



INTERFOOD SHAREHOLDING COMPANY

ANNUAL REPORT 2021



Life Partner – Bạn đồng hành trong cuộc sống
Công ty nước giải khát tiên tiến đóng góp vào sức khỏe và hạnh phúc của mọi người

Contents

Message from chairman of the board.....	3
I. Company overview	5
1. General information	5
2. Company history	5
3. Business lines and localities.....	9
4. Organization and management structure	19
5. Development directions	22
II. Business operations.....	26
1. Situation of business operations.....	26
3. Situation of investment and project implementation	30
4. Financial situation	30
5. Shareholders structure and change in the owner's equity.....	33
III. Report and assessment of the board of directors	35
1. Assessment of operating results.....	35
2. Financial situation.....	35
3. Improvements in organizational structure, policies and management.....	36
4. Development plan in the future.....	38
5. Report on environmental and social responsibilities environmental initiatives	39
IV. Assessments of the board of management on the company's operation	41
1. Assessment on the company's operation	41
2. Assessment on performance of the board of directors.....	42
3. Future plan of the board of management	42
V. Corporate governance	44
1. Board of management	44
2. Supervisory board	46
3. Remuneration and expenses on activities of the BOM, other executive and SB.....	47
4. Share transactions of internal persons, major shareholders and affiliated persons.....	49
5. Contracts or transactions of internal persons, major shareholders and affiliated persons ...	49
VI. Financial statements.....	50

MESSAGE FROM CHAIRMAN OF THE BOARD

With our employees, distributors, business partners, suppliers, and customers around the world, IFS is life partners!

Since our establishment, Interfood Shareholding Company have pioneered the new beverage industry in Vietnam. From now on, we will also build new value that positively impacts the people, society and nature of Vietnam in all beverage related fields with new business vision: **“Building a new drink culture for healthy Vietnam”**.

The COVID-19 epidemic is still complicatedly happening in the world and in Vietnam, causing strong and multi-dimensional impacts on the economy, business activities and people's lives, and at the same time affecting directly to the production and business activities of the whole Company. In the past period, thanks to flexible, brave, innovative directions of the Board of Management (BOM) and the Board of Directors (BOD) of the Company and efforts to implement the tasks of the employees that Interfood Company overcome difficulties and the results are stable, profitable business operations and was the first year to escape accumulated losses after many years. Especially, areas in the epidemic centers have proactively, flexibly and positively implemented epidemic prevention and control measures to protect resources and maintain stable business operations. With the flexible and brave measures of the BOM and the BOD, the epidemic situation is gradually being controlled at the factories and offices of the Company, the business activities of the Company are expanded again, almost of the Company's business areas have implemented the **"new normal situation"**, creating the basis and motivation for Interfood's business recovery in the coming time.

Implementing the new business vision – The desired model until 2027, Interfood will maximize its internal resources, focus on implementing solutions, strengthen connections with employees, distributors, business partners, suppliers and customers so that **Interfood is truly a Life Partner**.

Towards the goal of becoming a Beverage Company contributes the most to the mental and physical health of Vietnamese people by providing safe, secure, high-quality and innovative products and services. We build the Company's goals on the basis of the following important values:

1st important value: Sincerity

We conduct business activities in the spirit of social justice, act rightly according to social norms and ethics. In addition, we provide safe, secure and high-quality products and services through processes that are guaranteed for reliability and transparency.

2nd important value: Collaboration

We recognize and respect differences in individual values and viewpoints. In addition, in all aspects of our business, we hold constructive exchanges with stakeholders inside and outside the Company, working together to turn differences into new strengths

3rd important value: Challenge

In order to create and nurture new products and services that contribute to the long-term prosperity of people, society and nature, we will continue to constantly innovate, not satisfied with the present to match with the pioneering spirit that we have inherited since the company's establishment.

From the above important values with the support of valued shareholders, partners, customers, the efforts and solidarity of all employees of the Company, sense of responsibility, bravery, flexibility and innovation of the members of the BOM and the BOD, we can fully believe that the Company will realize the New Business Vision of Interfood and at the same time builds the prestigious and strong KIRIN - WONDERFARM brand in the domestic and foreign markets, and brings practical values to all valued shareholders, partners and customers.

On behalf of the BOM, I express my deep gratitude to our valued shareholders, partners, customers and all employees of the Company who have always trusted, cooperated and accompanied with Interfood, made important contributions in during the build and development of the Company. I hope and believe that the parties will continue to cooperate and bond closely with Interfood and we are always ready to be your "**Life Partner**".

Chairman of the Board of Management

(Signed and sealed)

TOMOHide ITO

I. COMPANY OVERVIEW

1. GENERAL INFORMATION

- Trading name: Interfood Shareholding Company (Interfood)
- Certificate of enterprise registration No.: 3600245631
- Charter capital: 871.409.920.000 VND
- Address: Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa, Dong Nai, Viet Nam
- Tel: (0251) 511 138 - Fax: (0251) 512 498
- Website: www.wonderfarmonline.com
- Securities code: IFS

2. COMPANY HISTORY

1991 Interfood Shareholding Company - formerly Interfood Processing Industry Ltd. (“IFPI”) - was established on 16th November 1991 in accordance with the Investment license No. 270/GP issued by State Committee of Co-operation and Investment (now the Ministry of Plan and Investment). IFPI was a 100% FDI enterprise operating under the Vietnam Foreign Investment Law. Interfood’s original owner was Trade Ocean Exporters Sdn. Bhd. (Penang, Malaysia). In 1996, Interfood’s owner was changed to Trade Ocean Holdings Sdn. Bhd. (Penang, Malaysia) in accordance with the License No. 270/GPDC5 dated 26th February 1996 issued by the Ministry of Planning and Investment.

Initial main activities of the Company were processing agricultural products, seafood to canned, dried, frozen, preserved and pickled products. Total initial investment capital was US\$1,140,000.

1994 The Company’s business was expanded by penetrating into the biscuits segment.

2003 The Company was approved to produce carbonated fruit juices and fruit juices with low alcohol content (5%), and its investment capital increased to US\$23,000,000.

2004 In April 2004, Interfood signed a processing agreement with AVA Food Industries Ltd. to mitigate Interfood’s production, space and logistic constraints at its Bien Hoa factory whereby AVA would provide the production facilities and Interfood would provide the technology and machinery to manufacture Interfood’s products

2005 In January 2005, the Company was approved to produce purified water and PET bottle, its investment capital increased to US\$30,000,000.

From 09th August 2005, the Company was converted into a shareholding company which is now known as Interfood Shareholding Company (IFS) in accordance with License No. 270 CPH/GP granted by the Ministry of Planning and Investment. IFS was one of the first six FDI companies approved by the Ministry of Planning and

Investment on conversion activities from Limited Company into Shareholding Company under Decree No. 38/2003/ND – CP of the Government. Total investment capital and charter capital of the Company were US\$30,000,000 and US\$13,000,000 respectively.

- 2006** The Company moved its head quarter and factory to new location at Tam Phuoc Industrial Zone, Bien Hoa City, Dong Nai Province.

During this year, the Company increased its owned equity up to VND242,841,600,000 (equivalent to 24,284,160 shares with par value at VND10,000) and on 17th October 2006, listed 3,620,560 shares at the Ho Chi Minh City Securities Trading Centre (“HOSE”) under “IFS” code.

- 2007** On 16th October 2007, the Company issued bonus shares in ratio of 5:1, according to which total number of the Company’ shares are listed on the HOSE being 6,875,359 shares. Total registered capital of the Company increased to VND1,444,500,000,000 (approximately US\$90,000,000) and charter capital grew to VND291,409,920,000 (equivalent to 29,140,992 shares at par value of VND10,000).

In 2007, IFS acquired 90% contributed capital of Avafood Shareholding Company (“AVA”) and became the controlling shareholder of this company. The principal activities of AVA are to produce the processed products including fruit juice, purified water, biscuits, jams and sweets of all kinds, agricultural and aquatic products, livestock; and workshop for lease.

- 2008** Interfood Packaging Limited (formerly Interfood Packaging Shareholding Company) was established with 90% capital owned by the Company, total investment capital and charter capital registered as US\$32 million and US\$10 million respectively. The principal activity of Interfood Packaging Limited is to produce packaging materials for foods and soft drinks.

On 14th February 2008, Northern Interfood Shareholding Company was established in Bac Ninh Province with total investment capital and charter capital of US\$36 million and US\$11 million respectively and the Company owned 90% its charter capital. However, the Company could not arrange funding for the project activities and completed the termination of the project in December 2010.

- 2009** In late 2009, the Company ceased operations of its factory located in the urban area of Bien Hoa City, and relocated all production lines, equipment and inventory into its factory in Tam Phuoc Industrial Zone.

In 2009, the Company disposed 70% of its holding in Interfood Packaging Limited to Crown Packaging Investment Pte. Ltd. and became a minority shareholder holding 20% contributed capital of this company. Subsequently, Interfood Packaging Limited was renamed Crown Beverage Cans Dong Nai Ltd. (“Crown Dong Nai”).

- 2010** The Company disposed its 20% remained contributed capital at Crown Dong Nai to Crown Packaging Investment Pte. Ltd.

2011 On 11th March 2011, Kirin Holdings Company Limited (“Kirin”) acquired all shares of Trade Ocean Holding Sdn. Bhd. (“TOH”). Kirin was holding 57.25% shares in the Company through TOH. Kirin, a public company listed on the Tokyo Stock Exchange, is one of the largest beverage companies in the region.

2012 In June 2012, Kirin increased its stake in IFS to 80.37% (equivalent to 23,421,955 shares) through TOH by acquiring all outstanding shares of Indochina Beverage Holdings (“IBH”) who holds 23.12% (equivalent to 6,737,309 shares) of total shares of Interfood.

In December 2012, all shares in Grande Indigo Global Ltd. (including 1,938,327 shares of Interfood) were bought by Kirin, Grande Indigo Global Ltd. became an associate with TOH and IBH.

2013 The Company's charter capital increased from VND 291,409,920,000 to VND 501,409,920,000 (equivalence to 50,140,992 shares) through a private placement of shares to Kirin. After the purchase, Kirin increased its stake in the Company to 92.46%.

According to the Announcement No. 395/2013 of Ho Chi Minh Stock Exchange, the Company’s shares were delisted from 3 May 2013 and thereafter trading on Vietnam Security Depository.

2014 The Company's charter capital increased from VND 501,409,920,000 to VND 711,409,920,000 (equivalence to 71,140,992 shares) through a private placement of 21,000,000 shares to Kirin Holdings Company Limited.

2015 The Company's charter capital increased from VND 711,409,920,000 to VND 871,409,920,000 (equivalence to 87,140,992 shares) through a private placement of 16,000,000 shares to Kirin Kirin Holdings Singapore Pte. Limited (“KHSPL”), 100%-owned subsidiary of Kirin Holdings Company, Limited (“Kirin”).

Aiming to integrate the business operation of its subsidiaries of the Group in South East Asia, at the end of December 2015, Kirin transferred all its shares of IFS to KHSPL, pursuant to which KHSPL currently owns 83,360,282 shares of IFS equivalent to 95.66% of total outstanding shares of the Company.

2016 Pursuant to Decision No. 717/QĐ-SGDHN of Hanoi Stock Exchange regarding approval for stock trading registration of Interfood Shareholding Company, on November 16th, 2016, IFS shares were officially traded on UPCOM system.

Pursuant to Resolution of Annual General Meeting of Shareholders in 2016, the Company implemented the termination of production and sales of biscuits in IFS and AVA to save its resources and focus on developing beverages business as its core business.

2020 On 7 April 2020, the Company's acquisition of shares from other shareholders of the subsidiary, being Avafood Shareholding Company ("AVA") to increase the Company's control power in AVA.

On 10 April 2020, The Annual General Meeting of Shareholders in 2020 approved the merger of AVAFOOD SHAREHOLDING COMPANY into INTERFOOD SHAREHOLDING COMPANY.



On 30 June 2020, the Department of Planning and Investment of Dong Nai province approved the merger of AVA into INTERFOOD SHAREHOLDING COMPANY. Accordingly, the Company shall inherit all assets, legitimate rights, obligations and interests of AVA in accordance with the regulations of Vietnam, concurrently terminate the legal existence of AVA.

3. BUSINESS LINES AND LOCALITIES

❖ MAIN LINES OF BUSINESS

STT	Main lines of business
1	Production of non-alcoholic beverages, mineral waters. In detail: processing carbonated and non-carbonated fruit-juice, processing noncarbonated soft drinks without alcohol or with low alcohol (less than 10%); production of filtered water.
2	Processing and preserving aquatic and processed products from aquatic. In detail: processing aquatic products into canned, dried, frozen, salted, vinegary products.
3	Processing and preserving of fruit and vegetables. In detail: processing agricultural products into canned, dried, frozen, salted, vinegary products.
4	Manufacture of cakes from flour. In detail: production of cakes.
5	Manufacture of dishes, fast food. In detail: production of snacks.
6	Manufacture of wooden packaging. In detail: manufacturing packaging for food and beverage.
7	Manufacture of corrugated paper and paperboard and packaging of paper and paperboard. In detail: manufacturing packaging for food and beverage.
8	Manufacture of plastics products. In detail: manufacturing packaging for food and beverage.
9	Manufacture of other fabricated metal products which are not categorized. In detail: manufacturing packaging for food and beverage.
10	Processing milk and milk products.
11	Exercising the rights to export and import of products suitable for business and production sectors of the Company in accordance with laws.

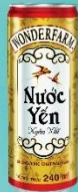
❖ BRANDS AND PRODUCT LINES

Brand	Description
 The logo for Wonderfarm, featuring the word "WONDERFARM" in a stylized, arched font with a registered trademark symbol.	<p>WONDERFARM has been long existing drinks brand presented in Vietnamese families. With proper carefulness from Kirin Japan in selection of ingredients and manual production process, WONDERFARM products provide a deep and full taste of traditional Vietnamese drinks.</p> <p>WONDERFARM products are made from natural fruits, which contain high nutritional facts and healthy benefits. Through the advanced technologies and strict manufacture procedures, our beverages taste so natural and mildly sweet that consumers can enjoy their daily portions of nutritious fruit juices, in a comfortable and easy way.</p>
 The logo for Kirin, featuring the word "KIRIN" in a bold, red, sans-serif font.	<p>Over 100 year old Japanese brand KIRIN proudly brings pleasure and healthiness to consumer's life by providing high quality products produced under advanced technology from the group with more than 100 years of history in Japan.</p> <p>KIRIN brand products and WONDERFARM brand PET products are manufactured by ASEPTIC line - advanced aseptic filling technology of Japan in Vietnam KIRIN factory - that helps to preserve the natural flavor, ensure product quality and food safety without preservatives and artificial colorings.</p>

WONDERFARM PRODUCTS



WONDERFARM
Nước Yến Cao Cấp
180 ml



WONDERFARM
Nước Yến Ngân Nhi
240 ml



WONDERFARM
Nước Sâm Cao Ly
240 ml



WONDERFARM
Nước Sữa Dừa
240 ml



WONDERFARM
Trà Xanh Hương Chanh
345 ml



WONDERFARM
Nước Me
310 ml



WONDERFARM
Nước Chanh Dây
310 ml



WONDERFARM
Nước Cốt Dừa
160 ml



WONDERFARM
Nước Cốt Dừa
400 ml

WONDERFARM
Trà Bí Đao
310 ml

WONDERFARM
Trà Bí Đao
280 ml

WONDERFARM
Trà Bí Đao
240 ml

WONDERFARM
Trà Bí Đao Ít Đường
310 ml



WONDERFARM Winter Melon Tea: cooling characters that help cleanse and cool the body.



Well-known brand: popular for nearly 30 years, and recognized as the best selling Winter Melon Tea in Vietnam:

- Natural ingredient: made from actual winter melon fruits, hence provides natural and delightful taste and smell.
- Healthy: introducing Winter Melon Tea less sugar to capture health conscious customers.
- More choices with Winter Melon Tea in PET bottle which is easily portable for convenient use.

WONDERFARM Bird's Nest: nutrient-rich and suitable to gift to families and friends.



Bird's Nest White Fungus Drink and Bird's Nest Premium: nutritious ingredients are balanced with real bird's nests and sugar bar to deliver a delicious and healthy drink.

Drink it to recover your health or serve it to friends and family in your parties. WONDERFARM Bird's Nest is also an ideal gift.

WONDERFARM soft drinks

Our products contain the fresh and copious ingredients in Vietnam, whose origin and flavor are guaranteed and satisfactory for Vietnamese consumers.



WONDERFARM Coconut Milk: our condensed and aromatic ingredients are indispensable in the kitchens of Vietnamese ladies.



Our fresh coconut are directly selected from Ben Tre. With diverse flavors, our coconut products can be used in various ways. Each of our products can be used for many purposes.

This product was featured in Master Chef Vietnam and used in restaurants throughout VN.

KIRIN PRODUCTS

Ice+ Nước Vị Trái Cây

**LẠNH
BĂNG VI
TRÁI CÂY TƯƠI**

Bổ sung Vitamin B3



Đào
345 ml



Đào
490 ml



Cam Chanh
490 ml



Nho Xanh
490 ml

Latte - Thức Uống Thiên Nhiên Pha Sữa

✓ ÍT BÉO*

**Latte
Trà**
345 ml



**Latte
Đào**
345 ml



**Latte
Hỗn hợp dâu**
345 ml



**Latte
Mãng Cầu**
345 ml



**Latte
Cà Phê & Caramel**
345 ml



**Latte
Cà Phê & Sữa**
345 ml



Các sản phẩm khác

**TĂNG CƯỜNG
HỆ MIỄN DỊCH**
Thương hiệu từ
đài Loan
KIRIN Nhật Bản



Kirin IMUSE
280 ml



Kirin VAI MUỐI
345 ml



Tea Break Trà Sữa
345 ml



**Trà Xanh Nhật
ít Đường**
345 ml



**Trà Xanh Nhật
Không Đường**
345 ml

KIRIN Ice+

As the first fruit water in Vietnam, **Ice+** is made by the **advanced Aseptic's Japanese technology**. Ice+ harmonizes pure water and fruit juice. Our drinks are frozen at -18°C below zero to preserve the succulence of just-picked fruits and to maintain the absolute food safety without preservatives, colorings and odorants.



KIRIN LATTE



With the Secrets of Creating Delicious Tastes from Japan, Latte combines the finest quintessence of natural extracts blended with milk. Latte delivers the pure flavors and mild after-taste to quench your thirst and gently refresh you.

KIRIN TEA BREAK



Gogo no Kocho - Best-selling product in Japan now coming to Vietnam with a new name: **Tea Break**. This product is made from real English Tea leaves with classic style mixed with modern. Light sweetness taste and rich aroma of real tea will let you feel relax whenever you drink.

KIRIN TRÀ XANH NHẬT: 100% Green Tea leaf, brewed and extracted for the finest tea to relax your minds.

Fresh tea leafs from Shizuoka are collected, processed and direct to Viet Nam.

- Product uses pure water.
- Produced at exact temperature required real technology.
- Only extract first brew.
- PET bottle, less or no sugar.



KIRIN LATTE COFFEE & MILK:

Latte Coffee & Milk is the unique formula of traditional authentic coffee combine with the imported milk from New Zealand, produce by modern Japanese technology. Delivering quality and convenient products with cheap price for everyone.

- Convenient Coffee Milk PET every time, everywhere.
- 100% Authentic coffee
- Cheap price for everyone.



KIRIN LATTE COFFEE & CARAMEL:

Latte Coffee & Milk – A unique new drink with the wonderful combination between passionate coffee flavor and sweet caramel taste for the young.

- Sweet experience with caramel coffee
- Enjoy coffee daily
- Convenient and luxurious packaging



KIRIN IMUSE:

We would catch a cold or flu through decrease of immune system function in our body.

Such body condition should affect our dairy life and relationship between family/friends.

‘L. Lactis Plasma’ is a specific strain of Lactococcus Lactis (strain different from Lactobacillus) that was found by Kirin, a Japanese company with over 100 year history, which is unique in the world because it can help to activate the holistic immune system in your body. There are many medical studies that prove the effect against cold or other virus infections, including diseases such as dengue fever.

You can take this ‘L. Lactis Plasma’ by beverage with lemon and yogurt flavor.



This is a new, easy, and stylish way for your health and well-being treatment.

INSIDE BEAUTY – This is a new routine for those who lovely self and life

- Enhance immune system
- Activate potential inside me
- Supplement daily drink Health- well being

KIRIN SALTY LITCHI:

Kirin Salty Litchi - a subtle combination of juicy litchi and a pinch of salt, gives you a new unique drink, only one in the Vietnamese market.

A little bit of traditional salt will add a more mild, refreshing taste of Litchi.

The drink provides a mineral that supports the hydration process extremely delicious. An effective refreshment and anti-heatstroke drink on hot days.

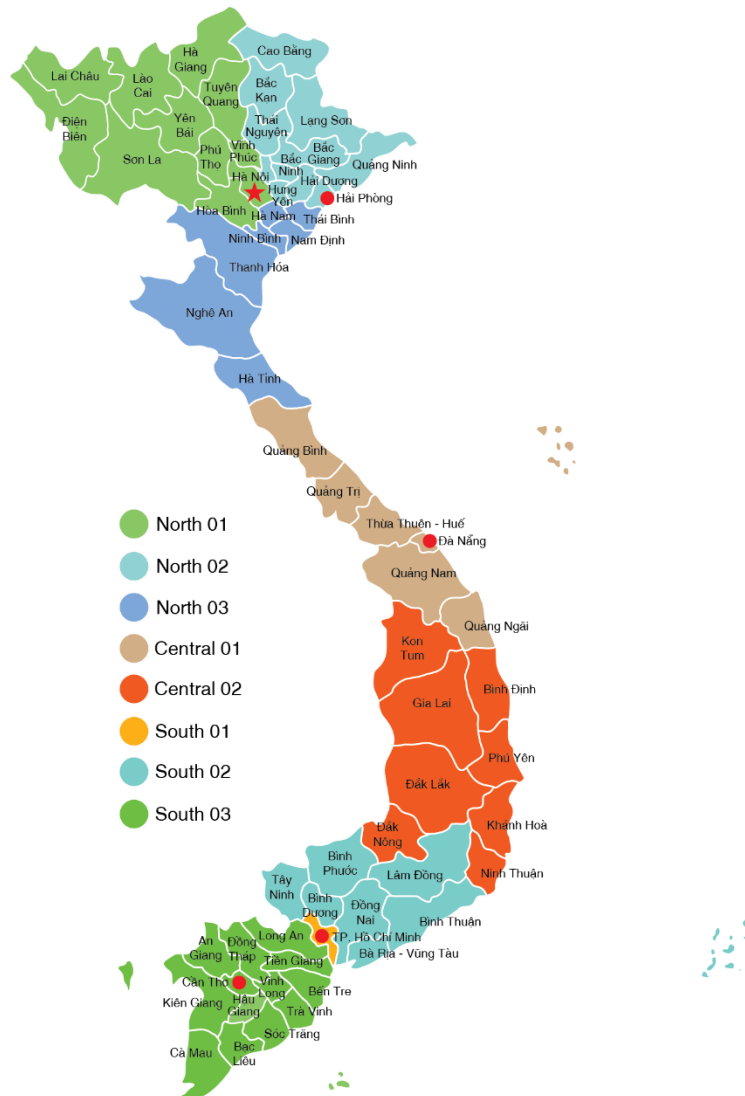
- Only one in the market
- Convenient PET bottle
- Valuable price



❖ LOCALITIES OF BUSINESS

Domestic market:

Domestic revenue is accounting for 98,6% of the total revenue of the company and considered the main market in the Company's strategy. The distribution system of Interfood covers the 63 provinces with 145 distributors, over 73.478 retailers and all supermarket chains in Vietnam.

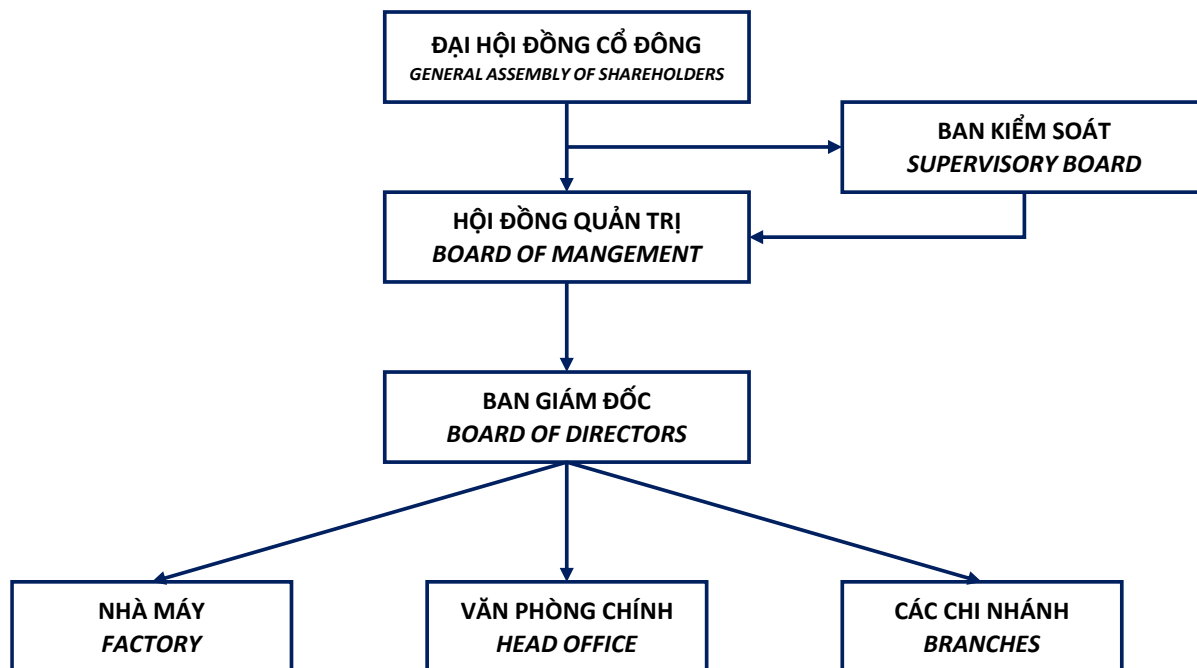


Overseas market:

Revenue from exporting market is accounting for 1,4% of total revenue of the Company. The main market is nations in Europe, Asia and America.

4. ORGANIZATION AND MANAGEMENT STRUCTURE

❖ ORGANIZATION STRUCTURE



❖ **MANAGEMENT STRUCTURE**

No	Name	Position
Board of Management (BOM)		
1	Mr. Tomohide Ito	Member (from April 19, 2021) Chairman cum Member (from April 23, 2021)
2	Mr. Takeshi Fukushima	Member (until April 19, 2021) Chairman (until April 23, 2021)
3	Mr. Hajime Kawasaki	Member (from April 19, 2021)
4	Mr. Yutaka Ogami	Member (until April 19, 2021)
5	Mr. Koichi Ogawa	Member
6	Mr. Toru Yoshimura	Member
7	Ms. Nguyen Thi Kim Lien	Member
Supervisory Board (SB)		
1	Mr. Nguyen Thanh Bach	Chief of SB
2	Ms. Thai Thu Thao	Member
3	Mr. Seiichi Kitano	Member (from April 19, 2021)
4	Mr. Yoshitaka Hitomi	Member (until April 19, 2021)
Board of Directors (BOD)		
1	Mr. Hajime Kawasaki	General Director cum Director (from March 30, 2021)
2	Mr. Yutaka Ogami	General Director cum Director/ General Manager of Administration (until March 30, 2021)
3	Mr. Koichi Noda	Director/ General Manager of Factory (from April 1, 2021)
4	Mr. Ryuta Onda	Director/ General Manager of Factory (until April 1, 2021)
5	Mr. Tomohide Ito	Director/ General Manager of Planning
6	Mr. Kenichiro Wada	Director/ General Manager of Marketing cum General Manager of Sales (from March 26, 2021)
7	Mr. Takeshi Fukushima	Director/ General Manager of Marketing cum General Manager of Sales (until March 26, 2021)
8	Ms. Nguyen Thi Kim Lien	Director/ General Manager of Internal Control

❖ **BRANCHES AND FACTORIES**

Branch and Factory	Address
Hanoi Branch	11 Floor, Vinafor Building, 127 Lo Duc, Dong Mac Ward, Hai Ba Trung District, Hanoi City
Hochiminh Branch	16 th Floor, Tower B, Viettel Complex Building, 285 Cach Mang Thang Tam street, Ward 12, District 10, Ho Chi Minh City
Long Thanh Factory	Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa City, Dong Nai Province

❖ **COMPANY AND ASSOCIATED COMPANIES**

Company	INTERFOOD SHAREHOLDING COMPANY (INTERFOOD)
----------------	---



Address: Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa, Dong Nai, Viet Nam

Charter capital: VND 871,409,920,000

Associated company	VIETNAM KIRIN BEVERAGES COMPANY, LIMITED
---------------------------	---



Address: Lot D-3A-CN, My Phuoc 2 IZ, My Phuoc Ward, Ben Cat Town, Binh Duong, Viet Nam

Major business lines: Production and processing of non-alcoholic drinks, Production of milk and soft drinks from milk, functional food production and liquid micronutrient supplements.

Charter capital: VND 795,800,000,000

Ownership rates of the Company: Non

5. DEVELOPMENT DIRECTIONS

New business vision

KIRIN

Business vision

(Our company's role in society, meaning of existence)

Building a new drink culture for healthy Vietnam

Since our establishment, we have pioneered the new beverage industry in Vietnam. From now on, we will also build new value that positively impacts the people, society and nature of Vietnam in all beverage related fields.

Desired Model by 2027

KIRIN

Vision (Desired Model by 2027)

Life partner

Innovation beverage Company contributes to people's health and happiness

Towards the goal of becoming the Beverage Company contributes the most to the mental and physical health of Vietnamese people by providing safe, secure, high-quality and innovative products and services.

Important values

KIRIN

**Important values to realize the Vision
(The image of the required qualities for employees)**

Sincerity

Collaboration

Challenge

1st important value

KIRIN

**Important values to realize the Vision
(The image of the required qualities for employees)**

Sincerity

We conduct business activities in the spirit of social justice, act rightly according to social norms and ethics. In addition, we provide safe, secure and high-quality products and services through processes that are guaranteed for reliability and transparency.

2nd important value

KIRIN

**Important values to realize the Vision
(The image of the required qualities for employees)**

Collaboration

We recognize and respect differences in individual values and viewpoints. In addition, in all aspects of our business, we hold constructive exchanges with stakeholders inside and outside the Company, working together to turn differences into new strengths.

3rd important value

KIRIN

**Important values to realize the Vision
(The image of the required qualities for employees)**

Challenge

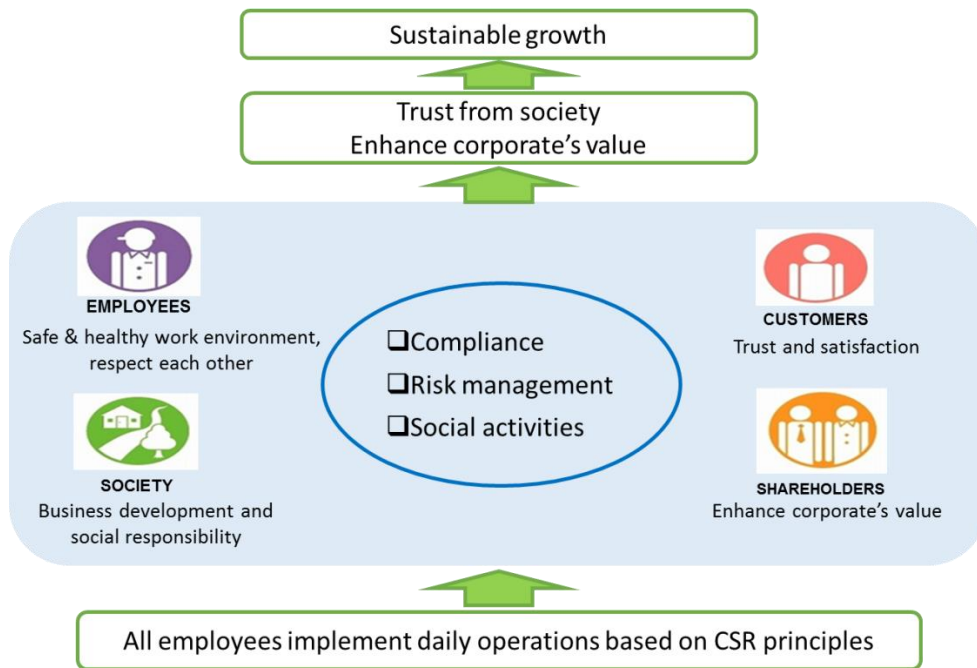
In order to create and nurture new products and services that contribute to the long-term prosperity of people, society and nature, we will continue to constantly innovate, not satisfied with the present to match with the pioneering spirit that we have inherited since the company's establishment

❖ **SUSTAINABLE GROWTH OBJECTIVES**

Compliance with legal and ethical requirements is the foundation for business success and sustainable growth. Developing and maintaining a culture of compliance is essential to building corporate reputation and enhancing competitiveness of the Company.

The Company is working to increase CSR (Corporate Social Responsibility) and compliance awareness among all IFS employees to ensure CSR, CSV (Creating Shared Value) -based management to be applied and observed throughout the company.

- CSR: our commitment by business to contribute to economic development while protecting the environment and improving our quality of life.
- CSV: formulating our CSV Purpose as a guideline to create shared value with society and promote sustainable growth.
- Compliance: observe laws and regulations, internal and external rules and regulations, fulfill legal obligations and social ethical responsibilities to maintain and increase the trust of the society.
- Risk Management: a system is designed to prevent and minimize losses due to unforeseen events by identifying and managing significant risks that could affect our business operations.



6. RISK MANAGEMENT

The Company establish risk management system as part of the management system of business activities and collaboration with the parent company to implement risk management program.

The Company thoroughly implement compliance and risk management in order to prevent potential risks, through which can receive long-term trust of customers and society.

Risk Management Committee, directly controlled by the Board of Directors and comprised

primarily of the heads of each business units, is established to monitor risk management activities. The Committee conducts periodic meetings twice a year and when necessary to review and oversee the implementation of risk management program and risk response plan throughout the Company.

❖ **IMPLEMENTATION OF RISK MANAGEMENT IN 2021**

- Establishment of Risk Management (RM) system and RM policy based on Kirin Group's RM program.
- Development of RM plan and crisis response manual and conduction of RM training to target employees.
- Establishment of internal control system to follow processes and monitor RM plan execution.

II. BUSINESS OPERATIONS

1. SITUATION OF BUSINESS OPERATIONS

❖ RESULTS OF BUSINESS OPERATIONS IN 2021

In the year of 2021, the Company's total profit after tax reached VND 126 billion and was the first year to escape accumulated losses after many years, but due to the general difficult situation, the Company only achieved a profit of 48% compared to VND 263 billion accordance with the proposed plan. This result mainly from the following reasons:

- a) In terms of sales, the Covid 19 pandemic continues to ravage in 2021, having a negative impact on the entire economy, causing product demand to continue to decline. The company continues to maintain basic sales, timely grasp and adjust sales policies in accordance with and adapt to the new normal policy of the government. As a result, total sales reached 65% of the plan and net revenue reached 67% of the plan.
- b) In terms of cost of goods sold, cost of goods sold in 2021 increased 3% more than planned, accounting for 63% of net revenue. The reason is the decrease in sales volume, low production output due to production interruption during the peak of the pandemic, plus the increase in the price of input materials, causing product prices to be pushed up.
- c) Financial income increased because in 2021 the company continued to use a short-term deposit of VND550 billion at a bank with a more competitive interest rate.
- d) Regarding selling and administrative expenses, in 2021 in the context of declining sales due to the negative impact of the pandemic, the Company will continue to maintain basic sales policies, maintain sales force costs as well as a combination of sales promotion policies for points of sale... resulting in total selling expenses maintained at a reasonable level at 19% of net revenue, down 1% compared to 20% of the plans. General and administrative expenses were managed and used close to the plan, accounting for about 3% of net revenue.
- e) Other expenses in 2021 are mainly related to the compensation for the outsourcing contract for the outsourcing partner due to the low order volume.

❖ FINANCIAL PERFORMANCE

<i>Description</i>	Plan 2021		Actual 2021		Variance vs Plan 2021(%)
	USD	VND '000	USD	VND '000	%
<i>Sales</i>	87,119,444	2,022,477,891	57,296,835	1,313,243,452	65%
<i>Deductions</i>	7,940,208	184,331,925	3,665,406	84,011,096	46%
<i>Net sales and services</i>	79,179,236	1,838,145,966	53,631,429	1,229,232,356	67%
<i>Cost of goods sold</i>	47,301,581	1,098,106,211	33,607,571	770,285,527	70%
<i>Gross profit</i>	31,877,655	740,039,755	20,023,858	458,946,829	62%
<i>Financial income</i>	78,828	1,830,001	315,291	7,226,468	395%
<i>Financial expenses</i>	20,133	467,379	9,051	207,453	44%
<i>Selling expenses</i>	16,102,338	373,815,787	10,183,670	233,409,713	62%
<i>General & administration expenses</i>	1,747,970	40,579,125	1,587,890	36,394,434	90%
<i>Net operating profit/(loss)</i>	14,086,042	327,007,465	8,558,538	196,161,697	60%
<i>Other income</i>	39,713	921,933	34,722	795,819	86%
<i>Other expenses</i>	2,877	66,787	1,735,385	39,775,025	59555%
<i>Other loss, net</i>	36,836	855,146	(1,700,663)	(38,979,206)	-4558%
<i>Profit/ (Loss) before tax</i>	14,122,878	327,862,612	6,857,875	157,182,491	48%
<i>Current corporate income tax expenses</i>	2,805,387	65,127,059	1,401,393	32,119,926	49%
<i>Deferred corporate income tax expenses</i>	-	-	(21,596)	(494,969)	0%
<i>Net profit/(loss) after tax</i>	11,317,491	262,735,553	5,478,078	125,557,534	48%
<i>Minority interest</i>	-	-	-	-	0%
<i>Net Profit /(Loss) for the year</i>	11,317,491	262,735,553	5,478,078	125,557,534	48%

2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES

❖ BOARD OF MANAGEMENT

No	Name	Position	Birth year	Nationality	ID Card/ (Passport) number	Current residence	Ratio of voting shares owned
Board of Management							
1	Mr. Tomohide Ito	Chairman	1977	Japanese	TR6937460	HCMC, VN	0%
2	Mr. Takeshi Fukushima	Chairman	1973	Japanese	TZ1237963	Japan	0%
3	Mr. Hajime Kawasaki	Member	1971	Japanese	TR5534715	HCMC, VN	0%
4	Mr. Yutaka Ogami	Member	1973	Japanese	TH5379976	Japan	0%
5	Mr. Koichi Ogawa	Member	1980	Japanese	TZ1187625	Japan	0%
6	Mr. Toru Yoshimura	Member	1964	Japanese	TR9775451	Japan	0%
7	Ms. Nguyen Thi Kim Lien	Member	1967	Vietnamese	271255441	Dong Nai, VN	0,014% (12.000)
Board of Directors							
1	Mr. Hajime Kawasaki	General director	1971	Japanese	TR5534715	HCMC, VN	0%
2	Mr. Yutaka Ogami	GD cum GM of Administration	1973	Japanese	TH5379976	Japan	0%
3	Mr. Koichi Noda	GM of Factory	1970	Japanese	TR6169885	HCMC, VN	0%
4	Mr. Ryuta Onda	GM of Factory	1969	Japanese	TH9650358	Japan	0%
5	Mr. Tomohide Ito	GM of Planning	1977	Japanese	TR6937460	HCMC, VN	0%
6	Mr. Kenichiro Wada	GM of Marketing cum GM of Sales	1980	Japanese	TK9170030	HCMC, VN	0%
7	Mr. Takeshi Fukushima	GM of Marketing cum GM of Sales	1973	Japanese	TZ1237963	Japan	0%
8	Ms. Nguyen Thi Kim Lien	GM of Internal Control	1967	Vietnamese	271255441	Dong Nai, VN	0,014% (12.000)
Chief Accountant							
1	Mr. Nguyen Hong Phong	Chief Accountant	1977	Vietnamese	272856660	Dong Nai, VN	0%

❖ **CHANGES IN THE BOARD OF MANAGEMENT**

No	Name	Position		Birth year	Nationality	ID Card/ (Passport) number	Current residence	Ratio of voting shares owned
		(before change)	(after change)					
Board of Management								
1	Mr. Tomohide Ito		Member (appointed effective from 19/04/2021) Chairman (appointed effective from 23/04/2021)	1977	Japanese	TR6937460	HCMC, VN	0%
2	Mr. Takeshi Fukushima	Chairman cum Member of BOM	Member (resign effective from 19/04/2021) Chairman (resign effective from 23/04/2021)	1973	Japanese	TZ1237963	Japan	0%
3	Mr. Hajime Kawasaki		Member (appointed effective from 19/04/2021)	1971	Japanese	TR5534715	HCMC, VN	0%
4	Mr. Yutaka Ogami	Member	Resign effective from 19/04/2021	1973	Japanese	TZ1228097	Japan	0%
5	Mr. Koichi Ogawa	Member	Member	1980	Japanese	TZ1187625	Japan	0%
6	Mr. Toru Yoshimura	Member	Member	1964	Japanese	TR9775451	Japan	0%
7	Ms. Nguyen Thi Kim Lien	Member	Member	1967	Vietnamese	271255441	Dong Nai, VN	0,014% (12.000)
Board of Directors								
1	Mr. Hajime Kawasaki		General Director (appointed effective from 30/03/2021)	1971	Japanese	TR5534715	HCMC, VN	0%
2	Mr. Yutaka Ogami	General Director cum GM of Administration	Resign effective from 30/03/2021	1973	Japanese	TZ1228097	Japan	0%
3	Mr. Koichi Noda		GM of Factory (appointed effective from 01/04/2021)	1970	Japanese	TR6169885	HCMC, VN	0%
4	Mr. Ryuta Onda	GM of Factory	Resign effective from 01/04/2021	1969	Japanese	TH9650358	Japan	0%
5	Mr. Tomohide Ito	GM of Planning	GM of Planning	1977	Japanese	TR6937460	HCMC, VN	0%
6	Mr. Kenichiro Wada		GM of Marketing cum GM of Sales (appointed effective from 26/03/2021)	1980	Nhật Bản	TK9170030	HCM, VN	0%

7	Mr. Takeshi Fukushima	GM of Marketing cum GM of Sales	Resign effective from 26/03/2021	1973	Japanese	TZ1237963	HCMC, VN	0%
8	Ms. Nguyen Thi Kim Lien	GM of Internal Control	GM of Internal Control	1967	Vietnamese	271255441	Dong Nai, VN	0,014% (12.000)
Supervisory Board								
1	Mr. Nguyen Thanh Bach	Chief	Chief	1987	Vietnamese	024182650	HCMC, VN	0%
2	Ms. Thai Thu Thao	Member	Member	1966	Vietnamese	021680536	HCMC, VN	0%
3	Mr. Seiichi Kitano		Member (appointed effective from 19/04/2021)	1963	Japanese	TS0957126	Japan	0%
4	Mr. Yoshitaka Hitomi	Member	Resign effective from 19/04/2021	1972	Japanese	MU9032912	Japan	0%

❖ SUMMARY AND CHANGES IN THE PERSONNEL POLICIES

- Number of employees: 578 (as at December 31, 2021).
- Summary and changes in the personnel policies:
 - Development of human resources, enhancement of organizational structure and improvement of management information system.
 - Strengthen the relationship between the Company and employees through the implementation of periodically monitoring meeting, the good policies based on the results of Employee's Awareness Survey (EAS), improving accuracy management data and governance performance based on adherence (compliance).
 - Develop and implement training programs tailored to staffs at each level and to each department.
 - Implement the personnel transfer based on the human resources development of the Company and career development plan of individuals.

3. SITUATION OF INVESTMENT AND PROJECT IMPLEMENTATION

In 2021, the Company did not implement any major investment project.

4. FINANCIAL SITUATION

❖ FINANCIAL SITUATION

Description	Actual 2020 VND	Actual 2021 VND	Variance (%)
Sales	1,539,322,364,000	1,313,243,452,000	-15%
Deductions	130,142,893,000	84,011,096,000	-35%
Net sales and services	1,409,179,471,000	1,229,232,356,000	-13%
Cost of goods sold	837,324,927,000	770,285,527,000	-8%
Gross profit	571,854,544,000	458,946,829,000	-20%
Financial income	4,124,856,000	7,226,468,000	75%
Financial expenses	76,295,040,000	207,453,000	-100%
Selling expenses	267,397,928,000	233,409,713,000	-13%
General & administration expenses	35,737,479,000	36,394,434,000	2%
Net operating profit (loss)	196,548,953,000	196,161,697,000	0%
Other income	1,198,427,000	795,819,000	-34%
Other expenses	3,316,221,000	39,775,025,000	1099%
Other profit (loss), net	(2,117,794,000)	(38,979,206,000)	1741%
Profit (Loss) before tax	194,431,159,000	157,182,491,000	-19%
Current corporate income tax expenses	37,417,627,000	32,119,926,000	-14%
Deferred corporate income tax expenses	1,979,762,000	(494,969,000)	-125%
Net profit (loss) after tax	155,033,770,000	125,557,534,000	-19%
Basic earnings per share (in VND)	1,779	1,441	-19%

❖ MAJOR FINANCIAL INDICATORS

Description	Year 2020	Year 2021	Notes
1. Solvency ratio:			
+ Current ratio	5.65	5.45	
+ Quick ratio	4.45	4.59	
2. Capital structure ratio:			
+ Debt / Total assets ratio	0.16	0.17	
+ Debt / Owners' Equity ratio	0.19	0.20	
3. Operation capability ratio:			
+ Inventory turnover	4.05	4.00	
+ Net revenue / Total assets ratio	1.34	1.03	
4. Target on Profitability			
+ Profit after tax / Net revenue Ratio	0.11	0.10	
+ Profit after tax / Total capital Ratio	0.17	0.12	
+ Profit after tax / Total assets Ratio	0.14	0.10	
+ Operating profit / Net revenue Ratio	0.14	0.16	

5. DECLARATION AND ALLOCATION OF DIVIDEND IN 2021

Based on the report of business performance in 2021 audited by the KPMG auditing firm as follows:

Description	Code	Amount ('000 VND)
Profit before tax	50	157.182.491
Current corporate income tax expenses	51	32.119.926
Deferred corporate income tax expenses	52	(494.969)
Net profit after tax	60	125.557.534

Based on the balance sheet as at December 31, 2021 audited by the KPMG auditing firm as follows:

Description	Code	Amount ('000 VND)
Owners' equity	410	1.063.075.949
Share capital	411	871.409.840
- Ordinary shares with voting rights	411a	871.409.840
Share premium	412	85.035.704
Other capital	420	90.034.048
Retained profits	420	16.596.357
- Accumulated losses brought forward	421a	(108.961.177)
- Retained profits for the current year	421b	125.557.534

The dividend allocation plan in 2021 as follows:

No	Description	Plan for 2021 (VND)
1	Retained profits	16.596.357.000
2	Profit allocation, in which	16.596.357.000
	Funds provision according to regulations	0
	Dividend allocation	16.596.357.000
	Dividend allocation ratio	1,9 %
	Dividend allocation amount per share	190 VNĐ/ share
	Dividend payment date	09/09/2022
	Payment methods	Cash
3	Retained profits after allocation	0
4	Authorization of performance	BOM of the Company is responsible to complete all necessary procedure and documentation for declaration and settlement of above-mentioned dividend complying with current law and regulation

6. SHAREHOLDERS STRUCTURE AND CHANGE IN THE OWNER'S EQUITY

❖ NUMBER OF SHARES

No	Content	Quantity
1	Total number of shares	87,140,992
2	Treasury shares	8
3	Outstanding voting shares	87,140,984
4	Freely transferable shares	87,140,984
5	Conditionally transferable shares	0

❖ SHAREHOLDERS STRUCTURE (as of March 11th 2022)

No	Shareholders	Domestic shareholders		Foreign shareholders		Total	
		Quantity	%	Quantity	%	Quantity	%
1	Major shareholders (holding 5% or more)	-	0.00%	83,360,282	95.66%	83,360,282	95.66%
	- Individual	-	0.00%	-	0.00%	-	0.00%
	- Organization	-	0.00%	83,360,282	95.66%	83,360,282	95.66%
2	Other shareholders (holding less than 5%)	1,048,136	1.20%	2,732,566	3.14%	3,780,702	4.34%
	- Individual	1,043,600	1.20%	131,689	0.15%	1,175,289	1.35%
	- Organization	4,536	0.01%	2,600,877	2.98%	2,605,413	2.99%
3	Treasury shares		0.00%	8	0.00%	8	0.00%
4	Total	1,048,136	1.20%	86,092,856	98.80%	87,140,992	100.00%

❖ CHANGE IN THE OWNER'S EQUITY

- In 2021, the Company did not increase/ decrease Charter capital.

❖ TREASURY STOCKS

- Number of existing treasury stocks: 08
- Transactions of treasury stocks conducted in 2021: Non

III. REPORT AND ASSESSMENT OF THE BOARD OF DIRECTORS

1. ASSESSMENT OF OPERATING RESULTS

In 2021, the Company strived to implement its business targets through increasing market shares for its key products, diversifying its product portfolios and expanding its distribution network to maintain and develop its business operation. The Company reached 65% of total revenue compared to the previous year.

The Company implemented cost reduction programs and effective use of promotion and marketing expenses to improve its business efficiency and competitiveness. All the planned cost reduction programs at the factory were strictly implemented to achieve the manufacturing cost target required by the Company. As a result of these activities, the Company achieved profit after tax about 126 billion VND and was the first year to escape accumulated losses after many years, but due to the general difficult situation, the Company only achieved a profit of 48% compared to VND 263 billion accordance with the proposed plan.

2. FINANCIAL SITUATION

Description	Year 2020 VND'000	Year 2021 VND'000	Variance (%)
Total asset	1,112,636,213	1,276,720,242	15%
Net revenue	1,409,179,471	1,229,232,356	-13%
Profit from operating activities	196,548,953	196,161,697	0%
Other profits	(2,117,794)	(38,979,206)	1741%
Profit before tax	194,431,159	157,182,491	-19%
Profit after tax	155,033,770	125,557,534	-19%

3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

❖ MANAGEMENT ACTIVITIES

Infrastructure reform and development

- Implement remote working activities to match production and business activities during the Covid epidemic season and catch up with the lifestyle in the "new normal" era.
- Enhance DMS system functionality. Start reforming sales operations more effectively.
- Strengthen IT system, security system.
- Strengthen Management Accounting.

CSR-based (Corporate Social Responsibility-CSR) management is our commitment by business to contribute to economic development while protecting the environment and improving our quality of life. CSV, CSR-based management will focus on:

- Strengthen corporate governance, promote compliance and risk management system to achieve transparent management to win the trust of the society.
- Improving profession in departments or the whole company so that improvement projects add value to the Company.
- Enhance environmental awareness and positively participate in local community activities to contribute to social and economic development as a responsible corporate citizen.

Internal Control Department reduced the risks associated with our business operations in Vietnam by providing independent, objective assurance and consulting activities.

❖ SALES DIVISION

- Profit growth is based on sales expansion
- KIRIN growth in Vietnam market
- Growth in existing region
~Raising awareness of "KIRIN"~
- Challenges with new fields
~Health - Function: growth seed ~

❖ PRODUCTION DIVISION

- Maximize the production efficiency of the factory.
- Continuous implementation for low cost operations.
- Further improvement of product quality.
- Improving profession in departments or the whole company.

- Development and introduction of new products which come from nature and promote positive health and wellbeing for customers.

❖ **BACK OFFICE**

- Implement remote working activities to match production and business activities during the Covid epidemic season and catch up with the lifestyle in the "new normal" era.
- Development of human resources, enhancement of organizational structure and improvement of management information system.
- Improving profession in departments or the whole company so that improvement projects add value to the Company.
- Strengthen the relationship between the Company and employees through the implementation of periodically monitoring meeting, the good policies based on the results of employee satisfaction survey (ESS), improving accuracy management data and governance performance based on adherence (compliance).
- Develop and implement training programs tailored to staffs at each level and to each department.
- Implement the personnel transfer based on the human resources development of the Company and career development plan of individuals.

4. DEVELOPMENT PLAN IN THE FUTURE

The Company has started the Medium Term Business Plan 2022-2024 since January 2022, to establish a robust business foundation for its sustainable growth in the new era of post-Covid-19. In 2022, the Company focuses on recovering from sales decrease affected by Covid-19 last two years and aims at the same sales volume as pre-Covid-19 in second half of 2022 with following strategies:

The Company increases its sales volume of Winter Melon tea, Ice+ and Latte that are priority brands by making their value proposition clear and maximizing touch points with customers connected with effective marketing strategies. Besides that, the Company penetrates iMuse brand with its function that can contribute health for Vietnamese people and skyrockets its sales volume. At same time, the Company continue to enhance the awareness of KIRIN brand as Japanese brand.

The Company makes an investment in factory facility and enforces logistics network. And the Company builds more stable and efficient SCM (supply chain management) structure. And the Company also makes an efforts of reduction of production costs continuously.

The Company continue to pursue work efficiency as a whole utilizing IT solution. And then strengthens its organization ability and human resources through various efforts such as penetration of company's policy internally and so on.

Total gross sales is expected to be approximately VND 1,768 billion (increase of approximately 35% compared to the year 2021) and profit before tax in 2022 is about VND 173 billion.

Description	Plan 2022		Actual 2021		%(+/-)
	USD	VND'000	USD	VND'000	
Sales	77,169,598	1,768,727,191	57,296,835	1,313,243,452	35%
Net sales and services	71,560,412	1,640,164,648	53,631,429	1,229,232,356	33%
Gross profit	25,772,404	590,703,509	20,023,858	458,946,829	29%
Net operating profit	9,347,214	214,238,139	8,558,538	196,161,697	9%
Profit (Loss) before tax	9,437,700	216,312,090	6,857,875	157,182,491	38%
Profit (Loss) after tax	7,550,128	173,048,938	5,478,078	125,557,534	38%

5. REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

ENVIRONMENTAL INITIATIVES

We observe all laws and regulations related to the environment and continue to invest in equipment and technology research and development to provide environment friendly products and services.

- Continue efforts concerning awareness of personnel and measures to achieve true safety including safety education at monthly companywide meetings, confirmation of the status of measures to prevent reoccurrence of past accidents, checks of unsafe areas by periodic patrols to achieve intrinsic safety, and measures that rank priorities.
- Take measures to continuously improve quality including periodic checks of the implementation of measures to prevent reoccurrence with a focus on priority issues, deepening understanding of ISO and HACCP by personnel, and raising the effectiveness of systems.

6. CORPORATE RESPONSIBILITY TO THE LOCAL COMMUNITY

“STUDENTS OF CITY WITH THE LAW” IN THE ACADEMIC YEAR 2021-2022

The academic year 2021 – 2022 was launched by the Department of Education and Training of Ho Chi Minh City and KIRIN Vietnam.



The contest "Students of the city with the law" 2021-2022 is a solid foundation to support Gen Z to speak out "the voice of youth"

With the goal of helping students understand legal knowledge and apply it to practice, the contest "Students and students of the city with the law" for the school year 2021-2022 is a useful playground for young people to save their lives, speak up and spread influence in the community.

The contest "City students with the law" for the school year 2021-2022 will be held entirely online, in order to ensure safety and prevent epidemics for students. The success of this year's contest is a lever for the organizers to carry out the contest in the following years. At the same time, it is a testament to the enthusiasm and confidence of young people to speak up, contributing to building a better society for young people.



KIRIN Group has accompanied the Contest for many years

IV. ASSESSMENTS OF THE BOARD OF MANAGEMENT ON THE COMPANY'S OPERATION

1. ASSESSMENT ON THE COMPANY'S OPERATION

In 2021, the Company strived to implement its business targets through increasing market shares for its key products, diversifying its product portfolios and expanding its distribution network to maintain and develop its business operation. The Company reached 65% of total revenue compared to the previous year.

The Company implemented cost reduction programs and effective use of promotion and marketing expenses to improve its business efficiency and competitiveness. All the planned cost reduction programs at the factory were strictly implemented to achieve the manufacturing cost target required by the Company. As a result of these activities, the Company achieved profit after tax about 126 billion VND and was the first year to escape accumulated losses after many years, but due to the general difficult situation, the Company only achieved a profit of 48% compared to VND 263 billion accordance with the proposed plan.

FINANCIAL SITUATION

Description	Year 2020 VND'000	Year 2021 VND'000	Variance (%)
Total asset	1,112,636,213	1,276,720,242	15%
Net revenue	1,409,179,471	1,229,232,356	-13%
Profit from operating activities	196,548,953	196,161,697	0%
Other profits	(2,117,794)	(38,979,206)	1741%
Profit before tax	194,431,159	157,182,491	-19%
Profit after tax	155,033,770	125,557,534	-19%

THE DIVIDEND ALLOCATION PLAN IN 2021 AS FOLLOWS:

No	Description	Plan for 2021 (VNĐ)
1	Retained profits	16.596.357.000
2	Profit allocation, in which	16.596.357.000
	Funds provision according to regulations	0
	Dividend allocation	16.596.357.000
	Dividend allocation ratio	1,9 %
	Dividend allocation amount per share	190 VNĐ/ share
	Dividend payment date	09/09/2022
	Payment methods	Cash
3	Retained profits after allocation	0
4	Authorization of performance	BOM of the Company is responsible to complete all necessary procedure and documentation for declaration and settlement of above-mentioned dividend complying with current law and regulation

2. ASSESSMENT ON PERFORMANCE OF THE BOARD OF DIRECTORS

- The BOM issued Resolution of the BOM No.RBM210308 dated 08 Mar, 2021 on the appointment of General Director of the Company as follows:
 - Approve to appoint Mr. Hajime Kawasaki as the Legal Representative, General Director of the Company, Manager of the Branch of Interfood Shareholding Company in Ho Chi Minh City and affiliates dealing at Government entities or any other entity (commercial or otherwise) (if any) that handed over from Mr. Yutaka Ogami in compliance with provisions of Laws, regulations of the Company and affiliates effective from March 30, 2021;
- GD and BOD has fulfilled the targets and tasks assigned, conducted business operation in compliance with applicable laws and regulations of the Company.
- Under the management and direction of the GD and BOD, the Company has conducted its business activities as assigned, increased market shares for its key products, diversified its product portfolios and expanded its distribution network to maintain and develop its business operation.

3. FUTURE PLAN OF THE BOARD OF MANAGEMENT

In 2022, the BOM performs its functions, rights and obligations in compliance with laws, Company's Charter and AGM resolutions in 2022.

- To decide the strategies and business plan in 2022 following the mid-term business plan in 2022-2024 of the Company
- To supervise, direct General Director and members of the Board of Directors to run daily business operation of the Company.

- To work closely with the management of the Company to provide appropriate business development direction, adequate support on implementation and development of business strategy and improvement of corporate governance of the Company to achieve sustainable business strategy of Interfood.
- To collaborate with Supervisory Board in supervising the activities of GD and BOD.

V. CORPORATE GOVERNANCE

1. BOARD OF MANAGEMENT

❖ INFORMATION ABOUT THE BOM MEMBERS

No	BOM's member	Position	Day becoming BOM member	Number of attendance of BOM meetings	%	Reason for absence
1	Mr. Takeshi Fukushima	Chairman	10/4/2020	3/4	75%	Resigned effective from 19/04/2021
2	Mr. Yutaka Ogami	Member	12/4/2018	3/4	75%	Resigned effective from 19/04/2021
3	Ms. Nguyễn Thị Kim Liên	Member	15/08/2006	4/4	100%	
4	Mr. Koichi Ogawa	Member	10/04/2020	4/4	100%	
5	Mr. Toru Yoshimura	Member	17/12/2019	4/4	100%	
6	Mr. Tomohide Ito	Chairman	19/04/2021	1/4	25%	Appointed effective from 19/04/2021
7	Mr. Hajime Kawasaki	Member	19/04/2021	1/4	25%	Appointed effective from 19/04/2021

❖ SUPERVISION BY THE BOM OVER GENERAL DIRECTORS AND THE BOARD OF DIRECTORS

Under the Charter and Corporate Governance Regulation of the Company, the BOM conducted its supervision on activities of General Director (GD) and the Board of Directors (BOD) in 2021 as follows::

- **Method of supervision:**

- Through BOM meetings organized periodically or as necessary, discussion and consultation conducted directly or via telephone and electronic mail.
- Through adequate, detailed and timely reports of GD and BOD reporting progress of business plan execution, pointing out its difficulties and obstacles as well as the causes and proposed solutions.
- Collaboration with Supervisory Board in supervising the activities of GD and BOD.

- **Contents of supervision:**

- Supervision and evaluation of the operational efficiency of GD and BOD on management, execution of BOM resolutions, implementation of business plan and investment project.

- **Results of supervision:**

- GD and BOD has fulfilled the tasks assigned, conducted business operation in compliance with applicable laws and regulations of the Company.
- Under the management and direction of the GD and BOD, the Company has conducted its business activities to be abreast of goals as assigned, increased market shares for key products, diversified product portfolios and expanded distribution network to maintain and develop business operation.
- Although the company's production and business are heavily affected by the Covid-19 epidemic, but under the right management and direction of the GD and BOD and overall results, sales revenue reached 65% of the plan and net revenue reached 67% compared to the plan.
- Besides, the GD and BOD has controlled quite good the cost of goods sold of Long Thanh factory. The factory has maintained a reasonable COGS- Production cost, as planned through the company maintains a stable purchasing price for raw materials, reduces processing fee and uses effectively and saving production costs ... according to the criteria to reduce production costs per unit of product.
- Besides, the Company has organized the Annual General Meeting of Shareholders in 2021; replacing the current Charter and the current Internal Rules on Corporate Governance of the Company and issuing the Operation Rules of the BOM and the Operation Rules of the Company in compliance with laws; implemented business plan and corporate governance activities in accordance with resolutions of AGM and BOM.

- ❖ **ACTIVITIES OF THE COMMITTEES OF BOM**

- The BOM has conducted its activities in compliance with laws, charter and corporate governance regulation of the Company, ensure the number of the meetings, attendance of the members, procedures for adopting decisions comply with applicable rules.
- Sub-Committees of BOM has not been established. However, BOM members worked with clear assignments and close coordination; appointed BOD members in charge of Sales, Marketing, Finance, Human Resources and Internal Control respectively to support BOM in management of the Company business activities.

- ❖ **RESOLUTIONS/DECISIONS OF THE BOM**

No	Resolution No.	Date	Contents
1	RBM210218	18/02/2021	Schedule to organize the Annual General Meeting of Shareholders in 2021 of the Company.
2	RBM210308	08/03/2021	Changing key members and amending the Enterprise Registration Certificate, the Investment Registration Certificate, Registration Certificate for the Branch.
3	RBM210326	26/03/2021	Contents propose to adopt at the Annual General Meeting of Shareholders in 2021.
4	RBM210423	23/04/2021	Appointment of the Chairman of the BOM; Select the independent auditing organization for the fiscal years 2022 and 2023 of the Company.

2. SUPERVISORY BOARD

❖ INFORMATION ABOUT MEMBERS OF SUPERVISORY BOARD (SB)

No	BOM's member	Position	Day becoming SB member	Number of attendance of SB meetings	%	Reason for absence
1	Mr. Nguyen Thanh Bach	Chief	12/04/2019	2/2	100%	
2	Ms. Thai Thu Thao	Member	12/04/2012	2/2	100%	
3	Mr. Seiichi Kitano	Member	19/04/2021	0/2	000%	Appointed effective from 19/04/2021
4	Mr. Yoshitaka Hitomi	Member	12/04/2019	2/2	100%	

❖ SUPERVISION ACTIVITIES OF THE SUPERVISORY BOARD TOWARD THE BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND SHAREHOLDERS

In 2021, the SB continued inspecting, supervising and recommending necessary changes to the BOM in order to ensure compliance with applicable laws, enhancing corporate governance and improve effectiveness of business operations of the Company. Main activities of the SB in 2021 were as follows:

- Supervision over the BOM, GD and BOD with respect to the management and administration of the Company to ensure the compliance with laws and Company rules.
- Supervision over the BOM, GD and BOD with respect to the issuance and execution of the resolutions of AGM and BOM, implementation of business plan approved by the AGM.
- Review, inspection and evaluation of the effectiveness and efficiency of systems of internal control, internal audit, risk management and early warning of the Company.
- Review and inspection of the financial statements (quarterly, biannual and annual financial statement) in 2021 examined and audited by KPMG Vietnam to ensure the independency and objectiveness in auditing activities and ensure the transparency, accuracy and reliability of the financial reports.

❖ COORDINATION AMONG THE SUPERVISORY BOARD WITH THE BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND DIFFERENT MANAGERS

- Attend and/or discuss in the BOM meetings
- Collaborate with BOM in supervising the activities of GD and BOD.

❖ DECLARE AND ALLOCATE DIVIDEND IN 2021

The BOM proposes the Annual General Meeting of Shareholders 2022 (AGM-2022) to approve that the Company will declare and allocate dividend in 2021 as follows:

No	Description	Plan for 2021 (VND)
1	Retained profits	16.596.357.000
2	Profit allocation, in which	16.596.357.000
	Funds provision according to regulations	0
	Dividend allocation	16.596.357.000
	Dividend allocation ratio	1,9 %
	Dividend allocation amount per share	190 VNĐ/ share
	Dividend payment date	09/09/2022
	Payment methods	Cash
3	Retained profits after allocation	0
4	Authorization of performance	BOM of the Company is responsible to complete all necessary procedure and documentation for declaration and settlement of above-mentioned dividend complying with current law and regulation.

The SB agrees with the proposal of the BOM with the above content.

6. REMUNERATION AND EXPENSES ON ACTIVITIES OF THE BOM, GENERAL DIRECTOR, THE OTHER EXECUTIVE RATIFIED BY THE BOM AND SB IN 2021

3.1 Expenses on activities of BOM:

No	Name	Position	Amount (VND)	Remarks
1	Mr. Takeshi Fukushima	Member cum Chairman of the Board	214.849.300	Secondment fee (from 1/1/2021 to 19/04/2021)
2	Mr. Tomohide Ito	Member cum Chairman of the Board	1.104.660.000	Secondment fee (from 19/04/2021 to 31/12/2021)
3	Ms. Nguyễn Thị Kim Liên	Thành viên Member	1.818.000.000	Salary (from 1/1/2021 to 31/12/2021)
	Total		3.137.509.300	

3.2 Expenses on activities of General Director:

No.	Name	Position	Amount (VND)	Remarks
1	Mr. Yutaka Ogami	General Director cum Member of BOM (From 1/1/2021 until 30/03/2021) Member of BOM (From 1/1/2021 until 19/04/2021)	407.493.210	Secondment fee
2	Mr. Hajime Kawasaki	General Director (From 30/03/2021 until 19/04/2021) General Director cum Member of BOM (From 19/4/2021 until 31/12/2021)	1.194.250.000	Secondment fee
	Total		1.601.743.210	

3.3 Remuneration of the BOM: Non

3.4 Activity expenses of the Other Executive ratified by the BOM

No.	Name	Position	Amount (VND)	Remarks
1	Mr. Ryuta Onda	Director/ General Manager of Factory	122.369.300	Secondment fee (from 1/1/2021 -1/4/2021)
2	Mr. Koichi Noda	Director/ General Manager of Factory	429.960.700	Secondment fee (from 1/4/2021-31/12/2021)
3	Mr. Kenichiro Wada	Director/ General Manager of Marketing cum General Manager of Sales	827.020.000	Secondment fee (from 26/3/2021-31/12/2021)
4	Mr. Nguyễn Hồng Phong	Chief Accountant cum Manager of Finance and Accounting	852.486.000	Salary (from 1/1/2021 to 31/12/2021)
	Total		2.231.836.000	

3.5. Activity expenses of Supervisory Board:

No.	Name	Position	Amount (VND)	Remarks
1	Mr. Nguyễn Thanh Bách	Chief	616.221.000	Salary (from 01/01/2021 to 31/12/2021)
	Total		616.221.000	

Notes: Secondment fee is the payment of the Company to Kirin Holdings Company, Limited under secondment agreement, no being paid directly to the relating members.

3.6. Remuneration of the SB: Non

4. SHARE TRANSACTIONS OF INTERNAL PERSONS, MAJOR SHAREHOLDERS AND AFFILIATED PERSONS

There were no share transaction of internal persons, major shareholders and affiliated persons in 2021.

5. CONTRACTS OR TRANSACTIONS OF INTERNAL PERSONS, MAJOR SHAREHOLDERS AND AFFILIATED PERSONS

(A) Transaction between the Company and Vietnam Kirin Beverage Company, Limited. (VKBC) - Affiliated organization - (Unit in 1000 VND)

- (1) Processing: 172,924,366
- (2) Purchases of services: 2,148,120
- (3) Sale of finished goods: 71,095
- (4) Purchases of goods: 52,723
- (5) Processing contract Compensation 27,264,221

(B) Transaction between the Company and Kirin Holdings Company, Limited. (KH) - (Unit in 1000 VND)

Secondment fee: 6,325,769

VI. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2021 (ENCLOSED)

- STATEMENT OF THE BOARD OF DIRECTORS
- INDEPENDENT AUDITOR'S REPORT
- BALANCE SHEET
- STATEMENT OF INCOME
- STATEMENT OF CASH FLOWS
- NOTES TO THE FINANCIAL STATEMENTS

INTERFOOD SHAREHOLDING COMPANY
Legal Representative

(Signed and sealed)

HAJIME KAWASAKI



Công ty Cổ phần Thực phẩm Quốc tế (Interfood)

Lô 13, KCN Tam Phước, Phường Tam Phước, Biên Hòa, Đồng Nai - Tel: (0251) 3511138 - Fax: (0251) 3512498

Website: www.wonderfarmonline.com