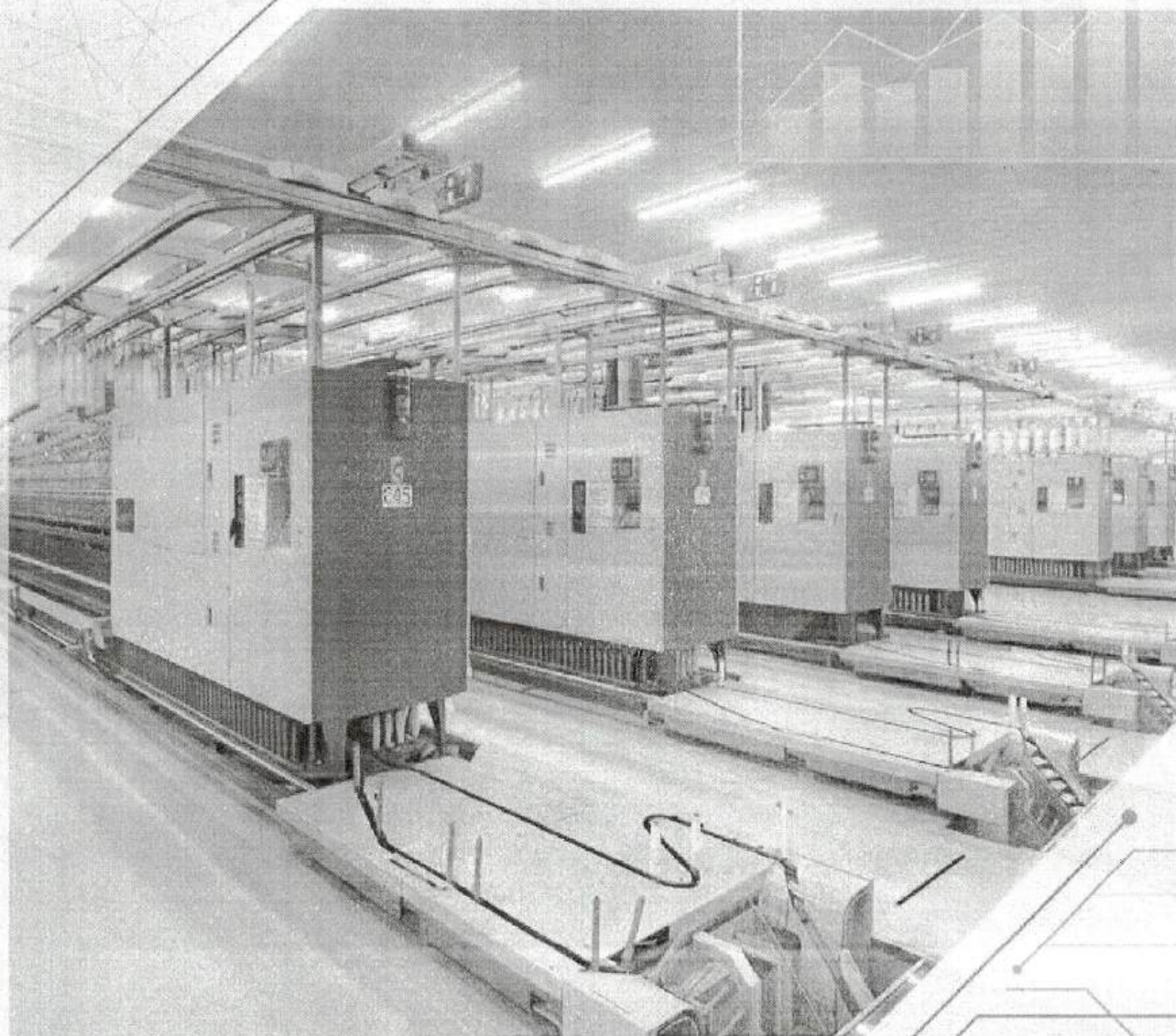




PHU BAI SPINNING MILL JOINT STOCK COMPANY



# ANNUAL REPORT 2025

Hue, 04/2026



## **2025 ANNUAL REPORT**

**Dear : State Securities Commission**

**Hanoi Stock Exchange**

**Shareholders of Phu Bai Yarn Joint Stock Company**

### **I/ GENERAL INFORMATION:**

#### **1. General information:**

- Trading name: PHU BAI YARN JSC
- Business Registration Certificate No. 3103000053, issued on 14/01/2003; Certificate of Business Registration, code: 3300352720, registered for the 12th change dated 02/10/2025; Place of issue: Business Registration Office - Department of Planning and Investment of Thua Thien Hue Province.
- Address: Street No. 1, Phu Bai Industrial Park, Phu Bai Ward, Hue City, Vietnam.
- Phone number: 0234-3863240/ 3863367; - Fax: 0234-3863363
- Website: <http://phubaispinning.com>
- Charter capital: 133,000,870,000 VND (One hundred and thirty-three billion eight hundred and seventy thousand VND);
- Owner's investment capital: 237,073,950,467 VND
- Par value of shares: 10,000 VND;
- Total shares: 13,300,087 shares
- Code : SPB
- Company Logo:



*Phu Bai Spinning*  
**SỢI PHÚ BÀI**

**\* Formation and development process:**

Phu Bai Yarn Joint Stock Company is a member unit of Vietnam Textile and Garment Group, established and officially put into production and business activities from March 1, 2003, with an initial charter capital of VND 6 billion. The company specializes in the production of yarn of all kinds to supply the domestic market, export and trading raw materials and equipment for the spinning industry. The spinning line of 50,000 yarn spindles is invested with synchronous machinery and equipment, advanced and modern technology of well-known manufacturing companies, such as: Trutzschler and Volkmann - Germany, Rieter and SSM - Switzerland, Murata and Toyota - Japan and China. In order to expand the scale, from 2003 to 2021, the Company has had 05 capital increases. Up to now, the total charter capital of the Company is 133,000,870,000 VND. In October 2021, the Company officially put a new, two-storey Yarn Factory, transferred from the Spinning Mill Investment Project with 30,240 yarn piles into production and business activities with a monthly capacity of about 450 tons of high-quality 100% Cotton yarn. The company has a team of enthusiastic and dynamic employees at work, quickly absorbing new technologies, having a lot of experience, diligent in overcoming all difficulties, always completing the assigned work; especially, in the process of production and business, thanks to the active attention and technical support, the application of strict management methods in all aspects of the Board of Directors of the Company and management executives at all levels, so in recent years, the Company's yarn products and brands have been being used by customers in and foreign countries highly appreciate and affirm the class of the Phu Bai Yarn brand in the market. The company always ensures to maintain 90-95% of the output of yarn products for direct export to Korea, Japan, Thailand, the US, etc. etc.

On 17/10/2016, according to the announcement No. 1040/TB-SGDHN dated 10/10/2016 of the Hanoi Stock Exchange (HNX), the shares of Phu Bai Yarn Joint Stock Company were officially registered for trading on UPCOM exchange.





## 2. Business lines and geographical areas:

- Main business scope:
  - + Production and trading of yarn, weaving, raw materials and accessories and products in the yarn, textile and dyeing industries;
  - + Specialized wholesaling: cotton, fibers, yarns of all kinds and products in the yarn, textile and dyeing industries;
  - + Wholesale of machinery, equipment and other machine spare parts;
  - + Sewing costumes;
  - + Production of ready-made garments;
  - + Installation of other construction systems;
  - + Construction of houses of all kinds and technical works;
- Business area: supplying the domestic market and exporting to countries: Korea, Japan, Thailand, the US....

## BUSINESS MARKET



## 3 Information about the governance model, business organization and management apparatus:

**Governance Model:** Phu Bai Yarn Joint Stock Company operates under the Charter of organization and operation of the Company approved by the General Meeting of Shareholders, in accordance with the provisions of the Law on Enterprises, under the governance, supervision and administration of the Board of Directors, the Supervisory Board and the Board of General Directors.



The governance model of Phu Bai Yarn Joint Stock Company according to the Joint Stock Company model is as follows:

- General Meeting of Shareholders;
- Board of Directors;
- Supervisory Board;
- Board of Directors;

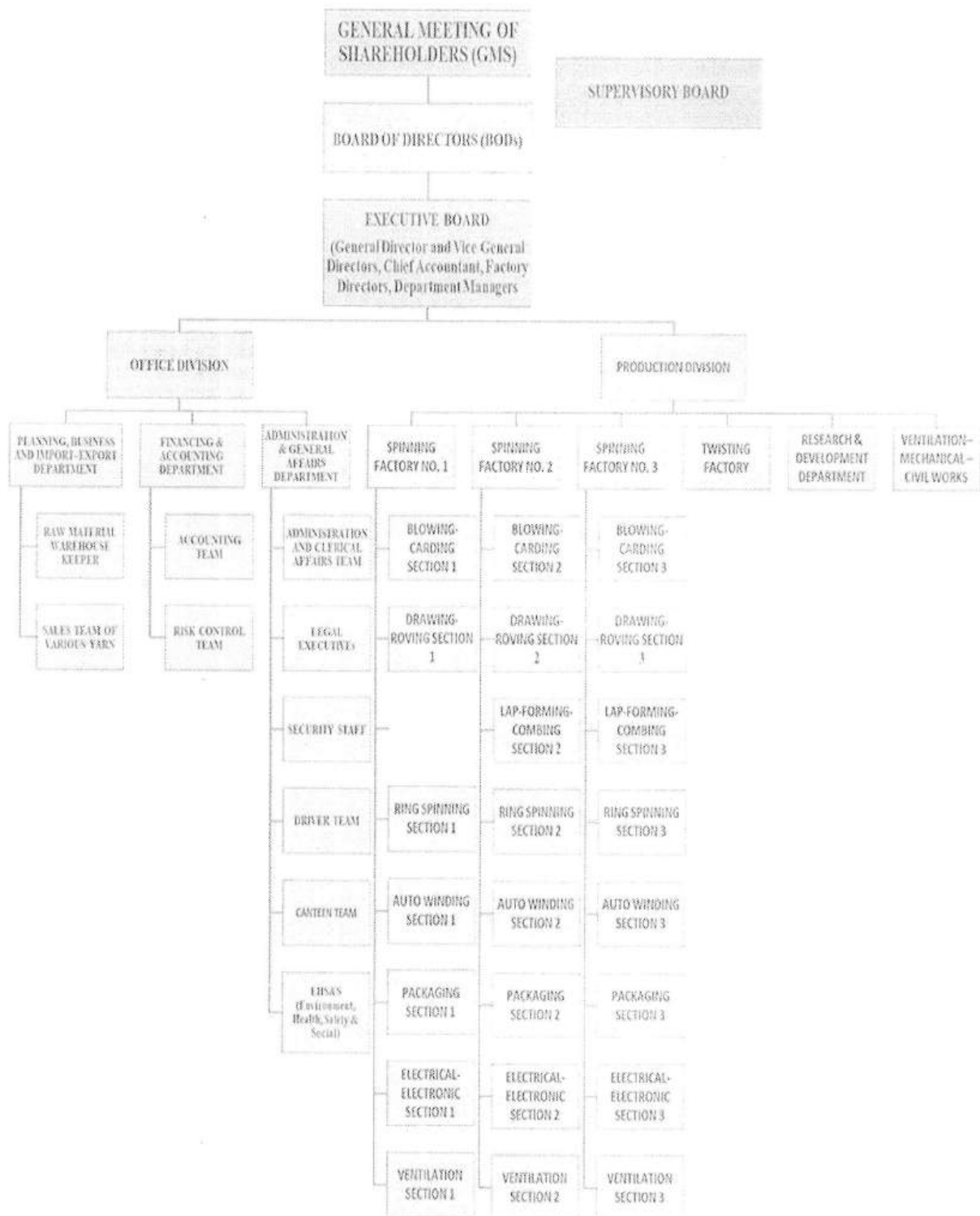
**Structure of the management apparatus:** The management apparatus of Phu Bai Yarn Joint Stock Company follows the model of a joint stock company as follows:

- General Meeting of Shareholders;
- Board of Directors;
- Supervisory Board;
- Chief Executive Officer;
- Deputy General Directors
- Functional departments;
- Affiliated units.

**DIAGRAM OF ORGANIZATIONAL STRUCTURE AND MANAGEMENT  
APPARATUS  
OF PHU BAI YARN JOINT STOCK COMPANY**

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- **General Meeting of Shareholders:** The General Meeting of Shareholders is the highest competent body of the Company, including all Shareholders with voting rights.
- **Board of Directors:** is the Company's management agency elected by the General Meeting of Shareholders, has full rights on behalf of the Company to decide and exercise the Company's rights and obligations not under the jurisdiction of the General Meeting of Shareholders.
- **Supervisory Board:** It is an organization that controls production and business activities on behalf of shareholders, governs and operates the Company.
- **General Director:** is the person who runs the day-to-day business of the Company; subject to the supervision of the Board of Directors and take responsibility before the Board of Directors and law for the performance of assigned rights and tasks. The General Director of the Company is the legal representative of the Company.
- **Deputy General Director:** being an adviser and assistant to the General Director of the Company; directly administer and manage a number of activities of the Company under the authorization and assignment of tasks of the General Director of the Company. The Deputy General Director shall be responsible to the General Director of the Company and to the current law for the assigned and authorized tasks.
- **Assisting staff departments:**
  - + Administrative Division;
  - + Accounting – Finance Department;
  - + Department of Planning – Business – Import and Export;
  - + Department of Engineering – Production Administration.
- **Affiliated units:** Phu Bai Yarn Joint Stock Company has 01 representative office in Ho Chi Minh City.
- **Subsidiaries and associated companies:**
  - Subsidiaries : None
  - Affiliated company : 01 company

<b>Affiliated Companies</b>	<b>Address</b>	<b>Competencies (fiber piles)</b>	<b>Charter capital (1,000 VND)</b>	<b>SPB's capital contribution (1,000 VND)</b>	<b>Capital Contribution Ratio (%)</b>
Dong Phu Yarn Joint Stock Company	Tho Binh Village, Tan Dan Commune,	10.000	28.000.000	1.075.000	3,839



	Khoai Chau District, Hung Yen Province, Vietnam				
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#### 4 Development orientation:

##### - The main objectives of the Company:

- + Maintain and develop a strong brand of "Phu Bai Yarn" in the domestic and international markets.
- + Develop the company in a sustainable and stable direction, and at the same time actively integrate with the trend of "comprehensive greening" in all activities.
- + Develop a comprehensive business strategy, harmoniously connecting human factors and financial capacity to achieve optimal efficiency.
- + Preserving and increasing the value of equity, and at the same time ensuring the interests and development of shareholders who have trusted and invested in the Company.
- + Creating a cohesive value system, balancing the interests of all stakeholders, from customers, suppliers, employees, shareholders, to the community and the state.

##### - Medium and long-term development strategy:

With more than 20 years of establishment and development, Phu Bai Yarn Joint Stock Company has always operated with the motto of maintaining and developing the brand "Phu Bai Yarn" in the domestic and foreign markets, aiming to maximize the benefits of shareholders, and at the same time ensure the welfare of officials, employees of the Company. The Company implements the strategy of maintaining production and business activities for the traditional markets and customers that the Company currently has, promoting the Company's product sales and marketing policies. At the same time, actively expand new export markets to create a premise for development in the following years.

The company implements the strategy of optimizing the existing scale in the medium term, flexibly adjusting the product structure in accordance with the actual situation in each period, in order to ensure production and business efficiency. The goal is to gradually make Phu Bai Yarn Joint Stock Company become one of the leading units in Vietnam's yarn industry, specializing in the production of green products for the Textile - Dyeing - Finish supply chain. The company focuses on improving the output of green

yarn and reducing the production rate of universal yarn, in order to minimize competitive pressure on selling prices and optimize operational efficiency.

In addition, the Board of Directors of Phu Bai Yarn Joint Stock Company always focuses on building a stable, sustainable and integrated company. The company builds a professional image from providing goods and services to after-sales care programs, enhancing the company's reputation brand. With the current development trend of the textile and garment industry, aiming to produce products with green, energy-saving and environmentally friendly technology is an inevitable trend and that is also the goal of Phu Bai Yarn in the coming time. The Board of Directors focuses on investment in the direction of "greening" to help improve competitiveness and add value. SPB is constantly looking for solutions for environmental development. The green environment is not only green trees but requires investment in solutions in technology, equipment, resources, people...



Phu Bai Yarn has been applying policies to operate the Company's production activities according to the criteria of thrift and efficiency, building a positive and friendly corporate culture environment as well as well performing social security works.

In the coming time, the Company will continue to implement the business strategy of integrating the relationships between human factors and financial capacity:

+ Improving the quality of the contingent of managers and policy makers: The improvement of the capacity of professional cadres should be prioritized, proactively improving the level of management, fostering and guiding knowledge of economics and planning for all managers, employees in the Company. The Company also focuses on recruiting, training, and developing human resources with qualifications, quality, industrial style and discipline to meet the increasing requirements in production and



business, ensuring the implementation of plans and goals set by the Company over the periods. In addition, the Company continues to promote movements on invention initiatives, scientific and technical improvements to apply to production practices. The company's Board of Directors constantly takes care of the material and spiritual life of employees, gradually improving and raising income, ensuring enough stable jobs.

+ Improve financial capacity: strengthen internal accumulation and increase profits. Use capital sources rationally, enhance business competitiveness, increase financial capacity.

+ In parallel with the development process of the enterprise, the Board of Directors of the Company still emphasizes the preservation and development of equity and capital of shareholders who have invested in the enterprise.

- **The Company's sustainability goals (environmental, social and community) and key programs related to the short and medium term:**

\* **For the environment, society, and community:** To achieve the goal of green development, the Company aims to produce products with green technology, using recycled fiber materials, clean materials such as BCI cotton, organic cotton, etc., saving energy and being environmentally friendly.

Sustainable development goes hand in hand with the global market's goal of greening, using renewable energy – solar energy to reduce electricity consumption in the production process, and reduce greenhouse emissions. In which, investing in digital governance, controlling and adapting to the requirements of the global textile and garment industry.

Offer investment solutions on technology and automation in a number of high-quality adaptable production lines.

\* **For customers:** Phu Bai Yarn Joint Stock Company operates with 3 mottos "Good product quality is the foundation for the existence and development of the Company", "Satisfying customer requirements is the goal of Phu Bai Yarn" and "The interests of customers and stakeholders are also the interests of Phu Bai Yarn". Therefore, the Company always focuses on developing and producing yarn with quality towards the interests and increasing requirements of customers.

\* **For suppliers:** Regularly evaluate suppliers to ensure the long-term effectiveness of cooperation, implement equality in the selection of suppliers on the principle of healthy competition. Constantly improve product quality, take measures to improve the relationship between the company and suppliers, and ensure benefits for both parties.

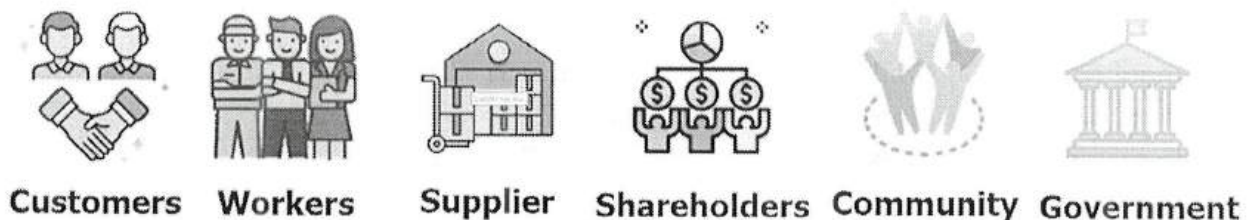
\* **For shareholders:** Effectively manage, use and invest capital with the aim of maximizing the long-term benefits of shareholders.

\* **For employees:**

- Lean organization.
- Develop a reasonable and effective management strategy.
- Establish a safe working environment.
- Ensuring the health of workers.
- Attracting and retaining talents with fair, competitive policies and in line with the Company's strategic orientation.
- Personnel are assigned work reasonably, oriented and have clear development opportunities.
- There is a policy to train a workforce that meets high professional qualifications.

\* **For the State:** The company complies with the policies and legal regulations of the State. Strengthen control and minimize violations related to non-compliance with the law. Always pay taxes in full and support the state's policies, supporting the development of the locality.

### Connecting value systems brings benefits to the stakeholders



## 5 Risks:

### - Economic risks

In the current context, despite some positive geopolitical signs, the world economy still faces many significant challenges in 2026. After a period of slow and uneven recovery, escalating trade policies and political and economic instability in major economies continue to put pressure on global growth. According to the IMF, the growth of the world's three largest economies including the United States, the European Union and China has all tended to decline compared to previous years, leading to the global growth trend remaining at a low level similar to recent years. Specifically, the global economy



is forecast to grow by about 3.2% in 2025 and remain at almost the same level in 2026, lower than the increase in the pre-pandemic period.

Emerging and developing economies are also markedly affected by this trend. However, the group of emerging economies in Asia still maintains a dynamic position with a relatively high forecast GDP growth compared to the global average.

Vietnam, as an economy with great openness and strong dependence on global supply chains, has been suffering from the dual impact of world economic developments. In recent years, Vietnam has attracted impressive foreign direct investment (FDI) inflows thanks to its stable political environment and suitable position in the production restructuring strategy of investors shifting from China. GDP growth in 2024 will reach over 7%, exceeding the set target, reflecting the resilience of the economy in the face of the common difficulties of the region.

However, in the context of increasing geoeconomic competition and strained global trade relations, Vietnam continues to face greater risks in 2026. Pressure from the trade conflict between the US and major partners may cause Vietnam to be considered a "springboard" for China's supply chain, leading to a sharp increase in exports to the US and an increase in imports from China, increasing the trade deficit. This trend is reflected in FDI inflow data: China from a position outside the top 10 has quickly become one of the largest investment partners in Vietnam in 2024, contributing a significant proportion of the number of projects and capital scale.

In the event that tariffs and trade restrictions are more widely applied in the U.S. market, preliminary calculations suggest that Vietnam's GDP growth could be affected by a decline of about 1% or more, similar to other ASEAN countries such as Malaysia and Thailand.

In addition, Vietnam is also being negatively impacted by the wave of cheap imported goods, mainly from China, putting great competitive pressure on domestic production and trade. Although the government has taken measures to control large-scale online sales sites from abroad, the lingering impact of cheap goods may continue to affect the domestic market in 2026.

Economic risk is defined as a type of systemic risk created by macroeconomic factors (for example, economic growth rate, inflation, exchange rate, interest rate, etc.) that directly or indirectly affect the production and business activities of enterprises in general and Phu Bai Yarn Joint Stock Company in particular. The stability and strength of the

domestic and international economy play a very important role in the development of businesses. On the contrary, if the economy has abnormal fluctuations or falls into recession, inflation, exchange rates, and interest rates will increase and cause the demand for garments to drop sharply, hindering the development of the Company's business activities.

As an enterprise operating in the field of Yarn production and trading, the development of the world economy, including Vietnam, creates an important demand for the Textile and Garment industry. However, Vietnamese products account for a small proportion of the world, so the selling price of the product depends on the general ground of the world. Therefore, when the economic recession led to a decrease in the selling price of yarn products, it directly and strongly affected the production and business activities of the Company.

In order to limit risks, the Company has forecasted the economic situation to make production and business plans in accordance with the growth of the economy.

- **Interest rate risk:**

Interest rates are sensitive economic variables, changes in interest rates will have an impact on changing the production and consumption behavior of society. For a business, interest rate risk is the risk when the cost of borrowing the business is higher than the business's ability to generate profits. When interest rates fluctuate, there will be a certain impact on the production and business situation of the Company.

The Company applies many measures such as reducing loans from banks, analyzing the competitive situation in the market, actively negotiating with banks to obtain interest rates that are beneficial to the Company's purposes.

- **Risks of fluctuations in input material prices:**

Due to the characteristics of the yarn production industry in the field of industrial processing, the cost of input materials accounts for a large proportion (over 70%) of the total product cost of Phu Bai Yarn Joint Stock Company. The main raw materials such as natural cotton, polyester fiber and recycled fiber are mostly imported from abroad, so the price is directly affected by the fluctuation of the world raw material market.

In 2025, cotton and synthetic fiber prices will continue to fluctuate sharply due to speculative factors in the intercontinental commodity market, supply chain tensions, and rising transportation costs. This situation has a significant impact on product costs and the Company's gross profit in the short term. It is forecasted that in 2026, the trend of



fluctuations in raw material prices will continue due to the impact of global trade policies, exchange rate fluctuations and energy costs.

Faced with that reality, the Company has implemented many proactive solutions to minimize adverse impacts, including:

- Flexible purchase planning, in accordance with the price fluctuation cycle;
- Strengthen negotiations with strategic suppliers to ensure a stable source of raw materials at reasonable prices;
- Closely monitor developments in the cotton market and foreign exchange rates to promptly adjust production and business plans;
- Gradually diversify supply and consider using alternative raw materials to reduce dependence on a number of major import markets.

Thanks to these measures, the Company has significantly limited the risk of fluctuations in input material prices, while maintaining competitiveness and production efficiency in the context of volatile markets.

- **Environmental Risks:**

According to the Vietnam Textile and Garment Association, Vietnam's textile and garment industry currently emits about 5 million tons of CO<sub>2</sub> per year. Wet processing in the production of yarns, fabrics and garments consumes a huge amount of water for washing, bleaching, dyeing and finishing, and generates wastewater and exhaust gases that have the risk of polluting the environment.

The rapid development of industrial parks and concentrated production clusters increases the risk of water and air pollution and greenhouse gas emissions, putting pressure on sustainable development goals. The textile and footwear industry is also considered one of the industries with the second highest level of environmental impact in the world, so it is under increasing scrutiny from regulatory agencies, international customers and consumers. New requirements for environmental standards, traceability and carbon emissions are becoming key factors affecting the competitiveness of businesses.

Fully aware of that, Phu Bai Yarn Joint Stock Company has been increasing investment in environmental protection infrastructure, including:

- Upgrading the wastewater and exhaust gas treatment system to meet standards;
- Renewable energy applications such as rooftop solar power systems to reduce CO<sub>2</sub> emissions;



- Innovate technology, improve production processes, aiming to reduce energy consumption, limit microplastic pollution;
- Improve the waste management system in the direction of circular and sustainability.

The implementation of these measures not only helps the Company reduce legal and environmental risks, but also responds to the trend of green consumption and strengthens brand reputation in the global supply chain.

**- Other Risks:**

In addition to the above risks, other risks can also occur in force majeure cases such as natural disasters, storms, floods, fires, etc. These risks are rare, but they are difficult to predict, and once they arise, they often cause great damage to the Company in terms of both people and property. Therefore, in order to minimize the impact, the Company proactively prevents by buying insurance for employees and the Company's assets.

**II/ OPERATION SITUATION IN 2025:**

**1 The situation of production and business activities in the year and the implementation situation compared to the plan:**

- Results of production and business activities in 2025 of Phu Bai Yarn Joint Stock Company:

TT	CRITERIA	DVT	Implem ented in 2024	Plan for 2025	Impleme ntation in 2025	Comparison (%)	
						Actual (2025/2024)	Actual / Plan
1	Production Output	Tons of yarn	16.629	14.900	14.861,48	89,37%	99,74%
2	Total Revenue	Billio n VND	1346,47	1.155	1.124,78	83,54%	97,38%
3	Export turnover	Milli on USD	43,60	36	39,61	90,55%	110,02%
4	Import turnover	Milli on USD	34,30	-	29,40	89,62%	-
5	Profit before tax	Billio n VND	15,5	30	23,60	152,26%	78,67%

*Summary table of SPB's production and business results 2025 sourced from the 2025 audited financial statements and the Resolution of the 2025 Annual General Meeting of Shareholders; Resolution of the Board of Directors No. 17/01/2026*

The situation of production and business activities in 2025 and the implementation rate compared to the plan of Phu Bai Yarn Joint Stock Company recorded a number of highlights, with strong growth in profit although output and revenue tended to decrease compared to the previous year:

- Production output: The company achieved 14,861.48 tons of yarn, sticking to the target when reaching 99.74% of the plan (14,900 tons). However, compared to 2024, this output level will be reduced, only 89.37%. The basic production progress follows the plan, ensuring a stable supply of goods for export. This is a positive level in the context that many other yarn enterprises have to cut capacity due to declining orders and are also affected by US tariffs.
- Total revenue: Reached VND 1,124.78 billion, completing 97.38% of the plan (target is VND 1,155 billion). Similar to output, revenue in 2025 is also lower than in 2024 (reaching 83.54%).
- Import and export turnover:
  - Exports: This is a bright spot when reaching 39.61 million USD, exceeding the set plan (reaching 110.02% compared to the target of 36 million USD). Even so, this figure is still slightly lower than the implementation of 2024 (reaching 90.55%). Export turnover maintains a good pace by maintaining traditional markets, gaining new customers and developing new products – creating a competitive advantage in the context of the yarn industry relying heavily on exports.
  - The consumption market is highly dependent on exports (accounting for over 95% of revenue): The domestic market has not developed commensurately, while exports are subject to many risks from exchange rate fluctuations, trade policies and price competition from China, India, Pakistan, Indonesia, etc. etc.
  - Imports: Recorded at 30.74 million USD (equivalent to 89.62% of 2024).
- Profit before tax: The company recorded VND 23.60 billion. Although the set plan has not been achieved (only 78.67% of the target of VND 30 billion), due to the simultaneous impact of factors such as logistics costs and increased electricity costs; the selling price of yarn in the markets the company is selling has decreased deeply; tariff pressure and price competition, but profit in 2025 will have a very strong growth compared to 2024 (reaching 152.26%).



- **General assessment:** In 2025, the company's business activities will shrink in terms of scale (output and revenue decreased compared to 2024), but it shows that operational efficiency is improved when profit before tax grows tremendously. In addition, the company has made great efforts to complete and exceed the planned target in the export segment.

## 2 Organization and personnel:

### - List of SPB Board of Directors as of 31/12/2025:

STT	Full name	Position	Number of shares owned and representative ownership	Ownership/Charter Capital
1	Mr. Tran Dinh Hiep	General Director	2.425.567	18,24%
2	Ms. Hoang Thai Truc	Deputy General Director	43.540	0,33%
3	Le Thi Que Huong	Deputy General Director	2.295	0,02%
4	Nguyen Trung Hieu	In charge of the KT Department	1.000	0.0075%

### - Mr. Tran Dinh Hiep – General Director:

- + Date of birth: 06/04/1984
- + Place of birth: Yen The Commune, Bac Giang Province
- + Current residence: Unit 7, No. 285 Doi Can, Ngoc Ha Ward, Hanoi City.
- + Nationality: Vietnamese
- + Qualifications: Civil engineer.
- + Number of SPB shares: 2,425,567 shares, accounting for 18.24% of charter capital. In which, personal ownership: 31,552 shares, authorized representative ownership: 2,394,015 shares.

### - Ms. Hoang Thai Truc – Deputy General Director

- + Date of birth: 27/06/1984
- + Place of birth: Thanh Thuy Ward, Ho Chi Minh City. Hue
- + Current residence: House No. 93, Ngu Binh Street, An Cuu Ward, Hue City,
- + Nationality: Vietnamese
- + Qualifications: Bachelor of Economics\_ Accounting



+ Number of shares of SPB owned individually: 43,540 shares, accounting for 0.327% of charter capital.

**- Ms. Le Thi Que Huong – Deputy General Director:**

- + Date of birth: 10/10/1978
- + Place of birth: Phu Vang Commune, Hue City
- + Current residence: No. 4 Vo Duy Ninh, Thanh Thuy Ward, Hue City
- + Nationality: Vietnamese
- + Qualifications: Bachelor of Economics - majoring in Import and Export Business.
- + Number of shares of SPB owned individually: 2,295 shares, accounting for 0.017% of charter capital.

**- Mr. Nguyen Trung Hieu – Head of Accounting Department:**

- + Date of birth: 22/02/1991
- + Place of birth: Hue City
- + Current residence: 4/2 An Thuong Princess Street – Thanh Thuy Ward – Hue City
- + Nationality: Vietnamese
- + Qualifications: Bachelor of Economics
- + Number of SPB shares: 1,000 shares, accounting for 0.0075% of charter capital.

**- Changes in the executive board in 2025:**

**On 01/11/2024, Mr. Nguyen Trung Hieu was appointed in charge of the Company's Accounting Department.**

**- Number of officers and employees:**

As of December 31, 2025, the total number of employees of the Company is 633 employees; Average salary: 11.7 million VND/person/month.

The Company's labor structure is as follows:

Labor classification	As of 31/12/2025	
	Quantity	Rate
<b>I/ According to Labor Qualifications</b>	<b>633</b>	<b>100%</b>
1. Undergraduate and post-university degrees	44	6,95%
2. College Degree	37	5,85%
3. Intermediate level	58	9,16%
4. Other workers (high school + secondary school)	494	78,04%
<b>II/ According to the nature of the labor contract</b>	<b>633</b>	<b>100%</b>
1. Contracts with a term of less than 1 year	-	-
2. Indefinite-term contracts	633	100%



TT	MMTB CATALOGUE	ORIGIN	UNIT	QUANTITY	VALUE (Million VND)
2	10-Compartment Mixing Chamber MX-U10	Germany	Piece	1	3.000
3	Spandex Core Yarn Running Equipment System and Filament on 01 Jingwei Yarn Machine	China	Plot	1	800
4	LDB3 Coupler, with 1 output	India / UAE	Piece	1	700
5	Dust Filtration System	China	Piece	2	1.600
6	Murata AICone Pipe Beater x 60 Pile - Bobbin Tray Type	Japan	Piece	2	11.000
7	Jossi Foreign Fiber Type Machine	Switzerland	Piece	1	2.500
8	Intelligent fiber tube feeding robot	China	Machine	2	2.000
9	G33 Substrand Termite Clamp Assembly		Plot	1	600
10	Air conditioning system, additional auxiliary electricity at NM 3		System		1.500
	<b>TOTAL</b>				<b>33.700</b>

**- Subsidiaries and associated companies:**

+ Subsidiaries: None

+ Associated company: Dong Phu Yarn Joint Stock Company

**4 Financial Situation:**

**a) Financial Situation :**

Member: Million  
VND

Criteria	Year 2024	Year 2025	Percentage %
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			increase and decrease
Total Asset Value	911.899	1.013.753	11,17%
Net Revenue	1.327.357	1.106.889	-16,61%
Profit from business activities	14.681	20.904	42,39%
Other Profits	819	2.705	230,28%
Profit before tax	15.501	23.610	52,32%
Profit after tax	15.156	21.935	44,73%
Expected dividend yield	0	0	N/A

In 2025, the total value of the Company's assets will reach VND 1,013,753 million, an increase of 11.17% compared to 2024, showing that the Company's assets will continue to expand.

Net revenue in the year reached VND 1,106,889 million, down 16.61% compared to the previous year. However, profit from business activities still increased sharply by 42.39%, reaching VND 20,904 million, showing improved operational efficiency.

In addition, other profits increased significantly by 230.28%, contributing to pre-tax profit and after-tax profit reaching VND 23,610 million and VND 21,935 million, respectively, up 52.32% and 44.73% compared to 2024.

**b) Main financial indicators:**

Criteria	Year 2024	Year 2025	Percentage % increase and decrease
<i>1. Solvency criteria</i>			
+ Short-term payment ratio: Current Assets/Current Liabilities	1,29	1,17	-9,30%
+ Quick payment coefficient: <u>Short-Term Assets – Inventory</u> Short-term debt	0,63	0,47	-25,40%
<i>2. Indicators on capital structure</i>			
+ Debt/Total Assets Ratio	0,74	0,74	-
+ Debt/Equity Ratio	2,85	2,91	2,11%
<i>3. Indicators of operational capacity</i>			
+ Inventory turnover: Average cost of goods sold/Inventory	5,04	3,59	-28,77%
+ Turnover of total assets: Net Revenue/Average Total Assets	1,48	1,15	-22,30%
<i>4. Profitability indicator (%)</i>			
+ Profit after tax/Net revenue ratio	1,14	1,98	73,68%

+ Profit after tax/Equity ratio	6,60	8,84	33,94%
+ Profit after tax/Total assets ratio	1,69	2,28	34,91%
+ Profit coefficient from business activities/Net revenue.	1,11	1,89	70,27%

In 2025, the Company's financial targets will fluctuate compared to 2024, reflecting changes in the financial structure as well as the efficiency of production and business activities.

***Solvency:***

+ Short-term payment ratio reached 1.17 times, down from 1.29 times in 2024 (down 9.30%). In addition, the quick payment ratio decreased from 0.63 times to 0.47 times (down 25.40%). This development shows that the Company's ability to pay short-term obligations is still guaranteed, however, the level of liquidity flexibility tends to decrease compared to the previous year.

***Capital structure:***

+ The debt-to-total assets ratio remained at 0.74 times in both years, showing that the Company's financial structure was relatively stable.

+ Debt-to-equity ratio increased slightly from 2.85 times to 2.91 times (up 2.11%), reflecting that the level of use of financial leverage tends to increase but is still within the scope of the Company's control.

***Operating Capacity:***

+ Inventory turnover reached 3.59 rounds, down from 5.04 rounds in 2024 (down 28.77%), indicating that the speed of inventory turnover tends to slow down.

+ Similarly, the total asset turnover reached 1.15 rounds, down from 1.48 rounds of the previous year (down 22.30%), reflecting a certain decline in the efficiency of using assets to generate revenue in 2025.

***Profitability:***

On the other hand, profitability indicators recorded a positive improvement.

+ Profit after tax on net revenue (ROS) reached 1.98%, a significant increase compared to 1.14% in 2024 (up 73.68%), indicating an improved profit margin.

+ At the same time, the return on equity (ROE) increased from 6.60% to 8.84% (up 33.94%), reflecting the improved efficiency of capital use of shareholders.

+ Return on total assets (ROA) also increased from 1.69% to 2.28% (up 34.91%), showing that the Company's asset exploitation efficiency has improved.



+ In addition, the profit margin from business activities to net revenue reached 1.89%, up from 1.11% of the previous year (up 70.27%), demonstrating that the efficiency of core business activities has improved markedly.

Overall, although some indicators of liquidity and asset efficiency tend to decrease, the Company's profitability indicators in 2025 have improved significantly, showing efforts in controlling costs, improving operational efficiency, and optimizing financial resources.

## 5 Shareholder structure, change of owner's investment capital

### a) Share information:

- Total number of shares: 13,300,087 shares
- Par value of shares: 10,000 VND.
- Type of shares outstanding: 13,300,087 ordinary shares
- Number of freely transferable shares: 13,300,087 shares.
- Book of shares restricted from transfer: 0 shares

### b) Shareholder structure:

T T	Shareholder Structure	Number of Shareholder s	Ownership Shares	Amount (VND)	Ratio to real capital (%)
1	<b>Domestic Shareholders</b>	<b>175</b>	<b>13.299.930</b>	<b>132.999.300.000</b>	<b>99.998</b>
	- Individuals	172	2.462.731	24.627.310.000	18.516
	- Organization	03	10.837.199	108.371.990.000	81.482
2	<b>Foreign Shareholders</b>	<b>1</b>	<b>157</b>	<b>1.570.000</b>	<b>0.002</b>
	- Individuals	1	157	1.570.000	0.002
	- Organization	0	0	0	
	<b>Total</b>	<b>176</b>	<b>13.300.087</b>	<b>133.000.870.000</b>	<b>100%</b>

\* List of major shareholders of Phu Bai Yarn Joint Stock Company

TT	Name of legal shareholder	Address	Business Scope	Number of Shares Held / Shares	Shareho lding Ratio / Capital
1/	Vietnam Textile and Garment Group (Vinatex)	Sentimental Building, No. 41A Ly Thai To, Hoan	Manufacturin g and Trading Yarn,	8.076.809	60,727%

		Kiem District, Hanoi City	Textile- Dyeing, Garment		
2/	Nghe An Agricultural Food and Materials Joint Stock Company (NAFOCAM)	Southeast Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province	Production and trading of crops and agricultural materials	2.095.000	15,756%
3/	Hue Textile and Garment Joint Stock Company (Huegatex)	No. 122 Duong Thieu Tuoc Street, Thuy Duong Ward, Huong Thuy Town, Thua Thien Hue Province	Production, trading, import and export of yarn products, fabrics, garments	664.890	4,999%

*The structure of shareholders and the list of major shareholders are statistically calculated according to the Company's latest list of shareholders to exercise the right to attend the Annual General Meeting of Shareholders in 2025.*

- Maximum foreign ownership rate in the company in accordance with the law: Pursuant to Official Letter No. 5985/UBCK-PTTT of the SSC dated 06/09/2017, the maximum foreign ownership rate in Phu Bai Yarn Joint Stock Company is determined at 49%.

***c) Changes in the owner's investment capital:***

The process of capital increase since its establishment until now: Since its establishment until now, Phu Bai Yarn Joint Stock Company has had 05 capital increases.

Times	Release completion time	Additional contributed charter capital (Bronze)	Charter capital actually contributed after issuance (Bronze)	Form of issuance – Object of offering	Legal Basis/ Licensing Unit
Setup			6.000.000.000	Establishment of a joint stock company Target : Founding shareholders	According to the regulations of the joint stock company. Certificate of Business Registration No. 3300352720 issued by the Department



					of Planning and Investment of Thua Thien Hue province for the first time on January 14, 2003;
1	28/06/2007	2.100.000.000	8.100.000.000	Dividends in shares and issuance of additional shares to increase share capital. Target : Existing shareholders	- Resolution of the General Meeting of Shareholders dated 30/06/2007. - Resolution of the Board of Directors dated 14/08/2007.
2	24/12/2010	6.000.000.000	14.100.000.000 0	Issue shares to increase share capital. Target : Existing shareholders	- Resolution of the 2010 Annual General Meeting of Shareholders.
3	31/10/2015	35.900.000.000	50.000.000.000 0	Issuing shares to increase share capital from equity. Target : Existing shareholders	- Resolution of the Annual General Meeting of Shareholders in 2015. - Resolution of the Board of Directors dated 12/11/2015;
4	24/02/2020	50.000.000.000	95.000.000.000 0	Dividends in shares and offering additional shares to existing shareholders Target : Existing shareholders	- Resolution of the Annual General Meeting of Shareholders in 2019. - Offering registration certificate No. 01/GCN-UBCK issued by the Chairman of the SSC on 02/01/2020; - Report on the results of the public offering No. 136/SPB dated 07/04/2020;

5	26/05/2023	38.000.870.000	133.000.870.000	Dividends in shares and offering additional shares to existing shareholders Target : Existing shareholders	- Resolution of the Annual General Meeting of Shareholders in 2022. - Offering registration certificate No. 39/GCN-UBCK issued by the Chairman of the SSC on 01/03/2023; - Report on the results of the public offering No. 224/SPB dated 31/05/2023;
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*d) Trading of treasury shares: None*

*e) Other securities: None*

## **6 The Company's environmental and social impact report:**

### **- Impact on the environment:**

In the process of production and business activities, the Company always strictly complies with the provisions of the Law on Environmental Protection and relevant legal regulations. The Company regularly implements environmental protection measures according to the commitments in the Environmental Impact Assessment Report (EIA) approved by the authorities, and at the same time maintains and operates a wastewater treatment system that meets Vietnamese standards before discharging into the environment. ensure that it does not negatively affect the surrounding environment.

In 2025, the Company's production activities will not generate emissions from boilers or fossil fuel sources, because the Company does not use boilers or coal in the production process. The company shall make environmental monitoring reports every 6 months for environmental factors in accordance with regulations of state management agencies.

In addition, the Company continues to implement measures to reduce emissions and protect the environment, including:

- Control vehicles operating in the Company such as trucks, forklifts and cars to limit the generation of smoke and exhaust gases.



- Reduce the use of DO gasoline and oil fuel through increasing the use of electric vehicles in internal operations.
- Carry out periodic maintenance and maintenance of fuel-consuming vehicles and equipment to minimize pollutant gas emissions into the environment.

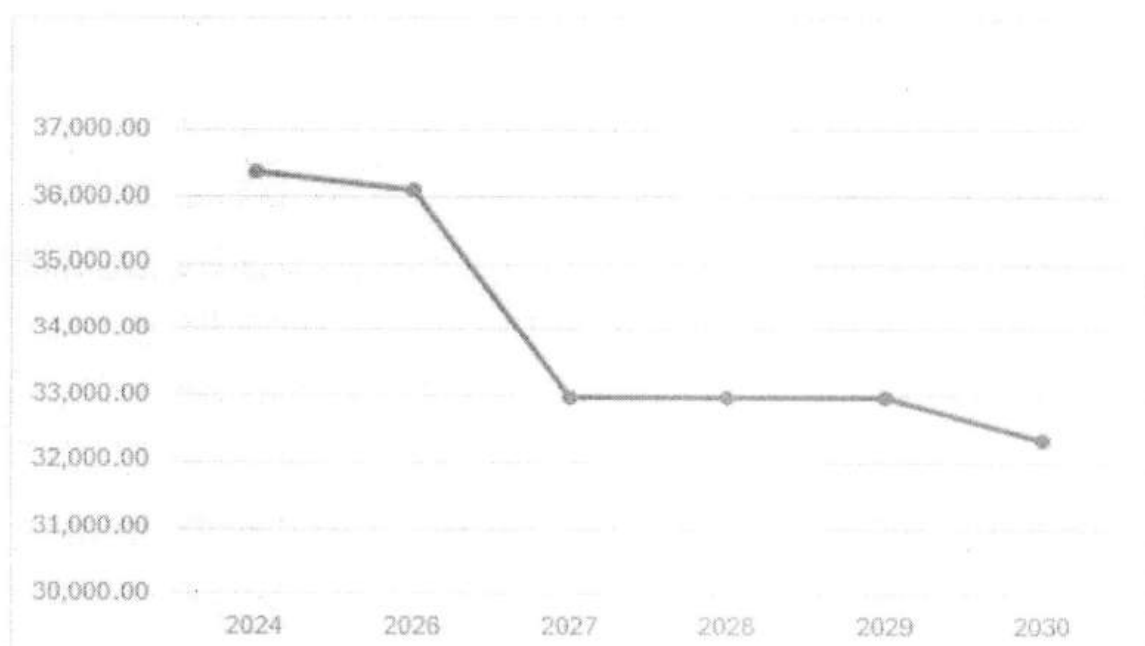
In general, in 2025, the Company will not record any significant environmental incidents and no environmental violations will arise, production and business activities will be carried out in accordance with the current provisions of the law on environmental protection. In the coming time, the Company will continue to strengthen environmental management measures, use energy efficiently and gradually apply environmentally friendly solutions towards the goal of sustainable development.

On the basis of the total GHG emissions of the base year (2024) of 36,366,491 tons of CO<sub>2</sub>e, Phu Bai Yarn Joint Stock Company sets emission reduction targets by 2030 as follows:

- Total emissions to be reduced by 2030: 4,028.4 tonnes of CO<sub>2</sub>E
- Reduction rate compared to the base year: 11.08% of total emissions in the base year

The establishment of this emission reduction target complies with the national orientation and is in line with Vietnam's updated NDC implementation roadmap, and meets the requirements of Decree No. 06/2022/ND-CP and relevant guiding documents.

Line graph of greenhouse gas emissions by year



No.	Solution	Current status	Implementation plan
1	<b>Scope 1</b>		
2	Switch to low-GWP refrigerants for the refrigeration system	The facility is currently using many old-type equipment with refrigerants that have high environmental impact	Switch to low-GWP refrigerants for the refrigeration system
	<b>Scope 2</b>		
3	Enhance leak inspection and repair during compression	Leaks are regularly repaired, but leak points still inevitably occur during production and equipment operation	Strengthen leak review, inspection, and repair activities
4	Replace the air compressor	The old Boge air compressor has low compression efficiency, single-stage compression head, in operation since 2002	Replace with a new King Power air compressor, high compression efficiency, two-stage compression head
5	Replace fluorescent lamps with LED lights	The facility still uses a small number of fluorescent lamps for lighting	Replace fluorescent lamps with LED lights
6	Install and use a rooftop solar power system	There is still available roof space	Install rooftop solar as a form of renewable energy to reduce electricity purchased from the national grid
7	Replace old spinning machines	G33 spinning machines have been in use since 2002, with low efficiency	Replace 15 G33 spinning frames with 15 G37 spinning frames with higher efficiency

**- Source management of materials used:**

In the context of the world economy continuing to fluctuate, inflationary pressure, logistics costs and input material prices tend to increase, the effective management and use of raw materials play an important role in ensuring that the Company's production and business activities are maintained stably and continuously.

In 2025, Phu Bai Yarn Joint Stock Company has implemented many measures to strengthen the management and effective use of raw materials for production, including:

- Establish and control the system of raw material suppliers, develop criteria for selecting and evaluating suppliers to ensure the quality of input materials, limit the generation of substandard materials or unusable inventory.
- Invest in upgrading production systems in the direction of automation, improving equipment and technological processes to optimize production activities, improve productivity and reduce the error rate on the line.
- Develop a reasonable policy on purchasing and stockpiling raw materials, actively monitor market developments to have an appropriate plan to purchase raw materials, contributing to limiting the risk of price fluctuations and ensuring a stable source of raw materials for the Company's production and business plan.



Overall, material management solutions have contributed to maintaining stable production activities, controlling costs and improving resource efficiency in 2025. In the coming time, the Company will continue to strengthen supply chain management, expand the network of reputable suppliers and optimize the production process to improve the efficiency of using raw materials and ensure sustainable production activities.

- ***Energy Consumption:***

In the process of production and business, electricity is the main source of energy used in the operation of the Company's machinery and production systems. Aware that energy consumption not only affects operating costs but also has an impact on the environment, the Company always focuses on implementing measures to manage and use energy in the direction of economy and efficiency.

In 2025, the Company has implemented a number of solutions to optimize energy use, including:

- Carry out periodic inspection and maintenance of the production machinery and equipment system to ensure that the equipment operates stably and achieves optimal performance, thereby limiting unnecessary energy consumption in the production process.
- Strengthen training and capacity building for technical staff, help staff operate the production line system in accordance with the process, and proactively propose technical improvements to improve productivity, save production time and reduce power consumption.

The above measures have contributed to improving energy efficiency, controlling production costs and working towards the Company's sustainable development goals. In the coming time, the Company will continue to research and apply energy-saving solutions and optimize the operation of the production system to minimize energy consumption and improve operational efficiency.

- ***Water Consumption:***

To serve production and daily activities, the Company uses clean water provided by Thua Thien Hue State Construction and Water Supply Co., Ltd., ensuring that it fully meets quality and safety standards as prescribed.

In order to improve the efficiency of water resource use and limit waste, the Company focuses on implementing measures to manage and use water rationally during operation.

Part of the water after use is recovered and reused for the factory cooling system, contributing to saving water resources and reducing operating costs.

In the coming time, the Company will continue to strengthen effective water management and use solutions, aiming to optimize resources and minimize environmental impacts in production and business activities.

- ***Compliance with the law on environmental protection:***

+ Number of times sanctioned for violations due to non-compliance with environmental laws and regulations: None

+ Total amount of money due to sanctioned violations due to non-compliance with environmental laws and regulations: None

- ***Policies related to employees:***

+ The number of employees of the Company in 2025 is 633 people (of which: Yarn Plant 1 and 2 are 431 people; Fiber 3 Plant is 168 people, departments: 34 people);

+ The number of employees has decreased slightly, still ensuring stable production activities. The average income of employees continues to improve, from 10.5 million VND/person/month in 2024 to 11.7 million VND/person/month in 2025 (up 11.43%), contributing to improving life and creating motivation to work.

+ Policies for employees:

- Always pay attention to improving salaries and incomes for employees.
- Ensure that 100% of employees can participate in health insurance, social insurance, and unemployment insurance after signing labor contracts.
- Fully implement the regime on social insurance, promptly coordinate with the social insurance agency in paying benefits to employees.
- Always ensure meals for all employees.
- Health care, periodic medical examination and treatment and other welfare regimes are always well cared for and maintained by the Company.

+ Training of employees:

- Promote the training and development of high-quality personnel.
- Participating in training programs of Vietnam Textile and Garment Group;
- Focus on internal training, on-the-job training for employees to improve their skills.

- ***Reporting on Responsibility to the Local Community:***



In addition to production and business activities, the Company always focuses on implementing social responsibility and actively participating in activities towards the local community in Hue city. In 2025, the Company has implemented many social security programs through coordination with local agencies, organizations and mass organizations, focusing on the fields of social protection, supporting the disadvantaged and developing education.

Specifically, the Company has implemented programs to support social organizations such as the Hue City Social Protection Center, the Social Work Center and the Children's Fund; at the same time, support the Blind Associations in the area such as Huong Thuy town, A Luoi district and Phu Loc district on the occasion of the Lunar New Year to contribute to sharing difficulties with members. In addition, the Company also contributes to activities to ensure security and order in the locality through coordinating with the Hue City Police and Phu Bai Ward Police in programs to support security and order in the area. The company also actively accompanies local socio-cultural activities such as the "Happy Mid-Autumn Festival" program for disadvantaged children, contributing to community activities of local authorities and business organizations in the province.

In addition, the Company also focuses on developing human resources for the textile and garment industry through sponsoring scholarships for students of Hanoi University of Textile and Garment Industry, contributing to encouraging the younger generation to study and stick with the industry. At the same time, the Company maintains activities to take care of the spiritual life of generations of employees, including the Company's retirement support programs and internal engagement activities.

On the occasion of the Lunar New Year 2026, the Party Committee, the Executive Board and the Company's Trade Union continue to implement many programs to take care of employees and support the community. The company organized the program "Spring of Love – Warm Tet", giving 640 Tet gifts to officials, employees and employees; at the same time, pay Tet bonuses of the 13th salary month equivalent to 2 months of actual salary received to motivate and ensure the life of employees. In addition, the Company and the Trade Union have given 159 Tet gifts with support money to the Association of the Blind in the area, contributing to sharing difficulties with disadvantaged people in society. The Company's Trade Union also coordinates with the Vietnam Textile and

Garment Trade Union to organize the program "Gratitude Bus" to support union members and their families to return to their hometowns to celebrate Tet safely and conveniently. Through the above activities, the Company not only takes care of the material and spiritual life of employees but also actively contributes to the local community, demonstrating the spirit of social responsibility and commitment to sustainable development of the enterprise.

- ***Reports related to green capital market activities:***

**Recycled yarn project:** Since 2018, Phu Bai Yarn has embarked on the production of recycled yarn (Recycle Yarn), demonstrating its commitment to a sustainable production model. By 2025, the proportion of recycled yarn in total revenue will reach approximately 40-50%, indicating the strong development of this product. Through the reuse of plastic bottles for fiber production, the company not only optimizes resources but also contributes to the protection of the ocean from plastic pollution. This is a practical action to solve one of the serious environmental problems that are being warned about globally.

**III. Report and evaluation of the Board of Directors:**

**1. Evaluation of production and business results:**

***The general context of the textile and garment market in 2025 and the outlook for early 2026:***

In 2025, Vietnam's textile and garment industry will operate in the context of a slow recovery of the world economy, weakening consumer demand in many major markets and fluctuating international trade policies. Although Vietnam's textile and garment export turnover in the first 10 months of 2025 still recorded positive growth compared to the same period last year, this growth was mainly short-term, stemming from the shift of orders and the increase in local capacity in the first half of the year.

From the third quarter of 2025 onwards, the textile and garment market began to appear more clearly unfavorable factors. Consumer demand in the US and some key markets weakened due to the impact of inflation, rising commodity prices and cautious consumer spending sentiment. At the same time, the application of a reciprocal tariff policy by the United States from the beginning of 2025 has increased risks related to selling prices, origin of goods, and traceability requirements.

In addition, competition in the region is increasing, especially from countries such as China, India, Pakistan and Indonesia in the context of an excess supply of yarn in the world market and a sharp decline in cotton prices. The trend of sustainable development,



traceability and socio-environmental standards from international brands is also increasingly becoming a mandatory requirement, leading to an increase in compliance and investment costs of businesses.

According to the assessment of international analyst organizations, in the first half of 2026, the textile and garment industry, especially the yarn manufacturing sector, is likely to continue to be under pressure because consumer demand in major markets such as the US and East Asia is still low; Although global inventories have been stable, new orders tend to be placed more cautiously. At the same time, input material prices are forecast to fluctuate sharply while the ability to pass on additional costs to customers is limited.

### ***Assessment of the Company's production and business activities in 2025***

#### ***\* General production and business results***

In the context of many fluctuations and difficulties in the market, Phu Bai Yarn Joint Stock Company still maintains stable production activities, ensures production progress, and at the same time maintains revenue and cash flow at a safe level.

The production output for the whole year of 2025 is estimated to be approximately the set plan, reflecting the initiative in production management and resource allocation of the Executive Board. The Company's revenue and export turnover continue to remain stable, especially in traditional markets such as Korea and Japan.

However, the Company's pre-tax profit in 2025 tends to narrow compared to the plan due to the simultaneous impact of many adverse factors, including: increased logistics costs and electricity costs; yarn selling prices in main consumption markets have decreased deeply; as well as pressure from tariff policies and price competition in the region.

However, a positive point worth noting is that in 2025, the Company has handled all the losses accumulated from previous years, maintained effective production and business activities and fully fulfilled obligations to the State budget.

#### ***\* Market – order – consumption***

The export market continues to play a leading role in the Company's business activities, accounting for over 95% of total revenue, of which the Korean market accounts for about 70% and the Japanese market about 20%. The domestic market still accounts for a small proportion, the customer base has not been significantly expanded and the majority of orders still come from traditional customer chains, while the proportion of orders from new chains is still quite limited.

From the fourth quarter of 2025, orders tend to be smaller, delivery times are urgent, and technical requirements are increasing, especially related to traceability and sustainability certificates. Customers are also increasingly tightening requirements on delivery times to minimize inventory risks, making production plans and orders in the last months of the year unstable.

The inventory of finished products is controlled at a safe level, in accordance with consumption needs. However, the Company's cash flow in the year was still under certain pressure due to the delay in refunding value-added tax (VAT) for goods exported through bonded warehouses.

***\* Production management, quality and human resources***

The Company's production activities in the year are operated flexibly between yarn factories, in accordance with the characteristics of each existing equipment line as well as the specific requirements of each order. The quality of yarn products is generally maintained stable; Incidents arising in the production process are handled in a timely manner through the adjustment of raw materials, technical solutions and close coordination with relevant partners.

At the same time, the investment in replacing and upgrading a number of machinery and equipment has contributed to streamlining the human resource apparatus and improving operational efficiency. However, this also poses an increasingly urgent requirement in the recruitment, training and retention of highly skilled workers to ensure the stability and long-term development of the Company.

***Overall Review of 2025***

It can be affirmed that 2025 is a year full of fluctuations and challenges for the textile and garment industry in general and Phu Bai Yarn Joint Stock Company in particular. However, market difficulties, including changes in US tax policy, increasingly stringent requirements on traceability from international brands as well as sustainable development and circular economy trends, have created a motivation for the Company to continue to improve its governance capacity and adapt to the economic environment. new business. During the year, Yarn Factories 1, 2, 3 together with the Sales – Import and Export Department have closely coordinated and proactively in restructuring the production line according to orders, promptly meeting the requirements of developing new yarn samples as well as participating in and anticipating chain orders. The company has gradually approached and participated in orders with higher technical requirements and added



value, including specific yarn lines such as Pima/Supima, CMIA, PVC fiber, traceable yarn and products that meet sustainability certification standards.

The above efforts have contributed to helping the Company maintain relationships with traditional customers, and at the same time gradually create a foundation to expand into higher value-added market segments in the coming time.

## **2 Financial Situation:**

### ***a) Asset situation:***

As of December 31, 2025, the total value of the Company's assets reached VND 1,013,753,507,869, an increase of nearly 11.17% compared to the beginning of the year. The ratio of short-term assets to total assets did not fluctuate sharply during the year, accounting for 47.97% of the Company's total assets.

### ***b) Liability situation:***

As of December 31, 2025, the total debt value is VND 754,743,995,029, accounting for 74.45% of the Company's capital, this ratio is equivalent to 2024.

## **3 Improvements in organizational structure, policies and management:**

In the coming time, the Company will continue to implement solutions to improve the organizational model and improve the efficiency of management in the direction of leanness, flexibility and efficiency, while promoting the corporate cultural values of Phu Bai Yarn and strengthening the connection with the Yarn Board and member units in Vietnam Textile and Garment Group as well as professional organizations inside and outside the textile and garment industry.

On that basis, the Company plans to establish an Organization – Human Resources Department to specialize in human resource management, gradually standardizing activities on recruitment, training, evaluation and human resource development. At the same time, the Company continues to review, supplement and adjust the title system, complete the competency assessment criteria in accordance with the management requirements in the new period, thereby gradually implementing the planning and appointing management positions from on-site human resources, contributing to building a stable adjacent team.

The company will also review and rearrange the structure of departments and production stages in the direction of streamlining, optimizing resources and improving operating efficiency, on the principle of enhancing the multitasking of personnel. In the coming

year, the Company plans to pilot the streamlining of management personnel in a number of support departments, including the reduction of some head/managerial positions in departments such as Security, Cafeteria and Healthcare, in order to improve overall operational efficiency.

In addition, the Company will organize an assessment of 100% of the management staff as a basis for the planning and development of the next human resources. Quality control and compliance continue to be strengthened through strengthening the quality control apparatus, promoting inspection activities at the office block and quality assessment at production stages.

In the field of human resource development, the Company continues to develop training criteria and organize professional training programs, including internal training, inviting experts and coordinating with the Group's Human Resource Management Board to update knowledge for staff in charge of organizational and human resources as well as personnel in accordance with regulations planning at all levels. At the same time, the Company focuses on improving the capacity of young personnel, especially the group of workers under 30 years old (U30), through professional training programs such as yarn engineer classes and specialized training courses in textile and dyeing.

At the same time, the Company will continue to coordinate with the Trade Union to take care of the material and spiritual life of employees, through improving working conditions, improving the quality of shift meals and implementing appropriate welfare regimes during holidays. These policies aim to contribute to retaining skilled workers, and at the same time attract quality young human resources, creating a foundation for the stable and sustainable development of the Company in the coming years.

#### **4 The Company's production and business plan in 2026:**

<b>T T</b>	<b>Criteria</b>	<b>Unit</b>	<b>2025 Plan</b>	<b>Estimated 2025 Actual</b>	<b>2026 Plan</b>	<b>Comparison (%)</b>	
						<b>2026 / 2025 Plan</b>	<b>2026 Plan/ 2025 Actual</b>
1	Production Output	Tons	14.900	14.861,48	16.245	109,0%	109,3%
2	Total Revenue (No VAT)	Billion VND	1.155	1.124,78	1.221	105,7%	108,6%
3	Export turnover	Million USD	36	39,48	42,70	118,6%	108,1%
4	Import turnover (full calculation of NPL)	Million USD	-	30,74	-	-	-



T T	Criteria	Unit	2025 Plan	Estimated 2025 Actual	2026 Plan	Comparison (%)	
						2026 / 2025 Plan	2026 Plan/ 2025 Actual
5	Profit before tax	Billion VND	30	23,60	30	100%	127,1%
6	Total depreciation deducted in the year	Billion VND	33	33,19	39	118,2%	117,5%
7	Dividend Ratio	%	5 – 7		5 – 10		
8	Budget Submission	Billion VND	6	3,4	6		

#### **Some tasks and solutions to implement tasks in 2026:**

On the basis of assessing the market context and operating results in 2025, the Company has identified a number of key tasks and solutions to be implemented in 2026 to improve the efficiency of production and business activities, strengthen competitiveness and create a foundation for sustainable development in the next period.

##### ***\* Markets and customers***

In 2026, the Company will continue to focus on market expansion and diversification of customer bases, reducing dependence on some traditional markets. In parallel with maintaining and strengthening relationships with existing customers, the Company will actively seek and approach new customers, especially production chains and brands with high requirements on traceability, sustainability standards and specific products.

Deeper participation in these supply chains not only helps the Company improve the added value of products but also contributes to gradually improving the Company's position in the value chain of the textile and garment industry.

##### ***\* Product and raw material development***

The company continues to orient the development of sustainable and environmentally friendly yarn lines, in line with the green consumption trend of the international market. The focus is on promoting the production of recycled fiber products, gradually improving the use rate of recycled materials, prioritizing raw materials with good profit margins.

In addition, the Company will increase the use of sustainable raw materials such as cellulose fiber, recycled cotton and socially responsible cotton, and actively coordinate with customers in researching and developing new fiber product lines with specific characteristics to meet the increasingly diverse needs of the market.

##### ***\* Improve competitiveness***

In the context of increasingly stringent technical standards and social responsibility requirements, the Company continues to update and perfect the international certification system, including certificates on traceability, environment, social responsibility and global supply chain standards.

At the same time, the Company continues to invest deeply in production lines and production management systems, especially technologies with a high degree of automation to improve operational efficiency. The coordination between the Production – Business – Engineering departments will also be strengthened to improve the ability to respond quickly to market fluctuations and customer requirements.

***\* Organization and development of human resources***

The company continues to consolidate the organizational model in the direction of leanness, flexibility and efficiency, and at the same time inherits and promotes the corporate culture values of Phu Bai Yarn. The strengthening of connection and coordination with the Yarn Board and member units in Vietnam Textile and Garment Group as well as professional organizations inside and outside the textile and garment industry will continue to be promoted.

In the field of human resource development, the Company develops appropriate training criteria for each group of job positions; organize internal training or invite experts, coordinate with the Group's Human Resources Management Board to foster and update knowledge for staff in charge of organizational – human resources and personnel in the planning category at all levels.

At the same time, the Company pays special attention to the development of young human resources, especially the group of workers under 30 years old (U30), through professional training programs such as yarn engineer classes and specialized training courses in textile and dyeing. At the same time, the Company continues to coordinate with the Trade Union to take care of the material and spiritual life of employees through improving working conditions, improving the quality of shift meals and implementing appropriate welfare regimes to retain skilled workers and attract young human resources.

***\* Production and business activities***

In 2026, the Company will focus on optimizing the order portfolio, promoting products that can be produced effectively on the existing line system, especially fiber products with high quality and added value.

For each yarn factory, the Company orients as follows:



- Yarn Factory 1: Maintain and improve the efficiency of existing orders, and at the same time review and optimize production efficiency for each product line.
- Yarn Factory 2: Enhance flexibility in product structure, ensure the effective exploitation of new equipment invested in replacement, towards operational efficiency equivalent to Yarn Factory 3.
- Yarn Factory 3: Continue to stabilize and promote the effectiveness of existing product lines, especially products with high efficiency after the addition of Compact equipment.

In addition, the Company will coordinate with technical experts and partners to research, select and test new yarn products with distinctive characteristics, especially product lines developed on the basis of short fiber spinning technology, in order to create a competitive advantage in the market.

MONTH	DAYS OF PRODUCTION	YIELD NM1-2-3	REVENUE NM1-2-3	PROFIT NM1-2-3
1	30	1,402,500	100,619,737,500	2,580,075,000
2	20	935,000	65,579,825,000	1,720,050,000
3	31	1,449,250	104,123,728,750	2,666,077,500
4	28	1,309,000	93,611,755,000	2,408,070,000
5	30	1,402,500	100,619,737,500	2,580,075,000
6	30	1,402,500	100,619,737,500	2,580,075,000
7	31	1,449,250	104,123,728,750	2,666,077,500
8	31	1,449,250	104,123,728,750	2,666,077,500
9	28	1,309,000	93,611,755,000	2,408,070,000
10	31	1,449,250	104,123,728,750	2,666,077,500
11	30	1,402,500	100,619,737,500	2,580,075,000
12	31	1,449,250	104,123,728,750	2,666,077,500
TOTAL	351	16,409,250	1,175,900,928,750	30,186,877,500
SL Loss Provision (1%)		164,093	11,759,009,288	301,868,775
PROJECTED TOTAL		16,245,158	1,164,141,919,463	29,885,008,725

Rounding	16,245,000	1,164,000,000,000	30,000,000,000
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**\* Accounting – finance**

In 2026, the Company will continue to improve the operational efficiency of the Accounting – Finance Department, strengthen in-depth training for existing personnel and promote cost control, especially processing costs and product prices.

The Accounting – Finance Department will closely coordinate with the Department of Planning – Business – Import and Export and yarn factories in developing cost norms, controlling production costs, especially for new product lines.

In addition, the Company continues to implement programs to reduce material costs, save electricity, and ensure the accuracy of statistics and reports. Cash flow management and financial risk management are also focused on ensuring the financial stability of the Company.

At the same time, the Company will ensure reciprocal capital for small machinery and equipment investment programs as well as the investment plan to replace machinery and equipment in phase 2 at Yarn Factory 2, contributing to improving production capacity and operational efficiency in the coming time.

**\* Regarding investment:**

- Completing the settlement of the investment project to replace equipment at the Company's Yarn Factory 2 in Q. I/2026;
- Completing the roof stacking plan for the roof of a factory of 50,000 (since 2001) eligible for solar power installation; the old Elin dust filtration system (2001), fire protection system, hazardous waste warehouse not only at the request of the authorities, but also supplemented and updated the requirements of brands/yarn buyers in the chain. Organizing the selection of suppliers to ensure priority to ensure the conditions of "Construction – Production", the progress is in line with the task of reducing greenhouse gas emissions by 2030;
- Develop a roadmap to invest in replacing new machinery and equipment in Phase 2 at Yarn Factory 2 with the addition of 06 G37 sub-yarn machines (1200 piles/machine) and an automatic raw line system, vacuuming with e-commerce of about 38 billion VND (including VAT)



- Adding and replacing a number of small machinery and equipment in 2026. Estimated total investment value (*excluding taxes and other expenses*): 1.81 billion VND.

## **5 Explanation of the Board of Directors to the audit opinion: None**

## **6 Audit report related to the company's environmental and social responsibility**

- *Assessment related to environmental indicators (water consumption, energy, emissions, etc.):*
  - Under the direction of the Board of Directors and the Board of Directors, the Company always focuses on developing and implementing policies and mechanisms to control and ensure compliance with regulations on environmental protection in all production and business activities. In 2025, the Company will continue to promote the orientation of green production by increasing the proportion of recycled fiber products and environmentally friendly product lines.
  - Management levels and relevant departments are responsible for strictly implementing regulations on environmental protection, including the control of waste, wastewater and emissions in the production process; at the same time, ensure that the product does not contain harmful chemicals according to customer standards and international regulations. The company also encourages and implements energy-saving and environmental protection initiatives in its manufacturing operations.
  - In addition, the Company is researching and implementing an energy monitoring project to effectively monitor and manage power consumption in the entire production system. According to the plan, this project can help save about 3% – 5% of electricity consumption per year, thereby contributing to reducing operating costs and limiting greenhouse gas emissions to the environment.
  - Due to the characteristics of the spinning industry, the machinery and equipment system at the Company must operate almost continuously 24/7 (except for periodic maintenance time) to ensure production efficiency. Therefore, the management and optimization of energy consumption are always paid special attention by the Company to improve energy efficiency and minimize the impact on the environment.
  - In the reporting year, the Company did not have any cases of violation of regulations on environmental protection.
- *Evaluation related to employee issues:*
  - The Board of Directors of the Company as an employer together with the Trade Union

– representing the collective of employees – always maintains close coordination in protecting the legitimate rights and interests of employees. The two sides have signed a Collective Labor Agreement and committed to fully implement regimes and policies for employees at the Employee Conference held annually.

- Accordingly, all employees working at the Company are guaranteed benefits in accordance with the law, including salary, benefits, insurance and safe working conditions. Policies and regimes for employees are always fully and transparently implemented by the Company; In the reporting year, there were no labor complaints or disputes related to the interests of employees.
- ***Assessment related to the responsibility of the business to the local community:***
  - The company recognizes that the implementation of social responsibility to the community and the local community is an important factor for the sustainable development of the business, especially in the context of international economic integration and increasing requirements from partners in the global supply chain.
  - Over the years, the Company has actively participated in and accompanied social security programs, volunteer activities and local community support programs. Typical activities include participating in supporting scholarship funds, sponsoring social security programs, as well as implementing community-oriented volunteer activities such as the "Love Connection" program.
  - Through these activities, the Company not only contributes to sharing responsibility with society but also strengthens the reputation and image of the business to customers and partners; at the same time, creating cohesion and trust of employees in the Company.

#### **IV. Evaluation of the Board of Directors on the Company's activities:**

##### **1 Evaluation of the Board of Directors on aspects of the Company's activities, including assessments related to environmental and social responsibility:**

- The Board of Directors assesses that in 2025, Phu Bai Yarn Joint Stock Company has achieved positive results in production and business activities, and at the same time gradually integrates sustainable development factors and environmental and social responsibility into the development strategy of the enterprise.
- During the year, the Company has proactively shifted the product structure in the direction of environmental friendliness, in which recycled yarn lines are focused on



development. These products are produced from recycled raw materials, contributing to the utilization and reuse of plastic waste, thereby reducing pressure on the environment and in line with the sustainable consumption trend of the global textile and garment industry. The development of the recycled yarn product line not only brings economic efficiency but also contributes to affirming the Company's sustainable development orientation in the textile and garment supply chain.

- In addition, the Company has implemented the production of single-component dyed yarns and colored yarns, aiming to support customers to minimize dyeing stages in the production chain. This solution contributes to reducing water use, reducing wastewater generation and limiting chemical emissions into the environment. This is also a trend that is being promoted by many international fashion brands to improve sustainability in the entire life cycle of textile and garment products.
- In parallel with the development of an environmentally friendly product portfolio, the Company continues to implement the strategy of investing in and upgrading machinery and equipment in the direction of modernity and energy saving. The application of advanced production technologies helps optimize energy efficiency, reduce power consumption, limit waste products in the production process, and improve the efficiency of using raw materials.
- In addition, the Company also encourages internal technical improvement initiatives to reduce the consumption of raw materials, electricity and water; at the same time, increase the rate of reuse of raw materials and recycling of scrap in production. These activities contribute to improving operational efficiency, reducing environmental impact and gradually moving towards a sustainable production model, in line with the increasing requirements of the international market.
- The Board of Directors assesses that the above efforts have created an important foundation for the Company to continue to develop in the direction of green production, enhance the added value of products and strengthen its ability to participate more deeply in the global sustainable textile and garment supply chain in the coming years.

## **2 Evaluation of the Board of Directors on the operation of the Board of Directors of the company:**

- In 2025, the Board of Directors assesses that the Board of Directors of Phu Bai Yarn Joint Stock Company has well performed its executive role, effectively implemented the tasks

and strategic orientations assigned by the General Meeting of Shareholders and the Board of Directors.

- The Board of Directors has proactively developed and organized the implementation of production and business solutions in accordance with market developments, contributing to helping the Company maintain stable operations and achieve the planned goals set out in the year. On the basis of the implementation results, the Board of Directors unanimously approved the 2025 Summary Report on production and business activities presented by the Board of Directors, and at the same time approved appropriate incentive and reward mechanisms for the results of completing and exceeding the Company's business plan.
- The Board of Directors also highly appreciated the initiative and prudence of the Board of Directors in operating when promptly identifying potential risks from fluctuations in the business environment, market trends and macroeconomic factors. On that basis, the Board of Directors has implemented appropriate management solutions to strengthen its ability to defend against market fluctuations, and at the same time take advantage of opportunities to improve operational efficiency and enhance the Company's competitiveness.
- In addition to the administration of production and business, the Board of Directors has also well performed its responsibility in providing complete, transparent and timely information to the Board of Directors, creating conditions for the Board of Directors to perform the function of supervising, evaluating and making management decisions in accordance with the operation of the enterprise. Thereby, the Board of Directors has the basis to fully implement the company's governance responsibilities according to the principles of transparency, prudence and for the highest interests of shareholders as well as the sustainable development of the Company.

### **3 Plans and orientations of the Board of Directors :**

- In 2025, the Board of Directors of Phu Bai Yarn Joint Stock Company will continue to focus on strategic orientation to improve the efficiency of production and business activities, strengthen competitiveness and create a foundation for the sustainable development of the Company in the context of the volatile global textile and garment market.
- On the basis of reviewing the 2025 production and business plan submitted by the Board of Directors, the Board of Directors has agreed on the operating policies and



implementation orientations to ensure the completion of the set plan objectives. Through periodic meetings, especially quarterly sessions, the Board of Directors has regularly monitored the Company's operations, and at the same time made recommendations and solutions for the Board of Directors to promptly adjust business plans, strengthen cost control, and improve production efficiency and maintain a healthy financial situation.

- The Board of Directors also agreed to assign tasks and authorize the General Director to proactively carry out research, survey and develop development investment plans to submit to the Board of Directors or the General Meeting of Shareholders for consideration and approval according to its competence.
- In addition to the orientation of investment and development of production infrastructure, the Board of Directors also encourages the Board of Directors to strengthen product research and development activities, especially for recycled yarn lines in the direction of increasing technical features such as hygroscopicity, high elasticity and properties in line with market demands. The development of high value-added product lines not only contributes to improving the Company's competitiveness but also meets the sustainable consumption trend of the global textile and garment industry.
- In the context that digital transformation is becoming an inevitable trend in the manufacturing industry, the Board of Directors also aims to promote the application of digital technology and artificial intelligence (AI) in management and production activities. The application of AI is expected to support the optimization of production processes, improve product quality, reduce the rate of defective products, and increase resource efficiency.
- At the same time, the Company continues to research and implement automation solutions in a number of production stages, including product packaging, in order to improve labor productivity, reduce dependence on manual labor and gradually modernize production lines in the direction of smart factories.
- Through the above orientations, the Board of Directors expects the Company to continue to improve operational efficiency, strengthen its position in the yarn industry and gradually participate more deeply in the sustainable textile and garment supply chain in the domestic and international markets.

## **V. CORPORATE GOVERNANCE:**

# 1 Board of Directors:

## a) Members and structure of the Board of Directors:

STT	Full name	Positions at SPB	Management positions at other organizations	SLCP SPB has voting rights	Rate	Notes
1	Mr. Pham Van Tan	Chairman of the Board of Directors – non-executive member of the Board of Directors	Deputy General Director of Vietnam Textile and Garment Group; Chairman of the Board of Directors of Nam Dinh Textile and Garment Joint Stock Corporation – Chairman of the Board of Directors of Nam Dinh Garment Joint Stock Company	4,352,786 shares	32.73%	Representing DMVN Group, without personal ownership
2	Mr. Tran Dinh Hiep	Member of the Board of Directors – General Director – Representative under PL	None	2,425,567 shares	18,24%	In which, representing DMVN Group is 2,394,015 shares and personal ownership: 31,552 shares
3	Mr. Bui Thanh Hung	Member of the Board of Directors - non-executive	Head of the Development Investment Department of Vietnam Textile and Garment Group; TV Board of Directors of Construction Consulting and Investment Services Joint Stock Company, Head of Information Technology and	1,330,008 shares	10%	Representing DMVN Group, without personal ownership



			Digital Transformation Department of Vietnam Textile and Garment Group.			
4	Mr. Truong Van Hien	Member of the Board of Directors - Non-Executive	Chairman of the Board of Directors cum General Director of Nghe An Agricultural Materials Joint Stock Corporation; Chairman of the Board of Directors of Dak Lak Agricultural Food and Materials Joint Stock Company; Dak Lak Minerals Joint Stock Company; 3/2 Agriculture and Industry Joint Stock Company	2,095,500 shares	15,76%	Representative of Nghe An Agricultural Materials Joint Stock Corporation
5	Ms. Le Thi Que Huong	Member of the Board of Directors - Deputy General Director	None	2,295 shares	0,017%	Own personal shares

***b) Subcommittees of the Board of Directors : None***

***c) Activities of the Board of Directors:***

In 2025, the Board of Directors (BOD) of Phu Bai Yarn Joint Stock Company has implemented management activities in accordance with the provisions of law, the Company's Charter and the Operating Regulations of the Board of Directors. During the year, the Board of Directors held 04 face-to-face meetings and 01 time to collect opinions from members of the Board of Directors in writing, thereby issuing 11 Resolutions/Decisions to direct and orient the Company's activities. Meetings are convened and organized in accordance with the process, with the full participation of

members of the Board of Directors; The content of the meetings is carefully discussed and carefully evaluated before making decisions. In general, the Resolutions and decisions of the Board of Directors closely follow the actual situation of the Company and receive a high consensus among members.

In parallel with the promulgation of policies, the Board of Directors also strengthens supervision activities for the Board of Directors through directly participating in periodic meetings organized by the General Director, reviewing operational reports and regularly exchanging with the Board of Directors on important issues related to business strategy, financial strategy and corporate governance system. On that basis, the Board of Directors has promptly directed and proposed appropriate solutions to support the Board of Directors in handling arising issues, especially in the fields of market search, debt management and organizational arrangement, contributing to helping the Company maintain stable production and business activities in the context of the market many fluctuations.

The Resolutions and policies approved by the Board of Directors during the year focus on a number of key contents such as: evaluating and approving the results of production and business activities in each period (quarterly, 6 months, 09 months and the whole year), and at the same time considering production and business plans for the next periods; decide on policies related to personnel, organization and welfare regimes for employees, including the payment of bonuses in excess of the production and business plan and payment of 13th month salaries to all officials and employees. The Board of Directors also reviews and completes the internal governance system through authorizing the approval of the organizational chart, planning of positions under the jurisdiction of the Board of Directors, amending and supplementing internal regulations; at the same time, consider procedures related to changing representatives and review the functions and tasks of the Representative Office in Ho Chi Minh City.

In addition, the Board of Directors has approved many important policies related to investment, improvement of machinery and equipment and infrastructure upgrades, in order to improve the production capacity and operational efficiency of the Company. Notable decisions include the approval of investment in replacing old-generation pipe beating machines with new equipment at the 50,000-pile Yarn Factory; approving the investment plan to upgrade and improve machinery and equipment at Yarn Factories 1, 2 and 3; at the same time, deploy auxiliary systems such as fiber break monitoring



systems, dust filters and auxiliary electricity. In addition, the Board of Directors also approved investment plans related to infrastructure such as adding fire protection systems, replacing factory roofs combined with structural reinforcement to install solar power, as well as studying and adjusting the detailed planning of the 6.4-hectare land area to optimize use. At the same time, the Board of Directors assigned the General Director to study and develop an investment plan to expand the scale of production and business to submit to the Board of Directors for consideration in the coming time.

Meetings of the Board of Directors have been convened and implemented with a specific schedule, in accordance with the regulations on meeting organization. The content of the meetings has been discussed, fully and carefully evaluated by the members of the Board of Directors to come up with the best orientations and solutions for the Company. Issues related to business strategy, financial strategy, and management system building are regularly discussed and exchanged between the Board of Directors and the Board of Directors. Investment projects, new investment machinery and equipment, etc. are all researched, discussed, and criticized in meetings of the Board of Directors and the Executive Board.

In general, through the activities of governance, supervision and issuance of resolutions in 2025, the Board of Directors has well performed the role of strategic orientation and control of the Company's operations, ensuring that management decisions are always in line with the actual situation, contributing to improving operational efficiency and creating a foundation for the sustainable development of the Company in the next stage.

<b>Anon ymou s</b>	<b>Number of Resolutions/Decisions</b>	<b>Date</b>	<b>Contents</b>	<b>Pass Rate</b>
1	Resolution No. 18/NQ-HDQT	14/01/2025	- Approving the production and business results estimated to be implemented in 2024; - Approve the production and business plan in 2024.	100%
2	Resolution No. 19/NQ-HDQT	14/01/2025	- Approving the Company's payment of bonuses in excess of the production and business plan in 2024 and the payment of salaries in the 13th month to all employees in the Company	100%
3	Resolution No. 20/NQ-HDQT	14/01/2025	- Approving the policy: The Company makes additional	100%

Anon ymou s	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			<p>investment to replace 03 old pipe beating machines with 02 new pipe beating machines at the 50,000-pile Yarn Factory;</p> <ul style="list-style-type: none"> <li>- Assign tasks and authorize the General Director to proactively carry out research, survey and prepare reports to submit to the Board of Directors and/or the General Meeting of Shareholders for approval of the investment and development plan in order to expand the scale of the Company's production and business activities in the coming time;</li> <li>- Approve the policy and assign the General Director of the Company to be responsible for implementing the policy of Investing in additional fire protection systems to meet the requirements of the authorities at the 50,000-pile spinning factory according to the schedule of equipment replacement. At the same time, the General Director was assigned to make a plan to adjust the planning of 1/500 of the 6.4-hectare land area and submit it to the authorities for approval for the addition of prescribed conditions for the function of storing and preparing raw materials in the area between the two factories.</li> </ul>	
4	Resolution No. 21/NQ-HDQT	14/01/2025	<ul style="list-style-type: none"> <li>- Authorize the Chairman of the Board of Directors of the Company to sign an agreement between the Party Committee – the Board of Directors – the General Director, in accordance with the provisions of the Law, the Company's Internal</li> </ul>	100%



Anonymous	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			<p>Regulations/Regulations and the Regulations of the Party Grassroots Organization at the Joint Stock Enterprise;</p> <ul style="list-style-type: none"> <li>- Authorize the Chairman of the Board of Directors of the Company to approve the Company's Organizational Chart, proactively plan and supplement the planning of the titles (Deputy General Director, Chief Accountant, ...) under the appointment authority of the Board of Directors of the Company for the next 5-10 years;</li> <li>- Assign the General Director of the Company to review, consider and report on the proposed amendments and supplements to the Company's Regulations at the next meeting of the Board of Directors of the Company (expected in the second quarter of 2025).</li> </ul>	
5	Resolution No. 64/NQ-HDQT <i>(By Poll of Members of the Board of Directors)</i>	18/02/2025	<ul style="list-style-type: none"> <li>- Approving the plan to organize the Annual General Meeting of Shareholders in 2025 of Phu Bai Yarn Joint Stock Company;</li> <li>- Assign the General Director of the Company to disclose information to shareholders and relevant competent agencies; Posting on the Company's website and other media.</li> </ul>	100%
6	Resolution No. 118/NQ-HDQT	04/04/2025	<ul style="list-style-type: none"> <li>- Approving a number of production and business targets estimated to be implemented in the first quarter of 2025.</li> </ul>	100%
7	Resolution No. 119/NQ-HDQT	04/04/2025	<ul style="list-style-type: none"> <li>- Approving the contents to be submitted to the Annual General Meeting of Shareholders in 2025;</li> </ul>	100%

Anonymous	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			- Assign the Chairman of the Board of Directors, the General Director and relevant departments to prepare documents and reports to be submitted to the Annual General Meeting of Shareholders in 2025	
8/	Resolution No. 120/NQ-HDQT	04/04/2025	Approving the policy and assigning the General Director – Legal Representative to carry out the procedures for changing the Representative at the Representative Office of Ho Chi Minh City - Phu Bai Yarn Joint Stock Company; at the same time, review and re-evaluate the functions and tasks of the operation plan of the Representative Office of Ho Chi Minh City - Phu Bai Yarn Joint Stock Company in 2025	100%
9/	Resolution No. 207/NQ-HDQT	07/07/2025	<p>- Approved a number of production and business results targets estimated to be implemented in the first 6 months of 2025 of the Company;</p> <p>- Approved a number of production and business results targets estimated to be implemented in the last 6 months of 2025 and the whole year of 2025 of the Company;</p> <p>- Approving the policy: The Company procures a number of auxiliary materials and equipment in the last 6 months of 2025 and assigns the General Director of the Company to proactively implement and be responsible for reporting to the Board of Directors on the results and implementation of these</p>	100%



Anonymous	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			items at the Board of Directors meeting in the third quarter of 2025. including: i) Fiber break monitoring system, including coarse breakers and pile clamps for the remaining Fiber machines, with a total value of about VND 6 billion; ii) Additional air conditioning and auxiliary electricity system at Plant 3 is about 1.5 billion VND and iii) Replacement of factory roof, including the plan to reinforce and supplement the load-bearing frame eligible for solar power installation at a cost of about 10 billion VND.	
10/	Resolution No. 295/NQ-HDQT	24/09/2025	<ul style="list-style-type: none"> <li>- Approve a number of production and business results targets estimated in the first 9 months of 2025;</li> <li>- Approve a number of production and business results targets expected to be implemented in the last 3 months of the year and the whole year of 2025.</li> </ul>	100%
11/	Resolution No. 296/NQ-HDQT	24/09/2025	<p><b>1.</b> To approve the contents of the Report on the Company's investment work in 2025, including:</p> <p><b>1.1.</b> Adjust the implementation time of the investment project to replace machinery and equipment at Yarn Factory 2 (including the period of commissioning) to 31/12/2025 due to prolonged force majeure conditions.</p> <p><b>1.2.</b> The total cost of making small investment in 2025, including additional investment</p>	100%

Anonymous	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			<p>in replacing or improving and upgrading a number of small machinery and equipment at Yarn Factories 1, 2, 3: about 34 billion VND; These include:</p> <ul style="list-style-type: none"> <li>a) Equipment system for improving and upgrading Fiber machines (25/27 G33 machines, 21/21 G32 machines): about 10 billion VND. All machines are equipped to bring efficiency and reduce consumption.</li> <li>b) 01 10-compartment mixing chamber model MX-U10 of Trutzschler (Germany) for NM 1, 2: about 3 billion VND – ensuring that the Cotton Bow Wire NM 1, 2 is equivalent to the new NM 3.</li> <li>c) 01 Core Yarn Running Equipment System (Spandex &amp; Filament) about 800 million VND, taking advantage of the old sub-fiber equipment (Jingwei model FA506-504) for the production of new products, supplementing competitiveness.</li> <li>d) 01 Common Coupler is about 700 million VND (Lakshmi) to improve quality, assess the suitability with existing equipment (Rieter) to ensure that the investment proposal to replace the Normal Coupler is effective.</li> </ul>	



Anon ymou s	Number of Resolutions/Decisions	Date	Contents	Pass Rate
			<p>e) 02 The Dust Filtration System has two level 1 filter chambers to completely replace the old dust filtration system at factories 1 and 2. Total value: about 1.6 billion VND.</p> <p>f) 02 Murata Bobin Tray pipe beating machines: about 11 billion VND.</p> <p>g) 01 Jossi foreign fiber machine: about 2.5 billion VND</p> <p>h) 02 core-level robots at the pipe beating stage: about 2 billion VND</p> <p>i) Termite clamping assembly of the sub-fiber pile: about 600 million VND</p> <p>j) Investment in air conditioning and ventilation systems in the NM3 expansion area: 1.5 billion VND.</p> <p>2. To assign the General Director of the Company to take the initiative in implementing and report to the Board of Directors on the situation and results of the above-mentioned investment at the nearest meeting of the Board of Directors in the coming time.</p>	

Activities of independent members of the Board of Directors/ Activities of subcommittees in the Board of Directors: Phu Bai Yarn Joint Stock Company is a large-scale public joint stock company, so there is no need for independent members of the

Board of Directors. The company currently has 03 non-executive members of the Board of Directors: Mr. Pham Van Tan; Mr. Bui Thanh Hung; Mr. Truong Van Hien. The non-executive members of the Board of Directors are all well-known people in the textile and garment industry, with extensive experience in the fields of manufacturing, trade, finance and management. Members always actively participate in giving suggestions for the development of business strategies, corporate governance and closely monitor the implementation of the Company's business plan.

Members of the Board of Directors play the role of evaluating and supervising the activities of the Board of Directors objectively, ensuring conflicts of interest between stakeholders, increasing fairness and functional efficiency, providing strategic directions, risk management, etc production quality management. The Board of Directors of the Company pays special attention to risk management solutions, in order to support the Board of Directors to identify problems early, help the Company maintain sustainability and stability in operations, and protect the interests of investors.

In general, the work of SPB's Board of Directors has been carried out in 2025 in accordance with the Resolution of the General Meeting of Shareholders and in compliance with the Company's Charter, governance regulations and corporate governance standards. Members of the Board of Directors have a high sense of responsibility and professionalism, and are careful in performing the role of protecting the interests of the Company.

- d) List of members of the Board of Directors with training certificates in corporate governance:* Not yet available
- e) List of members of the Board of Directors participating in corporate governance programs in the year:*

The company conducts on-site training sessions on leadership skills as well as participates in training classes of Vietnam Textile and Garment Group.

The company always creates conditions for all members of the Board of Directors, Supervisory Board and Executive Board to participate in training courses on corporate governance organized by the SSC and the Stock Exchange. However, because the time of training courses often coincides with the work schedule, members do not fully participate in the courses.

## **2 The Company's Supervisory Board:**

- a) Members and structure of the Supervisory Board:*



STT	Full name	Position	Number of shares held	Ownership/Charter Capital Ratio	Notes
1	Ms. Nguyen Ngoc Mai Chi	Head of the Supervisory Board	0	0%	-
2	Mr. Vo Hoang Phung	Member of the Supervisory Board	0	0%	-
3	Mr. Hoang Duy Khanh	Member of the Supervisory Board	0	0%	Appointed from 18/04/2025
4	Ms. Nguyen Thi Thu Thao	-	0	0%	Dismissal from 18/04/2025

***b) Activities of the Supervisory Board:***

In 2025, the Supervisory Board of Phu Bai Yarn Joint Stock Company has performed the supervisory function in accordance with the provisions of law, the Company's Charter and internal governance regulations, focusing on supervising the activities of the Board of Directors, the Board of Directors and the fulfillment of information disclosure obligations to shareholders.

Supervision of the Board of Directors: The Supervisory Board finds that the Board of Directors has implemented the contents according to the Resolution of the Annual General Meeting of Shareholders, and at the same time organizes quarterly or extraordinary meetings to consider and decide on issues under its jurisdiction. The resolutions issued in 2025 mainly focus on directing and orienting the implementation of the Company's production and business plan. The order and procedures for organizing meetings, the contents of minutes and resolutions of the Board of Directors are implemented in accordance with the provisions of law, especially the Law on Enterprises and the Charter of organization and operation of the Company.

Supervision of the Board of Directors: The Supervisory Board assesses that the Board of Directors has carried out the management and administration of the Company's production and business activities in accordance with the provisions of law, the Company's Charter as well as the Resolutions of the General Meeting of Shareholders and the Board of Directors. Executive decisions are implemented in accordance with the

Company's development goals and strategies, contributing to ensuring operational efficiency and legitimate interests of shareholders.

Supervision of shareholders: The Company has fully fulfilled the obligation to disclose information in accordance with current regulations, ensuring that information is provided in a timely, accurate and transparent manner, creating conditions for shareholders to grasp the operation situation and participate in supervision of the operation of the enterprise.

### **3 Transactions, monthly work remuneration and benefits of the Board of Directors, the Board of Directors and the Supervisory Board of the Company in 2025:**

Pursuant to the Resolution of the Annual General Meeting of Shareholders in 2025, the remuneration of the Board of Directors and Supervisory Board was approved; salary and work coefficient for the Company's Board of Directors, specifically:

#### ***a) Salary, bonus and remuneration of the Board of Directors:***

<b>TT</b>	<b>Full name</b>	<b>Position</b>	<b>Remuneration received</b>	<b>Salary</b>	<b>Rewards</b>	<b>Term of office in the year</b>
1	Mr. Pham Van Tan	Chairman of the Board of Directors	180.000.000	N/A	108.000.000	24/06/2024-present
2	Mr. Tran Dinh Hiep	UV Board of Directors	120.000.000	N/A	75.000.000	24/06/2024-present
3	Mr. Bui Thanh Hung	UV Board of Directors	120.000.000	N/A	58.000.000	24/06/2024-present
4	Mr. Truong Van Hien	UV Board of Directors	120.000.000	N/A	55.000.000	22/04/2022-present
5	Ms. Le Thi Que Huong	UV Board of Directors	120.000.000	N/A	55.000.000	22/04/2022-present
<b>TOTAL</b>			<b>660.000.000</b>	<b>N/A</b>	<b>351.000.000</b>	

#### ***b) Salary, bonus and remuneration of the Supervisory Board:***

<b>TT</b>	<b>Full name</b>	<b>Position</b>	<b>Remuneration received</b>	<b>Salary</b>	<b>Rewards</b>	<b>Term of office in the year</b>
1	Ms. Nguyen Ngoc Mai Chi	Head of the Supervisory Board	84.000.000	136.691.904		20/04/2019 - present



2	Mr. Vo Hoang Phung	Member of the Supervisory Board	36.000.000	-	3.000.000	20/04/2019 - present
3	Mr. Hoang Duy Khanh	Member of the Supervisory Board	24.000.000	-	-	18/04/2025 - present
4	Ms. Nguyen Thi Thu Thao	Former Member of the Supervisory Board	12.000.000	-	3.000.000	Dismissal from 18/04/2025

*c) Salary, bonus and remuneration of the Board of Directors:*

TT	Full name	Position	Remuneration received	Salary & Bonus	Term of office in the year
1	Mr. Tran Dinh Hiep	General Director	(see the section of the Board of Directors)	1.100.999.122	24/06/2024- present
2	Ms. Le Thi Que Huong	Deputy General Director	(see the section of the Board of Directors)	764.615.005	28/02/2018- present
3	Ms. Hoang Thai Truc	Deputy General Director	-	756.591.821	14/11/2024- present
4	Mr. Nguyen Trung Hieu	In charge of the KT Department	-		01/11/2024- present
<b>TOTAL</b>			-		

*d) Insider stock trading: None*

*e) Contracts or transactions with internal shareholders and persons related to the above-mentioned subjects:*

<i>STT No.</i>	<i>Name of organization/individual</i>	<i>Relationship with the company</i>	<i>NSH License Number*, date of issue, place of issue</i>	<i>Head Office Address/ Contact Address</i>	<i>When to transact with the company</i>	<i>Content, quantity, total transaction value/</i>
1	Vietnam Textile and Garment Group	Investor	0100100008	25 Ba Trieu Street, Hang Bai Ward, Hoan Kiem District, Hanoi	11/02/2025	Advertising fee on Textile and Garment Magazine (Amount: 100,000,000 VND)
2	Vietnam Textile and Garment Group	Investor	0100100008	25 Ba Trieu Street, Hang Bai Ward, Hoan Kiem District, Hanoi	19/06/2025	Remittance to sponsor the 30th anniversary of the establishment of Vietnam Textile and Garment Group (Amount: 200,000,000 VND)
3	Vietnam Textile and Garment Group	Investor	0100100008	25 Ba Trieu Street, Hang Bai Ward, Hoan Kiem District, Hanoi	17/09/2025	Exhibition funding (Amount: 46,296,296 VND)
4	Vietnam Textile and Garment Group	Investor	0100100008	25 Ba Trieu Street, Hang Bai Ward, Hoan Kiem District, Hanoi	29/08/2025	Buy the book "History of Vietnam's Textile and Garment Industry (1898-2025)" (Amount: 10,400,000 VND)
5	Vietnam Textile and Garment Group	Investor	0100100008	25 Ba Trieu Street, Hang Bai Ward, Hoan Kiem District, Hanoi	25/12/2025	Buy the book "World and Vietnam Textile and Garment Industry in 2026 in the fog of reciprocal tax" (Amount:



						10,000,000 VND)
6	Nam Dinh Textile and Garment Joint Stock Corporation	The company has a member of the Board of Directors who is a member of the Board of Directors of Phu Bai Yarn Joint Stock Company	0600019436	43 To Hieu Street, Nam Dinh Ward, Ninh Binh Province, Vietnam	17/04/2025	T/payment for yarn purchase (Amount: 615,158,961 VND)

**3.5 The implementation of regulations on corporate governance:** In the past year, the company has strictly complied with the regulations on corporate governance, ensuring full compliance with the law, the Charter and internal regulations. The company also discloses information in accordance with legal regulations, contributing to maintaining stable and efficient operation. All activities are aimed at achieving the company's common goals, while ensuring the interests of shareholders, facilitating the supervision of the company's activities in a transparent and effective manner.

## **VI. CORPORATE FINANCIAL STATEMENTS IN 2025:**

The financial statements of Phu Bai Yarn Joint Stock Company in 2025 have been audited by KPMG Vietnam Co., Ltd. (with attached copy).

### **\* OPINIONS OF INDEPENDENT AUDITORS:**

#### **INDEPENDENT AUDIT REPORT**

**Dear Shareholders of Phu Bai Yarn Joint Stock Company**

We have audited the attached financial statements of Phu Bai Yarn Joint Stock Company (the "Company") including the balance sheet as at December 31, 2025, the statement of business results and the related cash flow statement for the year ended on the same date and the accompanying notes approved by the Board of Directors to be issued on December 31, 2025 March 30, 2026, presented from page 05 to page 39.

### **Responsibilities of the Board of Directors**

The Board of Directors of the Company is responsible for preparing and presenting honestly and reasonably these financial statements in accordance with the Vietnam Accounting Standards, the Vietnam Corporate Accounting Regime and legal regulations related to the preparation and presentation of financial statements, and is responsible for the internal controls that management determines are necessary to ensure that the preparation of the financial statements is free from material errors due to fraud or mistakes.

### **Responsibilities of the auditor**

It is our responsibility to provide an opinion on this financial statement based on the results of our audit. We have carried out the audit work in accordance with the Vietnam Auditing Standards. These standards require us to comply with standards and regulations on professional ethics and to plan and conduct an audit to achieve reasonable assurance as to whether the financial statements are free of material errors.

Audit work includes the implementation of procedures to obtain audit evidence of figures and explanations in financial statements. Procedures are selected based on the auditor's judgment, including an assessment of the risk of material misstatements in the financial statements due to fraud or mistake. In carrying out these risk assessments, the auditor considers the Company's internal controls in relation to the preparation and presentation of honest and reasonable financial statements in order to design audit procedures in accordance with the actual situation, but not for the purpose of providing an opinion on the effectiveness of the Company's internal controls. Audit work also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates of the Board of Directors of the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtain is adequate and appropriate as the basis for our audit opinion.

### **Auditor's opinion**





In our opinion, the financial statements have honestly and reasonably reflected, in material aspects, the financial situation of Phu Bai Yarn Joint Stock Company as at December 31, 2025, business results and cash flows for the year ended on the same day. in accordance with the Vietnam Accounting Standards, the Vietnam Corporate Accounting Regime and legal regulations related to the preparation and presentation of financial statements.

**Recipients:**

- As above;
- Board of Directors of the Company;
- Ban KS Cty;
- Board of Directors of the Company;
- CBTT Website Cty;
- P. KT-TC, VT.

**GENERAL DIRECTOR  
LEGAL REPRESENTATIVE  
OF COMPANY**



**Trần Đình Hiệp**