

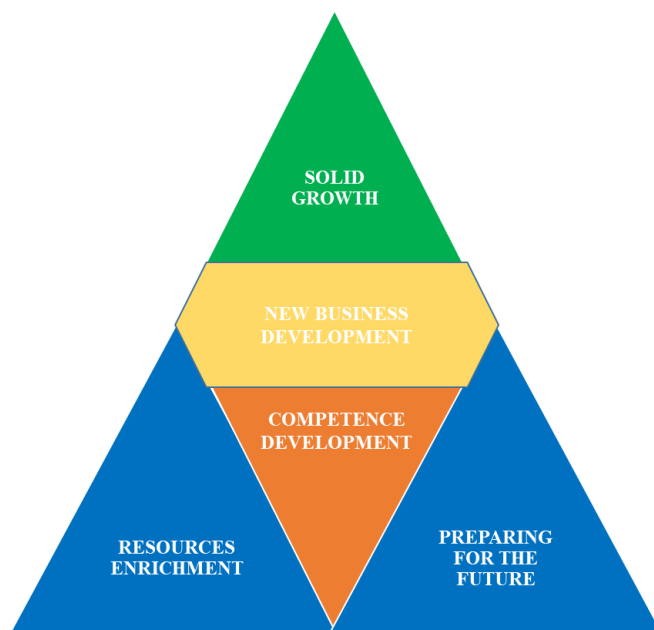
BUSINESS PLAN FOR 2023

PHU NHUAN JEWELRY JOINT STOCK COMPANY

The global economy is facing an increasingly gloomy and uncertain outlook in 2023. High inflation may negatively affect consumer's pocketbooks in major economies. Tight monetary policies in many countries results in the global interest rates remaining high. Russia's invasion of Ukraine is further disrupting global supply chains. These factors result in downsizing of business activities and widespread layoffs, leading to a decrease in global purchasing power. As for Vietnam, being an integral part of the global economy, it is likely that the economy will also be affected by these global economic challenges.

In the face of the challenges, PNJ, with the spirit of **F5xF1 – GEAR UP REFRESH, REACH GREAT SUCCESS**, commits to make breakthroughs by **developing strategic capabilities and reinforcing the organizational structure and procedures** to be well-positioned as the leading jewelry retailer in Vietnam. Further, PNJ is ready to deal with potential challenges to **explore new opportunities** in 2023 & the following years.

PNJ is demonstrating a proactive approach towards tackling challenges, reaching new opportunities and maintaining its position as the leading jewelry retailer in Vietnam. The company plans to adhere to its **four existing strategic orientations in the period of 2017 – 2022**, while also introducing a new direction that focuses on **developing new business opportunities** to ensure long-term sustainability and growth.



1. SOLID GROWTH

In 2023, the primary focus will be on achieving operational and cost optimization while simultaneously enhancing the productivity and efficiency of the entire group. This objective will be accomplished through the implementation of the following measures:

- Enhance store sales in major regions by revamping the customer experience, "Refreshing" inventory in warehouses, boosting labor productivity, and enhancing the expertise of sales consultants.
- Direct resources towards revamping the operational procedures of the point of sale and extensively developing the "versatility" of the management team and sales consultants.
- Refresh the way teamwork is executed on a company-wide basis by reconfiguring work procedures and streamlining operations through the application of technology. This will enable the company to reduce both its personnel and operational expenses.
- Implement thorough cost-cutting measures consolidated from specific optimization plans and course of action for each department in the company.

2. COMPETENCE (CAPACITY) DEVELOPMENT

The F5xF1 program in 2023 prioritizes accelerating the development of strategic capabilities and the reinforcement of the organizational structure and procedures. This will help PNJ in establishing a strong foundation and achieving (inspiring) significant improvements. The program will include the following measures:

- Enhance the skills of senior and mid-level management teams through "Real World" training programs tailored to each level. Foster an entrepreneurial mindset and F5-refresh relevant rewards & recognition policies, thereby creating motivation and incentives to maximize their leadership potential.
- Finalize the proactive risk management platform and further enhance the risk awareness within the entire organization by conducting training sessions, sharing risk management knowledge and skills, establishing risk management indicators for critical processes and functions.
- Recognize Technology and Digital Transformation as a crucial competency and essential component driving business evolution in the era of 4.0 technology in order to establish a "competitive edge" for PNJ in the retail industry.
- Streamline the operation and strengthen the organizational structure of the company, its branches, and subsidiaries to establish a base for implementing contemporary, adaptable, and efficient business and management practices.
- Continue to "hit F5-Refresh" effectively in each department: Building the capacity of financial management according to international standards; Renewing the capacity of Marketing – Creative Teams; Improving efficiency, productivity, and flexibility in the HR system; Mastering the Retail competence; and optimizing the supply chain.

3. RESOURCE ENRICHMENT

PNJ places significant emphasis on resource enrichment in addition to solid growth and capacity development. This is achieved through the following means.

- Enhance customer-related assets by adopting a fresh approach and engagement strategy, with a focus on "customer-centricity."

- Selectively enrich strategic business partnerships and cooperation.
- Continuously develop the talent pool and high-quality leadership for future growth by implementing collaborative team enrichment programs and succession plans.
- Enhance PNJ's Brand Value – combination of PNJ Brands' Value by establishing connections and synergies between the various brands within the PNJ ecosystem, improving the integration and efficiency of CSR initiatives.

4. PREPARATION FOR THE FUTURE

Considering the evolving business landscape in Vietnam as well as the global market, PNJ must adequately prepare and plan for the future with a long-term perspective. Here are some essential steps that must be taken:

- Constantly enhance and implement the strategy for the period of 2023 – 2027 with a vision towards 2030.
- Complete and execute the Group's Corporate Governance and Principles of Management.

5. NEW BUSINESS DEVELOPMENT

To uphold its leading position in the jewelry retail market, PNJ aims to improve its abilities in developing new businesses. This includes creating a comprehensive ecosystem and exploring potential opportunities for growth.

- Explore and invest in novel sales models, including innovative channels and tools for customer engagement, in order to fuel future growth.
- Accelerate the process of researching and developing new areas of business, which will result in the creation of fresh sources of growth for PNJ.

6. INVESTMENT ACTIVITIES

The investment activities of PNJ in 2023 focus on 3 main areas:

❖ Upgrade & expand the modern retail system:

- The Company plans to open 20 to 25 stores that are specifically designed to cater to the unique features of each region.
- The Company is creating additional product lines, growing new brands, and enhancing customer experience at current stores.

❖ Invest in information technology projects:

- Develop a centralized platform for managing data and integrating it with business and operational processes.
- Implement initiatives and plans aimed at promoting and enhancing the utilization of technology among staff members.
- Continuously enhance and update the systems and tools used for managing sales and customers' information.

❖ Improve production capacity & Renew production technology:

- Re-layout the existing factories to increase production capacity
- Invest in multiple new technologies aimed at enhancing the overall quality of the product.

7. SOME TARGET PERFORMANCE INDICATORS AS FOLLOWING (CONSOLIDATED)

Unit: Million VND

ITEMS	ACTUAL 2022	BUDGET 2023	YOY (%)
Net revenue	33,876,455	35,597,952	+5.0%
Gross profit	5,927,107	6,362,443	+7.3%
Profit before tax	2,312,327	2,473,882	+7.0%
Profit after tax	1,810,692	1,937,198	+7.0%
Cash dividend	20%	20%	

The Board of Directors would like to submit to the General Meeting of Shareholders for approval if the actual profit after tax in 2023 exceeds the profit after tax in 2022, the bonuses for the Board of Directors and key leaders of the Company are as follows:

1. Cash bonus:

- If the profit after-tax for 2023 is **VND 1,810.7 billion or more** (equivalent to 100% of profit after-tax for 2022): A bonus of **VND 35 billion** will be given to the Board of Directors and key leaders.
- If the profit after-tax for 2023 is **VND 1,937.2 billion or more** (equivalent to 107% of profit after-tax for 2022): A bonus of **VND 50 billion** will be given to the Board of Directors and key leaders.

2. Issuing shares under the employee's selection program (ESOP):

Principles:

- The maximum number of shares to be issued is **1.5% of total outstanding shares** at the time of issuance, the specific ESOP issuance rate is as follows:

The actual profit after tax in 2023	Expected ESOP issuance rate (%)
NPAT < VND 1,810.7 billion	0%
NPAT ≥ VND 1,810.7 billion	Issue 1% of total number of outstanding shares.
NPAT ≥ VND 2,027.9 billion and total return rate of PNJ shareholders (%TSR) – Return rate of VNIndex (%VNIndex return) ≥ 5%	Issue 1.5% of total number of outstanding shares.

Actual 2023 NPAT: VND 1,810.7 billion, equivalent to 100% compared to 2022 actual NPAT

Actual 2023 NPAT: VND 2,027.9 billion, equivalent to 112% compared to 2022 actual NPAT

Note:

$$TSR = \frac{(PNJ \text{ stock price at the end of the year} - PNJ \text{ stock price at the beginning of the year} + \text{cash dividend}^*)}{PNJ \text{ stock price at the beginning of the year}}$$

* In case of stock split, stock price will be adjusted according to regulations.

* Cash dividend = Dividend rate (20%)* par value

$$VNIndex\ Return = \frac{(VNIndex\ at\ the\ end\ of\ the\ year - VNIndex\ at\ the\ beginning\ of\ the\ year)}{VNIndex\ at\ the\ beginning\ of\ the\ year}$$

	2023 Actual NPAT (bn VND)	Compared to the NPAT target to issue ESOP	%TSR of PNJ	%VN Index Return	(%TSR) – (%VNIndex return)	Compared to the prescribed rate to issue ESOP	ESOP issuance rate
Example 1	1,800	1,800 < 1,810.7					0%
Example 2	1,900	1,810.7 < 1,900 < 2,027.9					1.0%
Example 3	2,050	2,050 > 2,027.9	+5%	+4%	+1%	+1% < 5%	1.0%
Example 4	2,050	2,050 > 2,027.9	+0.5%	-4.5%	+5.0%	5.0% = 5%	1.5%
Example 5	2,050	2,050 > 2,027.9	+1%	-9.5%	+10.5%	10.5% > 5%	1.5%

- Number of shares to be issued:
Number of ESOP shares issued = ESOP issuance rate x Total number of outstanding shares of the Company at the time of issue
- Issuance price of ESOP: **20,000 VND/share**
- Transferring restriction period: Transferring restriction period is within 36 months from completion date of issuance.
(This means: 30% of the shares can be transferred after 12 months, 60% of the shares can be transferred after 24 months, and 100% of the shares can be transferred after 36 months from the completion date of the issuance).

Respectfully submit to the General Meeting of Shareholders for consideration and approval.

Recipients:

- PNJ's shareholders
- BOD, Internal Audit Committees
- CEO
- Archived: BOD Office
- Archived for record keeping

ON BEHALF OF BOARD OF DIRECTORS
CHAIRPERSON
(Signed and sealed)
CAO THI NGOC DUNG