



<ul style="list-style-type: none"> • Stock code: DPM (HoSE) • Listed date: 05 November 2007 • Number of listed shares: 391,400,000 • Share outstanding: 391.334.260 • Foreign ownership limit: 49% • Foreign owned ratio: 16% • Dividend by cash in 2022: VND 5,000/share • Share price (VND) as of 30 June 2022: 51,000 	<p><i>Key shareholders (June 2022):</i></p> <ul style="list-style-type: none"> • PetroVietnam: 59,59% • Dragon Capital: 6.15% • Agrimex Nghe An and Dak Lak: 5.1% • KIM Vietnam Equity Growth Fund: 1.32%
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I. MESSAGE TO INVESTORS

PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - Stock code: DPM) announced its business results for the second quarter and the first half of 2022, ended June 30, 2022. All key business targets have been fulfilled and surpassed, driven by favorable market conditions and operating efficiencies.

The Corporation delivered a strong operating results, as its business advantages provided continuous resilience in responding to market challenges. Meanwhile, PVFCCo continue to leverage its key resources to improve production capacity and expand market share to utilize favorable pricing environment and growing import demand in key markets.

The Russia-Ukraine conflict in the first half of the year triggered sanctions from EU countries, leading to historic highs of input cost inflation for fertilizer and chemical production, resulting in significant impacts on supplies, demands and prices of fertilizers and chemicals at home and abroad. At the same time, the Covid-19 pandemic still saw complicated development, causing adverse impact upon key export markets of Vietnam's agricultural products and domestic fertilizer consumption.

In such circumstances, PVFCCo closely monitored the market movements, flexibly operated production and business activities to optimize production output. Tight supply and rising input

costs continue to support high prices in the global market and create favorable condition for PVFCCo to boost exports, and expand market share despite slump demand for fertilizers.

In the first six months of 2022, Phu My Fertilizer Plant maintained safe and stable operations, reaching maximum capacity of 460k tons, up 35% YoY. During that time, Phu My NPK Plant continuously improved its capacity and product quality, with strong growth in performance on year on year basis, reaching 101k tons, up 31% YoY. Production of commercial NH₃ reached nearly 34k tons, up 12% YoY.

As for sales output, with the market situation providing mixed advantages and disadvantages triggered by the growing political tension further driving up input material prices, PVFCCo took advantage of a sharp increase in the selling price in Q1 and early Q2 to boost its urea exports. Amid the strong surge in material prices and related costs, PVFCCo actively ramped up the cost reduction and quality control, especially for Phu My NPK, in an effort to expand the new product segment, increase the domestic market share, affirming its leading position in the market.

Total sales volume of fertilizers in 1H2022 reached 635k tons, up 13 YoY. In particular, sales volume of Phu My Urea reached 541k tons, up 21% YoY. Sales volume of Phu My NPK amounted to more than 78k tons, down 12% YoY. Trading volume of imported fertilizers increased by 4% YoY to 104k tons.

Total sales volume of chemicals in 1H2022 rose to 64k tons, up 2% YoY. Sales volume of NH₃ reached 35.6k tons, down % YoY. Sales of petrochemicals strongly rose by 57% YoY to 544 tons.

Total revenue in 1H2022 jumped to VND 10,964 billion, representing 64% of annual plan and a growth of 118% YoY. The robust revenue growth was largely driven by vigorous rebound of selling prices of fertilizers and chemicals. In specific, average selling price of Phu My Urea and NH₃ in 1H2022 was up 111% and 113% YoY, respectively.

Financial highlights in 1H2022:

- Total revenue in 1H2022 reached VND 10,964 billion, completing 64% of annual plan, up 118% YoY. The strong growth in revenue yoy was mainly due to the remarkable jump in selling prices of fertilizers and chemicals while the sales volume was improved as mentioned.
- Gross profits reached VND 4,753 billion, up 246% YoY. Gross profit margins reached 43.8 %, mainly due to the selling prices increasing more than input material prices.
- 1H2022 EBITDA reached at VND 4,445 billion, EBITDA margin was enlarged to 41% as compared with 27% the same period last year, mainly thanks to strong surge in selling prices and PVFCCo's good control of production costs and selling expenses.
- EBIT: VND 4,186 billion, EBIT margin reached 38.6%.

- Profit before tax: VND 4,156 billion, up 304% YoY.
- Profit after tax: VND 3,417 billion, up 292% YoY.
- Cash and cash equivalents (June 30, 2022): VND 4,798 billion.
- Free cash flow (June 30, 2022): VND 4,058 billion.
- Disbursements for investment/procurement: Estimated at VND 29 billion. Disbursements were lower than planned because payment documents of EPC contracts for the NH3-NPK complex remained incomplete and the procurement progress was behind schedule.

Plan and key targets for 2H2022:

In 2H2022, the domestic and international fertilizer markets are forecast to keep fluctuating unpredictably, leading to uncertainties for the global economy, from embargo policies, trade protectionism to rising inflation, disruption to the supply chain of raw materials.

In 2H2022, PVFCCo's leadership team set key targets to maintain safe and stable operation of plants, continue to study and improve product quality, ensuring reasonable and efficient sales of fertilizers. PVFCCo will continue to apply and strictly control its material consumption norms, optimizing thrift practice in production in an effort to achieve and exceed production and business targets adopted by the General Meeting of Shareholders.

Basing on positive results in 1H2022, PVFCCo set targets for 2H2022 as follows:

Production:

- Phu My Urea: 418,000 tons.
- Phu My NPK: 79,500 tons.
- Phu My Kebo: 4,500 tons.
- UFC85: 6,500 tons.
- Commercial NH3: 35,200 tons.

Sales:

- Phu My Urea: 348,700 tons.
- Phu My NPK: 80,500 tons.
- Phu My Kebo: 4,400 tons.
- Other fertilizers: 120,000 tons.
- NH3: 35,000 tons.
- UFC85: 4,300 tons.
- CO2: 25,000 tons.
- Petrochemicals: 334 tons.

Further highlights on 1H2022 performance and market insights is in the below details.

II. BUSINESS HIGHLIGHTS IN 1H2022

1. Production:

Phu My urea: 459.8 thousand tons, achieving 56% of yearly plan, up 35% YoY.

Phu My NPK: 102.5 thousand tons, representing 62% of yearly plan, up 31% YoY.

UFC85: 6,427 tons, completing 50% of yearly plan, up 15% YoY.

Commercial NH3: 34.1 thousand tons, accounting for 49% of yearly plan, up 12% YoY.

2. Sales:

2.1 Sales of fertilizers

The selling prices of fertilizers and chemicals (NH₃) on the international market in 1H2022 continued to surge, reaching record levels in March 2022 and declining in Q2 2022 due to low demand and improved sources of supply. This development positively supported the selling price of urea in particular and sales of fertilizers and chemicals (NH₃) continued to increase sharply on year on year basis. Moreover, unpredictable fluctuations on the international market kept driving prices of agricultural supplies to new levels while the selling price of agricultural products remained volatile, causing difficulties and disadvantages for business activities, hampering domestic purchasing power.

In such circumstance, PVFCCo continued strengthening its market forecast activities, applying flexible, reasonable sales and promotion policies, taking advantage of a strong surge in selling price and demands on the international market to boost urea exports for the purposes of increasing sales volume amid difficult domestic market.

Business results of fertilizers and chemicals in 1H2022 are as follows:

Phu My Urea: 451 thousand tons, achieving 56% of yearly plan, up 21% YoY.

Phu My NPK: 78 thousand tons, achieving 48% of yearly plan, down 12% YoY.

Trading of imported fertilizers: 104 thousand tons, achieving 40% of yearly plan, up 4% YoY.

2.2 Sales of chemicals:

Sales volume of chemicals in 1H2022 hit 64 thousand tons, completing 100% of 1H plan, up 2% YoY.

Revenue of chemicals reached VND 933 billion, representing 130% of 1H plan, 70% of annual plan, up 86% YoY. Profits hit VND 497 billion, up 176% YoY.

More details are as follows:

NH₃: 35.6 thousand tons, representing 51% of yearly plan, down 5% YoY.

UFC 85: 4.6 thousand tons, achieving 54% of yearly plan, down 3% YoY.

CO₂: 23.5 thousand tons, achieving 47% of yearly plan, up 15% YoY.

Petrochemicals: 544 tons, achieving 81% of yearly plan, up 57% YoY.

3. Key financial ratios in 1H2022:

No.	Item	1H2021	1H2022	Increase/Decrease (%)
I	PROFITABILITY RATIOS			
1	Return on Assets (ROA) (Profit after tax/Total Assets)	7.50%	21.81%	191%
2	Return on Equity (ROE) (Profit after tax/ Equity)	10.25%	28.19%	175%
3	Profit before tax/Revenue	20.42%	37.90%	86%
II	LIQUIDITY RATIOS			
1	Overall liquidity ratio (Total liabilities/Total Assets)	26.60%	22.30%	-16%
2	Quick ratio (Current assets - Inventories)/Current liabilities	2.71	3.41	26%
3	Current ratio (Current assets/Current liabilities)	3.40	4.30	26%
4	Liabilities-to-equity ratio (Liabilities/equity)	0.36	0.29	-21%

The strong rise of ROE and ROA on year-on-year basis was driven by 292% YoY increase of profit after tax.

Total assets: Total assets as at June 30, 2022 reached VND 17,413 billion, up 25% compared to the beginning of the year.

Current liabilities: Current liabilities as at June 30, 2022 amounted to VND 3.097 billion, up 44% compared to the beginning of the year.

Non-current liabilities: Non-current liabilities as at June 30, 2022 reached VND 786 billion in which VND 604 billion was a long-term loan to finance the NH3 – NPK Complex.

Equity: Equity as at June 30, 2022 was VND 13,530 billion, up 26% compared to the beginning of the year due to an increase in the undistributed profit after tax in 1H2022.

III.MARKET INSIGHTS IN 1H2022

1. Domestic fertilizer market

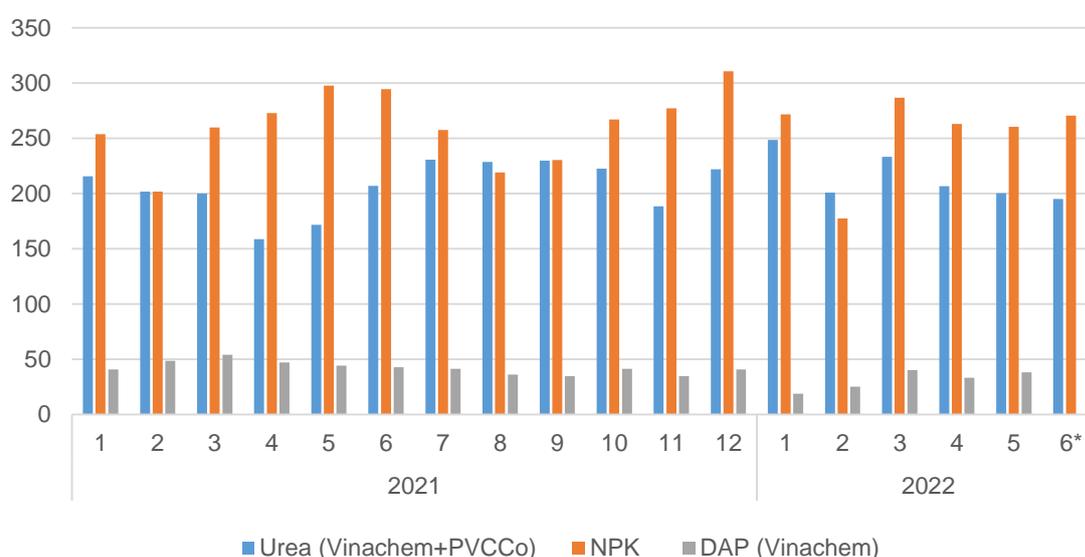
Domestic fertilizer production

Production: According to General Statistics Office, Vietnam's total production output of urea and NPK was estimated at 1.5 million tons and 1.53 million tons, up 13.1% and down 3.81% YoY, respectively.

Ninh Binh Fertilizer Plant underwent maintenance from May 14 and was expected to continue until mid-June 2022, resulting in output decline as compared to April. Meanwhile, Ha Bac

Fertilizer Plant resumed production from early May after a 20-day maintenance hiatus from mid-April. However, the plant's capacity remained low due to high production material price (coal price) and low demand when Winter-Spring rice crop came to an end in North Vietnam. Ca Mau Fertilizer Plant and Phu My Fertilizer Plant still operated at high capacity in May when they won the bid to export nearly 100k tons to India with delivery in early June. Accordingly, total urea production output in May was estimated at 190k tons, 5k tons higher than April. In June, the country's total production output was expected to remain at 190k tons when all the plants operated at the same production capacity as in May.

Chart 1: Vietnam's monthly production output of Urea, DAP and NPK in 2021-2022, thousand tons



(Source: Adapted by AgroMonitor from data of GSO, MOIT)

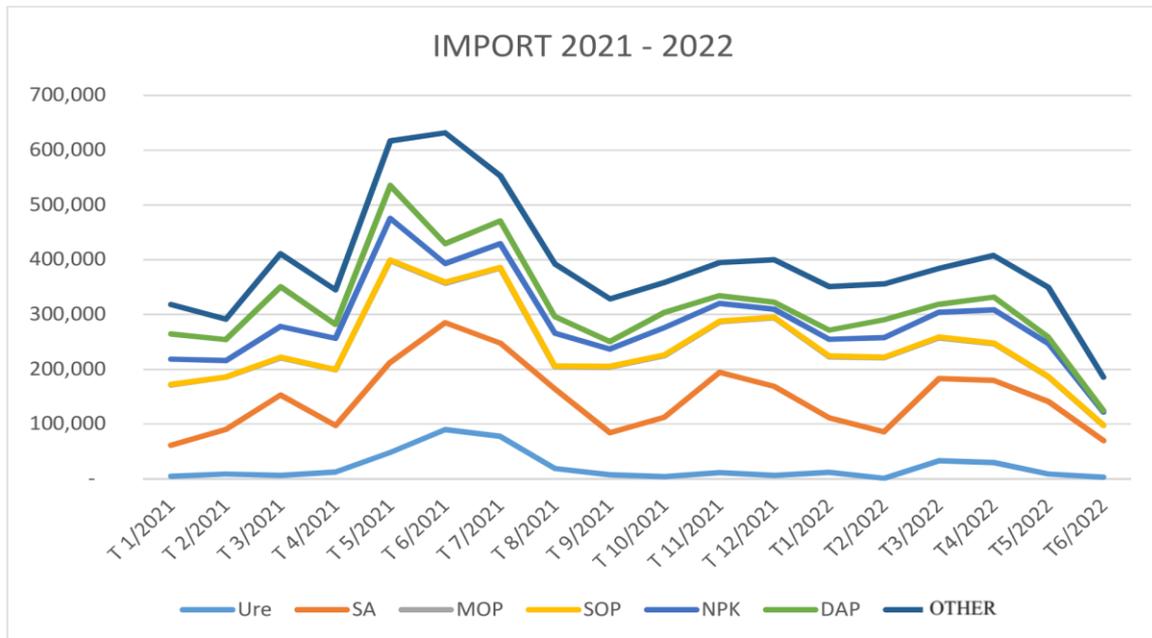
Urea imports

According to General Department of Customs, Vietnam's total fertilizer import in 1H2022 was estimated at 1.7 million tons valued at USD 822.6 million, down 25% in volume, up 27% in value yoy.

Urea imports in March saw a quick recovery to 26,000 tons after a drop in the first two months of the year. This increase was mainly triggered by a sharp decrease in global urea prices in February. As a result, local importers raced to sign import contracts for delivery to Vietnam to meet the demand for Summer-Autumn rice crop in Mekong Delta and early rain season in South-Eastern region and Central Highlands in April-June. Import ships arriving in Vietnam in early March attracted the interest of domestic dealers but when the selling price escalated, importers stopped offering for domestic sales and turned to re-exporting urea to third countries. In addition, the slump in domestic market demand led to a drop in domestic selling prices and low purchasing power for imported urea.

In June, the import volume is expected to remain low with delivery to Vietnam continued from previous orders. Meanwhile, new contracts could be limited.

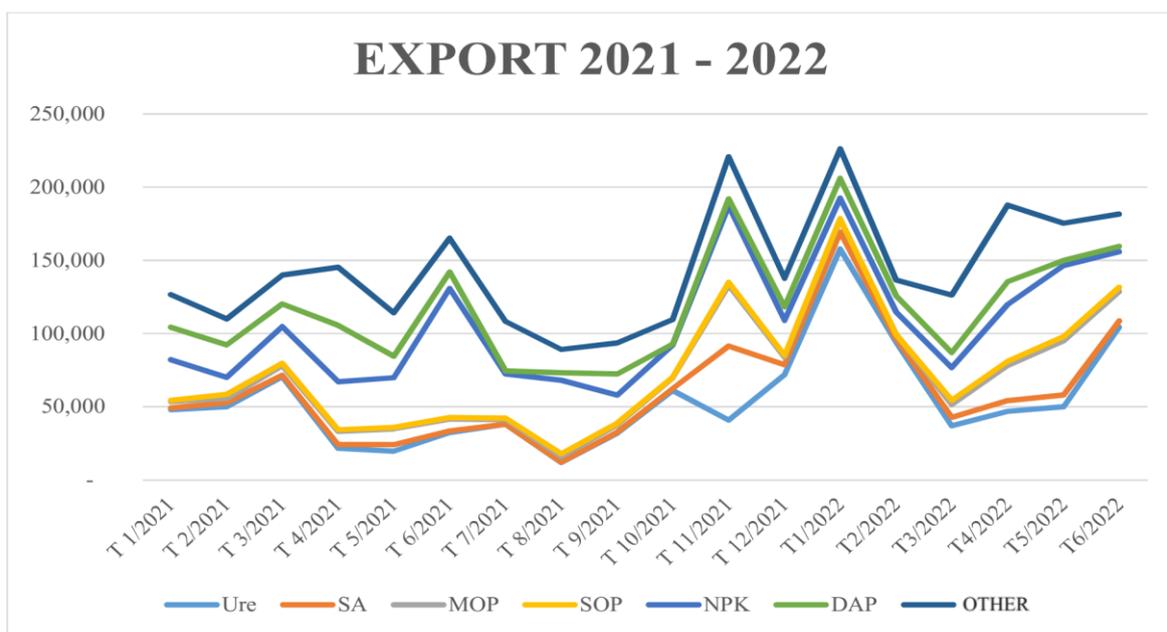
Chart 2: Vietnam’s import volume of fertilizers in 2021 - 2022



Fertilizer exports

According to General Department of Customs, Vietnam’s total fertilizer export in 1H2022 was estimated at 799,000 tons valued at USD 503 million, up 30% in volume and 154% in value yoy.

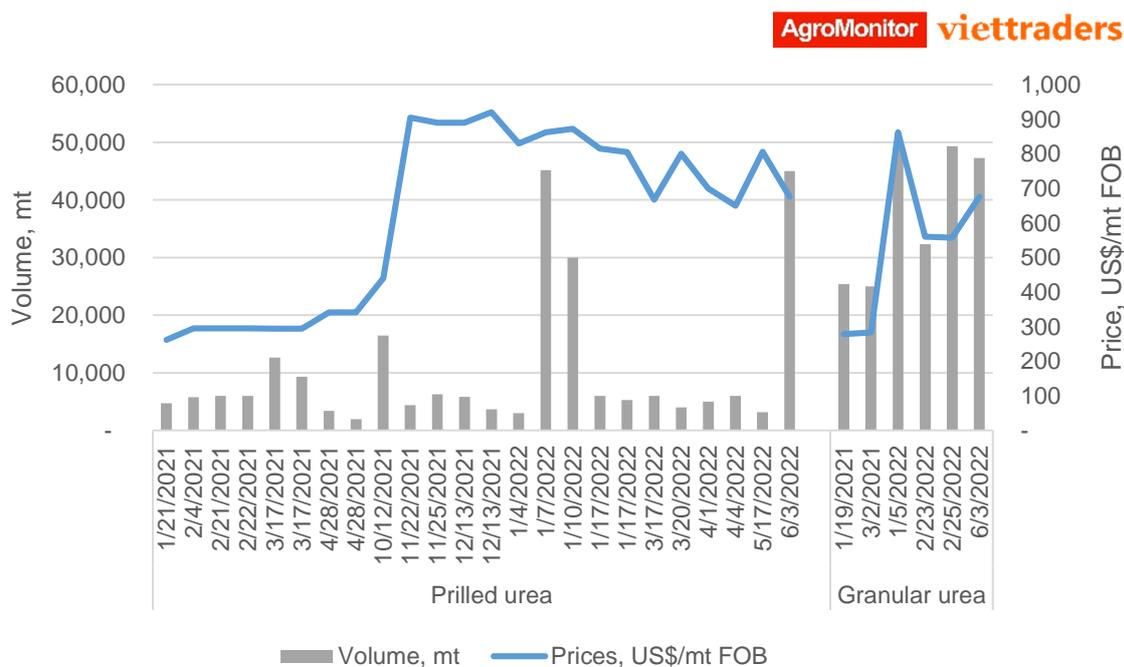
Chart 3: Vietnam’s export volume of fertilizers in 2021 - 2022 (Unit: ton)



Urea export activities were quite hectic in March following the rise in global prices. Urea producers withdrew their low price offers right in the first days of March and adjusted their price in line with world price fluctuation. Accordingly, the offers made in the first weeks of March quickly attracted the interest of buyers and a number of small shipments were ordered (lower than US\$830/ton FOB, delivery in March-April). However, expecting the export prices to climb as high as the end of 2021, in mid-March, producers/traders pushed their offer price up to US\$900-1,020/ton FOB but still received interests from buyers. Export shipments in March were ordered mainly in February and early March, reaching 37k tons, down by 51k tons as compared to February.

Producers actively offered to export urea in March and April when urea price strongly bounced back and remained at high level. However, no major contracts were signed as the parties failed to agree on the price, resulting in the export volume constantly falling from March to May. When India re-opened its bidding for urea in late April and early May, the producers reduced their offer price according to the buyer's demand, resulting in achieving major contracts. Accordingly, both Ca Mau Fertilizer Plant and Phu My Fertilizer Plant won the bid for exporting urea to India at US\$676/ton FOB, delivery in June, which is approx. US\$300/ton lower than the price offered in March and April. As a result, the urea export volume is expected to rise strongly to approx.100k tons in June.

Chart 4: Quantity and unit price of prilled, granular urea on export ships from Vietnam 2021-2022 (unit: ton)



Supply and demand in 1H2022 and trend forecast

In 1H2022, the total domestic supply was stable and the urea production plants operated at their maximum capacity to take advantage of favorable market prices. Import supply sources fell slightly YoY due to high global prices and surging transport costs.

In Q1 2022, total urea supply and demand increased as compared to Q1 2021. However, the inventories at the end of Q1 2022 remained higher YoY when the total supply rose faster than total demand. Particularly, the supply sources recorded a surge in inventories at the beginning of the year (+56%), production (+3%) and imports (+79%) while the demand showed a surge in exports (+90%) but fell in domestic consumption for crops and NPK production materials.

The demand for urea in Q2 2022 was quite low while the total supply source in May also decreased on month-on-month basis. As a result, the urea inventories at the end of May was estimated at 248k tons, down by 8% (-23k tons) compared to the end of April. Urea price in June was expected to be impacted by the downward trend of global price. However, the inventories at the end of June was estimated to decrease by 30% on MoM, likely slowing down the price downward trend. The inventories in June was estimated at 174k tons, down by 30% (74k tons) on MoM. This decrease was largely driven by the rise in exports to approx.100k tons (up by 80k tons on MoM) while the supply source declined as imports was maintained at low level and the inventories fell by 8% at the beginning of the month.

The demand for crops and NPK production materials sharply slumped due to a dramatic jump in the prices of single-element fertilizers. The farmers turned to tightening their investments on fertilization amid low and unstable selling prices of agricultural products. In some key planting areas, the purchasing power decreased by 20% YoY. As a result, the demand for urea exports increased when the domestic plants boosted their exports amid low domestic demand and high global price.

UREA PRICE

In March 2022, the urea price in Vietnam bounced back to the peak of November-December 2021 and even exceeded the peak price of 2021 by VND500/kg (by category). The urea price escalated rapidly within two weeks from March 7 to March 18, then slowed down and tended to fall slightly from the end of March. The price slumped in line with the global price trend while the domestic inventories were abundant and the demand was low as the farmers tended to reduce investments on fertilization amid low selling prices of agricultural products.

Urea price trend in June was significantly affected by the downward trend of global price. However, the inventories at the end of June were estimated to fall by 30% on month-on-month basis, likely slowing down the price downward trend.

Average selling prices of granular/prilled urea in 1H2022 was in the range of VND 16,560 – 17,000/kg, up 85% - 99% YoY.

Urea market trend forecast 2022

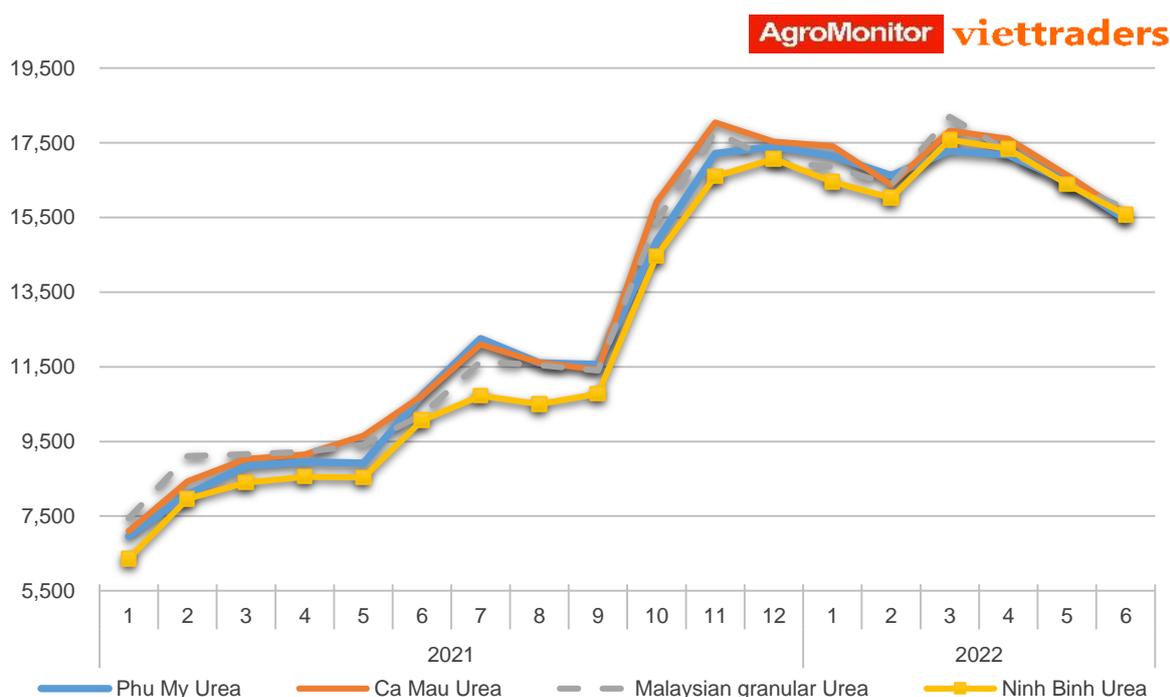
According to AgroMonitor forecast, the supply source of urea in 2022 would be maintained at the level of 2021 but show a rise in domestic production output and a fall in imports. According to the production plan 2022, the urea production output of Ca Mau Fertilizer Plant and Phu My Fertilizer Plant (including urea-based products) will reach 860k tons and 828k tons, respectively.

The import sources in 2022 are predicted to decline YoY due to high import prices and export restriction policies from some major countries like China and Russia. Imports from China are subject to 5% preferential import tax, while imports from Malaysia and Indonesia are tax-exempt.

The domestic fertilizer demand for crops in 2022 is forecast to fall significantly YoY as a result of skyrocketing fertilizer prices in comparison with the selling price of agricultural products, uncertainties about export of agricultural products at the northern border, unfavorable weather conditions (Persistent La Nina impacts, salinity deep into the mainland...). In addition, many plants switching to production of compound and organic fertilizers also contribute to the slump in domestic demand for urea. The global demand is expected to decrease when the global fertilizer prices skyrocketed and the global supply sources were tightened in the first half of 2022 due to impact of Russia - Ukraine war.

In the short term, the new urea price level in Vietnam will gradually take shape supported by falling domestic inventories and less fluctuation in global offer price.

Chart 5: Urea price at Tran Xuan Soan Market 2021-2022, VND/kg



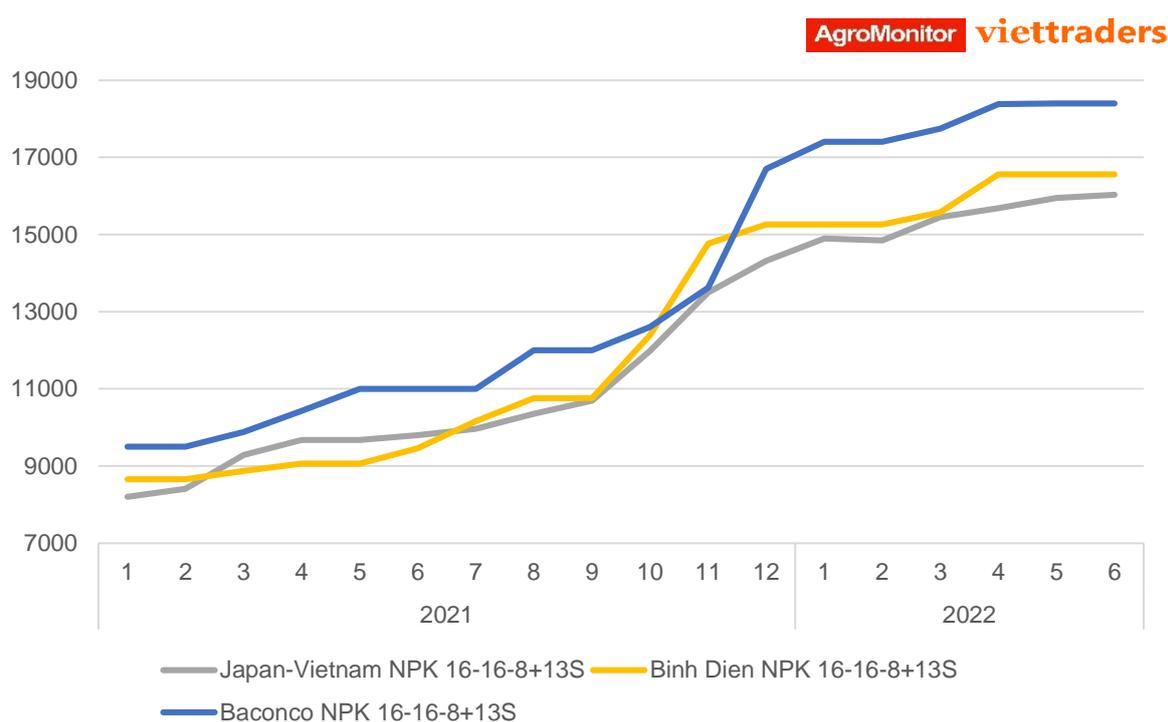
NPK market

In March 2022, many NPK plants such as Binh Dien, Viet Nhat, Phu My, Con Co Vang announced an increase of NPK prices following the strong rise in the prices of single-element fertilizers like Urea, DAP and MOP. Domestic trading showed a decrease in early March, then bounced back up in late March after the plants adjusted their prices.

In Q2, the prices of domestic and imported NPK products traded in Vietnam rose in line with the global prices. The plants had increased their selling prices in proportion with the increased prices of imported NPK in May. The import sources in May reached 49.6k tons, up by 6k tons MoM while the exports reached 38.4k tons, up by 3.5k tons MoM. The import volume increased mainly because the orders signed in the beginning of the year were delayed by the impact of Covid-19 and were now delivered to Vietnam.

The average prices of imported NPK from China increased in June but prices varied for NPK products imported from Russia. NPK import volume in June was down 51% MoM and total volume in 1H2022 was down by 13% YoY.

Chart 6: NPK price at Tran Xuan Soan Market 2020-2021, VND/kg



DAP market

Vietnam DAP market continued its upward trend in March amid rising import price and limited import sources despite low domestic consumption demand. DAP price rose again to the record level of 2021 from early March and then continued to set a new record. Particularly, the price

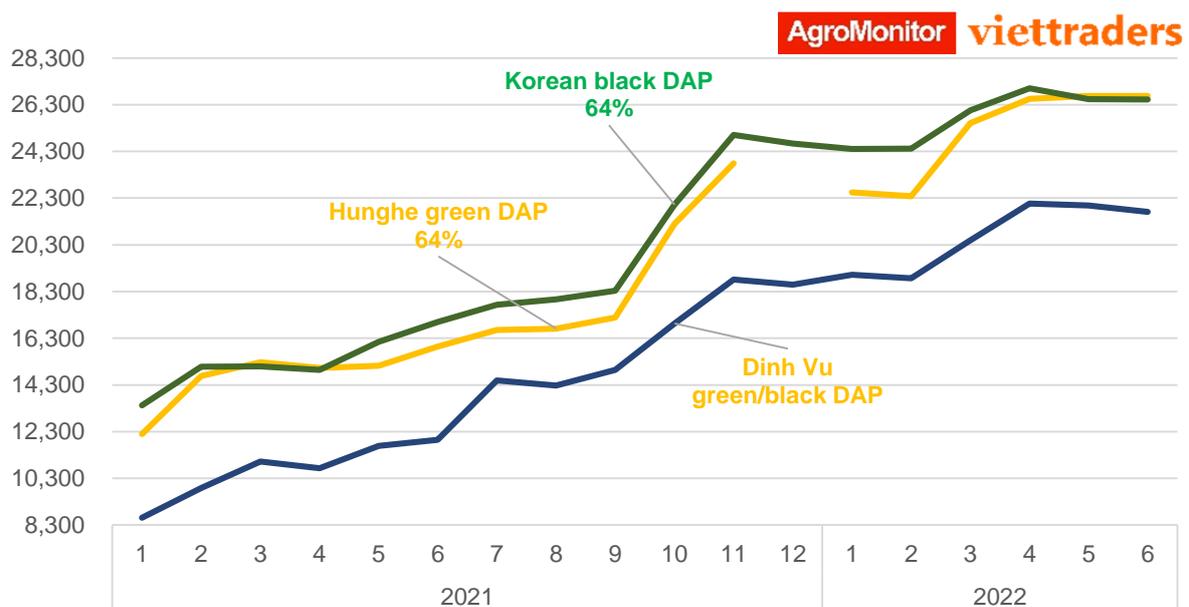
of DAP Dinh Vu/Lao Cai reached over VND21,000/kg from mid-March, VND2,000/kg higher than the record set in November 2021.

For supply sources, although the domestic DAP production output bounced back thanks to sufficient sources of ore materials for production, DAP products remained insufficient for the South region, especially green DAP when DAP import sources were quite limited. The supply sources were weak. The offer prices of DAP in Vietnam rose strongly in the first half of March, and then leveled off at high level at the end of March.

In May, the market was quiet when both supply sources and demand declined as compared to April. In June, DAP inventories were expected to remain low and tend to fall slightly due to unrecovered supply sources. In the meantime, export stagnation and decline in consumption also brought down the demand.

In June, the domestic producers were expected to drive up sales of domestic products thanks to low inventories of imported DAP (especially, China’s DAP as the key supply sources remained quite limited). The import volume was still limited to 10k tons, equal to May.

Chart 7: DAP price at Sai Gon/Can Tho 2021-2022, VND/kg



Potassium market

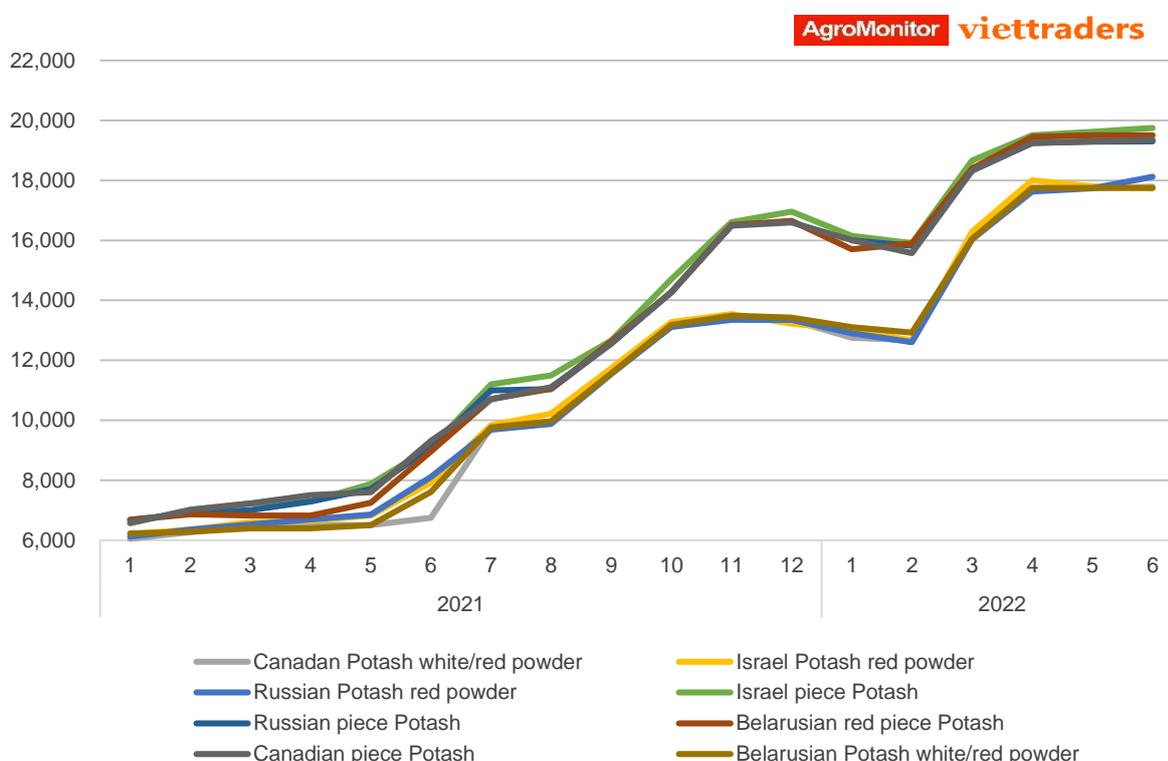
Potassium imports in March declined slightly due to a worldwide shortage of potassium caused by Russia-Ukraine conflict, driving the global potassium price to a new record. Accordingly, the offer prices of potassium in Vietnam also rose strongly in line with global trend. In late March 2022, prices of granular potassium and powder potassium in Saigon rose to VND19,500-20,000/kg and VND17,500-18,000/kg; exceeding record level of 2021 by VND2,000-2,600/kg and VND4,200-4,400/kg respectively. The upward trend of prices in Vietnam in early April continued as the global potassium prices broke the record of 2008 with granular potassium shooting up to US\$1,200/ton CFR in Brazil as at March 31.

In Q2, imports were few while the import prices rose despite low domestic demand. As a result, potassium price was maintained at high level. In May, the average trading price of powder potassium in Saigon stood at VND17,700-17,900/kg, up VND100/kg MoM, and price of granular potassium at VND19,300-19,625/kg, up VND50-125/kg MoM.

In 05/2022, there were no imports of Russian and Belarus potassium. Vietnam’s total import volume of potassium in 05/2022 reached 39,500 tons, up by 4k tons MoM but down by 136k tons YoY.

In addition, as global potassium prices remained at record high while the domestic trading market was gloomy, the traders/importers continued to offer prices for re-export.

Chart 8: Potassium prices at Tran Xuan Soan Market 2021-2021 (VND/kg)



2. World fertilizer market

World urea market

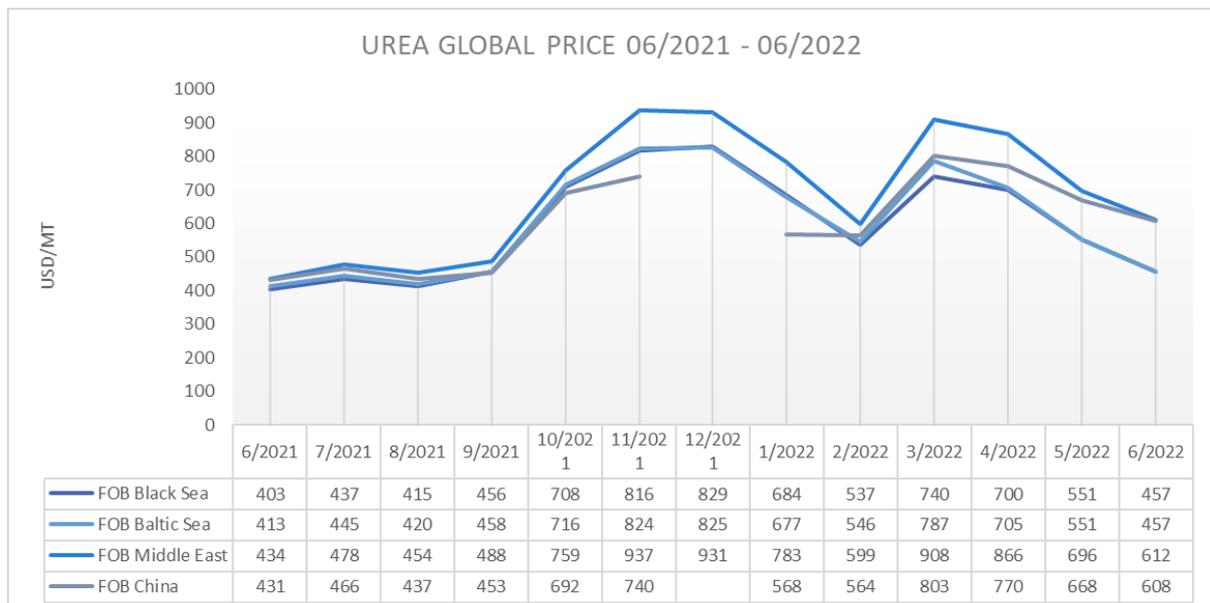
The average capacity of all plants worldwide fell to 78.6% (excluding China) - the lowest level recorded in two decades - as a result of disruption to the energy supply sources in 2021 and closure of a number of fertilizer plants. In 2022, the global urea supply is scarce due to export restrictions imposed by Russia and China. The global urea market in the first months of 2022 saw a repeat of its price increasing cycle similar to late 2021 with the peak reached in March 2022 equal to the peak in November 2021. From April, the global price of urea started to slump after hitting new records in March (the price of granular urea in Egypt reached US\$1,041/ton

FOB, US\$882/ton CFR in ASEAN region) due to the lack of liquidity and high prices hampering the demand. The fertilizer prices rising faster than selling prices of agricultural products resulted in the drop in demand. In addition, climate change also contributed to the reduction of cultivation area in many regions. The rapid rise of fertilizer prices has spiraled out of payment capacity of farmers. Prices of not only fertilizers but also other input materials for agricultural sector such as pesticides escalated. This has forced farmers to change their cultivation practice to cut down input costs and ensure reasonable income.

In June, the average world urea price fell by nearly 40% from the peak in March. Urea price in Egypt and China dropped to US\$650/ton FOB and US\$550/ton FOB, respectively. In South East Asia, transactions were gloomy with Indonesian urea price estimated to hover above US\$500/ton FOB. Although generally expected on a downward trend, the urea price was still supported by the skyrocketing gas price. The market was expecting India's next bidding expected to open in Mid-July. In the third week of June following 11 weeks of continuous slump, the urea price rose again by US\$100/ton in most of key markets due to improved demands and fuel gas crisis in Europe.

Some new plants in the region came into operation in 2022: In Brunei, the 1.3 million-ton plant has been operational from January; In India, three projects with a combined capacity of 3.6 million tons are expected to be completed by the year end; In China, some plants expanded capacity to more than 5 million tons of urea in total.

Chart 9: Urea price (monthly average) in certain regions in the first months of 2022 (US\$/ton FOB)



China's domestic urea market in the first half of year kept rising due to low stockpiling and some plants reduced the output during maintenance period. The urea price traded in China's domestic market in June skyrocketed, surpassing the record set in October 2021 (2,980-3,115 RMB/ton), to a new record with 3,080-3,195 RMB/ton. However, on export channel, the export

price for urea tended to decline amid tightened customs procedures and the sellers accelerated delivering Urea to India according to the bidding results in May. Customs clearance procedures for new export orders may take up over two months.

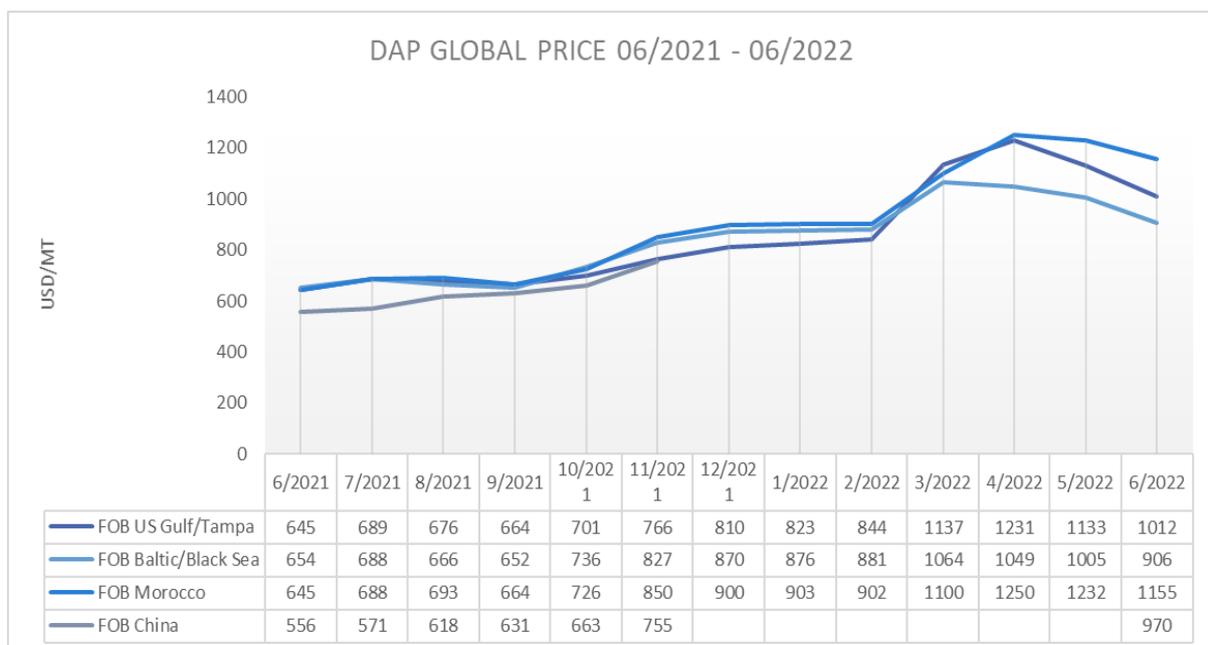
World DAP market

The global DAP price strongly surged in the first months of 2022 supported by soaring costs of production materials, transportation, increasing demands in a number of import markets and limited supply. Average price in April 2022 exceeded US\$1,000/ton, a double increase from the same period last year. However, in May-June, the price fell slightly to below US\$1,000/ton due to quiet trading when buyers were expecting the price to decline in line with falling urea price. The market was also turning to Bangladesh’s bidding package expected to be more than 800k tons of DAP and India's import demands in the coming months.

China’s domestic DAP prices remained on the upward trend. The constant surge in prices of DAP production materials drove production costs to a high level, forcing most companies to refuse to make offers or receive new orders. Demands also existed from some markets in the South East Asian region for DAP to be delivered in June, but buyers’ acceptable price was lower than offer price for Chinese DAP.

In the coming time, the DAP supply sources tend to increase when some plants resume operations after maintenance. Demands are also forecast to keep rising in most markets thanks to the incoming crop season, which supports the global DAP price.

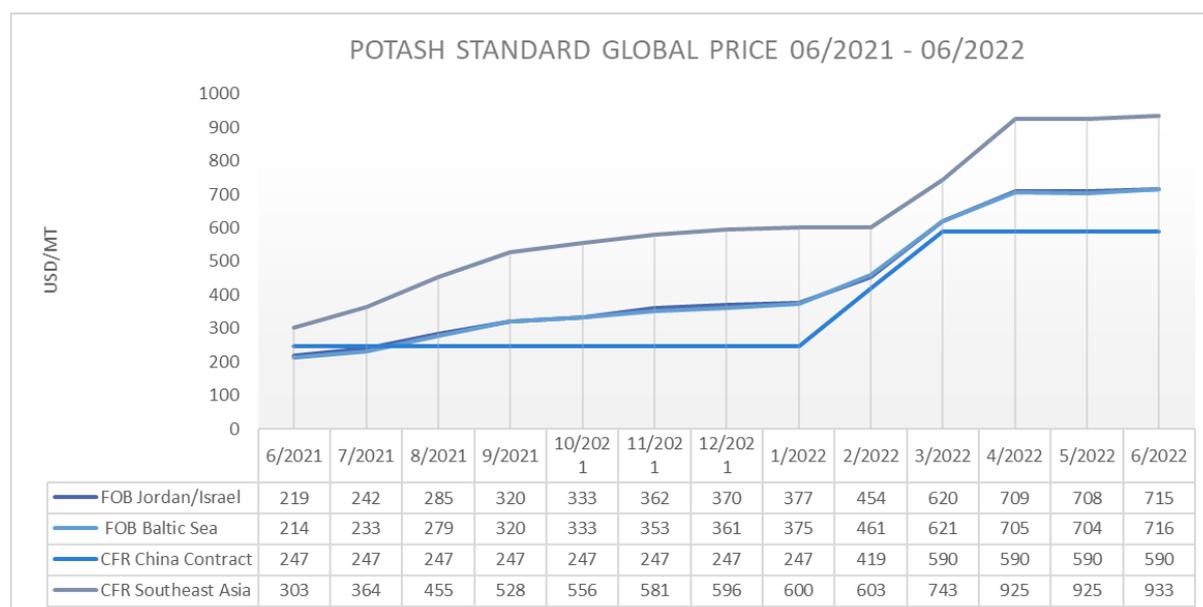
Chart 10: DAP price (monthly average) in certain regions in the first months of 2022 (US\$/ton FOB)



World potassium market

The rising fertilizer prices have been under intense pressure for the last two years due to the pandemic impact and the situation is further aggravated by the Russia-Ukraine war. In fact, even before the Russia and Ukraine crisis, prices of chemical fertilizers such as nitrogen, phosphate, and potassium rose sharply in 2021 for many reasons: Quick rising price of fuel gas - key material to produce the majority of nitrogen fertilizer around the world; storms at the end of Summer in the Gulf of Mexico driving many fertilizer plants out of operation; US sanctions imposed on Belarus Potash Company (BPC) - the world's second largest potassium supplier; China placing restrictions on fertilizer exports last year. Then, the Russia – Ukraine conflict shocked the fertilizer market because Russia is the world's leading fertilizer supplier. Russia is the world's number one exporter of nitrogen fertilizer, number two exporter of phosphate and potassium. Fertilizer export from Russia was seriously disrupted when a number of domestic manufacturers deliberately slowed down the supply sources in response to sanctions from the West and many large carriers stopped sending ships to Russian ports to pick up fertilizers.

Chart 11: Potassium price (monthly average) in certain regions in the first months of 2022 (US\$/ton FOB)



The world potassium price in the first half of 2022 rose strongly following the upward trend in 2021. In June 2022, the price of powder and granular potassium exceeded US\$900/ton and US\$1,000/ton CFR South East Asia, respectively. Offer price is high but liquidity is poor. Buyers expect the offer price of potassium to fall due to the upward trend of supply sources when some plants boost their production capacity and more and more Russian potassium ships sail out at sea despite sanctions.

The world potassium price in the coming months is forecast to slightly decline under the impact of prices of other fertilizers and the demand stimulus desire of some producers. However, the

price is likely to remain at high level when the supply sources from Russia and Belarus cannot be resumed soon.

IV. NEWS IN BRIEF

1. Investor relations:

News on AGM 2022

On June 23, 2022, PVFCCo's AGM was successfully held in Vung Tau city attended by more than 90 shareholders, representatives & proxies for more than 73% of voting shares. The AGM ratified eleven items related to business results in 2021 and plans for 2022, profit distribution plans in 2021 and 2022, orientation of key objectives in the medium and long term development strategy 2022-2035.

Accordingly, AGM approved the proposal for increasing the cash dividend ratio in 2021 to 50% of par value, equivalent to VND5,000/share. Previously in Q1 2022, PVFCCO completed the first dividend payout of 2022 at VND1,000/share. Shareholders also ratified the increase of cash dividend ratio in 2022 to 50% of par value, equivalent to VND5,000/share, a huge increase from 15% of par value or VND1,500/share in the original plan.

During the discussion session, shareholders actively contributed their opinions as well as raised many question, and the Presidium briefed on some issues of interest from shareholders, such as: Gas sources and prices, efficiency of investment projects, planned targets and solutions to accomplish 2022 plan, divestment from subsidiary and joint-venture companies.

PVFCCo completes 2021 dividend payout

PVFCCo announced that it would complete the cash payout of 2021 final dividend in August 2022 at 40% of par value (VND4,000/share). Previously, the 2022 AGM (held in June 2022) ratified the proposal for increasing the cash payout of 2021 dividend from 35% to 50% of par value and also adopted the cash payout ratio at 50% of par value for 2022 dividend.

The estimated date for payout of the 2021 last dividend is August 23, 2022. Dividends are paid out of 2021's undistributed profits after tax.

PVFCCo is named in 'Top 50 best listed companies' in 2022

In June 2022, PVFCCo was honored by Forbes Vietnam Magazine and Vietnam Report JSC as one of "Top 50 best listed companies" and "Top 50 public companies (VIX50)" in 2022. This was reportedly the results of an independent and objective annual research jointly conducted by the two organizations, officially published on the media at home and abroad.

2. News on PVFCCo's business performance:

Phu My Urea - "Sharing Companion" with farmers

From June 1, 2022, PVFCCo has launched the promotion program "Phu My Urea – Sharing Companion". Accordingly, each customer will get one Tuong An cooking oil bottle as a free gift for every purchase of one 50-kg package of Phu My urea at the point of sale displaying the

promotion notice. The program will last until July 15, 2022 (or until gifts run out, whichever comes earlier). Total number of gifts was two million cooking oil bottles.

The program was held on the occasion of Summer-Autumn season/Rain season - one of the two largest fertilization seasons of the year, and at the same time, aimed at supporting farmers amid difficulties caused by Covid-19 pandemic and impacts of the Russia-Ukraine conflict.

PVFCCo introduces inorganic compound fertilizer: Phu My NPK containing beneficial microorganisms

In Q2 2022, PVFCCo launched a new product line of Phu My NPK - microbiology. This is an inorganic compound NPK fertilizer containing beneficial microorganisms pioneered by PVFCCo to produce and supply to the Vietnamese market. The product is the result of a research conducted by PVFCCo in cooperation with experts and partners of US Biowish Technologies. Accordingly, Phu My NPK has been supplemented with *Bacillus* spp - spore of microorganism into NPK inorganic compound granules to decompose cellulose, insoluble organic compounds, post-harvest residues in the soil making the soil fertile and porous...

Phu My NPK - microorganisms have been tested on a number of key crops in Vietnam such as industrial and fruit crops of high economic value...and gave outstanding results. The product was granted the fertilizer code and the decision on recognition of circulation by the Plant Protection Department. This is a mixed inorganic fertilizer not only ensuring productivity for crops but also enriching the soil, convenient to use and suitable for farming methods and conditions in Vietnam, promising to be one of PVFCCo's favorite products.

On June 22, 2022, Youth Union of Phu My Fertilizer Plant, Cho Ray Hospital and Red Cross Society of Phu My town co-organized Humanitarian Blood Donation program in 2022.

The program received 139 donated blood units. This year's program was more meaningful when the Covid-19 pandemic last year had critically depleted the blood reserves for emergency and treatment services.

With the spirit of "A drop of blood given, a life saved", the humanitarian blood donation reportedly becomes an annual traditional activity held for the past ten years by PVFCCo Youth Union as well as affiliated youth unions. More than 1,000 blood units have been donated until now. The program significantly reflected the beauty of "Responsibilities - Sharing" - one of the core mottoes in PVFCCo's corporate culture.

3. News on fertilizer and chemical markets:

Russia keeps applying fertilizer export quota until December 31, 2022

On June 01, 2022, the Russian Government said that it expanded the export quota of Nitrogenous fertilizers and compound fertilizers from July 1 to December 31, 2022 applicable to shipments arriving in non-member states of Eurasian Economic Union (EEU) according to a recently signed resolution. Accordingly, the export quota applied late last year for

Nitrogenous fertilizers and compound fertilizers expired on May 31. Consequently, producers can export these fertilizer products without limits in June.

According to the report, the new quota applicable from July 1 to December 31, 2022 contains more than 8.3 million tons of Nitrogenous fertilizers and 5.95 million tons of compound fertilizers. The Russian Ministry of Industry and Trade will allocate the quota to exporters before June 20. The quota for Nitrogenous fertilizers rose by 2.4 million tons as compared to the previous one.

Russian exports decline after Russia attacks Ukraine on February 24, 2022

Russian exporters transported 569k tons of Urea to Baltic and Black Sea ports in May, down 5% YoY. Delivery orders fell due to constant challenges of logistics and payment issues as well as sanctions against Russian products self-imposed by buyers.

On April 6, the state-owned railway company VR Group (Finland) decided to stop all cargo transport from Russia after existing contracts end, though shipments for some customers can continue until the end of this year. Russian suppliers currently want to continue exports from Kotka due to its transportation advantages over Russian ports. As a result, Netback price is higher.

Impact of Russian fertilizer supply sources on Vietnam market

Vietnam's imports of Russian fertilizers account for 7%-12%/year of total imports of fertilizers. Main categories of fertilizers imported from Russia include: Potassium (44%-68%/year), NPK (24%-46%/year), DAP (3%-8%/year) and other categories such as SA, MAP, foliar fertilizers, Urea (2%/year). Imports of fertilizers from Belarus account for 5-10%/year, mainly including potassium representing approx.18%-32%/year. Accordingly, the potassium will suffer more than other categories because potassium is not manufactured in Vietnam. As a result, it would be challenging to find other major supply sources if imports from Russia and Belarus are disrupted.

India announces subsidy for MOP and NPK/NPS in 2022 Kharif season

India's subsidy for MOP in 2022 Kharif season rose to INR15,186/ton (US\$198/ton) - up by 150% compared to the subsidy granted in April 2021 - due to the dramatic jump in the global potassium prices during the last 12 months. The new subsidy is valid from April 01 to September 30, 2022.

The Indian Government announced doubling the subsidy for NPK/NPS in 2022 Kharif season on April 27, contributing to yielding more profits for importers of NPK 10-26-26 and pushing up demands for the coming Kharif seasons. Based on the existing price of NPK 10-26-26 at INR29,500/ton, subsidized price at INR34,689/ton and latest import price at US\$740/ton CFR (before tax), the importers are expected to achieve approx.US42/ton in net profit.

The new subsidy for NPK/NPS is valid until September 30, 2022 as follows:

- ✓ NPK 10-26-26 at INR34,689/ton
- ✓ NPK 12-32-16 at INR38,362/ton
- ✓ NPKs 20-20-0 + 13S at INR33,842/ton
- ✓ NPK 15-15-15 at INR28,502/ton
- ✓ NPK 16-16-16 at INR30,402/ton

The strong rise in subsidy for 2022-2023 season is intended to offset costs for importers amid rising fertilizer prices over the past 24 months. The import price of NPK 10-26-26 rose by 63% from April 2021 to April 2022 while prices of NPKs 20-20-0 + 13S rose by 91%.

Source: PVFCCo

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