



**MASAN CONSUMER CORPORATION**

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**ENGLISH TRANSLATION  
FOR REFERENCE PURPOSE ONLY**

**REPORT OF THE BOARD OF DIRECTORS  
AT THE 2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

The Board of Directors (the “Board”) would like to report to the 2024 Annual General Meeting of Shareholders of Masan Consumer Corporation (the “Company” or “Masan Consumer”) on the Board’s activities in 2023 as follows:

**I. OVERVIEW**

In 2023, the global economy continued to face challenges, with economic growth conditions remaining sensitive to the impacts of economic and geopolitical risks. Additionally, the effects of monetary tightening and reduced aggregate demand, coupled with sluggish business activity in major economies, have hindered the economic recovery process.

Against the backdrop of global difficulties and volatility, the Vietnam’s economy in 2023 continued to experience "dual impacts" from external adverse factors and long-lasting internal constraints and inefficiencies. However, despite these challenges, the Vietnam’s economy has gradually recovered and achieved positive outcomes across various sectors.

In 2023, Vietnam’s GDP growth rate reached 5%, which is lower than the target of 6.5% but still double the global average GDP growth rate and places Vietnam among the countries with the highest growth rates in the world in 2023. Moreover, statistical indicators show that the domestic macroeconomic situation remained stable, with inflation being controlled at an appropriate level. The supply and demand of essential goods were ensured, and domestic purchasing and consumption activities maintained a relatively high growth rate. A bright spot in the economy was the outstanding growth of Foreign Direct Investment (FDI), reaching approximately 32% compared to 2022, along with the resurgence of exports with a growth rate of approximately 9% in the fourth quarter compared to the same period last year. Vietnam's GDP growth improved quarter by quarter (Q1: 3.4%, Q2: 4.3%, Q3: 5.5%, Q4: 6.7%), signaling a positive outlook for 2024 with a target GDP growth rate ranging from 6% to 6.5%. The economic recovery of Vietnam in the second half of 2023, especially in the fourth quarter, has been a significant driver for the consumer goods sector. Consumer spending is forecasted to grow by 7% in 2024, the highest among Asian economies, according to a report by UBS Investment Bank.

In 2023, Masan Consumer achieved a revenue of VND28,241 billion, representing a 13.1% growth compared to 2022 (excluding the Processed Meat category as it is no longer controlled by Masan Consumer). Masan Consumer demonstrated outstanding growth compared to the overall FMCG market, which only achieved a negative growth of 2% in 2023 (Source: Nielsen). Over the

past year, Masan Consumer also expanded its e-commerce channels as part of its Go Global strategy. Key brands such as Chin-Su and Omachi have gained significant traction in markets including the United States, Japan, and South Korea.

In terms of profitability, the gross profit margin for the year 2023 stood at 45.9%, marking a 4.6% increase compared to the margin in 2022. This improvement was achieved through optimizing production processes and implementing a strategy focused on quality and stability of raw materials. Net profit after tax allocation to the Company's shareholders reached VND7,194 billion in 2023, representing a 30% growth compared to 2022. This growth can be attributed to increases in sales volume, the establishment of strong brands, and effective financial management.

Masan Consumer anticipates continuing its revenue and profit growth trajectory in 2024, thanks to the ongoing premiumization strategy across its core product categories and significant opportunities in the home and personal care as well as Ready Meal categories. Detailed forecasts for Masan Consumer's growth in 2024 will be shared at the 2024 Annual General Meeting.

## **Business Environment**

Our business operations are primarily in Vietnam, therefore the efficiency and quality of our assets heavily depend on the stability of the Vietnam's economy. The economic environment in Vietnam as well as external factors such as economic development across Asia and the world can significantly impact Masan's business activities.

It is predicted that Masan's key input material prices in 2023 will increase significantly. Suppliers play a crucial role in determining the input costs of products. Therefore, this will negatively impact profit margins in Masan's business sectors. Additionally, certain economic factors such as inflation, rising interest rates, and exchange rates will affect capital costs and influence our business development's expansion strategy.

## **Vietnam Consumer Sector**

In 2023, the total retail sales of goods and consumer services increased by 9.6%, with the food and foodstuffs rising by 11.7% and household appliances, tools, and equipment increasing by 7.5%. The high-growth categories were essential daily goods for families.

Household expenditure on FMCG saw a slight increase in urban areas (+2%) and a positive trend in rural areas (+6%), considering consumption volumes under pressure from rising consumer prices.

Traditional offline shopping channels still account for approximately 95% of total consumer spending in Vietnam, while new online channels represent around 5%. Within the traditional channels, modern retail accounts for approximately 12%, while traditional retail (mom-and-pop stores) still holds around 88%. However, online channels are projected to grow by 20-30%, and modern retail channels by over 10%, surpassing the growth of traditional channels. Therefore, FMCG companies like Masan Consumer need to deploy new sales channels to reach consumers where they will shop in the future. In addition to macroeconomic indicators, research reports in 2023 highlight the following consumer trends:

1. The consumer sentiment of "cautious spending" continued throughout 2023 and is expected to persist into 2024. Consumers will exhibit two polarizing trends but grounded in a mindset of "saving": seeking out quality products at affordable prices within a

constrained budget and being willing to spend on products with "value for money" - these are superior quality and distinct products from reputable brands.

2. Customer demand segmentation has become clearer, with brands not only focusing on the 30-50 age group but also expanding product segments for Gen Z by providing value in mental health. At the same time, there are also many products catering to the over 50 age group, emphasizing physical health, forming a significant segment.
3. The trend of seeking specialized products to address the needs of each customer group based on unmet needs is growing, and this is the time when products utilizing advanced manufacturing technology gain a competitive advantage.

Consumer psychology is constantly changing and fluctuating with the economic and political shifts in each cycle. Therefore, continuously understanding consumer behavior is crucial for manufacturers to timely provide product solutions and access appropriate distribution channels to sustain and increase business value in a competitive environment.

### **Sauces, Condiments and Dressings**

Sauces, Condiments and Dressings continue to demonstrate that it is a core category in 2023 with recorded sales reaching VND10,446 billion, representing a growth of 18.2% compared to 2022.

Fish sauce CHIN-SU - Ca Com Bien Dong - Fresh Anchovies has elevated the fish sauce category with delicious, premium, and luxurious glass bottles that enhance the kitchen ambiance. Meanwhile, Nam Ngu continues to elevate the value of its flagship product line with a new story: pioneering the elevation of Vietnamese specialties, introducing a new category of condiments based on fish sauce, and launching the Nam Ngu Collection of specialty fish sauce. Nam Ngu Specialty has brought freshness, tailored to modern life, and captured the shopping trends of the younger Gen Z generation. Furthermore, the category has diversified into new spice varieties such as Chin-Su shrimp satay enhances the taste of hotpot and grilled dishes, while Chin-Su mayonnaise with original flavor, chilli mayonnaise and ketchup mayonnaise, delights the younger generation, ready to cook sauce for special dishes such as Vietnamese Pho, Thai style hotpot, Hanoi style barbecue noodle...to bring restaurant-like flavors to the table.

With the "Go Global - Make Vietnamese Foods Global Foods" strategy, Chin-Su, with its chili sauce as the leading brand, is the first pioneer in the journey to reach the world. Chin-Su chili sauce has been well-received in major markets such as the United States, Japan, and South Korea, and ranks in the top 8 out of 400 chili sauce brands on the Amazon US e-commerce platform. In 2024, Chin-Su will continue to strengthen its Go Global strategy, with fish sauce following chili sauce, and a range of specialty seasonings and powders from Vietnam ready to conquer global markets.

### **Convenience Foods**

In 2023, Masan Consumer's convenience food category achieved success by making a significant impact on the market and continuing to play a leading role in the industry with new products such as Omachi self-heating hot pot, Phở Story, and Kokomi one and a half,... Omachi self-heating hot pot caters to the lifestyle and taste preferences of dynamic young people who enjoy adventurous travel; Phở Story combines the famous recipe of Phở Thìn Bờ Hồ, while Kokomi one and a half offers increased quantity at the same price.

The net revenue of the convenience food category reached VND8,446 billion, representing an 8.8% growth compared to 2022, with premium brands accounting for 50% of the sales. Gross profit margin reached 39.1%, contributing to the category's strong financial performance.

### **Bottled Beverages and Nutritional Drinks**

In 2023, Masan Consumer's bottled beverages and nutritional drinks category achieved revenues of VND4,595 billion, marking a growth of 3.3% compared to 2022. It was a year focused on developing new product lines to serve the Gen Z customer segment. A notable success was the launch of Bupnon Tea 365, which quickly captured the young consumer demographic, becoming a significant driver of revenue growth in 2024. With this momentum, the category will continue to refine and introduce new products with a focus on health benefits, targeting the young Gen Z demographic (EnerZ, Vivant flavor).

### **Coffee**

In 2023, the coffee category achieved sales of VND1,625 billion, marking an 11.5% growth compared to 2022. The future strategy of the coffee category prioritizes enhancing the product portfolio with a variety of distinctive Vietnamese and European flavors, while also exploring the development of coffee beverage products. With two strong brands, Vinacafé and Wake-Up, the coffee category aims to solidify its position, with Vinacafé progressing towards becoming a "Coffee Expert" and "Coffee Innovator".

### **Home and Personal Care**

In 2023, the Home & Personal Care category contributed VND1,837 billion in net sales, marking a remarkable growth of 39.4% compared to 2022 (including NETCO), making it the fastest-growing category within Masan Consumer. Among them, the 2in1 Chanté laundry detergent brand holds the largest market share in the Detergent category within the WinCommerce supermarket system, led by Chanté. In 2024, the category will continue to drive growth by relaunching Joins laundry powder, launching Sopa nationwide, and consolidating Chanté's position as the exclusive and largest brand at WinCommerce.

## **II. ACTIVITIES OF BOARD OF DIRECTORS IN 2023**

1. In 2023, Board of Directors participated in:
  - Overseeing the activities of the Chief Executive Officer and other managers related to the daily operations of the Company;
  - Coordinating closely with the Chief Executive Officer and Management Board to discuss strategy and issues of the Company;
  - Deciding on restructuring the business model and organizational structure of the Company to be more efficient in the managerial work; and
  - Deciding on investment projects of the Company and its subsidiaries.
2. In 2023, there are two resolutions that have been approved at the 2023 Annual General Meeting of Shareholders but have not yet been implemented, specifically: .

- (i) Approving the plan to merge the Company into MasanConsumerHoldings Co., Ltd., due to the unfavorable market conditions in 2023, and the Board of Directors also have other business development orientations in 2024 and the following years, therefore, in this year, the Board of Directors has also not included this content in the contents submitted to the General Meeting of Shareholders for approval.
  - (ii) Approving the addition the businee line “*Other business support services activities that have not been categorized*” to the Company's business, due to the unfavorable market situation in 2023, the Company finds it unnecessary to add this business line to the Company's business.
3. Transactions between the Company and members of the Board of Directors arised in 2023:
- In 2023, the Company incurred a transaction for borrowing the asset, which is a house located at 79/28 Highway 13, Ward 26, Binh Thanh District, Ho Chi Minh City owned by Ms. Nguyen Hoang Yen – member of the Board of Directors and the Deputy Chief Executive Officer of the Company for offices, warehouses and other purposes not contrary to the law.
4. In 2023, the Board of Directors received no compensation.

### **III. 2024 FINANCIAL OUTLOOK**

After a year of stagnation due to the uncertainties in the global landscape, the economic outlook for Vietnam in 2024 is forecasted to be fairly optimistic by international organizations, with GDP growth expected to rebound strongly to the range of 5.5% to 6.5%. However, the economy still faces numerous challenges. Given that situation, Masan Consumer has made budget for net sales and net profit after tax growth from 15% to 25%. On the other hand, the prolonged war between Russia and Ukraine has caused high increase in the price of crude oil, materials and packaging while the inflation still shows no sign of sustained subsiding, affecting consumer spending behaviors. As a business operating in consumer staples industry, we realize that high inflation will potentially affect the Company's revenue and profit plan. Therefore, the budget plan for the fiscal year 2024 is tentative. The details will be shared at the 2024 Annual General Meeting.

Yours sincerely,

*Ho Chi Minh City, 04 April 2024*

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN OF THE BOARD**

*(signed and sealed)*

**DANNY LE**

**APPENDIX**  
**RESOLUTIONS OF THE BOARD OF DIRECTORS IN 2023**

<b>No.</b>	<b>Number of the Resolutions</b>	<b>Date</b>	<b>Main content</b>
1.	01/2023/NQ-HĐQT-MSC	10/01/2023	Approving the immovable assets investment project of Masan Jinju Joint Stock Company.
2.	02/2023/NQ-HĐQT-MSC	23/02/2023	Approve the shareholders' book closing date to exercise the right to attend the 2023 Annual General Meeting of Shareholders.
3.	03/2023/NQ-HĐQT-MSC	03/03/2023	Approving the immovable assets investment project of subsidiaries of Masan Beverage Company Limited.
4.	04/2023/NQ-HĐQT-MSC	03/03/2023	Approving the short-term credit line of the Company at the Bank.
5.	05A/2023/NQ-HĐQT-MSC	31/03/2023	Approving the investment transactions.
6.	05B/2023/NQ-HĐQT-MSC	31/03/2023	Approving issues submitted to the 2023 Annual General Meeting of Shareholders.
7.	06/2023/NQ-HĐQT-MSC	07/07/2023	Approving the shareholders' book closing date to collect shareholders' opinions in written. Approving the dividend advance in 2023.
8.	07/2023/NQ-HĐQT-MSC	07/07/2023	Approving the transactions with related persons (borrowing houses of members of the Board of Directors).
9.	08/2023/NQ-HĐQT-MSC	29/08/2023	Approving the implementation of ESOP issuance plan.
10.	09/2023/NQ-HĐQT-MSC	29/08/2023	Approving the Regulations of ESOP issuance and list of employees issued ESOP.
11.	10/2023/NQ-HĐQT-MSC	20/09/2023	Approving the earnings advance of subsidiaries of Masan Food Company Limited.
12.	11/2023/NQ-HĐQT-MSC	23/11/2023	Approving the amendment of the Regulations of ESOP issuance and list of employees issued ESOP under Resolution No. 09/2023/NQ-HĐQT-MSC.
13.	12/2023/NQ-HĐQT-MSC	20/12/2023	Approving the amendment of Resolution No. 08/2023/NQ-HĐQT_MSC for the implementation of ESOP issuance plan.

14.	13/2023/NQ-HĐQT-MSC	20/12/2023	Approving the amendment of the Regulations of ESOP issuance and list of employees issued ESOP under Resolution No. 11/2023/NQ-HĐQT-MSC.
15.	14/2023/NQ-HĐQT-MSC	22/12/2023	Approving the increase of short-term credit line at the Bank of subsidiaries of Masan Food Company Limited.
16.	15/2023/NQ-HĐQT-MSC	22/12/2023	Approving the earning allocation retained until 31 December 2023 of subsidiaries of Masan Food Company Limited.