

**REPORT OF DIRECTORS ON PRODUCTION AND BUSINESS RESULTS IN 2024
AND PLAN FOR 2025**

**To: - General Meeting of Shareholders of Hanoi Dairy Joint Stock Company
- Board of Directors of Hanoi Dairy Joint Stock Company**

The Board of Directors of Hanoi Dairy Joint Stock Company ("Hanoimilk") would like to report the Company's production and business results in 2024 and the plan for 2025 as follows:

I. IMPLEMENTATION SITUATION IN THE YEAR 2024

1. Operating results in 2024

- Total milk production: 35 million liters
- UHT pasteurized milk : 29.7 million liters
- Edible yogurt : 5.3 million liters

(i) Targets and business results:

Unit: million VND

Quota	Year 2024	Year 2023	Plan 2024	VS. 2023	VS. Plan
- Sales revenue	780,771	760,380	800,000	102.7%	97.6%
- Cost of goods sold	601,944	579,189	580,000	103.9%	103.8%
- Gross profit on sales	178,828	119,620	220,000	98.7%	81.3%
- Financial Costs	6,579	7,616	20,000	88.3%	32.9%
- Marketing & Sales Expenses	77,427	12,650	136,000	123.6%	56.9%
- Business management costs	8,633	12,650	16,000	68.2%	54.0%
- Profit/(loss) before tax	37,483	44,111	48,000	111.4%	78.1%

2. Assessment of implementation against the plan:

The macroeconomic context in 2024 will continue to have a certain recovery compared to 2023. According to Kantar data, the growth rate of the dairy industry improved at 3.1% compared to 0.5% in 2023. In that context, large dairy companies are significantly affected, there are many companies with negative growth, sales revenue has decreased, so they have to sharply increase advertising and promotion costs to keep their market share.

In such difficult conditions, on the one hand, the Board of Directors still has to adhere to the Strategy of Competitiveness by Quality, and at the same time administer the implementation of Hanoimilk's production and business plan in 2024 in the direction of focusing on improving labor productivity, saving costs (including production costs, etc selling costs, transportation costs, financial costs and management costs) to increase the efficiency of production and business activities. The goal is to increase revenue but must ensure that the selling cost is within the allowed rate.

Result: Revenue reached 97.6% of the revenue target approved by the General Meeting of Shareholders, the Company had a profit of more than VND 37.4 billion, mainly due to the following reasons:

- Because consumers tighten their spending, they are forced to choose smarter, so Hanoimilk's high-quality, reasonably priced products such as Sweetened Yogurt, Aloe Vera Yogurt, Fruit Flavored Pasteurized Milk with 1 billion probiotics from Japan, 100%

Fresh Milk, etc Choco Oat Milk, Drinking Yogurt,... etc. have the opportunity to be chosen and sold more by consumers.

- Hanoimilk's sales system according to the professional model has improved markedly and promoted efficiency, and the sales performance per employee has increased. In particular, Hanoimilk's products have been officially distributed to the Southern market and the Central Highlands market and have been very positively received by consumers. The new salary and bonus policy for the sales system has encouraged and encouraged brothers to sell more goods, the average revenue per salesperson is over 150 million VND/month, many employees reach over 200 million VND/month.

- The marketing system has begun to be implemented: including PR programs, brand communication of Hanoimilk Master Brand and IZZI in some media, the number of people who know Hanoimilk has increased. In particular, the trade push programs have gone in the right direction and in line with consumer needs, bringing high efficiency in sales growth.

The Board of Directors of the Company will continue to exploit the above advantages when developing and approving the production and business plan in 2025.

II. PRODUCTION AND BUSINESS PLAN IN 2025:

1. Opportunities and Challenges for Hanoimilk in 2025:

Although there are still many objective and internal difficulties, thanks to the Company's efforts to implement the Investment Project to upgrade and expand the Factory and steadfastly follow the strategy of competing with quality for many years, Hanoimilk has overcome difficulties due to the negative impact of Covid and the War in Ukraine caused, the Company is having the following opportunities and challenges:

- (i) The average growth of the dairy industry has slowed down, but the average per capita milk consumption is still increasing (about 27 liters in 2024 and a minimum forecast of 35-38 liters in 2030). The trend of consuming fermented milk products such as Edible Yogurt, Drinking Yogurt with Probiotic Supplements, and Micronutrient Supplemented Milk is still increasing. As a dairy company that is always a pioneer in the direction of research and development of new products, Hanoimilk has successfully researched and launched products that are popular with consumers such as Fruit Yogurt, Aloe Vera Yogurt, IZZI Yotuti Drinking Yogurt, Fruit Flavored Pasteurized Milk supplemented with 1 billion probiotics from Japan, etc. and especially, in April 2025, Hanoimilk has launched a new product line that is Milk + Jelly, Fruit (Drinking yogurt with coconut jelly added), this is a product that is of great interest in the market, popular with consumers and growing strongly from the end of 2024 onwards.
- (ii) Milk quality is being more closely managed by interested state agencies and consumers are increasingly inclined to consume smarter. Therefore, products that meet national and international standards such as 100% Fresh Milk, Hanoimilk Yogurt and IZZI Pasteurized Milk have the opportunity to be chosen and sold by consumers.
- (iii) The company has exceeded the revenue milestone of VND 500 billion in 2022, VND 700 billion in 2023, 2024 and is having the opportunity to exceed the revenue milestone of VND 1000 billion in the following years. Therefore, the Company will spend more marketing budget than investing in PR and advertising for Hanoimilk Master Brand and its sub-brands IZZI, Yotuti, Dinomilk, YoBoost, Yoha to increase domestic and export sales.
- (iv) Hanoimilk has been granted an official export code for yogurt and some dairy products to China, the company continues to pursue and wait for opportunities to be able to grow sales by exporting to the Chinese market and some Asian and Middle Eastern countries.
- (v) Hanoimilk has a Milk Processing Plant built on an area of 5 hectares in a convenient transportation location, has been invested in Tetra Pak's synchronous equipment line and is continuing to invest in modern A3 Speed filling machine lines to automate and increase capacity. The factory is being managed and operated by a team of highly qualified technicians and skilled workers with a quality assurance system according to international

standards. This is a great advantage for Hanoimilk to grow sales and more and more partners sign outsourcing contracts. The company has a great opportunity to become the largest processing factory in the North, having long-term processing orders that are enough to produce 3 consecutive shifts for the whole year.

However, to seize and take advantage of the above opportunities. The Board of Directors and employees need to continue to persevere and make more efforts. The company must successfully carry out financial restructuring and raise capital to continue investing in the Factory and Farm.

2. Target programs and tasks in 2025:

- (i) Continue to maintain and organize the good implementation of quality policies throughout the process from production, transportation to sales distribution in 2025.
- (ii) Implement the Summer Promotion Program from May to July 2025 to increase domestic sales.
- (iii) Continue to invest in the procurement of modern machinery and equipment to automate, improve production technology, increase the capacity of the UHT Yogurt and Pasteurized Milk Processing Factory.
- (iv) Continue to implement the investment in the Natural Dairy Grass Planting Project in Me Linh, striving to complete the compensation and site clearance support in the third quarter of 2025 and the first quarter of 2026. Planting grass and raising dairy cows in 2026.
- (v) Continue to rectify and stabilize the sales system, review the organization of the compact human resource organization, reduce costs, improve labor productivity to increase production and business efficiency and gradually increase income for employees.

Some targets of the basic production and business plan in 2025:

Target	Unit	Plan 2025	percentage % 2025/2024
I. Production Output:	Million Liters	40	121.4%
II. Business Targets:			
Sales revenue	Million VND	1,000,000	128.1%
Cost of goods sold	Million VND	750,000	124.6%
Selling and Marketing Expenses	Million VND	170,000	219.6%
Financial Costs	Million VND	20,000	304.0%
Business management expenses	Million VND	15,000	173.8%
Total profit before tax	Million VND	45,000	120.1%

The above is the content of the report of the Board of Directors on the Company's operation in 2024 and the plan for 2025.

Submit to the General Meeting of Shareholders and the Board of Directors for consideration.

Respect./.

Where to receive:

- As above.
- Save office.

ON BEHALF OF THE BOARD OF
DIRECTORS

CEO



Vu Thị Hương Thuy