

MINISTRY OF INDUSTRY AND TRADE  
HANOI BEER ALCOHOL AND BEVERAGE  
JOINT STOCK CORPORATION

THE SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness

*Hà Nội, ..... , 2025*

## **BOARD OF MANAGEMENT'S REPORT ON EVALUATION OF BUSINESS AND PRODUCTION ACTIVITIES IN 2024 AND PLAN FOR 2025**

**To: The General Meeting of Shareholders of HABECO**

### **I. Business and production performance in 2024**

#### **1. General context**

In 2024, the global economy continued encountering various risks and challenges but began showing signs of gradual stabilization after several years of shocks caused by pandemics, wars...

Domestically, GDP growth in 2024 is estimated at 7.09%. The socio-economic situation exhibited positive signals, particularly in the early months of the year, as industrial production and service trade recovered, supporting consumer demand. However, climate change impacts - especially the aftermath of Typhoon No. 3 in northern regions and flooding in the central areas during September and October - considerably affected people's livelihoods and reduced demand for non-essential products, including alcoholic beverages.

Competition remained fierce in the beer industry. The strict enforcement of regulations on blood alcohol content for drivers continued to foster a positive habit among consumers yet simultaneously reduced the industry's consumption volume. To capture market share, many brands actively executed numerous communication initiatives and promotional programs offering high-value prizes targeting consumers, creating a highly competitive market.

#### **2. Results of business and production activities in 2024**

##### *2.1. Key business and production indicators:*

- Revenue from sales and provision of services: 7,364.4 billion VND, reached 102.5% of the year target and increasing by 5% year-on-year, of this, revenue from principal product lines reached 6,641.7 billion VND, fulfilling 101.5% of the annual target and growing by 6.2% compared to the previous year.

- Total profit before tax: 463.9 billion VND, equaling 186.5% of the year plan and 9.3% higher year-on-year;



- State budget payment: 2,069.9 billion VND, reaching 113% of the year target and rising by 17% year-on-year.

*(Based on the audited 2024 financial statements)*

#### *2.2. Financial ratios in 2024:*

- The current ratio and quick ratio remained at a safe and stable level ( $>1$ );
- Return on charter capital after tax was 15.9%;
- Return on equity (ROE) was 8.7%;
- Return on total assets (ROA) was 6.4%.
- The debt-to-equity ratio remained low at 0.34.

These ratios indicate that HABECO's results were on par with the industry average. They ensured effective business and production performance, financial safety, and a high self-financing capacity while safeguarding and growing its capital.

### **3. Solutions implemented in 2024**

*a. Market Activities:* In 2024, HABECO implemented various strategic initiatives to enhance sales activities, specifically:

- *Brand positioning and product development strategy:* Conducted research and improved product quality, launched new product lines with different volumes to meet consumer demands and enhance competitive advantages. Upgraded packaging, labeling, and brand identity to align with consumer preferences, mainly targeting the younger demographic.

- *Branding and development strategy:* Reinforced its position and differentiation from industry competitors by portraying a "National Brand" representing Vietnamese identity and culture. Enhanced brand communication quality through premium, emotionally resonant materials and imagery, expanded advertising reach across traditional and modern channels, and developed consumer brand engagement activities via direct promotional campaigns to foster multi-dimensional connections with consumers.

- *Trade promotion strategy:* Designed consumer promotion programs adapted to market fluctuations to strengthen brand competitiveness, increase consumer support, and support HABECO's distribution and business development, thereby protecting and expanding the market. Implemented new promotional methods to enhance convenience for customers and consumers.

- *Distribution and market development strategy:* Adopted a focused and specific approach aligned with market characteristics, competitive landscape, and HABECO's resources in the Northern, Central, and Southern regions. Strengthened control over the distribution system and sales points and diversified distribution models through e-commerce and modern sales channels.



- *Strengthening coordination among member units* ensured synchronized implementation of market strategies to maximize investment efficiency. Deployed solutions include opening new distributors and retail points, launching consumer-oriented sales promotion programs, and expanding corporate sales channels, especially during the Lunar New Year.

- *Export Activities:* HABECO prioritizes expanding the export market as a key development focus to enhance brand positioning internationally. In 2024, HABECO's export revenue increased by 23.5% compared to the previous year.

*b. Materials and Raw Materials Management*

- In 2024, by closely monitoring market trends, HABECO effectively secured malt, carton boxes, bottle caps, and labels,... at optimal prices, contributing to cost reduction in production.

- Additionally, HABECO continued to explore new material supply sources, conduct trial production, and adjust material composition to ensure product quality while optimizing economic efficiency and enhancing product competitiveness.

*c. Financial Management:*

- Throughout 2024, HABECO ensured adequate funding for business operations while optimizing financial profits. It also reduced and suspended non-essential expenses to allocate resources for sales activities, thereby enhancing the competitiveness of HABECO-branded products in the market.

- Besides solutions for balancing production and technical support to ensure productivity and product quality, the Corporation continues implementing financial support solutions for Companies within the corporate system facing difficulties to ensure the continuity of the units' production and business activities and improve production and business results. Thus, the Corporation contributes to enhancing the production and business efficiency of the entire group.

- In 2024, with the State's support policy on reducing value-added tax for several groups of goods and services, reducing environmental protection tax on gasoline, exempting, reducing, and extending taxes, fees, and land use fees to support businesses, HABECO has implemented many measures to exploit the most optimal price policy, helping to reduce input material costs for production, cost management as well as product prices at the parent company and member companies, saving costs, lowering product prices, and increasing production efficiency.

- Closely monitored and promptly forecasted the implementation of production and business plans to serve operations and ensure the completion of profit targets assigned by the General Meeting of Shareholders.

*d. Human Resource Management:*

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- Re-elected the State Capital Representative at HABECO and re-appointed personnel to the position of Deputy General Director of the Corporation for the 2024–2029 term.

- Implemented the process of re-appointing mid-level staff of the Corporation and appointing and re-appointing leaders at Companies within the corporate system.

- Conducted a review of the mid-level management staff planning for the 2024–2028 period at the Corporation and HABECO Commerce One Member Company Limited.

- Labor was balanced and flexibly allocated across departments to ensure alignment with production and business requirements while optimizing employee capacity

- The Corporation consistently upheld the implementation of regimes and policies, ensuring that employees receive salaries and bonuses in accordance with their job positions, performance levels, and the Corporation's business results. Additionally, the Corporation ensures that salary and bonus payments are made effectively, reasonably, and competitively in alignment with market standards.

- Organized multiple training courses to enhance work efficiency and improve employee competency.

*e. Technical work, quality, scientific research, technology, and engineering management:*

- Strengthened the application of science and technology to stabilize and enhance product quality, reduce production costs, and promote cost savings across the HABECO system.

- Monitored and tracked energy, water, and chemical consumption throughout production stages, implemented innovative initiatives to optimize costs and pricing.

- Supervised and managed packaging recycling activities within the Corporation and production units in compliance with the regulations of the Ministry of Natural Resources and Environment.

- Improved and enhanced the quality of existing products while developing new products aligned with consumer demands.

*f. Investment management:*

- Completed repairing and maintenance projects as outlined in the 2024 cost plan, including repairs and maintenance of the Corporation's warehouses, internal roads within the Me Linh warehouse area, and the Hung Yen warehouse fence.

- Gathered documentation, completed procedures, reports, and proposals for the approval of plans regarding the restructuring and management



of the Corporation's real estate and land assets; Conducted research on procedures and planning for the relocation of Hanoi Beer Factory – Hoang Hoa Tham, in accordance with the 2024 Law on Land and other relevant legal regulations.

*g. Other managements:*

- Innovation initiatives were consistently encouraged, with 220 initiatives of varying scale implemented throughout the year. All initiatives have been executed effectively, generating economic benefits while aligning with HABECO's strategy and direction in digitalization, system management enhancement, product quality improvement, and production optimization, contributing a total value of up to 35.4 billion VND

Social security activities: Maintained the care of 12 heroic Vietnamese mothers, taking care of orphans, supporting social funds at the Central and local levels, and some other charitable activities such as the charity program of drilling wells and providing free medical examinations for poor households in the mountainous areas of Son La province.

Responded to the call of the General Secretary, President, Presidium of the Central Committee of Vietnam Fatherland Front, Vietnam General Confederation of Labor, The Corporation's Trade Union coordinated with the Corporation's Board of Directors to mobilize all employees to support people to overcome the damage caused by storm No. 3. The total amount of donations was 1.35 billion VND, which was transferred to the Central Committee of Vietnam Fatherland Front and the Vietnam Fatherland Front Committees in the localities.

HABECO's total social charity amount in 2024 is 3.8 billion VND.

In 2024, HABECO won significant awards, demonstrating its prestige, quality, and brand value, including:

- Vietnam Golden Star Award;
- National Brand Award;
- Excellent business brand 2024 voted by VNeconomy magazine.

## **II. Production and business plan for 2025**

### **1. General context**

Entering 2025, the global economic landscape remains uncertain, with unpredictable developments. The domestic market is expected to experience minimal fluctuations in purchasing power due to the lack of significant income growth. Additionally, factors such as raw material prices, inflation, and interest rates continue to pose challenges that could significantly impact production and business performance.

In addition, HABECO will continue to face fierce competition from large corporations with financial resources, human resources, and sales experience;



consumer demand is affected by foreign preference and preference for imported beer... To increase competitiveness, promote the HABECO brand, maintain market share, and increase consumption output, the Corporation must continue vigorously implementing many sales solutions in 2025.

## **2. Key production and business targets:**

*In 2025, HABECO sets the following strategic objectives:*

- Reinforce HABECO's leading position in the Northern market while continuing to expand and strengthen its presence in the Central and Southern regions.

- Enhance brand value and improve the competitiveness of HABECO's products and services in the consumer market.

*Based on these objectives, HABECO anticipates the following key production and business targets for 2025:*

- Revenue from sales and provision of services (including special consumption tax): 7,471.1 billion VND, increasing 4% compared to the 2024 plan.

- Total profit before tax: 278.0 billion VND, increasing 11.7% compared to the 2024 plan.

- State budget payment: 1,954.8 billion VND, marking a 6.7% rise compared to the 2024 plan.

## **3. Key solutions:**

*a. Market activities:*

- Brand positioning strategy: Focus on investing in and developing the popular and mid-range segments. Gradually expand and grow the high-end segment when the economy recovers and consumer spending increases.

- Branding and communication strategy:

- + Invest in and exploit the competitive advantages of key product groups and create distinct values so that consumers are proud of Vietnam's culture and identity, thereby guiding the long-term strategy and establishing the position and competitiveness of Hanoi Beer compared to competitors.

- + Brand communication efforts are centered on enhancing brand value and diversifying communication channels to effectively engage target audiences across different provinces and local markets.

- + Enhance direct communication with target customers, implement promotional programs, and strengthen customer appreciation initiatives.

- Distribution strategy:

- + Distribution strategy by region and product: Planning key products according to the characteristics of each region to optimize distribution resources suitable for the characteristics of each market region.

- + Channel distribution strategy: Focus on the development of the OFF channel (indirect consumption channel), ON channel (direct consumption



channel), MT channel (modern channel), and e-commerce channel. Effectively organize customer care and support activities, attract customers to learn about and use HABECO's new distribution channel.

+ Distribution system planning strategy: Completing the distribution system, selecting potential distributors with large distribution systems, and replacing weak and poor distributors.

- Continue to develop export markets in traditional markets such as Korea, Japan, Taiwan, Australia, the UK, and France, significantly increasing export output to the US market. Exploit more export markets, enhance the image of Hanoi Beer in the international market, strive for export output in 2025 to increase .....% compared to itself in 2024.

*b. Financial management:*

- Strengthen the management of assets, capital, cash flow, and cost plan implementation to closely monitor and analyze fluctuations in factors affecting production and business results and make timely forecasts to be proactive in operations.

- Continue to review and identify cost plans necessary for production and business, reduce costs that are not urgent to focus on market work, develop product consumption, and ensure effective business operations.

*c. Organization and labor management:*

- Continue to refine the organizational structure for production management, streamline departmental functions and responsibilities in line with management and operational requirements

- Enhance workforce training and development, ensuring flexible labor allocation, relocation, and recruitment planning to align with the Corporation's production and business strategy.

- Further, implement training programs to strengthen and improve managerial competencies in response to an increasingly competitive market and the challenges posed by a rapidly changing natural environment.

*d. Materials and raw materials management:*

- Enhance the utilization of domestically produced raw materials amid global supply chain disruptions, rising foreign exchange rates, and market uncertainties. This approach optimizes procurement costs, strengthens the competitiveness of Hanoi Beer products, and meets the growing demand in both domestic and export markets.

- Implement plans to improve product design, packaging, branding, and advertising campaigns to further promote HABECO's brand image among consumers.

- Continue sharing information on raw material price fluctuations and operational methods to improve quality and enhance procurement management across the entire corporation.



*e. Technical work, quality, scientific research, technology, and engineering management:*

- Continue applying science and technology in professional and production activities to enhance workers' work ethic, improve labor and production line efficiency, and optimize cost savings across production stages.

- Continuously review, adjust, and propose the establishment of energy, chemical, and raw material consumption standards in the production process. Recommend solutions to help production units minimize waste while ensuring environmental protection.

- Evaluate and implement energy efficiency measures to reduce the Specific Energy Consumption (SEC) index in accordance with the Ministry of Industry and Trade's regulations.

- Monitor, analyze, and assess microbiological indicators, ensuring strict control of microbiological quality throughout the production process at member units. Guarantee that HABECO's products meet food safety and hygiene standards as regulated by both HABECO and government authorities.

- Supervise storage, inventory rotation, and product preservation at commercial units closely, conducting direct inspections and evaluations of each unit.

*f. Investment management:*

- Continue researching and implementing projects to improve quality, enhance production efficiency, promote clean production, and optimize energy savings.

- Proceed with the necessary procedures for restructuring and managing the Corporation's real estate and land assets.

The above is the Board of Management's report on the 2024 business and production plan and the proposed 2025 business and production plan.

We respectfully submit this report to the General Meeting of Shareholders for review and feedback to enhance the effectiveness of the Board of Management's operations.

We wish the General Meeting great success!

Sincerely!

**GENERAL DIRECTOR**

***Recipients:***

- GMS;
- BoD,
- BoS;
- Archive:AD, KH.

**Ngo Que Lam**