

NO: / BC - DHDCD

Ho Chi Minh City, date... month... year 2023

DRAFT

REPORT

ON BUSINESS PERFORMANCE IN 2022 AND BUSINESS PLAN FOR 2023

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

The Board of Management (BOM) of PetroVietnam Oil Corporation would like to report the implementation results of 2022 business plan and the business plan for 2023 as follows:

I. Business performance in 2022

1. General background

The year 2022 is an abnormal year for the world and domestic oil markets, with advantages and disadvantages intertwined and unprecedented.

In the first 6 months of 2022, the world oil price increased significantly due to the strong recovery in demand after the Covid-19 pandemic, while the supply was tightened due to the lack of recovery of the production capacity of OPEC+ members. The war between Russia-Ukraine along with China's closure because of the "Zero Covid" aim has disrupted the global supply chain, further aggravated the oil shortage in the market; the difference between crude oil prices and oil product prices increased suddenly without precedent. The average oil price in the first 6 months of the year reached 107.6 USD/barrel, increased 65% compared to the same period, leading to a sharp increase in the price of petroleum products from 64% - 97% over the same period.

Since the beginning of the third quarter, world oil prices and domestic retail prices have continuously decreased because OPEC+ agreed to increase production to restrain prices, the growth prospects of major economies gradually weakened along with the specter of inflation, which caused central banks to simultaneously raise interest rates and China's implementation of the "Zero Covid" policy led to a sharp drop in consumption demand. Oil prices only recovered slightly in mid-October 2022 when OPEC+ cut production and then continued its downtrend.

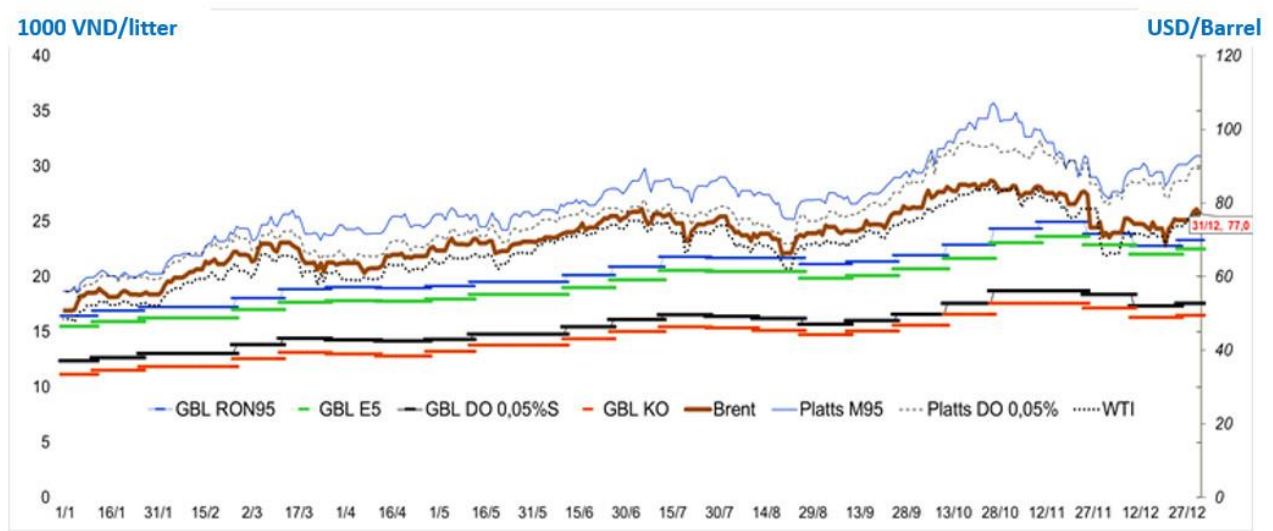
On average in 2022, crude oil price Dtd. Brent was at \$101.19/barrel, increased 68.6% compared to KH construction oil price (\$60/barrel) and equal to 143% compared to the average in 2021 (\$70.73/barrel).

Domestically, thanks to good control of the Covid-19 epidemic after large-scale vaccination campaigns, production and trade activities recovered strongly, leading to a recovery in petroleum consumption demand. However, in the context of the global economy continuing to face many difficulties, massive inflation led to a continuous adjustment of interest rates with a large margin, many major economies in Europe and the United States faced recession, affecting all activities of the economy. GDP growth reached 8.02%,

inflation was controlled at 3.15% in 2022. However, the economy is facing many risks and challenges.

For petroleum activities, the Government continues to operate according to Decree 83/2014/ND-CP and Decree No. 95/2021/ND-CP. From January 1, 2022, the price operating cycle is reduced to 10 days (instead of 15 days) and applies the base price formula under the new regulations. In the first 6 months of the year, petroleum prices continuously increased and peaked, the Government has adjusted and reduced the environmental protection tax twice from 500 to 1,000 VND/liter, applied until the end of December 31, 2022. The average price of petroleum products in 2022 increased from 42% to 72% compared to the average in 2021.

Movements of world oil prices and the State's retail price management in 2022 are as follows:



In the context of a challenging market, PVOIL has thoroughly grasped and implemented drastically throughout the system the key missions of the year, specifically: 1) *Actively and proactively preventing the Covid-19 pandemic*; 2) *Focusing on directing the implementation of the 2022 Production and Business Plan on the basis of maximizing the chain of production, transportation and distribution of crude oil and petroleum products with units in the Vietnam Oil and Gas Group, increasing business output on all 3 distribution channels*; 3) *Focus on implementing digital transformation*; 4) *Continuing to drastically implement corporate restructuring*; 5) *Actively adapt to the energy transition*.

In the period from September to November 2022, the supply in the market was especially scarce, import costs were high, business was at a loss, many private petrol stations operated in stagnation, sales were limited, even stopping operations, which significantly affects production and business activities, consumption and travel demands of people. With the responsibility of being a major distributor of the State, PVOIL has proactively implemented many synchronous solutions to ensure the source of supply to meet the sudden increase in demand in the distribution system, contributing to stabilizing the market and ensure energy security under the direction of the Government.

Thanks to good response to fluctuations in oil prices and supply in the market, drastic, synchronous and effective implementation of solutions, PVOIL increased output and maximized business efficiency in the first 6 months, simultaneously controlling and minimizing damage in the last 6 months of the year, exceeding the targets of the 2022

production and business plan assigned by the Annual General Meeting of Shareholders (AGM).

2. Business performance

2.1. Production KPIs

The results for each field are as follows:

Unit: 1,000 m³/ton

No.	KPI	2021 Actual	2022		Comparison (%)	
			Plan	Actual	Year-over-year	Plan
1	Crude oil export/sales (including supply to Dung Quat oil refinery)	9,698	10,334	10,404	107%	101%
	- <i>Exporting (including selling to BSR)</i>	8,987	7,912	8,642	96%	109%
	- <i>Importing crude oil for BSR</i>	711	2,422	1,762	248%	73%
2	Production of petroleum, lubricant	503	484	601	119%	124%
	<i>In which: E5 gasoline</i>	501	480	598	119%	125%
3	Petroleum trading	3,154	3,150	4,048	128%	129%
	<i>Retail proportion</i>	25.1%	28.9%	26.1%		

2.1.1. Import-export of crude oil and supply for Dung Quat Refinery:

PVOIL safely and effectively sold the entire volume of crude oil of Vietnam Oil and Gas Group and other field owners exploiting on Vietnam's continental shelf with an output of 8.64 million tons, completing 109% of the year plan and down 4% over the same period.

PVOIL also ensures adequate and timely supply of all crude oil for Dung Quat Refinery with a total output of 7.5 million tons. Of which, 5.8 million tons are supplied from domestic sources and 1.7 million tons from imported sources. During the year, the factory increased the use of domestic crude oil, as a result, the imported output decreased compared to the plan.

2.1.2. Production of petroleum, lubricant

Production output in the year reached 601 thousand m³/ton, completing 124% of the plan and increasing by 19% over the same period, mainly E5 RON92 biofuel. During the year, PVOIL received the entire amount of condensate under the Joint Venture Agreement with PetroVietnam Gas Joint Stock Corporation (PV Gas) to produce E5 blend base petroleum, helping increase output, supplement supply in times of market scarcity and contribute significantly to the year's profit.

2.1.3. Petroleum trading

In the context of complex market developments, thanks to the synchronous application of business solutions, making the most of market opportunities, and promoting the link chain of raw materials - production - storage and distribution in the field of crude oil and oil products with units in the industry, PVOIL's petroleum business volume in 2022 achieved impressive growth.

Consumption volume of the whole system reached 4,048 thousand m³/ton, completing 129% of the year plan and growing 28% over the previous year, of which retail

sales increased by 32% over the same period and completed 114%. year plan.

2.2. Financial KPIs

Unit: billion dong

No.	KPI	2021 Actual	2022		Comparison (%)	
			Plan	Actual	YoY	Plan
I	Consolidated					
1	Total revenue	58,299	45,000	104,833	180%	233%
2	Profit before tax	928	500	912	98%	182%
3	Profit after tax	773	400	723	94%	181%
4	Contribution to State budget	8,998	8,480	6,706	75%	79%
II	Holding company					
1	Revenue	33,391	27,000	73,742	221%	273%
2	Profit before tax	698	400	657	94%	164%
3	Profit after tax	569	320	555	98%	173%

Total consolidated revenue for the whole year reached VND 104,833 billion, completing 233% of the plan and increasing by 80% over the same period. PVOIL's revenue comes from two main areas: petroleum trading (67%) and international crude oil trading (33%). PVOIL set a record of revenue in 2022 thanks to a sharp increase in consumption volume, and at the same time with crude oil and petrol prices both higher than the plan.

Consolidated profit before tax reached 912 billion dong, 1.8 times higher than the assigned plan; profit before tax of Holding company reached 657 billion dong, 1.6 times higher than the assigned plan.

The consolidated contribution to state budget for the year (*does not include data on budget payments of overseas units to the host country's government*) reached VND 6,706 billion, achieving 79% of the year's target and equivalent to 78% year-over-year (*thanks to environmental protection tax reduction by the Nation*).¹

In the context of complicated market movements, difficulties and challenges, PVOIL has exceeded the targets of the 2022 production and business plan assigned by the General Meeting of Shareholders, in which important targets include petroleum sales volume, revenue, and profit have all completed far exceeding the annual plan and set new record milestones. These results are obtained because PVOIL has responded well to fluctuations in oil prices and supply in the market, synchronously applied business solutions, utilized market opportunities, and well promoted chain linking raw materials - production - storage, distribution in the field of crude oil and oil products with units in the industry.

3. Investment activities

PVOIL continues to consistently promote the implementation of developing petrol stations, transition projects and projects to improve regulation and competitiveness through the application of information technology; improve service quality at all petrol storage and stations.

During the year, PVOIL developed 54 new petrol stations, completing 108% of the

¹ Environmental protection tax accounts for about 86% of PVOIL's annual state budget payment. In 2022, the Nation has adjusted and reduced environmental protection tax twice (April 1, 2022 and July 11, 2022) with a total reduction of 3,000 VND/liter of RON95 oil, 2,850 VND/liter of E5 RON92 oil, 1,500 VND/liter DO oil. With the business output realized in 2022, the value of PVOIL's state budget payment will be reduced by about VND 4,500 billion.

year plan. Total disbursement value of the whole system is 331 billion VND, reaching 61% of the year plan.

Detail as follows:

No.	Investment item	2022 Plan	2022 Actual	% Actual/Plan
1	Development and renovation of storage/port	131	46	35%
2	Development and renovation of petrol stations	217	181	83%
3	Other procurement	192	104	54%
	TOTAL	540	331	61%
	<i>Of which: - Holding company</i>	<i>303</i>	<i>151</i>	<i>50%</i>
	<i>- Subsidiaries</i>	<i>245</i>	<i>180</i>	<i>73%</i>
	<i>Investment from owner's equity</i>	<i>447</i>	<i>285</i>	<i>64%</i>

4. Restructuring and renovating

Determining that restructuring is an urgent requirement to increase the competitiveness and operational efficiency of the whole system, towards long-term development goals, PVOIL has focused on implementing the plan of reorganization and restructuring in the period of 2020 - 2025 with the main objective of reviewing, rearranging and reorganizing member units of petroleum trading to ensure operational efficiency and reduce management costs, avoid duplication and internal competition in the same area or business field.

The restructuring in 2022 with specific activities as follows:

- Completing the transformation of PVOIL Trans, PVOIL Bac Lieu and PVOIL Tra Vinh into limited companies; Post-conversion units have come into stable operation. Develop and approve the plan to convert PVOIL Thanh Hoa into a limited company and is implementing it (expected to be completed in first quarter of 2023).
- Continue to implement the plan to merge units: PVOIL Tay Ninh - PVOIL Saigon and PVOIL Thai Binh - PVOIL Hai Phong;
- Hire consultants to build long-term restructuring plans for 02 companies in Laos (PVOIL Laos and PVOIL Laos Trading)
- Continue to promote divestment in affiliated companies outside the main business; completed divestment at Indochina Petroleum Transportation Joint Stock Company (PVTrans-PTT).
- Biofuel Projects: Continue to coordinate with shareholders of BSR-BF, OBF and PVB to implement treatment plans for biofuel projects under the direction of competent authorities and comply with the order and provisions of law; At the same time, continuously update information about projects and report to competent authorities as required.
- Finalization of equitization: Continue to work with State management agencies to handle problems related to (i) finalization of PETEC equitization and (ii) arrangement and handling of land according to Decree No. 167/2017/ND-CP.

5. Application of digital transformation and research and development

PVOIL continues to promote the implementation of digital transformation, IT application, and automation in all areas of production and business, thereby helping to

increase operational efficiency, improve governance quality, and create convenience for customers and enhance PVOIL's competitive advantage.

In 2022, PVOIL implemented projects in the field of digital transformation and ERP with the following results:

- Expanding the application of electronic signatures in the entire PVOIL system (official operation throughout the system from June 15, 2022).
- Continue to improve, upgrade and add PVOIL B2B features to more effectively utilize the software for wholesalers and B2B customers.
- Research and develop ERP implementation plan for the period of 2021-2025; solutions to modernize fuel filling column of petrol stations; Sales service application for individual customers (PVOIL 4U).

In order to adapt to the energy transition trend, PVOIL has promoted cooperation with domestic and foreign partners to take advantage of opportunities as well as limit the negative effects of the energy transition on the basis of utilizing available advantages in terms of market share as well as petroleum distribution infrastructure, contributing to increase in revenue and profit through non-oil services at petrol stations.

On May 17, 2022, PVOIL signed a cooperation contract in the business of Vinfast charging stations at PVOIL's petrol stations. Up to now, VinFast has completed the installation and handover of 822 charging posts (at 136 petrol stations), is constructing and installing 1,581 charging posts (at 264 petrol stations including petrol stations that have installed in phase 1) and designing 1,625 charging posts construction drawings (at 276 petrol stations).

6. Service quality improvement, system administration and branding

Determining to improve the competitiveness of enterprises through improving governance and administration capacity and service quality is vital to the business, is the central and cross-cutting task of PVOIL throughout the period in order to create a solid foundation for development goals in the coming period.

Improving service quality at storages and petrol stations: PVOIL continues to implement two projects to improve service quality at petrol stations, and storages to create competitive advantages and thereby increase output. These two projects have been implemented and maintained by PVOIL for many years throughout the system, creating the image of a professional and friendly PVOIL through standardizing the brand identity and service activities at the storages and petrol stations such as landscaping, environmental sanitation, service attitude, ensuring fire safety...

System administration is always focused on: (i) Managing cash flow and debt, ensuring payment safety and optimal use of PVOIL's resources (ii) ensuring security and safety, fire prevention and fighting, anti-terrorism (iii) standardizing working processes, implementing job performance evaluation through KPIs, step by step promoting efficiency in governance and improving labor productivity, work efficiency and professionalism of the PVOIL team.

- ***Brand communication and promotion*** continues to be promoted through regular activities such as: revamping petrol stations according to brand identity standards, participating in the main sponsorship of the VOC PVOIL Cup 2022 off-road racing

tournament. In addition, during the year, PVOIL also advertised the PVOIL brand on Thai Binh PSC's drinking water products, PVOIL Lube's lubricant products and PVOIL Trans's transport vehicles.

Shareholders relations: with the responsibility of a large-scale public company whose shares are traded on Upcom, PVOIL seriously implements transparency and disclosure of information on the stock market in accordance with regulations. Besides, PVOIL is always ready to meet, provide and exchange information with shareholders and institutional investors upon request.

7. Results evaluation and existing limitations

After an extraordinary year of the world and domestic oil markets, PVOIL successfully completed the tasks and plans assigned by the Annual General Meeting of Shareholders in all fields, specifically:

- Safe and efficient export and sale of all delivered crude oil and condensate; provide adequate and timely crude oil for operation of Dung Quat Refinery.
- An impressive increase in petroleum sales volume in 2022 in all distribution channels, while increasing business efficiency in the context of complicated and unpredictable developments in the domestic and international markets, scarce supply.
- Implement well and effectively the chain linking raw materials - production - storage, distribution in the field of crude oil and oil products with units in the industry. To closely and effectively coordinate with domestic oil refineries in ensuring the source and supply of petroleum, especially in times of scarcity.
- Complete and exceed financial targets, especially revenue and profit targets.
- Successfully completed the development of the petrol stations target with opening 54 new stations.
- The restructuring and rearrangement of the petroleum trading system continued to be promoted and achieved positive results.
- The work of improving service quality, management capacity, brand promotion, IT application and digital transformation is focused on implementation and efficiency, helping to improve PVOIL's position and brand value, create solid foundation for long-term development goals.

II. Business plan for 2023

1. Forecast

a) Factors affecting operations of the Corporation

The year 2023 is forecasted to be an extremely difficult year for the world economy: many large economies are at risk of falling into recession, consumption demand declines, inflation continues to remain high, interest rates have not been showed any sign of decreasing. In addition, the Russia-Ukraine war continues to evolve in complexity. All of the above factors are forecasted to be the main factors affecting oil prices in 2023. Brent crude oil price, according to forecasts of some reputable organizations, fluctuates in the range of 85-100 USD/barrel.

Domestically, GDP growth is forecasted to drop sharply and inflation to increase significantly compared to 2022. In the optimistic scenario, GDP growth is forecasted only

at 6.83%, inflation rate 3.69%, export growth at 8.43%.

Domestic petroleum trading activities are under the management of the Government according to Decree 95/2021/ND-CP, which is expected to be amended and supplemented in the direction of removing existing problems and making the market healthy.

Supply from two domestic oil refineries decreased significantly because both refineries were planned to stop operating for general maintenance periodically during the year.

2. Main missions

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.

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: Organizing petroleum trading complying with the regulations of the Nation and policies of the PVOIL; strive to increase business output on all 3 distribution channels to expand market share while ensure business efficiency.

Restructuring and revamping: Promote the restructuring and rearrangement of the subsidiaries to optimize business operations and efficiency; coordinate with PVN, the Committee for Management of State Capital at Enterprises, and relevant agencies to handle the backlog and promote the settlement of PVOIL's equitization.

Investment and development of the system: Continue to seize the opportunity, promote investment and development of petrol stations in many forms. Continue to seek and promote the implementation of non-petroleum services at petrol stations.

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

3. Major targets

3.1. Production and financial targets

No.	KPI	Unit	2023 Plan	Compared to 2022 Actual
I	Production KPIs			
1	Crude oil export/sales (including supply to Dung Quat oil refinery)	1000 tons	9,185	88%
	<i>Exporting (including selling to BSR)</i>		8,058	93%
	<i>- Importing crude oil for BSR</i>		1,127	64%
2	Production of petroleum, lubricant	1000 m3/ton	484	81%
3	Petroleum trading	1000 m3/ton	3,300	82%
	<i>- Retail proportion</i>	%	28.4%	2.3%
II	Financial KPIs			
II.1	Consolidated			
1	Revenue	VND bn.	50,000	48%
2	Profit before tax	VND bn.	600	66%

No.	KPI	Unit	2023 Plan	Compared to 2022 Actual
3	Profit after tax	VND bn.	480	66%
4	Contribution to State budget	VND bn.	6,400	95%
II.2	<i>Holding Company</i>			
1	Revenue	VND bn.	33,000	45%
2	Profit before tax	VND bn.	500	76%
3	Profit after tax	VND bn.	400	72%
4	Dividend/charter capital ratio	%	2%	

Note: Revenue in 2023 is calculated on crude oil price of 70 USD/barrel

Authorizing PVOIL's BOM to consider and approve the adjustment of the business plan in 2023 (if any) when the competent government agency changes the oil price to calculate the 2023 plan or according to the actual oil price, report to AGM the performance results and disclose information as prescribed.

3.2. Capital investment plan

PVOIL continues to focus on investment in developing retail petrol stations and renovating facilities for petroleum business in 2023 with the following specific targets:

No.	Investment item	Quantity	Value (VND bn.)	Compared to 2022 Actual
1	Development and renovation of Terminal/depots		134	291%
2	Development and renovation of petrol stations	58 stations	326	180%
3	Other investment and procurement		178	171%
	TOTAL		638	193%
	<i>Of which: - Holding Company</i>		403	267%
	<i>- Subsidiaries</i>		235	131%
	<i>Investment from owners' equity</i>		517	181%

4. Implementation solutions

4.1. Solutions for market and products

- Crude oil field: ensure safe and efficient export/sale of all crude oil/condensate exploited domestically and abroad; follow up and update the actual maintenance plan to fully supply crude oil to Dung Quat Oil Refinery and promptly sell the unreceived crude oil during the maintenance period

- Petroleum sector: Closely following market developments and the Nation's management, ensuring flexibility and a harmonious balance between output and efficiency of petroleum business; Strictly manage petrol quality; To be flexible in moderation, to maintain reasonable inventory;

- Closely coordinate with the units in the PVN Group to effectively implement the chain linking raw materials - production - storage and distribution in the field of crude oil and oil products.

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

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

4.2. Business restructuring solutions

- Restructure and rearrange the petroleum subsidiaries; proceed to transform the organization and operation model of PVOIL;
- Capital restructuring: continue to divest from affiliates operating outside the core business lines and thoroughly handle problems related to refineries
- 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 and technology, digitalization, automation in production business and customer service.
- Strengthen management and supervision by completing the internal regulation system and directly inspect and supervise 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 ensure and meet PVOIL's long-term goals.

Respectfully report to the General Meeting of Shareholders for approval.

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

Sincerely.

PRESIDENT & CEO

Doan Van Nhuom