

**REPORT ON BUSINESS OPERATIONS IN 2025 AND BUSINESS PLAN FOR 2026
OF THE EXECUTIVE BOARD AT THE 2026 ANNUAL GENERAL MEETING OF
SHAREHOLDERS**

A. REPORT ON THE RESULTS OF BUSINESS OPERATIONS IN 2025

1. Results of business operations in 2025:

Indicator	Unit	2025		Actual 2024	Compare (%)	
		Actual 2025	Plan 2025		Actual 2025/Plan 2025	Actual 2025/Plan 2025
Net revenue	Billion vnd	616,0	540,0	465,9	114,1	132,2
Profit before tax	Billion vnd	50,6	63,0	56,8	80,3	89,1
Profit after tax	Billion vnd	40,1	50,4	44,9	79,6	89,3

+ Evaluation of the implementation of some main indicators in 2025:

- Sales

Sales in 2025 reached 616.0 billion VND, an increase of 32.2% compared to the same period last year, exceeding the plan by 14.1%. Sales of the value-added (VA) segment increased by 39.0% compared to the same period, exceeding the plan by 11.4% thanks to the acquisition of several new customers. The Organic cashew kernel segment had no sales because quality inspections did not pass to meet export standards.

- Profit

The company did not complete the plan; profit before tax reached 50.6 billion vnd, equaling 89.1% of the same period and 80.3% of the 2025 plan. Several factors caused profit not to increase proportionally with sales:

* The cost of input materials increased significantly, specifically: cashews increased by 35%, walnuts by 20%, and almonds by 10%.

* Furthermore, to enhance competitiveness, expand market share, and boost sales during the year, the Company proactively lowered prices on certain contracts, maintaining slim profit margins to facilitate customer acquisition.

* High interest expenses: Due to the company utilizing its own capital to invest in machinery, equipment, and factories therefore the average balance of working capital loans

had to be increased. On the other hand, high sales also led to a corresponding increase in the volume of purchased raw materials. The rising prices of raw materials also raised procurement costs.

* This year, the Company had no extraordinary profit from the sale of raw materials and Organic cashew kernels. If excluding the extraordinary profit (*from selling raw materials and Organic cashew kernels*) in 2024 (*about 12.6 billion VND*), the Profit in 2025 grew by 9% compared to the same period in 2024.

2. Evaluation of the Company's business operations in 2025:

a. General Evaluation

i. In 2025, the prices of input raw materials fluctuated strongly, especially for cashews, almonds, walnuts, pistachios, etc., all of which saw quite high increases compared to 2024. Specifically, the price of cashews increased by 35%, walnuts by 20%, almonds by 10%, and pistachios by 5%. The company proactively purchased a sufficient amount to serve production and balanced additional cashew kernels to avoid high inventory. Therefore, the company's cost of goods sold also increased, but selling prices were highly competitive and did not increase correspondingly, partly affecting the Company's business results during the year. Raw materials for agricultural fruit products did not fluctuate much; the company also proactively purchased them during the harvest season and processed/stored them for the whole year, thus maintaining a good cost of goods sold for inventory and ensuring stable quality.

ii. Regarding the consumer market: In 2025, through synchronous investment in production infrastructure, warehouse systems, and modern machinery lines, Lafooco improved its production capacity and quality control, thereby consolidating its reputation with major customers. As a result, the Company was selected as a supply partner for a large supermarket in China and produced private-label products for customers in the US.

However, in main markets including **China, Japan, Canada, and Hong Kong**, Lafooco is facing increasingly fierce price competition from domestic and foreign roasters. To maintain market share and retain strategic customers, the Company was forced to adjust and reduce selling prices, leading to a **decrease in profit margins of about 5–8% in 2025 compared to 2024**. It is expected that in 2026, the level of competition will continue to increase as more large-scale roasting enterprises expand and penetrate deeper into these markets.

b. Financial situation: Financial management of revenues and expenditures is transparent, lawful, and has no serious violations.

In 2025, the company had a higher average loan balance than the same period; one of the driving factors was that the company promoted investment in machinery and equipment, and expanded factories and warehouses to meet revenue growth needs in the coming years. In addition, the company proactively increased its reserves of goods to fulfill overlapping plans for the following year. The company's financial situation remains healthy, cash flow is stable, and it always pays debts to the bank before or on time.

c. Sales activities: With investment in modern machinery infrastructure, the Company confidently participated in several exhibitions in Japan, China, South Korea, Thailand, etc., and developed a number of new customers. Currently, the company continues to maintain and develop partnerships supplying goods to several large supermarkets worldwide, thereby significantly increasing its reputation and facilitating sales marketing. For domestic sales, the company continues to focus on high-end supermarkets, given the suitability of the customer base for Lafooco's products. Online sales are still developing well both domestically and internationally.

Over the past years, increasing efforts in product promotion exhibitions abroad, as well as implementing sales on offline and online supermarket channels, have significantly increased Lafooco's brand awareness; this, coupled with heavy investment in R&D and QA, has helped facilitate sales activities.

d. Investment, procurement, and basic construction activities carried out in 2025:

To ensure market supply capacity, meet high production standards, further diversify new products, and fully prepare production facilities for the goal of reaching 1,000 billion vnd in sales, the Company implemented investments to upgrade many production facilities to promote larger-scale growth and enhance competitiveness and professionalism against industry peers. Some typical items implemented are as follows:

i. Invested in the expansion of the Value-Added goods production workshop (Workshop 2) and accompanying auxiliary works (fire prevention and fighting system, air conditioning system, electricity, etc.). This item was completed and put into use in October 2025, contributing to reducing the load and increasing the factory's capacity.

ii. Renovated the factory and purchased machinery/equipment for Workshop 4 (over 2,000m², a workshop specializing in processing various fruits and vegetables: Mango, Pineapple, Sweet Potato, etc.) in area 81B, which was officially put into operation in March 2025. This is a new product segment, and the company expects it will contribute to operating results in the following years.

iii. Newly constructed a cool warehouse (5-15 degrees Celsius) with an area of 1,638m² to increase storage capacity and reserve goods to meet the needs of new customers in the following years; put into operation in December 2025.

iv. Invested in upgrading the cashew shelling system to improve shelling efficiency, reduce the rate of broken and dirty kernels, and achieve higher-quality, whiter cashew kernels.

v. IT System: Stably operated the ERP enterprise resource planning system. Furthermore, the company's entire IT infrastructure has transitioned to operate on a Cloud platform—including ERP, Microsoft 365, data storage, Email, and Web—ensuring system stability and protecting data security. The company continues to hire an agency to survey, evaluate, and upgrade the network system and information security for data across the Company.

e. Maintained the program to evaluate and develop the Organic cashew region; through this program, the company also integrated several social activities helping farmers. This year, the company sponsored 150 million vnd for cashew orchard care and 100 million vnd for rural infrastructure construction for farmers in Dong Nai Commune, Bu Dang District.

f. There were not many fluctuations; the company only added personnel in R&D and engineering. The company ensures full welfare for all employees, as well as assistance for employees with serious illnesses. The company maintains internal training courses for employees and registers external professional upgrade training courses for select managers.

g. The company continues to well-maintain the Kaizen - 5S culture, which is a driving force for all employees to contribute ideas, innovate, continuously improve, etc., thereby saving the company considerable time and operating costs.

B. BUSINESS PLAN AND ORIENTATION IN 2026

1. Main indicators of the 2026 plan:

Indicators	Unit	Plan 2026	Actual 2025	Ratio % (Plan 2026 /Actual 2025)
Net revenue	Billion on vnd	700,0	616,0	113,6%
Profit before tax	Billion on vnd	56,0	50,6	110,7%

+ Evaluation of the 2026 sales and profit plan:

As reported above, the prices of most of the Company's input materials are maintaining a high level, combined with fierce market competition; therefore, the gross profit margin tends to decrease. The company has started negotiating selling prices for 2026 with customers, and most have reacted by proposing increased discounts and price reductions. Therefore, making a business plan for 2026 is an extremely challenging task for the Executive Board.

- **Regarding sales:** The company sets a target of reaching 700 billion VND, a growth of 13.6% over the same period in 2025. In reality, the Company's core segment, Value-Added goods, targets a growth of 18.5% over the same period. The Organic cashew kernel segment will remain equal to the same period because the assessed area did not increase. The drivers for the growth of Value-Added goods are based on the company's expectation of growth from current customers, expanding to new customers (currently promoting, negotiating, etc.), expanding new nut items, and especially dried fruits such as mangoes and pineapples.

Regarding the segment of selling raw materials, by-products, and scraps, the Company sets a plan of 10 billion VND, a decrease of 83.7% over the same period, because the company expects no business activity in trading raw cashews but will only have revenue from selling oil, shells, and by-products.

- **Regarding profit:** As analyzed above regarding the cost of raw materials and expected selling prices for 2026, as well as the policy of expanding the market to increase sales scale, the company sets a Profit Before Tax (PBT) target of 56 billion VND, an increase of 10.7% compared to the same period. However, the profit plan for the Value-Added segment still aims for a growth of 13.1% over the same period.

2. Key operational directions and solutions for the 2026 business plan:

a) Continue to balance the procurement of raw cashews and imported nuts reasonably with consumption demand, and flexibly manage inventory to reduce debt and interest pressure. The Company might only buy raw materials to secure 70% - 80% of the annual demand, flexibly making up the shortfall from the Cambodian market for cashews and Chile for imported nuts. Prioritize buying enough or a surplus of raw materials with Organic sources.

b) Focus on investing to complete the agricultural processing workshop (area 81B), including the wastewater treatment system, blast freezer, etc., ensuring full conditions for production operation.

c) Continue investing in sales exhibitions, market expansion, and reaching out to large customers and supermarket chains. Maintain existing online sales channels. Prioritize expanding to more customers in China, South Korea, and Japan.

d) Tiếp tục nghiên cứu, đầu tư trang bị tự động hóa, tiết giảm chi phí nhân công – điện năng, cụ thể:

e) Continue to research and invest in automation equipment to reduce labor and energy costs, specifically in:

- i) Sorting stage for cashew kernels,
- ii) the secondary packaging stage for the Value-Added production workshop,
- iii) Năng lượng điện mặt trời Solar energy.

f) Maintain advanced training programs on Kaizen, 5S, etc., for all employees, thereby raising awareness of management, cultivating a mindset of continuous improvement, and gradually improving lean production and business management to bring high efficiency.

LONG AN FOOD PROCESSING EXPORT JOINT STOCK COMPANY

GENERAL DIRECTOR

Recipients:

- The 2026 AGM;
- Board of Directors; Company Supervisory Board;
- Save at Company Secretary.

PHAN NGOC SON