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DRAFT

**REPORT ON
BUSINESS PERFORMANCE IN 2021
AND BUSINESS PLAN FOR 2022**

To: General Meeting of Shareholders of PetroVietnam Oil Corporation - JSC

PetroVietnam Oil Corporation would like to report the implementation results of 2021 business plan and the business plan for 2022 as follows:

I. Business performance in 2021

1. General Background

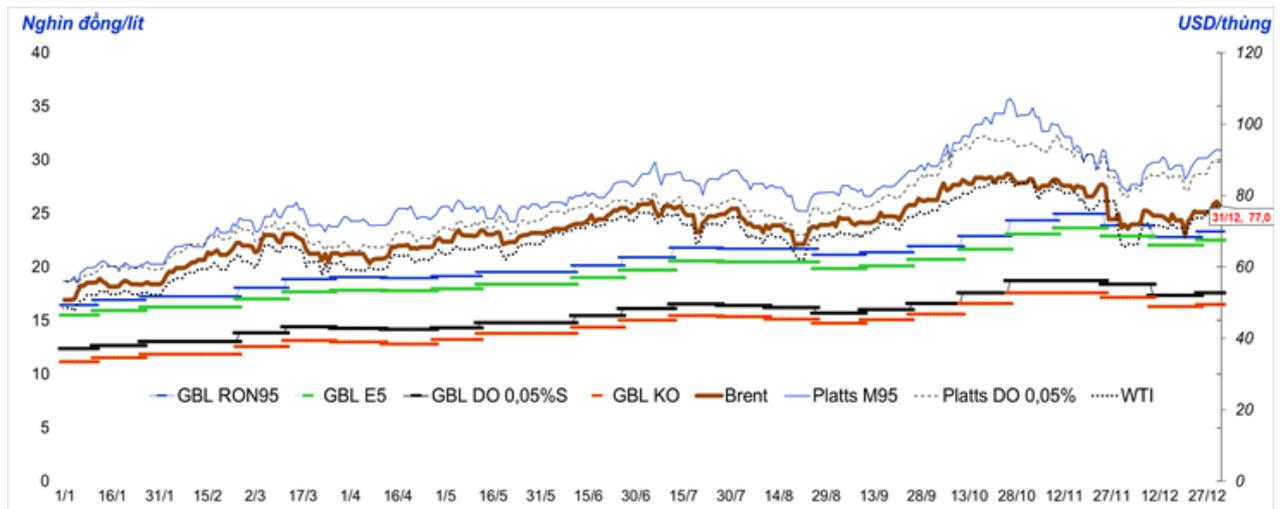
In 2021, the world continued to be severely affected by the Covid-19 pandemic despite vaccination measures and a series of economic stimulus policies from governments. Vaccination partially prevented the pandemic threat but new highly contagious variants (Delta, Omicron) still make countries hesitant to open, thus travel demand and global petroleum consumption was unable to recover as projected.

Domestically, after a long period of good disease control, the appearance of Delta variant spreading many times faster than the old variants caused serious outbreaks on a large scale, especially in big cities such as Ho Chi Minh City, Hanoi, Da Nang.... Long-lasting social distance and isolation measures in many areas nationwide had stalled production, business, and transportation activities, etc. and led to plummeting petroleum demand.

Crude oil prices during the year had an impressive recovery in the first 6 months of the year thanks to some major economies recovering from the pandemic. Oil prices continued to maintain upward momentum in the last 6 months of the year, especially in Quarter IV due to impact of the global energy supply crisis.

Average Dated Brent oil price in 2021 increased by 69% compared to 2020, leading to a correlating increase in petroleum prices. Domestically, retail petroleum prices increased by 38-42% compared to end of 2020.

Movements of global oil prices and State-administered retail prices during the year were as follows:



The domestic petroleum market under the administration of the Government has significantly improved: fairer competition after a series of effort to control the market and to prevent illegal activities in the production, preparation and illegal import of petroleum products. This is the bright spot that helps genuine businesses like PVOIL maintain output and efficiency in the context of serious decline in demand due to the pandemic.

Supplies from Dung Quat and Nghi Son Oil Refineries met approximately 70% of domestic demand. However, unstable operation of Nghi Son Refinery and Petrochemical Plant also caused many difficulties for businesses from time to time.

Facing the complicated situation of Covid-19 pandemic, PVOIL synchronously implemented disease prevention solutions with the goal of "Ensuring the health of employees, stable and safe production, business, investment activities, and uninterrupted consumption of goods and products" under the direction of the Government, PVN and local authorities at all levels. Details as follows:

- Issued regulations on Covid-19 prevention at PVOIL’s petrol depots and urged the whole system to comply with regulations on disease prevention and control, and implemented solutions to cope with the pandemic situations in local areas.
 - Implemented remote working mode, online meeting, applying electronic signatures during the complicated period of the pandemic; provided protective equipment to ensure safety for direct workers at petrol stations.
 - Implemented "Option 3 on the spot - Production on the spot, eat on the spot and rest on the spot" at petrol depots during social distancing periods to ensure regular and uninterrupted depot operations.
 - Actively sourced vaccination as early as possible for all employees in the system.
- Thanks to the proactive implementation of disease prevention and control, PVOIL still maintained stable business activities throughout the system and minimized the impacts of the pandemic on employees’ life and health.

2. Business performance

2.1. Production KPIs

Performance for each area are as follows:

Unit: 1000m³/ton

No.	KPI	2020 Actual	2021		Compare to	
			Plan	Actual	Year over year	Plan
1	Crude oil export/sales (including supply to Dung Quat oil refinery)	9,380	8,586	9,698	103%	113%
2	Production of petroleum, lubricant	455	484	503	111%	104%
	<i>In which: E5 gasoline</i>	<i>452</i>		<i>500</i>		
3	Petroleum trading	2,938	3,150	3,132	107%	99,4%
	<i>Retail proportion</i>	<i>29.4%</i>	<i>28.6%</i>	<i>25.1%</i>		

2.1.1. Import and export of crude oil and supply to Dung Quat Oil Refinery:

PVOIL safely and effectively exported and sold the entire volume of crude oil of Vietnam Oil and Gas Group and other field owners on Vietnam's continental shelf with output reaching 9.7 million tons, completing 113% of the year target and increased by 3% year-over-year.

PVOIL also ensured sufficient and prompt supplies of all crude oil materials for Dung Quat Oil Refinery with total output of 6.3 million tons. In which, supply from domestic sources was 5.6 million tons and from import was 0.71 million tons.

2.1.2. Production of petroleum, lubricant

Production output in the year reached 503,000 m³/ton, completed 104% target and increased by 11% year over year, mainly E5 RON92 gasoline. During the year, PVOIL received the entire amount of condensate under the Business Cooperation Contract with PV Gas to produce RON91 base gasoline, significantly contributing to 2021 business profit.

2.1.3. Petroleum trading

In the situation heavily affected by the pandemic, petroleum demand plummeted. Thanks to the synchronous application of solutions to prevent the pandemic as well as maintain business activities and make the most of market opportunities, petroleum trading volume in 2021 achieved impressive growth.

Consumption output of the whole system reached 3,132,000 m³/tons, completing approximately 100% of the year's target and growing by 7% compared to 2020, mainly in wholesale channels. Retail outputs and proportions at petrol stations decreased due to the impact of large-scale, prolonged Covid-19 social distancing/isolation periods.

2.2. Financial KPIs

Unit: billions dong

No.	KPI	2020 Actual	2021		Compare to (%)	
			Plan	Actual	Year over year	Plan
I	Consolidated					
1	Total revenue	50,541	55,750	58,299	115%	105%

No.	KPI	2020 Actual	2021		Compare to (%)	
			Plan	Actual	Year over year	Plan
2	Profit before tax	(111)	400	928	Negative profit	232%
3	Profit after tax	(166)	320	773	Negative profit	242%
4	Contribution to State budget	8,340	8,480	8,641	104%	102%
II	Holding Company					
1	Revenue	20,953	27,000	33,391	159%	124%
2	Profit before tax	(152)	300	698	Negative profit	233%
3	Profit after tax	(149)	240	569	Negative profit	237%

Total consolidated revenue for the whole year reached VND 58,299 billion, achieving 105% of target and increased by 15% year-over-year. PVOIL's revenue came from two main areas: petroleum trading (accounted for 67%) and international crude oil trading (accounted for 33%).

Consolidated pre-tax profit reached 928 billion VND, Holding Company's pre-tax profit reached 698 billion VND, 2.3 times the assigned target. This result was achieved thanks to the strong recovery of oil prices, the Government's efforts in controlling the petroleum market, not to mention PVOIL's collective efforts in seizing market opportunities, maintaining and increasing business outputs while the pandemic severely affected all socio-economic aspects.

Consolidated contribution to State budget for the whole year reached 8,641 billion VND (excluding PVOIL Laos's contribution to the State of Laos), completing 102% of the year's target and equivalent to 104% year-over-year.

3. Investment activities in 2021

Value of investment was VND 303 billion for the year, achieving 49% of target, mainly for the new development of 26 petrol stations, the expansion of Nghi Son petroleum depot phase 1 and the renovation and upgrading of the existing petrol depots/stations. Many investment projects were delayed due to the outbreaks of the pandemic, which halted most of the activities on a large scale.

Details are as follows:

No.	Investment item	Plan (VND bn.)	Actual (VND bn.)	Actual/Plan (%)
1	Development and renovation of terminal/depots	98	46	47%
2	Development and renovation of petrol stations	418	172	41%
3	Other procurement	97	85	88%
	TOTAL	613	303	49%
	<i>Of which: - Holding Company</i>	<i>428</i>	<i>152</i>	<i>36%</i>
	<i>- Subsidiaries</i>	<i>186</i>	<i>151</i>	<i>81%</i>

No.	Investment item	Plan (VND bn.)	Actual (VND bn.)	Actual/ Plan (%)
	<i>Investment from owners' equity</i>	521	280	54%

4. Restructuring and renovating

The restructuring and rearranging of the system of petroleum subsidiaries to optimize business operation and efficiency continued to be promoted in 2021 with the following detailed activities:

- Completing the merger of 2 groups of petroleum subsidiaries with the goal of reducing focal points, reducing costs, and improving competitiveness, including: PVOIL Thua Thien Hue merged with PVOIL Central (from July 1, 2021) and PVOIL Ha Giang merged with PVOIL Hanoi (from January 1, 2022);
- Pilot implementation to convert some subsidiaries into One Member Ltd. Companies;
- Continuing to promote divestment at Petec and affiliated companies; completing divestment at Duong Dong Kien Giang JSC;
- Continuing the support to ensure asset safety at biofuel plants in parallel with implementing restructuring solutions under the direction of the Government and Holding Company – PVOIL;
- Equitization finalization of the Corporation: Continuing to work with state management authorities to resolve problems related to (i) finalization of the equitization of PETEC and (ii) real estate arrangement and resolution in accordance with Decree No. 167/2017/ND-CP.

5. Digital transformation and research and development

The Corporation is continuing to promote comprehensive IT application, automation and digital transformation in all business areas with the main goal of increasing operational efficiency, enhancing customer experience, satisfying customers and creating a competitive advantage for PVOIL in the market, and highlight activities of the year were as follows:

- Launched “PVOIL B2B” sales application for wholesale and industrial customers. The project was completed and officially put into operation in the entire system from October 15, 2021. PVOIL is continuing to develop and extend the application to individual customers;
- Deployed the electronic signature application for all subsidiaries in the system, helping to increase processing speed, coordinate work exchange and save the cost of transferring records throughout the PVOIL system.
- In addition, PVOIL is also conducting research to synchronously deploy the management and automation software system at the petrol stations; evaluating and studying the feasibility of implementing ERP system in the 2021-2025 period.
- While the energy transformation trend is promoted strongly and electric vehicles are gradually replacing gasoline-powered vehicles on a global scale, PVOIL continues to promote research and find response solutions, in order to "reduce risks, take advantage of opportunities". PVOIL signed a contract with Vietnam Petroleum Institute to conduct research on batteries and charging stations for electric cars and assess the impact of hydrogen on the Corporation's business activities. At the same time coordinating with Binh Son Refinery and Petrochemicals (BSR) and Petroleum Technical Services Corporation

(PTSC) in the scope of hydrogen distribution and use, creating a value chain from production to distribution to consumers.

6. Service quality improvement, system administration and branding

Having determined that improving competitiveness of the corporation through improving management, administration, service quality is vital to the business and is a key mission throughout the past years to cultivate a solid foundation for development goals in the coming period.

Improving service quality at petrol depots and stations: PVOIL continued to implement two projects to improve service quality at petrol depots and stations to create competitive advantage and thereby increase outputs. These two projects were deployed and maintained by PVOIL for many years throughout the system, creating a professional and friendly image of PVOIL through brand standardization and service activities at petrol depots and stations such as landscaping, sanitation, service attitude, fire safety...

System administration was always paid attention with: (i) Management of cash flows, debt, payment security and optimal use of business resources (ii) ensuring security, safety, fire safety and rescue, anti-terrorism (iii) standardization of work processes, employing productivity assessment through KPIs has gradually been effective in administrating and improving labor productivity, performance and professionalism of PVOIL team.

Brand promotion continued to be focused through regular activities such as: decorating petrol stations following brand recognition, participating as main sponsor for the PVOIL Vietnam Off-Road Cup 2021. During the year, PVOIL revamped the entire tank truck system of the Corporation with the brand identity, and signed a contract to put long-term advertising posters on the tank trucks.

PVOIL continued to join hands with the community through practical activities to contribute to the fight against the pandemic such as: supporting the Government's Vaccine fund; providing fuel for the " ambulance" team, providing meals for doctors and nurses at some field hospitals in Ho Chi Minh City; providing equipment for hospitals; supporting "0 VND supermarket" programs, free meals for the poor...

Investor relations: With the responsibility of a large public listed company whose shares are traded on Upcom, PVOIL strictly implemented transparent information disclosure on the stock market in accordance with regulations. Besides, PVOIL was always ready to meet, provide and exchange information with shareholders and institutional investors as requested.

7. Evaluation of results

After a year of volatile oil and gas market and the Covid-19 pandemic affecting all social aspects, thanks to flexible and effective response solutions, PVOIL successfully completed the tasks assigned by the General Meeting of Shareholders with the following remarks:

- ***Completed and exceeded most of the assigned targets, especially the profit target with outstanding growth.***

- ***Crude oil import and export entrustment:*** Safely and efficiently exported and sold the entire volumen of Vietnam's crude oil; sufficiently and promptly supplied crude oil for the operation of Dung Quat oil refinery.

- ***Petroleum production and preparation:*** ensured E5 RON92 gasoline supply to meet market demand with stable quality.
- ***Petroleum distribution:*** Took advantage of opportunities to increase output while maintaining stable distribution system and traditional customers in the background of sharp decline in demand due to the pandemic;
- ***Improving service quality, management capacity, brand promotion*** was focused and effective, helping to improve the reputation and value of PVOIL brand, cultivating a solid foundation for long-term development goals
- ***Corporate restructuring and revamping*** continued to be promoted and achieved encouraging results.

II. Business plan for 2022

1. Forecast

The COVID-19 pandemic has had unprecedented and heavy impacts on the global economy as well as distorted the fundamentals of the oil market over the years. The arrival of the Omicron variant has lowered the 2022 oil price forecast from the previous year due to concerns of the negative impacts of the Covid-19 pandemic.

However, the Russia-Ukraine conflict, followed by sanctions from the US and its allies, has disrupted financial markets, and global supply chains are in danger of failing and falling into chaos. Energy prices skyrocketed and fluctuated sharply following the course of the war. The risk of a full-blown energy crisis that could lead to a global economic recession is present, potentially posing many risks for the 2022 financial year.

Domestically, along with the change in the disease prevention strategy from "Zero Covid" to "Safe adaptation, flexibility and effective control", the government has promoted additional vaccinations nationwide and licensed the production of antiviral drugs to support the fight against the pandemic. Outbreaks have spreaded all over the country with the number of infected cases constantly increasing, but the fatality rate has decreased significantly. However, there are still many risks ahead in disease control as the appearance of new variants significantly reduces the effectiveness of vaccines as well as the consequences of long covid syndrome.

The pandemic and oil price volatility have had and will continue to have unpredictable impacts on the economy in general and on PVOIL's operation in particular in 2022. The unstable supply from Nghi Son Oil Refinery is also causing many challenges for the Corporation's business activities.

In the context of many challenges and potential risks, the domestic petroleum trading market also has certain advantages. Since the beginning of 2022, Decree 95/2021/ND-CP has come into effect, amending and supplementing Decree 83/2014/ND-CP by moving closer to the market, reducing risks for businesses. In addition, thanks to the Government's efforts to control the market, the smuggling and production of fake gasoline has decreased significantly. Market competition is healthier, giving genuine businesses like PVOIL a good opportunity to rise to dominate the market.

2. Main mission

Crude Oil Sector: Ensure safe and efficient export/sales of the entire volume of crude oil/condensate domestically and abroad; sufficiently supply crude oil from domestic sources to Dung Quat oil refinery plant.

Petroleum production: Produce E5 RON92 gasoline, lubricants under PVOIL brand with the goal of increasing output together with ensuring quality and efficiency of the preparation, ensure system demand being met and supply to other distributors.

Petroleum trading: Organize petroleum trading in compliance with State's regulations and policies of the Corporation; strive to increase business outputs in all 3 distribution channels to expand market shares, in parallel with ensuring trading efficiency;

Restructuring and revamping: Continuing to implement restructuring and renovating the enterprise according to the plan approved by the competent authority; in collaboration with PVN, Commission for the Management of State Capital at Enterprises, relevant agencies to step up the implementation of PVOIL equitization settlement to ensure progress, quality and efficiency.

Investment and development of the system: Seize more opportunities, promote investment and development of petrol stations in several forms. Promote the implementation of non-petroleum services, cooperate in developing solar energy systems, electric vehicle charging stations at petrol stations.

System administration and digital transformation: Improve efficiency in management of cash flows and debts, reduce costs; continue to improve customer service quality at petrol stations and depots; promote scientific research and application of 4.0 technology in operation management.

3. Major targets

3.1. Production and financial targets

No.	KPI	Unit	2022 Plan	Compared to 2021 Actual
I	Production KPIs			
1	Crude oil export/sales (including supply to Dung Quat oil refinery)	1000 tons	10,334	107%
2	Production of petroleum, lubricant	1000 m3/ton	484	96%
3	Petroleum trading	1000 m3/ton	3,150	101%
	- Retail proportion	%	28.9%	Increase 3.8 bps
II	Financial KPIs			
II.1	Consolidated			
1	Revenue	VND bn.	45,000	77%
2	Profit before tax	VND bn.	500	54%
3	Profit after tax	VND bn.	400	52%
4	Contribution to State budget	VND bn.	8,480	98%
II.2	Holding company			
1	Revenue	VND bn.	27,000	81%
2	Profit before tax	VND bn.	400	57%
3	Profit after tax	VND bn.	320	56%

Authorizing PVOIL’s BOM to consider and approve the adjustment of the business plan in 2022 when the competent government agency changes the oil price to calculate the 2022 plan or according to the actual oil price, report to AGM the performance results and disclose information as prescribed.

3.2. Construction investment plan

PVOIL continues to focus on investment in developing retail petrol stations and renovating facilities for petroleum business in 2022 with the following specific targets:

No.	Investment item	Quantity	Value (VND bn.)	Compared to 2020 Actual
1	Development and renovation of Terminal/depots		131	285%
2	Development and renovation of petrol stations	50 petrol stations	217	126%
3	Other investment and procurement		192	225%
	TOTAL		540	178%
	<i>Of which: - Holding Company</i>		295	194%
	<i>- Subsidiaries</i>		245	162%
	<i>Investment from owners' equity</i>		447	160%

4. Implementation solutions

4.1. Solutions for markets and products

- Proactively and aggressively deploy solutions to prevent and control Covid-19 with the goal of "Ensuring the health of employees, stable and safe production, business, investment activities, and uninterrupted consumption of goods and products".

- Closely monitor market developments, State’s administration to adaptably respond in creating/supplying sources, maintain reasonable inventory and optimally use/allocate the Corporation's resources.

- Continue to focus on increasing output and sales proportion in direct channels (petrol stations and industrial customers) by improving quality of customer service (projects 1114, 808);

- Promote the implementation of PVOIL Easy program, PVOIL B2B application and other non-cash payment methods to create competitive advantages and increase sales volume in all 3 distribution channels.

- Promote the implementation of non-oil business activities at petrol stations

- Actively coordinate with other companies in the industry to develop a value chain of production, processing, transportation and distribution of petroleum products to optimize business administration efficiency according to the PVN's policy.

4.2. Business restructuring solutions

- Restructure and rearrange the petroleum subsidiaries; proceed to transform the organization and operation model of the Corporation;

- Capital restructuring: continue to divest from affiliates operating outside the core business lines. Execute divestment at Petec and thoroughly resolve issues related to biofuels plants.

- Restructure assets of the whole system on the basis of balancing demands to increase efficiency of asset utilization.

4.3. Improve governance capacity

- Continue to transform towards modern, transparent, professional administration in accordance with international standards and applying science, technology, digitalization, and automation in production, business and customer service.
- Strengthen management and supervision through perfecting the system of internal regulations and directly inspecting and monitoring the operation of the whole system; Promote cost-effective practice, anti-wastefulness and cost reduction.
- Focus on investment in training and developing high-quality human resources to meet PVOIL's long-term goals.

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

We would like to thank and wish the delegates, distinguished guests and shareholders good health, happiness and success.

Recipients:

- As above;
- Board of Supervisors;
- For archive: BOM.

**ON BEHALF OF THE BOM
CHAIRMAN**

Cao Hoai Duong