

REPORT
2025 BUSINESS PERFORMANCE REVIEW
AND 2026 BUSINESS PLAN.

To: General Meeting of Shareholders of Protrade Garment Joint Stock Company.

- Pursuant to Circular No. 116/2020/TT-BTC dated December 31, 2020, issued by the Ministry of Finance, providing guidance on certain provisions of corporate governance applicable to public companies under Decree No. 155/2020/NĐ-CP dated December 31, 2020, of the Government detailing the implementation of certain provisions of the Law on Securities;

*- Pursuant to the Charter on Organization and Operation of Protrade Garment Joint Stock Company ("**the Company**");*

- Pursuant to Resolution No. 01/NQ-ĐHĐCĐ dated June 26, 2025, of the Annual General Meeting of Shareholders for the year 2025;

- Pursuant to Resolution No. 13/NQ-HDQT dated May 19, 2026 of the Board of Directors of Protrade Garment Joint Stock Company.

The Executive Board of Protrade Garment Joint Stock Company respectfully reports to the General Meeting of Shareholders ("GMS") on the Business Performance in 2025 and Business Plan for 2026 as follows:

I. ASSESSMENT OF 2024 BUSINESS PERFORMANCE:

1. Market Overview

In 2025, Vietnam's textile and garment industry recorded positive signs of recovery following a prolonged downturn during the 2023–2024 period. Improvements in the global economy, particularly in key export markets such as the United States, the European Union, Japan, and South Korea, created favorable conditions for enterprises in the industry to gradually restore production activities and order volumes. According to data from the Vietnam Textile and Apparel Association (VITAS), Vietnam's textile and garment export turnover in 2025 reached USD 46 billion, representing an increase of nearly 5.6% compared to 2024.

However, despite the recovery signals, Vietnam's textile and garment industry continued to face significant challenges. Global trade policy fluctuations and increasingly intense regional competition have placed Vietnam in direct competition with countries such as Bangladesh, India, Indonesia, and Cambodia, which possess advantages in labor costs and increasingly improving supply capabilities.

In particular, the global reciprocal tariff policies introduced under the administration of President Donald Trump have created and continue to create considerable impacts on exporting countries, including Vietnam. This has posed an

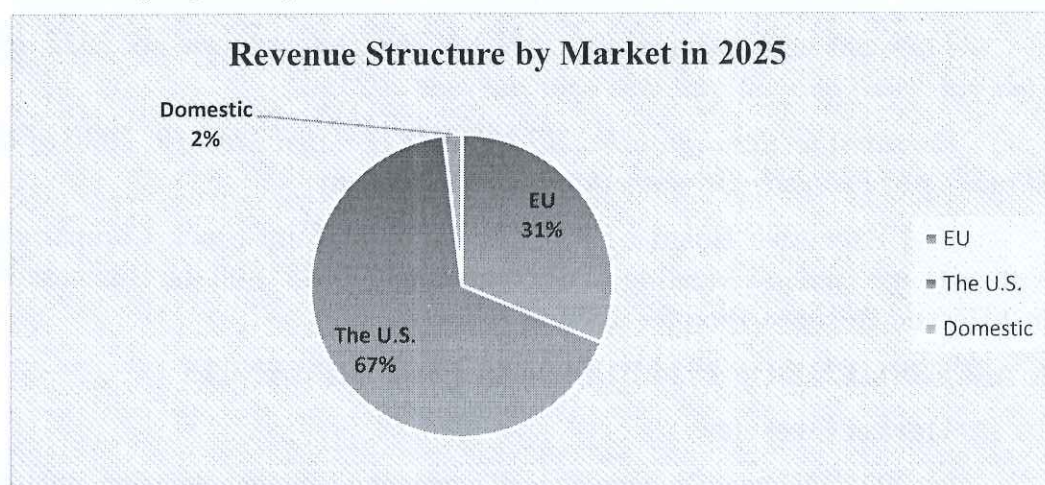
urgent requirement for enterprises to enhance competitiveness, diversify markets, and proactively adapt to changes in international trade policies.

2. Customer Structure

Against such backdrop, 2025 continued to be a challenging year for the Company as production costs increased while selling prices remained under downward pressure. The Company proactively implemented flexible operational solutions, strengthened coordination with customers, intensified sample development activities, and accepted smaller orders requiring shorter delivery lead times. As a result, production output and revenue still recorded growth, contributing to the maintenance of operational efficiency amid ongoing market volatility.

In 2025, the Company continued to operate both FOB and CMT garment production models, with FOB remaining the principal business model. The Company focused on its traditional customers such as Olymp, Rock Revival, Miss Me, PacSun, Eunina, Yody, and Evolution 3. At the same time, the Company expanded its customer portfolio by developing a new customer, Mek, and receiving additional CMT orders from domestic partners including Q&A, Nha Be, and J&B. Total production output for the year reached 4.2 million units, generating revenue of VND 1,762.4 billion.

The Company's major customers in 2025 were as follows:



Customer	Product	Market	Business Model	Output (pcs.)	Revenue (VND billion)
Olymp	Shirts	EU	FOB	1,546,736	511.7
Rock Revival	Jeans	United States	FOB	643,609	581.2
Miss me	Jeans	United States	FOB	711,963	424.2
Pac sun	Jeans	United States	FOB	332,100	94.3
Evolution 3	Jeans	EU	Gia công	496,156	41.4
Eunina	Jeans	United States	FOB	215,486	67.1
Mek	Jeans	United States	FOB	7,330	5.2
Yody	Jeans	Domestic	FOB	159,740	30.9
Other CMT customers	Jeans	Domestic	CMT	63,170	5.1
Others	Scrap materials	Domestic			1.3
Total				4,176,290	1,762.4

This structure clearly reflects the Company's strategic orientation toward export activities, while also indicating a relatively high level of dependence on the United States market. The U.S. market is characterized by large scale, stable demand, and high order values, which significantly contributed to revenue growth during the year. However, the concentration on a single market also exposes the Company to potential risks arising from changes in trade policies, tariffs, and consumer trends.

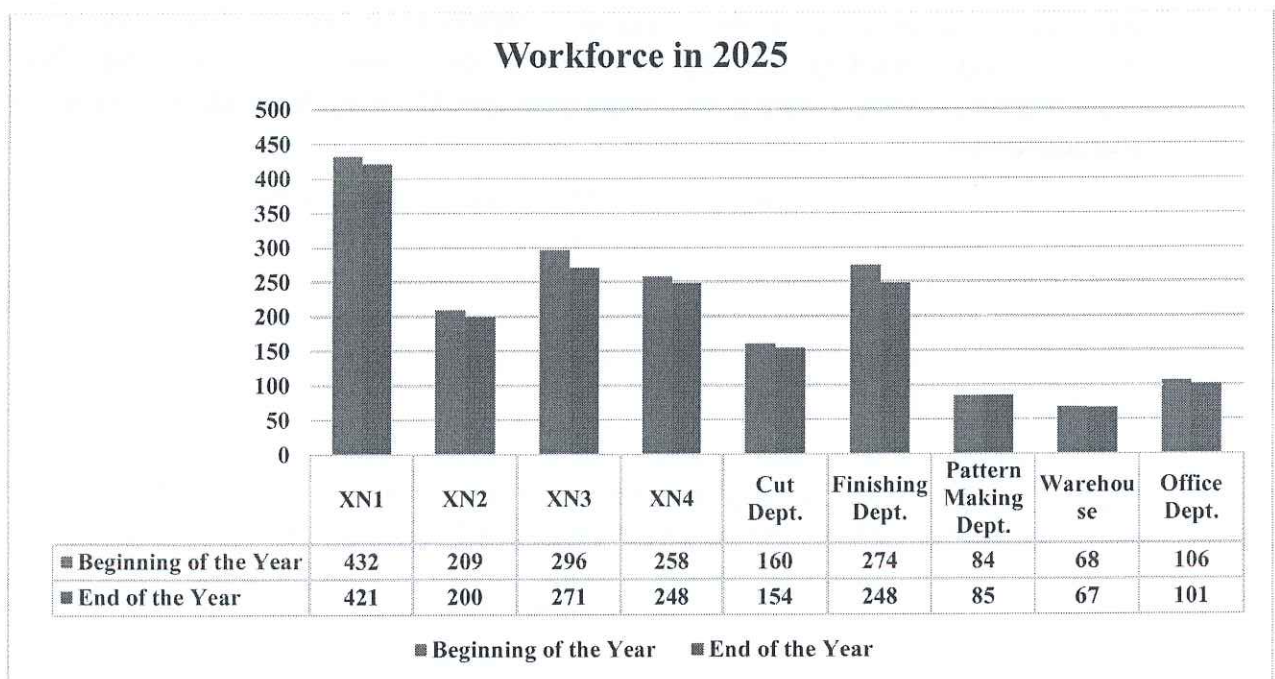
With respect to the European market, although it accounts for a smaller proportion of revenue, it continued to maintain stable growth, accompanied by increasingly stringent requirements regarding quality standards, sustainability, and traceability. This market has been identified as a potential growth market for the Company to increase its market share over the medium and long term through enhancing its capability to meet technical and environmental standards.

The domestic market currently represents a relatively small proportion of the Company's revenue structure. Nevertheless, it remains an important supporting channel that enables the Company to optimize production capacity, stabilize employment, and diversify risks amid fluctuations in export markets.

3. Labor Situation – Employees' Income and Welfare

a. Recruitment and Workforce Fluctuation

As of December 31, 2025, the Company's total workforce consisted of 1,796 employees, representing a decrease of 91 employees compared to the beginning of the year (1,887 employees). During the year, the Company recorded 506 employee resignations and recruited 415 new employees, which generally met the requirements of its production and business operations.



In 2025, the demand for new recruitment showed a declining trend compared to 2024, mainly focusing on replacing employees who resigned, particularly in the Shirt Factory. Other units carried out supplementary recruitment based on actual workforce fluctuations. For indirect staff, recruitment activities were primarily intended to replace employees who resigned or took maternity leave, with no significant increase in headcount requirements.

Recruitment activities during the year continued to face several challenges. Although the recruitment process was implemented in a comprehensive and rigorous manner, including interviews, skills assessments, and profile verification, the rate of employees resigning or withdrawing their applications shortly after onboarding remained relatively high (approximately 10% of total resignations). The primary reason stemmed from the mismatch between employees' expectations and actual working conditions, particularly regarding the working environment and the piece-rate wage mechanism, which were not fully understood during the recruitment stage. In addition, the Company's high requirements in terms of skills and workforce stability also limited its ability to attract new employees, especially young and inexperienced workers.

In 2025, the turnover rate among newly recruited employees remained high, reflecting the unstable mindset of employees during the probationary period, together with the tendency to compare working conditions and welfare policies among enterprises within the industry.

The reasons for employee resignations were mainly influenced by the general economic context, as rising living costs led to a trend of workers returning to their hometowns to stabilize their lives. Workforce fluctuations, whether caused by objective or subjective factors, inevitably affected production productivity and quality to a certain extent. Although the Company proactively implemented timely replacement recruitment, newly recruited employees still required time for training and adaptation to operational processes, thereby causing short-term impacts on production and business efficiency.

b. Training Activities

In 2025, the demand for new recruitment remained relatively high, accounting for approximately 25% of the workforce. Newly recruited employees demonstrated stable quality, enabling training activities to be closely monitored and effectively implemented, thereby helping new employees quickly adapt to production requirements and schedules.

In 2025, the Company researched and developed a new skill-level assessment method aimed at encouraging employees to enhance their competencies and multi-skilled capabilities. Salary adjustments for employees showing improvement were determined objectively and fairly based on their actual work performance. This initiative contributed to motivating employees to make greater efforts in improving their professional skills.

During the first half of 2025, the Human Resources Department continued to organize regular training programs for line supervisors and team leaders on a weekly basis, and for middle management personnel once every two weeks. Through discussions, exchanges, and the sharing of perspectives and experiences, these programs helped equip the management team with additional knowledge and methods in workforce management and employee communication. In addition, the Company organized specialized training courses for middle management personnel, including courses on "Professional Negotiation and Communication Skills" and "3P Salary Structure Development Methodology." Furthermore, the Company conducted an advanced "Design Thinking" training program for the business development team.

c. Salaries and Employees' Income

The Company consistently complies with labor regulations, ensuring appropriate salary levels and making full and timely salary payments in accordance with labor contracts and the Collective Labor Agreement.

In addition to mandatory insurance policies, the Company continued to maintain and improve welfare policies aimed at enhancing employees' material and spiritual well-being. Benefits such as transportation allowances, attendance allowances, housing support, and employee care programs during public holidays, Tet holidays, weddings, and funerals were fully and promptly implemented, contributing to workforce stability and employee engagement.

Furthermore, in order to motivate employees to improve productivity, encourage work performance, and support employee income, the Company continued to implement team-based and productivity bonus policies for units achieving or exceeding planned targets.

❖ Average Income in 2025:

- The average income of direct workers working 208 hours per month reached VND 10.0 million per person per month.
- The average income of direct workers working 241 hours per month reached VND 11.6 million per person per month.
- The average income of indirect employees reached VND 15.8 million per person per month.

The Company also provided the 13th-month salary bonus to recognize employees' contributions: For direct production workers, the bonus was equivalent to 2.2 months of skill-grade salary, corresponding to approximately 1.5–1.6 months of actual take-home pay; For office and professional staff, the bonus was equivalent to 1.7 months of monthly salary. The total amount paid for the 13th-month salary bonus in 2025 was VND 30.2 billion, which was lower than in 2024. Nevertheless, this payment continued to contribute to supporting employees' income and stabilizing their living conditions amid ongoing market fluctuations.

d. Employee Welfare Policies

The Company consistently recognizes employees as valuable assets and a key factor in its sustainable development. In 2025, the Company continued to implement various policies aimed at improving employees' living conditions, health, and well-being, specifically as follows:

- Periodic health check-ups were organized for all employees in compliance with legal regulations, contributing to the monitoring and early detection of occupational health issues.
- Mid-shift meals were provided at a rate of VND 22,000 per serving, with menus changed daily to ensure nutritional balance and suit employees' preferences. Since August 2025, the Company has cooperated with VinaStory, a large-scale catering service provider with full certifications and standardized management procedures, ensuring safe and high-quality food supplies.
- Regarding the working environment, the Company annually engaged specialized service providers to conduct workplace environmental monitoring, ensuring that all

indicators complied with regulations on occupational safety, hygiene, and a healthy working environment.

- In terms of occupational safety and hygiene, the Company fully provided labor protection equipment suitable for the specific requirements of each department. At the same time, the Company regularly inspected, repaired, and upgraded systems related to workplace safety, including automatic fire protection systems and wastewater treatment systems, to ensure safe and efficient operations.

- The Company organized sightseeing and annual trips for all employees with a support budget of VND 2.5 million per employee, contributing to enhancing employees' well-being and strengthening internal engagement.

- During the Lunar New Year (Tet) holiday in 2025, the Company provided travel allowances for employees returning to their hometowns for Tet, demonstrating practical care and support for employees' spiritual well-being and workforce cohesion.

Overall, the welfare policies implemented in 2025 were carried out comprehensively and effectively, contributing to improved working conditions, enhanced employee welfare, and the maintenance of workforce stability.

4. Investment Activities

a. Investment in Machinery and Equipment:

In 2025, the Company mainly focused on replacing machinery and equipment that had become damaged or had been used for a long period of time, in order to maintain stable production capacity. A total of 111 machines and equipment units were invested during the year, with a total investment value of VND 9.8 billion. Details are as follows:

Unit	Machinery and Equipment	Quantity (units)	Value (VND)
Factory 1	Single-needle sewing machines, buttonhole machines, air compressors	19	1,348,251,774
Factory 2	Kansai machines, brushing machines, overlock machines, buttonhole machines, waistband attaching machines	10	1,743,412,925
Factory 3	Bartack machines, single-needle sewing machines, double-needle sewing machines, Kansai machines, buttonhole machines, hemming machines	33	2,221,785,975
Factory 4	Single-needle sewing machines, double-needle sewing machines, overlock machines, hemming machines, programmable sewing machines, waistband attaching machines	22	1,465,798,089
Cutting Factory	Cutting machines, fabric spreading machines, air compressors, drying machines, tagging machines	9	1,314,257,876

Unit	Machinery and Equipment	Quantity (units)	Value (VND)
Finishing Factory	Bartack machines, drying machines, automatic button attaching machines, decorative programmable sewing machines, leather label machines	7	1,082,145,499
Sample Factory	Bartack machines, button attaching machines, Kansai machines, pattern cutting machines	7	357,367,039
Canteen	Industrial ceiling fans	4	230,232,000
Total		111	9,763,251,177

b. Factory Repair and Capital Construction Activities

Đơn vị	Tên công trình	Giá trị (VNĐ)
Factory 2	Factory painting and waterproofing works	459,538,149
Factory 3		458,936,787
Factory 4		249,328,861
Cutting Factory		349,358,139
Sample Factory		131,820,632
Warehouse		65,750,441
Office		349,358,139
Finishing Factory	Relocation, installation, and construction of the boiler house in the new area	544,139,125
Canteen	Repair of canteen roofing system	389,814,500
Total		3,044,594,46

c. Financial Investment:

With the objective of enhancing competitiveness and pursuing sustainable development in both the garment manufacturing and washing sectors, the Company is making a long-term financial investment in Fashion Development Joint Stock Company (FDC). This investment is expected to establish a foundation for expanding the value chain, increasing production capacity, and gradually strengthening the Company's position within the garment industry supply chain. Details are as follows:

Beginning Balance			Investment During the Year (VND billion)	Số cuối năm		
Value (VND billion)	Ownership Ratio (%)	Ownership Ratio (%)		Value (VND billion)	Ownership Ratio (%)	Ownership Ratio (%)
173.291	74.000	76.08%	-	173.291	41.041	76.08%

To effectively oversee the investment capital, the Board of Directors of the Company appointed personnel to participate in the Supervisory Board of FDC, specifically:

- Mr. Le Van Dong – General Accountant of the Company: appointed as a member of the Supervisory Board of Fashion Development Corporation since June 27, 2025.

❖ FDC's Business Performance in 2025:

- Sales revenue reached VND 257.1 billion, achieving 117% of the annual plan.
- Profit after tax reached VND 43.1 billion, achieving 178% of the annual plan.

The enhancement of governance and supervisory roles by the Company at Fashion Development Joint Stock Company delivered clear effectiveness in 2025, as reflected in the company's performance exceeding planned targets in both revenue and profit. This represented one of the highlights of the Company's financial investment activities in 2025, contributing to increased ownership value for the parent company while establishing a foundation for synchronized development among member entities within the group.

d. Company Relocation Project:

In implementation of the Scheme on "Surveying and assessing the operational status and proposing mechanisms and policies to support enterprises located outside industrial parks and industrial clusters in the southern area to convert functions and relocate into industrial parks and clusters in Binh Duong Province," approved by the People's Committee of Binh Duong Province under Decision No. 3210/QD-UBND dated October 31, 2019, the 2023 Annual General Meeting of Shareholders approved the Company's relocation policy. Based on such approval, the Board of Directors developed the relocation plan, which was subsequently approved under Resolution No. 06/NQ-HDQT dated November 6, 2024.

According to the plan, the Company Relocation Project will be implemented during the period from early 2025 to the end of 2027, including major items such as land leasing, design consultancy, and construction of factory facilities in accordance with modern standards. The initially estimated total investment capital for the project, excluding machinery and equipment investment, is approximately VND 394 billion.

In 2025, the Company completed procedures for subleasing land at Protrade International Industrial Park with a total contract value, excluding VAT, of VND 95,304,418,000. In November 2025, the Company signed a contract with Industrial and Civil Designing Consulting Joint Stock Company (IDCo) for design consultancy services, with a total contract value of VND 6 billion (excluding VAT), and the project is currently in the initial design phase.

5. Business Performance Results:

a. Business Performance Indicators (Separate Financial Statements):

No.	Indicators	Unit	2025			Vs. 2024	
			Plan	Actual	% Actual/Plan	Actual	% Actual/2024
1	Net revenue from sales and service rendering	VND billion	1,600.6	1,762.4	110%	1,816.5	97%
2	Profit before tax	VND billion	107.5	159.3	148%	201.2	79%
3	Corporate income tax	VND billion	23.1	38.6	167%	41.9	92%
4	Profit after tax	VND billion	84.4	120.7	143%	159.3	76%

b. Business Performance Indicators (Consolidated Financial Statements):

No.	Indicators	Unit	2025			Vs. 2024	
			Plan	Actual	% Actual/Plan	TH	% Actual/2024
1	Net revenue from sales and service rendering	VND billion	1,600.6	1,762.4	110%	1,816.5	97%
2	Profit before tax	VND billion	110.2	167.4	152%	210.3	80%
3	Current corporate income tax	VND billion	23.1	38.7	167%	41.9	92%
4	Deferred corporate income tax	VND billion	(3.1)	(6.6)	210%	7.2	90%
5	Profit after tax	VND billion	90.2	135.3	150%	175.6	77%
	Including:						
	- Profit after tax attributable to the parent company	VND billion	85.3	125.0	147%	164.3	76%
	- Profit after tax attributable to non-controlling interests	VND billion	4.9	10.3	210%	11.4	91%

In 2025, the Company continued to maintain stable cooperative relationships with its traditional customers, thereby securing order volumes and exceeding the planned business performance targets. Specifically, actual revenue achieved 110% of the annual plan, while profit reached 143% of the planned target.

However, the Company's operations were significantly affected by its export market structure, in which the United States accounted for approximately 70% of total export turnover. The implementation of reciprocal tariff policies from April 2025 under the administration of Donald Trump directly impacted the Company's export activities. In the context of intense competition, increasing selling prices to offset rising costs was not feasible due to the risk of reducing the Company's competitiveness.

Since April 2025, several key customers in the U.S. market, including Rock, Miss Me, and PacSun, requested price reductions in order to share difficulties arising from market conditions. These customers are all long-term and stable partners that play an important role in the Company's revenue structure. Accordingly, the Company proactively negotiated and agreed to an average selling price reduction of approximately 5% in order to maintain sustainable long-term cooperation.

In addition to market pressures, the Company's internal costs continued to increase, affecting profit margins. In compliance with government regulations and with the objective of ensuring employee income and workforce stability, the Company implemented a salary increase of approximately 6% in accordance with Government Decree No. 74/2024/ND-CP (effective from July 1, 2024). As a result, salary expenses and insurance contributions increased significantly in 2025. The average income of direct production workers reached approximately VND 10 million per person per month, contributing to workforce stability while simultaneously increasing pressure on production costs.

Despite continued pressure on profit margins, the Company still achieved business results exceeding its annual plan thanks to the effective implementation of strategic directions set by the Board of Directors, the flexible management of the Executive Board, and the dedication and responsibility demonstrated by all employees.

In addition, the positive operating results of the subsidiary, Fashion Development Corporation, driven by increased output of fashion products and effective quality control, made a significant contribution to the overall performance. Furthermore, foreign exchange gains amounting to approximately VND 7.5 billion during the year also positively supported the Company's business results.

Specific results were as follows:

- Profit after tax under the separate financial statements exceeded the annual plan by 43%;
- Profit after tax under the consolidated financial statements exceeded the annual plan by 50%.

6. Assessment of Financial Position

In 2025, the Company's financial position continued to be closely managed, ensuring liquidity, financial safety, and efficient utilization of capital. Key financial indicators remained within safe levels; however, certain indicators reflected a decline in profitability efficiency amid rising costs. Several key financial indicators are presented as follows:

Indicators <i>(Separate Financial Statements)</i>	2025	2024	Notes
1. Liquidity Ratios			
Current ratio	2.02	2.31	Times
Quick ratio	0.07	0.09	Times
2. Capital Structure Ratios			
Debt-to-total assets ratio	37.49%	37.42%	
Debt-to-equity ratio	59.98%	59.80%	
3. Operating Efficiency Ratios			
Inventory turnover	6.98	6.85	Times
Receivables turnover	6.03	7.32	Times
Net revenue to total assets	1.72	1.99	Times
4. Profitability Ratios			
Profit after tax to net revenue	6.85%	8.77%	
Return on equity (ROE)	18.81%	27.80%	
Return on assets (ROA)	11.77%	17.45%	
Operating profit to net revenue	8.88%	10.34%	

a. Management of Current Assets and Short-term Liabilities:

- Cash and cash equivalents: The Company continued to prioritize the use of cash flows for production and business operations while also making short-term financial

investments in the form of bank deposits to optimize idle cash resources and improve capital utilization efficiency.

- Inventories: Inventory turnover reached 6.98 times per year, increasing from 6.85 times in 2024, corresponding to a shorter inventory holding period. This result demonstrates improvements in inventory management, production coordination, and order management, thereby contributing to reduced capital tied up in inventories and enhanced efficiency in the utilization of current assets.

- Trade receivables: Receivables turnover decreased from 7.32 times to 6.03 times, reflecting a slower debt collection rate compared to the previous year. However, the Company did not incur any bad debts and continued to strictly control receivables while implementing measures to accelerate collection progress.

- Short-term liabilities: The current ratio decreased from 2.31 to 2.02 but remained within a safe range. The Company fulfilled all payment obligations to suppliers and employees fully and on schedule. During the year, outstanding bank borrowings increased in order to meet working capital requirements and optimize cash flow for production and business activities.

b. Management of Long-term Assets:

The Company's long-term asset structure mainly comprised: Tangible fixed assets directly serving production activities; Investments in subsidiaries aimed at supporting synchronized business and production development.

The investment and management of long-term assets were carried out prudently and in line with the Company's medium- and long-term development orientation. Asset utilization was effectively controlled without significant waste or loss, thereby contributing to improved capital efficiency and establishing a foundation for sustainable development in the coming years.

7. Profit Distribution and Dividend Payment in 2025

Pursuant to Resolution No. 01/NQ-ĐHĐCĐ dated June 26, 2025 of the 2025 Annual General Meeting of Shareholders approving the 2025 profit distribution plan, the Executive Board hereby reports the implementation results as follows:

In 2025, despite facing numerous difficulties and challenges from the market, particularly pressures from declining selling prices, rising production costs, and changes in trade policies in key export markets, the Company made continuous efforts to maintain stable operations and exceeded the planned business performance targets. These results were reflected in the Company's growth in revenue, profit, and overall operational efficiency during the year.

Based on the achieved business results, together with accumulated undistributed after-tax profits from previous years, the Company formulated a profit distribution plan aimed at balancing shareholders' interests with the need to maintain financial resources for key investment plans in the coming period, particularly the factory relocation project and machinery and equipment investments.

Accordingly, in 2025, the Company plans to pay dividends at a rate of 50% of charter capital, representing a significant increase compared to the 25% rate applied in the previous year. This dividend payout reflects the Company's appreciation for shareholders' continued support, while also demonstrating the Executive Board's efforts

in balancing financial resources to maintain an attractive dividend policy while ensuring sufficient capital for the Company's long-term investment and development strategy.

Specifically, the after-tax profit for 2025 is proposed to be distributed as follows:

No.	Description	Plan	Actual	Amount (VND)
***	Charter capital			247,999,200,000
1	Accumulated undistributed after-tax profits carried forward from previous years			181,716,874,467
2	Profit after tax for 2025			120,699,060,963
3	Appropriation to funds			31,985,251,155
	- <i>Development investment fund</i>	20% of 2025 profit after tax	20% of 2025 profit after tax	24,139,812,193
	- <i>Bonus and welfare fund</i>	5% of 2024 profit after tax	5% of 2025 profit after tax	6,034,953,048
	- <i>Executive Board bonus fund</i>	1.5% of 2024 profit after tax	1.5% of 2025 profit after tax	1,810,485,914
4	Cash dividend payment	Not lower than 10% of charter capital	50% of charter capital (VND 5,000/share)	123,999,600,000
5	Total undistributed after-tax profits			146,431,084,275

8. General Assessment of Management and Operations in 2025

a. Achievements

In 2025, under the close direction of the Board of Directors, together with the flexible management of the Executive Board and the efforts of all employees, the Company successfully achieved its planned business and production targets. In addition to meeting financial targets, corporate governance and operational management continued to be effectively implemented across various aspects, specifically as follows:

- Maintaining and further developing cooperative relationships with traditional customers, while continuing to explore the domestic market, thereby contributing to a stable order volume.
- Organizing production activities in a flexible manner and adapting effectively to workforce fluctuations, thereby maintaining stable production operations.
- Operating the factory quality control system effectively, with no major incidents arising that could adversely affect the Company's reputation and brand image.
- Strengthening governance at the subsidiary through the Company's capital representative, thereby promoting improvements in quality and operational efficiency.

- Focusing on salary, bonus, and employee welfare policies. These policies played a significant role in maintaining workforce stability.

b. Limitations and Challenges

In addition to the positive results achieved, the Executive Board also recognizes several limitations and challenges that need to be further addressed in the coming period, specifically as follows:

- Difficulties arising from trade policies and reciprocal tariffs in the United States market continued to be the most significant challenge during the year. These new policies increased pressure in negotiations with customers, particularly in balancing the objectives of maintaining order volumes and preserving profit margins amid rising input costs.

- The development of new customers and diversification of markets did not achieve the expected results. The Company still mainly depends on its traditional customer base, which poses potential risks in the event of unfavorable market fluctuations or changes in trade policies.

- The organizational structure has not yet been sufficiently streamlined, affecting operational efficiency. During the year, the Company identified organizational restructuring as a key task aimed at improving labor productivity and controlling costs. However, the implementation process encountered various difficulties due to the broad scope of review involving multiple departments and individuals. The restructuring process requires the establishment of an objective and transparent competency evaluation system, as well as the design of an organizational model aligned with the Company's strategic orientation and operational realities. This is a process that must be carried out prudently, according to a specific roadmap, and requires time for completion.

- The most significant challenge at present lies in reorganizing and reallocating the management team in accordance with new operational requirements, while also addressing redundant labor arising from organizational streamlining. This process requires careful consideration to ensure a balance between human factors, internal stability, and the Company's long-term development objectives.

- Management capabilities and professional competencies remain uneven across different levels, which has partially affected implementation progress and coordination efficiency during the Company's process of innovation, restructuring, and enhancement of corporate governance capacity.

9. BUSINESS PLAN FOR 2026:

1. Overview of the Market Outlook for 2026

In 2026, the textile and garment industry is expected to continue its recovery trend following a prolonged period of global economic volatility. Consumer demand in several key export markets, such as the United States and the European Union, has shown signs of improvement, creating opportunities for enterprises with stable production capabilities to gradually increase order volumes.

In this context, enterprises with strong quality management systems, flexible production organization capabilities, and reliable delivery performance will have advantages in maintaining and expanding cooperation with customers. The trend of shifting orders toward suppliers with more comprehensive capabilities in supply chain

management, compliance with international standards, and sustainable development also presents opportunities for enterprises that are well prepared and strategically positioned.

Although the market is showing signs of recovery, the pace of recovery is forecast to be uneven and selective. Price competition is expected to remain intense, while input costs, including raw materials, labor, and compliance-related expenses, are likely to remain high, placing continued pressure on profit margins.

In addition, risks related to trade policies and tariffs in key markets remain present, particularly those associated with rules of origin and trade remedy measures. At the same time, requirements regarding traceability, sustainability standards, social responsibility, and environmental compliance are increasingly becoming mandatory conditions in order negotiations and order retention. This requires enterprises not only to enhance production capacity but also to strengthen supply chain governance and compliance management in accordance with international standards.

In particular, the global geopolitical situation continues to develop in a complex manner. Conflicts and wars in certain regions have significantly affected global supply chains, logistics costs, raw material prices, and international trade activities. These factors directly impact both the supply market for raw materials and consumer demand in export markets, thereby increasing instability and risks for the textile and garment industry's production and business activities in 2026.

2. Company Situation and Customer Structure in 2026

Against the above backdrop, the Company identifies maintaining and further developing stable relationships with its traditional customers as a continued key focus of its business strategy. This customer group provides a relatively stable source of orders, enabling the Company to be more proactive in production planning, cash flow management, and market risk control.

The Company will focus on increasing the proportion of orders from traditional customers with strong financial capability, stable order volumes, and long-term cooperation orientation, while gradually enhancing the added value of each order. Instead of competing on price, the Company aims to leverage its strengths in production organization, quality control, operational flexibility, and delivery reliability to maintain existing orders, while also expanding cooperation into product lines with higher technical requirements, better profit margins, and lower volatility.

Accordingly, 2026 is identified as a period for continuing to strengthen the foundation of traditional customers in parallel with restructuring the customer portfolio, aiming to achieve a balance between scale and operational efficiency, particularly in relation to workforce scale under the current context. Enhancing production efficiency, controlling costs, improving labor productivity, and selecting suitable orders will be key factors enabling the Company to maintain stable growth, protect profit margins, and establish a foundation for further development in the coming years.

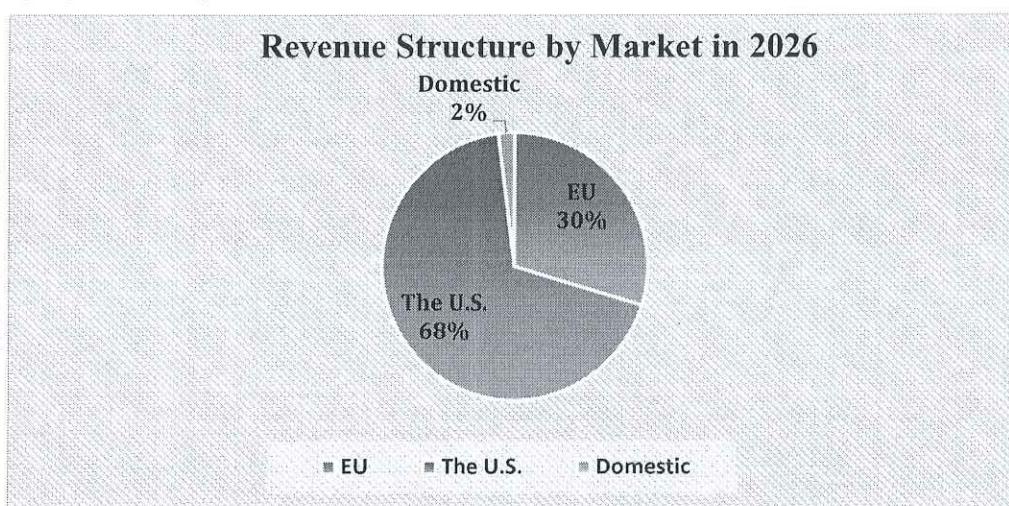
On that basis, the 2026 business plan has been developed under a prudent approach, prioritizing cash flow safety, cost control, and excluding the impact of foreign exchange fluctuations during the year.

In 2026, the Company will continue to operate both FOB and CMT production models, with FOB remaining the principal business model within the order structure.

The Company will maintain stable cooperation with its key traditional customers, including Olymp, Rock, Miss Me, PacSun, Eunina, Yody, and Evolution 3, thereby ensuring a relatively stable source of orders for the annual production plan.

Based on the projected order plan, production output in 2026 is estimated to reach approximately 4.3 million products, representing an increase of approximately 5% compared to 2025. Total planned revenue is estimated at approximately VND 1,772 billion, an increase of approximately 1% compared to 2025.

The projected shipment volume for 2026 is as follows:



Customer	Product	Market	Business Model	Estimated Output (pcs.)	Estimated Revenue (VND billion)
Olymp	Shirts	Europe	FOB	1,609,886	494.5
Rock Revival	Jeans	United States	FOB	683,100	583.2
Miss Me	Jeans	United States	FOB	700,920	414.9
PacSun	Jeans	United States	FOB	680,668	189.5
Evolution 3	Jeans	Europe	CMT	446,262	31.8
Eunina	Jeans	United States	FOB	78,400	21.9
Yody	Jeans	Domestic	FOB	191,941	36.2
Total				4,391,177	1,772.1

3. Business Targets for 2026:

Based on the above market outlook and assessments of the Company's operational situation, the business targets for 2026 are determined as follows:

No.	Indicators	2026 (Separate Financial Statements)	2026 (Consolidated Financial Statements)
1	Charter capital	247,999,200,000	247,999,200,000
2	Production output, including:	4,391,177	4,391,177
	- Shirts	1,609,886	1,609,886

No.	Indicators	2026 (Separate Financial Statements)	2026 (Consolidated Financial Statements)
	- <i>Fashion jeans</i>	1,384,020	1,384,020
	- <i>Basic jeans</i>	1,397,271	1,397,271
3	Total revenue	1,789,545,431,964	1,783,470,431,964
	<i>Including: Revenue from sales and service rendering</i>	1,772,037,431,964	1,772,037,431,964
4	Total expenses	1,662,240,092,979	1,651,010,088,356
5	Profit before tax	127,305,338,985	132,460,343,608
6	Current corporate income tax expense	26,061,067,797	26,061,067,797
	Deferred corporate income tax expense		(6,774,317,690)
7	Profit after tax	101,244,271,188	113,173,593,501
	- <i>Profit after tax attributable to the parent company</i>		103,307,669,588
	- <i>Profit after tax attributable to non- controlling interests</i>		9,865,923,913

In 2026, amid continued market challenges, particularly pricing pressure from major customers in key export markets, while production costs, especially labor costs, are expected to increase, the Company's production and business activities are anticipated to face considerable pressure, directly affecting business efficiency. Specifically:

❖ *Based on the 2026 Separate Financial Statements:*

➤ Estimated export revenue is expected to increase slightly by 1% compared to 2025;

➤ Profit after tax is expected to decrease by 16% compared to 2025.

❖ *Based on the 2026 Consolidated Financial Statements:*

➤ Estimated export revenue is expected to increase slightly by 1% compared to 2025;

➤ L Profit after tax is expected to decrease by 16% compared to 2025.

✚ **Reasons for the Decline in Profit in 2026:**

The lower growth rate of revenue compared to production output is mainly attributable to the expected continued decline in average selling prices throughout 2026, under the impact of tariff policies in the United States market. Meanwhile, in 2025, the selling price reduction only took effect from April 2025 onward; therefore, its impact was not fully reflected for the entire year.

In addition, although revenue is expected to increase slightly in 2026, the Company will continue to face increasing cost pressures, particularly labor costs. Pursuant to Government Decree No. 293/2025/ND-CP dated November 10, 2025 on adjustments to regional minimum wages, effective from January 1, 2026, salary expenses and mandatory insurance contributions based on salary levels are expected to increase, resulting in an estimated increase in labor costs of approximately 7% compared to the previous year.

According to the plan, the salary fund in 2026 is projected to increase by approximately VND 9.2 billion (equivalent to approximately 4%), together with an additional increase of approximately VND 10 billion in insurance expenses due to adjustments in insurance contribution levels for direct production workers based on skill grades, in order to ensure compliance with regulations and improve employee welfare policies.

Regarding financial expenses, the 2026 plan has been prepared on the assumption that there will be no foreign exchange fluctuations; therefore, no foreign exchange gains or losses are expected to arise. However, interest expenses are projected to increase by approximately 15% due to prevailing interest rate levels and capital demand for investment and production and business activities.

To address the above-mentioned pressures, the Company will continue to implement comprehensive cost control measures, focusing on reviewing and improving consumption norms for raw materials and accessories, enhancing labor productivity, and optimizing production processes in order to reduce material wastage, minimize outsourcing activities, and save direct costs. At the same time, the Company will strengthen budget management for indirect expenses and conduct periodic evaluations of spending efficiency to ensure the effective use of resources and improve overall financial performance.

4. Profit Distribution Plan for 2026:

Based on the 2026 business plan, and in the context of continued market challenges, rising input costs, and increasing operational pressures, the Company's profit after tax for 2026 is projected to decrease by 16% compared to the actual results achieved in 2025.

In addition, in order to implement the Company relocation plan in accordance with the policy approved under the Resolution of the General Meeting of Shareholders dated April 26, 2023, the Company identifies this as a key long-term strategic project requiring thorough preparation in terms of technical matters, human resources, and financial capacity. Due to the significant scale of investment, the Company plans to utilize a combination of funding sources, including retained earnings accumulated from previous years as well as profits generated during the 2026–2027 period, together with additional borrowings from credit institutions. Accordingly, from 2025 onward, the Company's financial pressure is expected to increase significantly, particularly during the investment and construction phases.

Therefore, in 2026, the Company determines that it is necessary to proactively balance financial resources in order to both fulfill obligations to shareholders through a reasonable profit distribution policy and maintain sufficient resources for the relocation plan and expansion investments, thereby supporting stable and sustainable development in the coming periods.

On that basis, the proposed 2026 after-tax profit distribution plan is as follows:

No.	Description	Proposed Profit Distribution Plan for 2026
1	Appropriation to funds	
	- <i>Development investment fund</i>	<i>20% of 2026 profit after tax</i>
	- <i>Bonus and welfare fund</i>	<i>5% of 2026 profit after tax</i>
	- <i>Executive Board bonus fund</i>	<i>1.5% of 2026 profit after tax</i>
2	Cash dividend payment	Not lower than 10% of charter capital

5. Key Solutions and Strategic Directions for 2026

In the context of continued challenges in 2026, including pricing pressure from key customers, market volatility, and increasing input costs, the Executive Board has identified the need to implement comprehensive key solutions, with particular focus on streamlining the organizational structure, improving labor utilization efficiency, and optimizing operating costs, specifically as follows:

a. Market and Customer Development

- Continue to maintain and strengthen cooperative relationships with traditional customers, particularly in the United States market, which accounts for a significant proportion of the Company's export structure. Proactively negotiate and cooperate with customers to share difficulties, stabilize production volumes, while improving products and developing new product lines aligned with market demand.

- Promote the expansion of export markets, prioritizing the exploration of potential markets outside the United States, especially countries that have signed Free Trade Agreements (FTAs) with Vietnam, in order to diversify markets and minimize dependency risks.

b. Strengthening Corporate Governance

- Enhance quality control and risk management throughout the entire production chain, from internal operations to subcontractors and subsidiaries, thereby ensuring stable product quality and maintaining the Company's reputation with customers.

- Focus on optimizing production processes in association with cost control through reviewing and improving material consumption norms, negotiating cost reductions within the supply chain, minimizing defective and waste products, and limiting unnecessary expenses.

- Accelerate the application of technology and investment in automation equipment to improve labor productivity, reduce dependence on manual labor, and enhance production efficiency.

- Continue implementing corporate restructuring toward a leaner organizational model by reducing intermediate layers, minimizing overlapping functions, and enhancing operational proactiveness, thereby contributing to lower management costs and improved operational efficiency.

- Gradually reform salary policies, particularly for direct production workers, in a manner that encourages multi-skilling and multi-tasking capabilities, supporting the Company's orientation toward workforce streamlining and more effective human resource utilization.

c. Human Resources Orientation

- Restructuring and streamlining the workforce will continue to be a key task in 2026. The Company will conduct a comprehensive review of the functions and responsibilities of each department in order to reorganize the workforce toward a leaner structure, reduce overlapping responsibilities, improve labor productivity, and enhance personnel utilization efficiency.

- Implement appropriate employee allocation, reassignment, and concurrent responsibilities to broaden management scope, enhance the versatility of indirect staff, and gradually reduce the proportion of indirect labor within the Company's total workforce.

- Improve recruitment efficiency through diversifying recruitment channels and applying technology in workforce data management, thereby ensuring timely fulfillment of personnel needs in the event of workforce fluctuations.

- Strengthen vocational and skill training for direct production workers toward multi-skilled capabilities and operational improvements in order to enhance productivity, stabilize the workforce, and reduce labor costs per unit of product.

- Continue training and enhancing the capabilities of managers and professional staff to meet operational requirements in the new context, while also developing succession personnel for key positions within the Company.

d. Orientation for the Subsidiary (FDC)

- Strengthen governance and operational mechanisms through enhancing the role of capital representatives, ensuring close coordination between the parent company and Fashion Development Joint Stock Company in implementing business and production strategies.

- Issue and complete regulations governing the activities of capital representatives in order to enhance management accountability, strengthen supervisory effectiveness, and ensure transparency and consistency in management and operations between the parent company and the subsidiary.

- The solutions implemented at FDC are aimed not only at maintaining stable operations during challenging periods but also at enhancing competitiveness, governance effectiveness, and establishing a foundation for sustainable development across the entire system in the coming years.

This concludes the Executive Board's 2025 Operational Report and 2026 Business Plan. We respectfully submit it to the General Meeting of Shareholders for review and feedback.

Distribution:

- As above;
- Board of Directors Members;
- Supervisory Board;
- Executive Management;
- Filing: Administration Department.

**CHIEF EXECUTIVE OFFICER
GENERAL DIRECTOR**



PHAN THANH ĐỨC