenses for investment and expansion of Denim Textile Factory 1	2,866,918,795	3,131,606,770
<b>Total</b>	<b><u>17,075,497,775</u></b>	<b><u>20,497,647,770</u></b>

<sup>(i)</sup> This item reflects unearned revenues related to the prepaid rental of Coats Phong Phu Limited Liability Company to lease the factory by 30 June 2031.

**21. Other payables****21a. Other short-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Payables to related party</b>	<b>880,200,519</b>	<b>55,166,499,398</b>
Vietnam National Textile and Garment Group - interest expenses	880,200,519	2,794,184,998
Vietnam National Textile and Garment Group - dividends payable	-	52,372,314,400
<b>Payables to other organizations and individuals</b>	<b>24,791,305,023</b>	<b>75,990,698,924</b>
An Tam Investment Development Joint Stock Company - receipt of business cooperation capital	19,500,000,000	19,500,000,000
Dividends payable	685,113,735	53,293,689,860
Receipt of short-term deposits	2,718,600,000	-
Other short-term payables	1,887,591,288	3,197,009,064
<b>Total</b>	<b><u>25,671,505,542</u></b>	<b><u>131,157,198,322</u></b>

**21b. Other long-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Payables to related party</b>	<b>5,226,000,000</b>	<b>5,226,000,000</b>
Lien Phuong Textile & Garment Corporation - receipt of long-term capital contribution	5,226,000,000	5,226,000,000
<b>Payables to other organizations and individuals</b>	<b>8,773,742,000</b>	<b>8,665,296,000</b>
Receipts from long-term mortgages and deposits	8,773,742,000	8,665,296,000
<b>Total</b>	<b><u>13,999,742,000</u></b>	<b><u>13,891,296,000</u></b>

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**21c. Overdue debts**

The Group has no other overdue payables.

**22. Borrowings and financial leases****22a. Short-term borrowings and financial leases**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Current portions of long-term borrowings payable to related party</b>	<b>18,709,723,616</b>	<b>16,438,837,322</b>
Vietnam National Textile and Garment Group (see Note No. V.20b)	18,709,723,616	16,438,837,322
<b>Short-term borrowings from banks <sup>(i)</sup></b>	<b>518,430,854,939</b>	<b>281,070,539,960</b>
BIDV – Ho Chi Minh City Branch	71,808,334,069	8,980,019,302
VietinBank	70,118,640,048	94,654,835,424
Vietcombank	376,503,880,822	168,538,506,791
ACB	-	8,897,178,443
<b>Short-term borrowings from individuals <sup>(ii)</sup></b>	<b>67,723,591,655</b>	<b>71,472,960,953</b>
<b>Current portions of long-term borrowings (see Note No. V.22b)</b>	<b>5,986,400,000</b>	<b>-</b>
<b>Current portions of financial leases (see Note No. V.22b)</b>	<b>1,144,632,507</b>	<b>5,280,000,000</b>
<b>Total</b>	<b>611,995,202,717</b>	<b>374,262,338,235</b>

<sup>(i)</sup> Short-term borrowings from banks are to supplement working capital. Of which:

- The borrowing of Phong Phu Home Textile Joint Stock Company from VietinBank as of 31 December 2025 for an amount of VND 9,298,673,967 (beginning balance: VND 91,684,173,464) is secured by mortgaging receivables and inventories with values of VND 60,000,000,000 and VND 40,000,000,000 respectively, and assets, including “Narrow-width cross-cutting machines”, “Yamato high-speed electronic catalog rotary overlock machine” and “Automatic dismantling stringing machine” (see Notes No. V.3, V.7 and V.9).
- The borrowing of Phong Phu Home Textile Joint Stock Company from Vietcombank as of 31 December 2025 for an amount of VND 278,194,511,520 (beginning balance: VND 163,522,094,367) is secured by mortgaging Quang Phu Towel Factory – Phase 1 in Ninh Son Commune, Khanh Hoa Province; Quang Phu Towel Factory – Phase 2 in Ninh Son Commune, Khanh Hoa Province; used machinery and equipment, i.e. 18 Tsudakoma air jet looms, compressed air system and electrical power system, 12 Toyota weaving machines, 1 Tumbler machine, 1 Texpa automatic horizontal sewing machine, 8 yarn spinning machines, 4 warping machines, wastewater treatment pond - Phase 2 with a capacity of 3,700m<sup>3</sup>/day and night, machinery and equipment systems under the “Quang Phu Towel Factory 1” project, machinery and equipment systems under the “Quang Phu Towel Factory 2” project, machinery and equipment system comprising 30 used ZA207TI air-jet looms and merchandise in circulation during production and business operations with a minimum collateral value of VND 245,000,000,000 (see Notes No. V.7 and V.9).
- The borrowing of Phong Phu Home Textile Joint Stock Company from ACB as of 31 December 2025 for an amount of VND 0 (beginning balance: VND 3,218,071,797) is secured by mortgaging the Group’s claims on some trade receivables (see Note No. V.3).
- The borrowing of Phong Phu Home Textile Joint Stock Company from BIDV as of 31 December 2025 with borrowing amount of VND 21,949,286,284 (beginning balance: VND 0) is secured by mortgaging assets comprising: cone winding machines, cone unwinding machines, 04 dyeing machines, 04 narrow-width cross-cutting machines, 04 electric forklifts and certain machinery and equipment of the cotton printing line (see Note No. V.9).

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- The borrowing of Nam Duong Phu Joint Stock Company from SHB as of 31 December 2025 with borrowing amount of VND 0 (beginning balance: VND 0) is secured by mortgaging term deposit of Nam Duong Phu Joint Stock Company held at the same Bank (see Note No. V.2a).

The Group is solvent over short-term borrowings and financial leases.

Details of increase/(decrease) of short-term borrowings and financial leases during the year are presented in the attached Appendix 04.

**22b. Long-term borrowings and financial leases**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Long-term borrowings payable to related party</b>	<b>160,160,958,305</b>	<b>516,330,778,162</b>
Vietnam National Textile and Garment Group <sup>(i)</sup>	160,160,958,305	516,330,778,162
<b>Long-term borrowings from bank</b>	<b>54,717,901,747</b>	<b>6,325,404,134</b>
Vietcombank <sup>(ii)</sup>	54,717,901,747	6,325,404,134
<b>Finance lease</b>	<b>56,170,572,857</b>	<b>65,132,396,789</b>
Vietcombank Financial Leasing Co., Ltd. <sup>(iii)</sup>	56,170,572,857	65,132,396,789
<b>Total</b>	<b>271,049,432,909</b>	<b>587,788,579,085</b>

<sup>(i)</sup> The borrowing from Vietnam National Textile and Garment Group is to restructure finance, pay non-current liabilities from credit institutions according commitments of Vietnam National Textile and Garment Group with ADB and the Ministry of Finance. This borrowing is secured by mortgaging some fixed assets (see Note No. V.9).<sup>(ii)</sup> The borrowing of Phong Phu Home Textile Joint Stock Company from Vietcombank according to the Contract No. 0312/NTH/2024/CD dated 05 June 2024 with a maximum borrowing amount of VND 44,000,000,000 is to invest in machinery and equipment and to construct warehouse for towel production capacity. The interest rate is specified in each borrowing disbursement (adjusted every 6 months). The borrowing term is 84 months, starting from the first disbursement date. This borrowing is secured by mortgaging assets, i.e. machinery and equipment formed from the borrowing for “Towel Production Capacity Investment” Project; Quang Phu Towel Factory - Phase 1 in Ninh Son Commune, Khanh Hoa Province; Quang Phu Towel Factory - Phase 2 in Ninh Son Commune, Khanh Hoa Province; machinery and equipment system of the “Quang Phu Towel Factory 1” project; machinery and equipment system of the “Quang Phu Towel Factory 2” project, and merchandise in circulation during production and business operations with a minimum collateral value of VND 245,000,000,000 (see Notes No. V.7 and V.9).<sup>(iii)</sup> The financial leases from Vietcombank Financial Leasing Co., Ltd. are according to the following contracts:

- Contract No. 90.22.04/CTTC dated 07 June 2022 for an amount of USD 512,960.00 to lease machinery and equipment. The lease term is 84 months. The principal and interest are repaid monthly.
- Contract No. 90.22.12/CTTC dated 19 September 2022 for an amount of USD 23,631.20 to lease machinery and equipment. The lease term is 84 months. The principal and interest are repaid monthly.
- Contract No. 90.22.13/CTTC dated 19 September 2022 for an amount of USD 42,504.00 to lease machinery and equipment. The lease term is 84 months. The principal and interest are repaid monthly.
- Contract No. 90.22.06/CTTC dated 05 August 2022 for an amount of EUR 340,080.00 to lease machinery. The lease term is 84 months. The principal and interest are repaid monthly.

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- Contract No. 90.22.07/CTTC dated 29 August 2022 for an amount of VND 5,795,280,000 to lease machinery and equipment. The lease term is 84 months.
- Contract No. 90.22.11/CTTC dated 19 September 2022 for an amount of USD 1,504,349.6 to lease machinery. The lease term is 84 months.
- Contract No. 90.22.15/CTTC dated 18 November 2022 for an amount of USD 34,400.00 to lease vehicles. The lease term is 84 months.
- Contract No. 90.23.01/CTTC dated 27 February 2023 for an amount of VND 664,549,983 to lease machinery. The lease term is 84 months.
- Contract No. 90.23.04/CTTC dated 05 April 2023 for an amount of VND 978,160,000 to lease a car. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 1,500,000.
- Contract No. 90.23.14/CTTC dated 15 December 2023 for an amount of VND 989,600,000 to lease a car. The lease term is 84 months.
- Contract No. 90.23.12/CTTC dated 15 November 2023 for an amount of VND 375,374,580 to lease machinery. The lease term is 84 months.
- Contract No. 90.23.13/CTTC dated 27 December 2023 for an amount of VND 3,628,800,000 to lease machinery. The lease term is 84 months.
- Contract No. 90.24.02/CTTC dated 24 April 2024 for an amount of VND 449,280,000 to lease vehicles. The lease term is 60 months.
- Contract No. 90.24.10/CTTC dated 12 August 2024 for an amount of VND 26,240,000,000 to lease machinery. The lease term is 60 months.
- Contract No. 90.25.08 dated 09 June 2025 for an amount of USD 53,462.24 to lease machinery. The lease term is 84 months.
- Contract No. 90.25.07 dated 09 May 2025 for an amount of USD 547,203.20 to lease machinery. The lease term is 84 months.
- Contract No. 90.25.08 dated 09 June 2025 for an amount of USD 53,462.24 to lease machinery. The lease term is 84 months.

The Group is solvent over long-term borrowings and financial leases.

Repayment schedule of long-term borrowings and financial leases is as follows:

	Total debts	1 year or less	More than 1 year to 5 years	More than 5 years
<b>Ending balance</b>				
Long-term borrowings from related parties	178,870,681,921	18,709,723,616	96,084,828,355	64,076,129,950
Long-term borrowings from banks	60,704,301,747	5,986,400,000	-	54,717,901,747
Finance leases	57,315,205,364	1,144,632,507	53,775,076,864	2,395,495,993
<b>Total</b>	<b>296,890,189,032</b>	<b>25,840,756,123</b>	<b>149,859,905,219</b>	<b>121,189,527,690</b>
<b>Beginning balance</b>				
Long-term borrowings from related parties	532,769,615,484	16,438,837,322	84,422,609,147	431,908,169,015
Long-term borrowings from banks	6,325,404,134	-	-	6,325,404,134
Finance leases	70,412,396,789	5,280,000,000	61,164,159,429	3,968,237,360
<b>Total</b>	<b>609,507,416,407</b>	<b>21,718,837,322</b>	<b>145,586,768,576</b>	<b>442,201,810,509</b>

Details of increases/(decreases) of long-term borrowings and financial leases during the year are presented in the attached Appendix 04.

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**22c. Overdue borrowings and financial leases**

The Group has no overdue borrowings and financial leases.

**23. Provisions for short-term payables**

In 2021, based on the judgement dated 18 December 2021 of the People's Court of Ho Chi Minh City on the violation of Saigon Agriculture Incorporation regarding the transfer of the Residence Area project in Quarter 4, Phuoc Long Ward, Ho Chi Minh City, the Group made provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined as at the transfer date for an amount of VND 62,473,188,366. Accordingly, the provision for loss is made on the basis of the land area of 9,568 m<sup>2</sup> (corresponding to the adjacent land area, for which capital was mobilized and the transfer contract was signed) and the loss rate was determined at 28% of the capital contributed by Saigon Agriculture Incorporation.

**24. Bonus and welfare funds**

	Beginning balance	Increases due to extraction from profit	Disbursement during the year	Ending balance
Bonus fund	8,223,221,239	18,648,001,000	(16,489,410,264)	10,381,811,975
Welfare fund	1,916,424,285	1,000,000,000	(919,994,370)	1,996,429,915
Bonus fund for the Executive Board	3,421,241,219	15,902,246,000	(13,249,000,000)	6,074,487,219
<b>Total</b>	<b>13,560,886,743</b>	<b>35,550,247,000</b>	<b>(30,658,404,634)</b>	<b>18,452,729,109</b>

**25. Owner's equity****25a. Statement of changes in owner's equity**

Information on the changes in owner's equity is presented in the attached Appendix 05.

**25b. Details of owner's capital**

	Ending balance	Beginning balance
Vietnam National Textile and Garment Group	374,087,960,000	374,087,960,000
Other shareholders	372,620,950,000	372,620,950,000
<b>Total</b>	<b>746,708,910,000</b>	<b>746,708,910,000</b>

**25c. Shares**

	Ending balance	Beginning balance
Number of shares registered to be issued	74,670,891	74,670,891
Number of shares sold to the public	74,670,891	74,670,891
- Common shares	74,670,891	74,670,891
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	74,670,891	74,670,891
- Common shares	74,670,891	74,670,891
- Preferred shares	-	-

Par value per outstanding share: VND 10,000.

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**25d. Profit distribution**

During the year, the Corporation distributed the 2024 profit in accordance with the Resolution No. 33/NQ-ĐHĐCĐ/2025 dated 15 May 2025 of 2025 Annual General Meeting of Shareholders as follows:

	<u>Amount to be distributed</u>	<u>Dividends advanced in the previous year</u>	<u>Amount appropriated in the current year</u>
• Distribution of dividends to shareholders	186,677,227,500	149,341,782,000	37,335,445,500
• Appropriation for investment and development fund	34,896,001,000	-	34,896,001,000
• Appropriation for bonus and welfare funds	17,448,001,000	-	17,448,001,000
• Appropriation for bonus to the Board of Directors, the Supervisory Board, the Executive Board and hospitality expenditure (3%)	10,468,800,000	-	10,468,800,000
• Appropriation for bonus for performance over target (10% of extra-profit)	5,433,446,000	-	5,433,446,000

Additionally, during the year, the Corporation made the 1<sup>st</sup> advance of 2025 dividends according to the Decision No. 90/QĐ-HĐQT dated 12 November 2025 of the Board of Directors and the Notice No. 367/TB-PP dated 27 November 2025, for an amount of VND 112,006,336,500 (dividend was advanced at a rate of 15% of par value). The closing date for the dividend advance entitlement was 28 November 2025, and payments commenced on 10 December 2025 with total amount of VND 112,006,336,500.

**26. Off-consolidated balance sheet items****26a. External leased assets**

The total minimum lease payments in the future for irrevocable leasing contracts are classified by terms as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
1 year or less	528,000,000	456,000,000
More than 1 year to 5 years	610,000,000	1,120,000,000
<b>Total</b>	<b><u>1,138,000,000</u></b>	<b><u>1,576,000,000</u></b>

**26b. Foreign currencies**

	<u>Ending balance</u>	<u>Beginning balance</u>
US Dollar (USD)	1,452,304.16	1,475,828.95
Euro (EUR)	741.54	751.64
Russian ruble (RUB)	3,900.00	-

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**26c. Treated doubtful debts**

	<u>Ending balance</u>		<u>Beginning balance</u>		<u>Reasons for writing off</u>
	<u>Original currency (USD)</u>	<u>VND</u>	<u>Original currency (USD)</u>	<u>VND</u>	
G.F.G SRL	76,693.80	1,795,401,858	76,693.80	1,795,401,858	Irrecoverable
Sky Imports	46,947.60	1,099,043,316	46,947.60	1,099,043,316	Irrecoverable
Bach Viet Production Trading Service Co., Ltd.	-	591,750,229	-	591,750,229	Irrecoverable
Liberated Brands USA LLC	16,274	410,927,199	-	-	Irrecoverable
Volcom, LLC	29,244	738,437,971	-	-	Irrecoverable
Other customers	20,987.04	1,495,611,265	20,987.04	1,495,611,265	Irrecoverable
<b>Total</b>		<b><u>6,131,171,838</u></b>		<b><u>4,981,806,668</u></b>	

**VI. ADDITIONAL INFORMATION ON ITEMS PRESENTED IN THE CONSOLIDATED INCOME STATEMENT****1. Revenue from sales of goods and provisions of services****1a. Gross revenue**

	<u>Current year</u>	<u>Previous year</u>
Revenue from sales of finished goods	1,930,979,264,656	1,824,172,245,220
Revenue from sales of merchandise and provisions of services	525,928,903,287	413,733,610,587
Revenue from sales of real estate	-	148,645,997
<b>Total</b>	<b><u>2,456,908,167,943</u></b>	<b><u>2,238,054,501,804</u></b>

**1b. Revenue from sales of goods and provisions of services to related parties**

Apart from sales of goods and service provisions to joint ventures and associates presented in Note No. V.2b, during the year, the Group also has the following sales of goods and service provisions to other related parties which are not its joint ventures and associates:

	<u>Current year</u>	<u>Previous year</u>
<b>Vietnam National Textile and Garment Group</b>		
Sales of finished goods	416,211,483	504,074,719
<b>Phuoc Loc Joint Stock Company</b>		
Sales of merchandise and finished goods	94,654,092,755	70,842,612,052
Provision of services	8,608,586,071	7,849,603,204
<b>Phong Phu International Joint Stock Company</b>		
Provision of services	16,655,271,383	16,391,493,534
Sales of finished goods	86,477,243	64,857,425
<b>Vinatex International Fabric Company Limited</b>		
Provision of services	6,142,384,602	6,943,971,105
<b>Sinnika Vietnam Joint Stock Company</b>		
Provision of services	2,993,706,566	2,752,493,179

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	<u>Current year</u>	<u>Previous year</u>
<b>Hoa Tho Textile - Garment Joint Stock Corporation</b>		
Provision of services	2,355,004,399	2,251,027,071
Sales of finished goods	2,100,010	1,827,280
<b>Vinatex International Joint Stock Company</b>		
Provision of services	1,253,693,389	530,765,176
<b>Viet Thang Corporation</b>		
Sales of finished goods	781,401,600	-
<b>Lien Phuong Textile &amp; Garment Corporation</b>		
Sales of finished goods	17,278,631	23,009,195
<b>Vietnam Textile Garment Materials Trading and Manufacturing Company Limited</b>		
Sales of finished goods	651,212	-
<b>Hoa Tho Fashion Joint Stock Company</b>		
Sales of finished goods	-	5,050,140
<b>Garment 10 Corporation - Joint Stock Company</b>		
Sales of finished goods	-	458,335
<b>2. Revenue deductions</b>		
	<u>Current year</u>	<u>Previous year</u>
Trade discounts	1,306,655,833	1,262,156,956
Sales returns	2,536,830,554	4,114,914,166
Sales allowances	422,746,660	-
<b>Total</b>	<b><u>4,266,233,047</u></b>	<b><u>5,377,071,122</u></b>
<b>3. Cost of sales</b>		
	<u>Current year</u>	<u>Previous year</u>
Costs of finished goods sold	1,545,268,388,687	1,489,568,197,518
Costs of merchandise and services provided	419,147,739,945	316,278,929,472
Allowance/(Reversal of allowance) for devaluation of inventories	7,036,177,283	(2,319,154,389)
<b>Total</b>	<b><u>1,971,452,305,915</u></b>	<b><u>1,803,527,972,601</u></b>
<b>4. Financial income</b>		
	<u>Current year</u>	<u>Previous year</u>
Demand deposit interest	206,336,913	68,248,700
Term deposit interest	24,769,169,274	23,319,517,976
Dividends and profit received	10,727,529,000	9,751,686,000
Exchange gain arising	10,830,078,737	13,166,379,186
Other financial income	507,150,990	2,243,757,815
<b>Total</b>	<b><u>47,040,264,914</u></b>	<b><u>48,549,589,677</u></b>

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<b>5. Financial expenses</b>		
	<u>Current year</u>	<u>Previous year</u>
Interest expenses	58,025,738,276	54,671,580,549
Exchange loss arising	14,547,706,860	6,264,274,081
Exchange loss due to the revaluation of monetary items in foreign currencies	6,045,408,600	22,263,262,240
Provisions/(Reversal of provisions) for investment loss	(395,643,533)	10,861,466,074
Other financial expenses	171,581,956	9,415,761,812
<b>Total</b>	<b><u>78,394,792,159</u></b>	<b><u>103,476,344,756</u></b>
<b>6. Selling expenses</b>		
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	26,016,504,338	24,363,711,618
Materials and supplies	1,528,716,421	1,498,671,565
Transport costs	13,604,110,386	13,550,203,560
Export commission costs	14,917,204,445	11,218,598,405
Marketing support costs	9,855,901,068	5,791,361,974
Expenses for external services	37,738,037,939	18,865,334,022
Other expenses	9,096,230,203	13,102,295,927
<b>Total</b>	<b><u>112,756,704,800</u></b>	<b><u>88,390,177,071</u></b>
<b>7. General and administration expenses</b>		
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	96,138,941,809	89,516,493,085
Administrative supplies	5,342,854,075	7,895,156,485
Depreciation/(amortization) of fixed assets	4,394,809,336	4,318,714,172
Allocation of goodwill	3,936,650,480	3,936,650,480
Taxes, fees and legal fees	50,457,245,778	80,618,334,105
Allowance/(Reversal of allowance) for doubtful debts	372,054,950	(625,121,911)
Expenses for external services	58,916,792,612	61,167,428,083
Other expenses	10,213,657,429	11,377,501,685
<b>Total</b>	<b><u>229,773,006,469</u></b>	<b><u>258,205,156,184</u></b>
<b>8. Other income</b>		
	<u>Current year</u>	<u>Previous year</u>
Gains on disposal and liquidation of fixed assets	6,217,358,095	4,422,439,004
Income from fine for contract violations	112,146,859	4,328,816,607
Other income	1,397,489,221	145,154,243
<b>Total</b>	<b><u>7,726,994,175</u></b>	<b><u>8,896,409,854</u></b>
<b>9. Other expenses</b>		
	<u>Current year</u>	<u>Previous year</u>
Demolition and construction costs due to land clearance	1,418,547,078	-
Payment of fines	300,361,569	3,796,545,319
Other expenses	1,849,442,533	710,458,155
<b>Total</b>	<b><u>3,568,351,180</u></b>	<b><u>4,507,003,474</u></b>

**PHONG PHU CORPORATION**

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**10. Earnings per share****10a. Basic/diluted earnings per share**

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax of the Parent Company	466,957,232,784	373,773,464,227
Appropriation for bonus and welfare funds	(23,067,531,610)	(20,430,285,870)
Appropriation for bonus to the Board of Directors, the Supervisory Board and the Executive Board	(13,840,519,166)	(12,258,170,922)
Remuneration of the Board of Directors and the Supervisory Board	(1,692,000,000)	(1,621,200,000)
Bonus for over-target performance	(10,276,326,000)	(5,433,446,000)
Profit used to calculate basic/diluted earnings per share	418,080,856,008	334,030,361,435
The average number of ordinary shares outstanding during the year	74,670,891	74,670,891
<b>Basic/diluted earnings per share</b>	<b><u>5,599</u></b>	<b><u>4,473</u></b>

**10b. Other information**

The basic earnings per share for the previous year have been restated following the 2024 profit distribution approved by the General Meeting of Shareholders of the Corporation and of Phong Phu Home Textile Joint Stock Company. This adjustment has caused the basic earnings per share for the previous year reduced from VND 4,507 down to VND 4,473.

There are no transactions over the common share or potential common share from the balance sheet date until the date of these Consolidated Financial Statements.

**11. Operating costs by factors**

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	1,404,872,846,481	1,400,226,333,530
Labor costs	421,561,101,739	382,556,176,089
Depreciation/(amortization) of fixed assets	140,369,673,123	142,536,047,428
Expenses for external services	456,672,020,559	403,548,150,739
Other expenses	81,446,943,362	108,899,651,202
<b>Total</b>	<b><u>2,504,922,585,264</u></b>	<b><u>2,437,766,358,988</u></b>

**VII. ADDITIONAL INFORMATION ON THE ITEMS PRESENTED IN THE CONSOLIDATED CASH FLOW STATEMENT**

During the year, the Group has the following non-cash transactions:

	<u>Current year</u>	<u>Previous year</u>
Offsetting interest expenses against loan interest	4,011,157,925	4,821,344,802

As of the balance sheet date, balances relevant to acquisition and construction of fixed assets and other non-current assets are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Payables for acquisition of fixed assets	10,166,144,494	4,729,426,540
Prepayments for acquisition of fixed assets	6,986,154,825	3,569,501,818

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**VIII. OTHER DISCLOSURES****1. Operating leased assets**

As at the balance sheet date, the total minimum rental to be collected in the future from irrevocable operating leases is classified by terms as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
1 year or less	54,848,067,875	66,582,964,325
More than 1 year to 5 years	260,542,478,671	242,571,534,374
More than 5 years	206,435,597,510	258,904,260,687
<b>Total</b>	<b><u>521,826,144,056</u></b>	<b><u>568,058,759,386</u></b>

**2. Transactions and balances with related parties**

Related parties of the Group include key management personnel, their related individuals and other related parties.

**2a. Transactions and balances with the key management personnel and their related individuals**

The key management personnel comprise: members of the Board of Directors, the Supervisory Board and the Executive Board. The key management personnel's related individuals are their close family members.

**Transactions with the key management personnel and their related individuals**

The Group has no sales of goods and service provisions and no other transactions with the key management personnel and their related individuals.

**Balances with the key management personnel and their related individuals**

The Group has no balances with the key management personnel and their related individuals.

**Remuneration of members of the Board of Directors, the Supervisory Board, salaries of the General Director and other managers**

	<u>Current year</u>	<u>Previous year</u>
Board of Directors and Supervisory Board	984,000,000	904,000,000
General Director and other managers	7,477,977,154	7,261,022,582
<b>Total</b>	<b><u>8,461,977,154</u></b>	<b><u>8,165,022,582</u></b>

**2b. Transactions and balances with other related parties**

Other related parties of the Group include:

<u>Other related parties</u>	<u>Relationship</u>
Vietnam National Textile and Garment Group	Parent Company
Dong Nam Textile Joint Stock Company	Associate
Nha Trang Textile & Garment Joint Stock Company	Associate
Coats Phong Phu Limited Liability Company	Associate
HUD Saigon Housing and Urban Development Investment Joint Stock Company	Associate
Dalat Garment Joint-Stock Company	Associate
Phong Phu Trading & Investment Promotion Corporation	Associate
Phong Phu - Daewon - Thu Duc Housing Development Corporation	Associate
Viet Nam Textile Garment Materials Trading and Manufacturing Company Limited	Subsidiary of Vietnam National Textile and Garment Group
Hoa Tho Fashion Joint Stock Company	Subsidiary of Vietnam National Textile and Garment Group
Towel Woven Joint Stock Company - Nam Dinh Textile Garment	Subsidiary of Vietnam National Textile and Garment Group
Hoa Tho Textile - Garment Joint Stock Corporation	Subsidiary of Vietnam National Textile and Garment Group

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Other related parties	Relationship
Hue Textile Garment Joint Stock Company	Subsidiary of Vietnam National Textile and Garment Group
Vinatex Hong Linh Joint Stock Company	Subsidiary of Vietnam National Textile and Garment Group
Garment 10 Corporation - Joint Stock Company	Associate of Vietnam National Textile and Garment Group
Viet Thang Corporation	Associate of Vietnam National Textile and Garment Group
Viet Tien Garment Corporation	Associate of Vietnam National Textile and Garment Group
Lien Phuong Textile & Garment Corporation	Associate of Vietnam National Textile and Garment Group
Phong Phu International Joint Stock Company	Company related to the key management personnel
Vinatex Nam Dinh City Development Joint Stock Company	Associate of Vietnam National Textile and Garment Group
Phuoc Loc Joint Stock Company	Company related to the key management personnel
Vinatex International Fabric Company Limited	Company related to the key management personnel of Vietnam National Textile and Garment Group
Nha Be Garment Corporation - Joint Stock Company	Company related to the key management personnel of Vietnam National Textile and Garment Group
Vinatex International Joint Stock Company	Company related to the key management personnel of Vietnam National Textile and Garment Group
Sinnika Vietnam Joint Stock Company	Company related to the key management personnel of Vietnam National Textile and Garment Group

### Transactions with other related parties

Apart from transactions with joint ventures and associates presented in Note No. V.2b and sales of goods and provisions of services to other related parties, which are not associated as presented in Note VI.1b, the Group also has other following transactions with other related parties:

	Current year	Previous year
<b>Vietnam National Textile and Garment Group</b>		
Dividend distribution	74,817,592,000	93,521,990,000
Borrowing interest payable	31,896,786,706	38,531,336,966
Purchase of goods	34,285,715	3,253,607,972
Service charges	1,584,972,036	487,303,727
<b>Phong Phu International Joint Stock Company</b>		
Dividends received	7,200,000,000	7,200,000,000
Dividends payable	2,007,750,000	2,509,687,500
<b>Vinatex Nam Dinh City Development Joint Stock Company</b>		
Dividends received	2,477,529,000	1,651,686,000
Capital contribution	1,651,690,000	-
<b>Vinatex International Fabric Company Limited</b>		
Interest on assets rental	4,011,157,925	4,805,563,980
<b>Phuoc Loc Joint Stock Company</b>		
Dividends received	1,050,000,000	900,000,000
Purchase of goods and materials	120,037,530,429	85,312,333,418
Dividends payable	51,590,000	64,487,500
<b>Lien Phuong Textile &amp; Garment Corporation</b>		
Profit transfer	9,579,415,813	6,155,287,500
<b>Towel Woven Joint Stock Company - Nam Dinh Textile Garment</b>		
Purchase of materials and finished goods	-	85,902,532
<b>Viet Thang Corporation</b>		
Purchase of materials and finished goods	907,098,300	12,166,600

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	Current year	Previous year
<b>Nha Be Garment Corporation - Joint Stock Company</b>		
Purchase of materials and finished goods	-	293,292,000
<b>Viet Tien Garment Corporation</b>		
Purchase of materials and finished goods	808,564,820	-
<b>Hoa Tho Textile - Garment Joint Stock Corporation</b>		
Purchase of merchandise and materials	10,631,817	-
<b>Hue Textile Garment Joint Stock Company</b>		
Purchases of merchandises	-	3,074,557,138
<b>Vinatex Hong Linh Joint Stock Company</b>		
Purchases of merchandises	-	820,331,194

The prices of goods and services provided to other related parties are mutually agreed prices. The purchases of goods and services from other related parties are done at the agreed prices.

### Balances with other related parties

Balances with other related parties are presented in Notes No. V.3, V.4, V.5a, V.15, V.16, V.20, V.21 and V.22.

The receivables from other related parties are not secured and will be settled in cash.

### 3. Segment information

The main segment report is business segment because the Group's business activities are organized and managed on the basis of the features of products and services provided by the Group. Each segment is a business unit which provides different products and serves different markets.

#### 3a. Information on business segments

The Group's principal business activities:

- Manufacturing: manufacturing and consuming cloth, towels, sewing thread, embroidery thread, garments and fashion clothes.
- Others: trading in fibers and other materials, providing kindergarten education service, trading in real estate and performing industrial projects, resorts and complex buildings.

Segment information according to the business segment of the Group is presented in the attached Appendix 06.

#### 3b. Information on geographical segment

All of the plants of the Group are in Vietnam. The Corporation's market is mainly in Vietnam, other Asian countries (South Korea, Japan, Hong Kong, China, Thailand) and other European and American countries.

Details of net external revenue in respect of geographical segment based on the location of customers are as follows:

	Current year	Previous year
Local sales	1,469,574,567,018	1,371,060,609,639
Exports	983,067,367,878	861,616,821,043
<b>Total</b>	<b>2,452,641,934,896</b>	<b>2,232,677,430,682</b>

## PHONG PHU CORPORATION

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Notes to the Consolidated Financial Statements (cont.)

### 4. Comparative figures

The Group made retroactive adjustments for land rental payable for previous years in accordance with Notice No. 11911/TB-CCTKV02 dated 27 June 2025 issued by the Regional II Tax Office regarding Plot No. 314 at No. 02 Truong Chinh Street, Tay Thanh Ward, Ho Chi Minh City.

Effects of this retroactive adjustment on comparative figures in the Consolidated Financial Statements are as follows:

	Code	Unadjusted figures	Adjustments	Adjusted figures
<b>Consolidated Balance Sheet</b>				
Taxes and other obligations to the State Budget	313	5,121,241,541	71,909,987,492	77,031,229,033
Retained earnings	421	554,897,813,293	(71,909,987,492)	482,987,825,801

### 5. Subsequent events

There are no material subsequent events which are required adjustments or disclosures in the Consolidated Financial Statements.

### 6. Other information

On 22 June 2019, the People's Committee of Ho Chi Minh City issued the Decision No. 2649/QĐ-UBND on revoking and repealing the Decision No. 6077/QĐ-UBND dated 17 November 2017 of the People's Committee of Ho Chi Minh City approving the transfer of Residence Area project in Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City (Phuoc Long Ward, Ho Chi Minh City now) between Saigon Agriculture Incorporation and the Corporation. Accordingly, the two parties shall return and transfer whatever they agreed upon and commit not to making any complaints afterwards; notify the relevant parties of the cancellation of the contract for transferring Residence Area Project in Quarter 4, Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City; handle any issues arising with organizations and individuals related to cancellation of the project transfer contracts previously signed by the two parties according to the applicable laws.

On 18 December 2021, the People's Court of Ho Chi Minh City made the judgement on the case in the first trial and appeal trial on 08, 09 and 15 June 2022 and released the judgement on violation of Saigon Agriculture Incorporation regarding the transfer of the Residence Area project in Quarter 4, Phuoc Long Ward, Ho Chi Minh City as at the transfer date for an amount of VND 348,779,619,741. Accordingly, the Corporation made provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined at the transfer date for an amount of VND 62,473,188,366 (see Note No. V.21).

On 17 January 2024, the Corporation handed over assets of Residence Area project in Phuoc Long Ward, Ho Chi Minh City to Saigon Agriculture Incorporation. On 22 and 24 January 2025, Saigon Agriculture Incorporation recalled the invoices previously issued to the Corporation in relation to the project transfer agreement for cancellation in accordance with the guidance in Document No. 12867/CTTPHCM-TTHT dated 31 December 2024 from Ho Chi Minh City Tax Department (now Ho Chi Minh City Tax Authority). Both parties agree to recognize the value of the Corporation's capital contribution under Business Cooperation Contract No. 52/HĐHT-TCT dated 31 October 2008 (see Note No. V.5b), and the amount payable by Saigon Agriculture Incorporation to the Corporation is VND 55,241,292,415 (see Note No. V.5a).

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CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Consolidated Financial Statements (cont.)

To date, the Business Cooperation Contract No. 52/HĐHT-TCT dated 31 October 2008 between Saigon Agriculture Incorporation and the Corporation has not been declared as void or invalid, and the concerned parties have not requested for termination, cancellation or change of capital contribution and profit distribution rates. The two parties have held meetings with relevant departments and local authorities to seek support and guidance for handling issues and difficulties in relation to the Project. The People's Committee of Ho Chi Minh City and the Department of Construction also issued Document No. 228/SXD-PTĐT dated 07 July 2025 to give the guidance therefor. Currently, the Corporation and Saigon Agriculture Incorporation are cooperating to implement the contents in accordance with the guidance provided.

Ho Chi Minh City, 28 March 2026

Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant



Duong Khue  
General Director

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**Appendix 01: Associates**

Value of the Group's ownership in joint ventures and associates is as follows:

Unit: VND

	Beginning balance of ownership value	Capital contribution during the year	Profit/(loss) during the year	Dividends and profit received	Other increases	Ending balance of ownership value
Coats Phong Phu Limited Liability Company	397,000,859,152	-	351,908,669,052	(343,037,114,907)	-	405,872,413,297
HUD Saigon Housing and Urban Development Investment Joint Stock Company	10,019,739,243	-	257,613,448	-	-	10,277,352,691
Dalat Garment Joint-Stock Company	5,133,328,669	-	428,783,061	(423,101,711)	-	5,139,010,019
Phong Phu - Daewon - Thu Duc Housing Development Corporation	139,357,434,979	-	537,297,242	-	24,751,935,580	164,646,667,801
Phong Phu Trading & Investment Promotion Corporation	-	-	-	-	-	-
Dong Nam Textile Joint Stock Company	60,283,366,362	-	1,740,235,344	-	-	62,023,601,706
Nha Trang Textile & Garment Joint Stock Company	38,361,278,156	-	9,436,729,426	-	-	47,798,007,582
Nhuan Phu Textile Company Limited	-	4,972,572,000	-	-	-	4,972,572,000
<b>Total</b>	<b>650,156,006,561</b>	<b>4,972,572,000</b>	<b>364,309,327,573</b>	<b>(343,460,216,618)</b>	<b>24,751,935,580</b>	<b>700,729,625,096</b>


Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Ho Chi Minh City, 28 March 2026

Duong Khue  
General Director**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

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**Appendix 02: Increase/(decrease) in tangible fixed assets**

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
<b>Historical costs</b>					
Beginning balance	677,853,624,328	1,541,297,829,954	55,322,740,786	12,843,766,453	2,287,317,961,521
Acquisition during the year	-	500,000,000	1,426,363,636	-	1,926,363,636
Completed construction	13,546,906,045	88,106,128,843	15,216,276,303	-	116,869,311,191
Liquidation, disposal	(2,339,104,328)	(34,580,186,465)	(2,391,502,554)	-	(39,310,793,347)
<b>Ending balance</b>	<b>689,061,426,045</b>	<b>1,595,323,772,332</b>	<b>69,573,878,171</b>	<b>12,843,766,453</b>	<b>2,366,802,843,001</b>
<i>In which:</i>					
Assets fully depreciated but still in use	67,703,781,546	467,669,040,003	11,220,948,049	3,776,420,879	550,370,190,477
Assets waiting for liquidation	-	-	-	-	-
<b>Depreciation</b>					
Beginning balance	269,510,294,495	1,034,717,655,218	33,351,799,105	7,159,260,309	1,344,739,009,127
Depreciation during the year	26,633,755,235	92,664,714,988	5,896,056,823	730,685,136	125,925,212,182
Liquidation, disposal	(2,339,104,328)	(34,457,337,770)	(2,367,473,973)	-	(39,163,916,071)
<b>Ending balance</b>	<b>293,804,945,402</b>	<b>1,092,925,032,436</b>	<b>36,880,381,955</b>	<b>7,889,945,445</b>	<b>1,431,500,305,238</b>
<b>Carrying value</b>					
Beginning balance	408,343,329,833	506,580,174,736	21,970,941,681	5,684,506,144	942,578,952,394
<b>Ending balance</b>	<b>395,256,480,643</b>	<b>502,398,739,896</b>	<b>32,693,496,216</b>	<b>4,953,821,008</b>	<b>935,302,537,763</b>
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-


Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Ho Chi Minh City, 28 March 2026

Duong Khue  
General Director

**PHONG PHU CORPORATION**Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City  
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For the fiscal year ended 31 December 2025

**Appendix 03: Taxes and other obligations to the State Budget**

	Beginning balance		Increases during the year		Ending balance	
	Payables	Receivables	Amount payable	Amount paid	Payables	Receivables
VAT on local sales	2,400,564,140	-	19,313,055,628	(21,667,162,781)	46,456,987	-
VAT on imports	-	-	12,818,165,166	(12,818,165,166)	-	-
Export-import duties	-	-	414,694,921	(414,694,921)	-	-
Corporate income tax	637,670,083	207,769,015	3,131,417,456	(2,936,584,894)	832,502,645	207,769,015
Personal income tax	1,467,873,104	-	28,704,715,989	(26,944,563,938)	3,228,025,155	-
Natural resource tax	13,833,610	-	252,796,870	(252,620,070)	14,010,410	-
Property tax, land rental	72,511,288,096	-	49,743,393,506	(125,927,740,950)	-	3,673,059,348
Withholding tax	-	-	1,222,581,788	(1,225,419,824)	-	2,838,036
License duty	-	-	20,300,000	(20,300,000)	-	-
Other fees, legal fees, and other duties	-	-	143,820,368	(142,172,834)	1,647,534	-
<b>Total</b>	<b>77,031,229,033</b>	<b>207,769,015</b>	<b>115,764,941,692</b>	<b>(192,349,425,378)</b>	<b>4,122,642,731</b>	<b>3,883,666,399</b>

Unit: VND


Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Ho Chi Minh City, 28 March 2026

Duong Khue  
General Director**PHONG PHU CORPORATION**Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City  
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**Appendix 04: Increase/(decrease) in borrowings and financial leases**

	Beginning balance	Increases during the year	Transfer from		Exchange difference	Amount repaid during the year	Ending balance
			long-term borrowings	interest			
<i>Current portions of long-term borrowings payable to related parties</i>	16,438,837,322	-	18,613,878,965	-	95,844,651	(16,438,837,322)	18,709,723,616
<i>Short-term borrowings and financial leases payable to other organizations and individuals</i>	357,823,500,913	1,366,193,930,058	10,929,092,328	1,837,837,324	-	(1,143,498,881,522)	593,285,479,101
Short-term borrowings from banks	281,070,539,960	1,365,466,930,058	-	-	-	(1,128,106,615,079)	518,430,854,939
Short-term borrowings from individuals	71,472,960,953	727,000,000	-	1,837,837,324	-	(6,314,206,622)	67,723,591,655
Current portions of long-term borrowings	-	-	9,738,261,538	-	-	(3,751,861,538)	5,986,400,000
Current portions of financial leases	5,280,000,000	-	1,190,830,790	-	-	(5,326,198,283)	1,144,632,507
<b>Total</b>	<b>374,262,338,235</b>	<b>1,366,193,930,058</b>	<b>29,542,971,293</b>	<b>1,837,837,324</b>	<b>95,844,651</b>	<b>(1,159,937,718,844)</b>	<b>611,995,202,717</b>

Unit: VND

Details of increase/(decrease) in short-term borrowings and financial leases during the year are as follows:

	Beginning balance	Increases during the year	Transfer to short-term borrowings		Exchange difference	Amount repaid during the year	Ending balance
			term borrowings	interest			
<i>Long-term borrowings from related parties</i>	516,330,778,162	-	(18,613,878,965)	-	5,739,604,941	(343,295,545,833)	160,160,958,305
<i>Long-term borrowings and financial leases payable to other organizations and individuals</i>	71,457,800,923	66,136,677,181	(10,929,092,328)	-	-	(15,776,911,172)	110,888,474,604
Long-term borrowings from banks	6,325,404,134	58,130,759,151	(9,738,261,538)	-	-	-	54,717,901,747
Financial leases	65,132,396,789	8,005,918,030	(1,190,830,790)	-	-	(15,776,911,172)	56,170,572,857
<b>Total</b>	<b>587,788,579,085</b>	<b>66,136,677,181</b>	<b>(29,542,971,293)</b>	<b>-</b>	<b>5,739,604,941</b>	<b>(359,072,457,005)</b>	<b>271,049,432,909</b>

Details of increase/(decrease) in long-term borrowings and financial leases during the year are as follows:


Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief Accountant

Ho Chi Minh City, 28 March 2026

Duong Khue  
General Director

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**


For the fiscal year ended 31 December 2025

**Appendix 05: Statement of changes in owner's equity**

Unit: VND

	Owner's capital	Share premiums	Investment and development fund	Retained earnings	Non-controlling interests	Total
Beginning balance of the previous year	746,708,910,000	32,368,276,001	471,023,935,263	381,170,487,839	30,330,332,729	1,661,601,941,832
Increase due to business combination in the previous year	-	-	-	-	260,000,000	260,000,000
Profit in the previous year	-	-	-	373,773,464,227	6,767,510,622	380,540,974,849
Appropriation for funds in the previous year	-	-	41,372,355,446	(84,366,956,515)	1,960,417,986	(41,034,183,083)
Dividend distribution in the previous year	-	-	-	(186,677,227,500)	(1,600,000,000)	(188,277,227,500)
Compensation to the Board of Directors, the Supervisory Board and the Executive Board	-	-	-	(1,011,644,444)	(70,800,000)	(1,082,444,444)
Other adjustments	-	-	-	99,702,194	-	99,702,194
<b>Ending balance of the previous year</b>	<b>746,708,910,000</b>	<b>32,368,276,001</b>	<b>512,396,290,709</b>	<b>482,987,825,801</b>	<b>37,647,461,337</b>	<b>1,812,108,763,848</b>
Beginning balance of the current year	746,708,910,000	32,368,276,001	512,396,290,709	482,987,825,801	37,647,461,337	1,812,108,763,848
Increase due to business combination in the current year	-	-	-	-	1,500,000,000	1,500,000,000
Profit in the current year	-	-	-	466,957,232,784	5,684,710,795	472,641,943,579
Appropriation for funds in the current year	-	-	34,896,001,000	(70,226,248,000)	(220,000,000)	(35,550,247,000)
Dividend distribution	-	-	-	(37,335,445,500)	-	(37,335,445,500)
Dividend advance	-	-	-	(112,006,336,500)	-	(112,006,336,500)
Compensation to the Board of Directors, the Supervisory Board and the Executive Board	-	-	-	(1,042,533,332)	(70,800,000)	(1,113,333,332)
Other decreases	-	-	-	11,803,530,377	(1,955,318)	11,801,575,059
<b>Ending balance of the current year</b>	<b>746,708,910,000</b>	<b>32,368,276,001</b>	<b>547,292,291,709</b>	<b>741,138,025,630</b>	<b>44,539,416,814</b>	<b>2,112,046,920,154</b>

  
Tran Lan Anh  
Preparer

  
Le Thi Tu Anh  
Chief Accountant



Ho Chi Minh City, 28 March 2026

**PHONG PHU CORPORATION**

Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2025

**Appendix 06: Segment information according to the business segments**

Unit: VND

Information on the Group's financial performance, fixed assets, other non-current assets and values of remarkable non-cash expenses according to the business segments is as follows:

	Manufacturing	Trading, servicing, others	Deductions	Total
<b>Current year</b>				
Net external revenue	1,683,818,309,835	768,823,625,061	-	2,452,641,934,896
Net inter-segment revenue	-	-	-	-
<b>Total net revenue</b>	<b>1,683,818,309,835</b>	<b>768,823,625,061</b>	<b>-</b>	<b>2,452,641,934,896</b>
Segment financial performance	374,408,465,639	106,781,163,342	-	481,189,628,981
Expenses not attributable to segments	-	-	(342,529,711,269)	(342,529,711,269)
Operating profit	-	-	138,659,917,712	138,659,917,712
Financial income	-	-	47,040,264,914	47,040,264,914
Financial expenses	-	-	(78,394,792,159)	(78,394,792,159)
Gain or loss in joint ventures, associates	361,774,181,539	2,535,146,034	-	364,309,327,573
Other income	-	-	7,726,994,175	7,726,994,175
Other expenses	-	-	(3,568,351,180)	(3,568,351,180)
Current income tax	-	-	(3,131,417,456)	(3,131,417,456)
Deferred income tax	-	-	-	-
<b>Profit after tax</b>	<b>472,641,943,579</b>	<b>472,641,943,579</b>	<b>-</b>	<b>472,641,943,579</b>
<b>Total expenses on acquisition of fixed assets and other non-current assets</b>	<b>197,207,278,327</b>	<b>2,230,583,636</b>	<b>-</b>	<b>199,437,861,963</b>
<b>Total depreciation/(amortization) and allocation of long-term prepayments</b>	<b>108,612,618,466</b>	<b>35,332,136,315</b>	<b>-</b>	<b>143,944,754,781</b>
<b>Total remarkable non-cash expenses (except depreciation/(amortization) and allocation of long-term prepayments)</b>	<b>372,054,950</b>	<b>-</b>	<b>-</b>	<b>372,054,950</b>

**PHONG PHU CORPORATION**Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City  
CONSOLIDATED FINANCIAL STATEMENTS**Appendix 06: Segment information according to the business segments (cont.)**

	Manufacturing	Trading, servicing, others	Deductions	Total
<b>Previous year</b>				
Net external revenue	1,818,795,174,098	413,882,256,584	-	2,232,677,430,682
Net inter-segment revenue	-	-	-	-
<b>Total net revenue</b>	<b>1,818,795,174,098</b>	<b>413,882,256,584</b>	-	<b>2,232,677,430,682</b>
Segment financial performance	331,546,130,969	97,603,327,112	-	429,149,458,081
Expenses not attributable to segments	-	-	-	(346,595,333,255)
Operating profit	-	-	-	82,554,124,826
Financial income	-	-	-	48,549,589,677
Financial expenses	-	-	-	(103,476,344,756)
Gain or loss in joint ventures, associates	341,513,811,828	10,493,129,467	-	352,006,941,295
Other income	-	-	-	8,896,409,854
Other expenses	-	-	-	(4,507,003,474)
Current income tax	-	-	-	(3,482,742,573)
Deferred income tax	-	-	-	-
<b>Profit after tax</b>	<b>380,540,974,849</b>	-	-	<b>380,540,974,849</b>
<b>Total expenses on acquisition of fixed assets and other non-current assets</b>	<b>10,740,312,556</b>	-	-	<b>10,740,312,556</b>
<b>Total depreciation/(amortization) and allocation of long-term prepayments</b>	<b>82,842,460,849</b>	<b>43,912,189,655</b>	-	<b>126,754,650,504</b>
<b>Total remarkable non-cash expenses (except depreciation/(amortization) and allocation of long-term prepayments)</b>	<b>(773,310,189)</b>	<b>(31,250,000)</b>	-	<b>(804,560,189)</b>

**PHONG PHU CORPORATION**Address: No. 48 Tang Nhon Phu Street, Tang Nhon Phu Ward, Ho Chi Minh City  
CONSOLIDATED FINANCIAL STATEMENTS**Appendix 06: Segment information according to the business segments (cont.)**

The Group's assets and liabilities according to the business segments are as follows:

	Manufacturing	Trading, servicing, others	Deductions	Total
<b>Ending balance</b>				
Direct assets of segment	1,469,695,859,774	704,466,581,758	-	2,174,162,441,532
Allocated assets	9,570,495,402	1,184,181,049	-	10,754,676,451
Unallocated assets	-	-	-	1,451,389,429,348
<b>Total assets</b>	<b>3,636,306,547,331</b>	<b>3,636,306,547,331</b>	-	<b>3,636,306,547,331</b>
Direct liabilities of segment	969,705,545,127	353,810,543,661	-	1,323,516,088,788
Allocated liabilities	26,604,093	2,960,152,782	-	2,986,756,875
Unallocated liabilities	-	-	-	197,756,781,514
<b>Total liabilities</b>	<b>1,524,259,627,177</b>	<b>1,524,259,627,177</b>	-	<b>1,524,259,627,177</b>
<b>Beginning balance</b>				
Direct assets of segment	1,272,685,899,604	843,240,847,843	-	2,115,926,747,447
Allocated assets	4,502,496,148	73,192,157	-	4,575,688,305
Unallocated assets	-	-	-	1,458,549,617,583
<b>Total assets</b>	<b>3,579,052,053,335</b>	<b>3,579,052,053,335</b>	-	<b>3,579,052,053,335</b>
Direct liabilities of segment	709,525,970,547	769,733,880,852	-	1,479,259,851,399
Allocated liabilities	3,486,165,985	793,306,616	-	4,279,472,601
Unallocated liabilities	-	-	-	283,403,965,487
<b>Total liabilities</b>	<b>1,766,943,289,487</b>	<b>1,766,943,289,487</b>	-	<b>1,766,943,289,487</b>


Tran Lan Anh  
Preparer

Le Thi Tu Anh  
Chief AccountantDuong Khue  
General Director

# ANNUAL REPORT 2025

## PHONG PHU CORPORATION

Ho Chi Minh City, April 17, 2026

Legal representative



Dương Khue

