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Despite Challenging Environment, MSN Grows 9M2022 Core Profit by 40%

Ho Chi Minh City, 28 October 2022 – Masan Group Corporation (**HOSE: MSN**, “Masan” or the “Company”, today released its unaudited management accounts for the third quarter (“3Q2022”) and first nine months (“9M2022”) of financial year 2022 (“FY2022”).

“Never doubt vision, even in the most challenging times – at Masan we double down during these times. Our modern grocery stores now account for 50% of the nationwide network and we are constantly innovating to give consumers what they want. We have delivered on our Point of Life innovation with 30 WIN stores rolled out in 3Q and we are confident that the WIN concept is a winning, scalable model. Next up, we will launch a retail concept catered to rural consumers and unveil our membership program with the end goal of personalizing daily offerings for 100 million consumers. With our scale and innovations, I believe our growth trajectory is just in its early phase,” said Dr. Nguyen Dang Quang, Chairman of Masan Group.

Strategic Highlights:

- Masan introduced its “Point of Life” retail concept with the launch of 30 WIN stores. WIN stores show an uplift of 20%+ versus pure grocery model in terms of revenue per sqm providing management confidence to scale the concept further to approximately 80-120 WIN stores by year-end 2022.
- Masan successfully closed a \$600 million syndicated loan at a competitive interest rate of 6.5% per annum. The loan was oversubscribed by nearly 40 financial institutions. This transaction highlights Masan’s strong credit profile and unique ability to raise capital at attractive terms, particularly during the current volatile global market conditions.

9M2022 Key Takeaways:

Note: In 2021, due to COVID-19 which resulted in consumer stockpiling and wet market closures, there was an abnormal surge in demand for products and services of WinCommerce (“WCM”) and Masan Consumer Holdings (“MCH”). To derive “normalized” financial results for MCH, management applied the run rate revenue pre-COVID of each category adjusted for seasonality. For WCM, management normalized 2021 performance by using the weekly sales prior to COVID-19 lockdown.

- **The CrownX (“TCX”)**, Masan’s integrated consumer-retail platform that consolidates WCM and MCH, achieved strong top and bottom-line results despite challenging macro environment, delivering 16.8% revenue growth and 90.2% net profit growth quarter-over-quarter (“QoQ”). On a normalized basis, TCX revenue is up 7.8% 9M2022 year-over-year (“YoY”), up 17.9% 3Q2022 YoY.
- **WINLife’s innovations to fuel growth engine:**
 - WIN stores: 30 Winmart+ locations were converted into WIN stores, a mini mall concept which combines WinMart (grocery), Techcombank (financial services), Phuc Long (tea and coffee), Dr. WIN (health and well-being) and Reddi (telecom), generated around 20% revenue per sqm uplift during pilot phase compared to pre-conversion, mainly driven by increased traffic. As a result, WIN stores also return better store economics of 5.1% store EBIT margin, an increase of 60bps vs. pre-conversion.
 - WIN membership: launched a proprietary membership program, **WIN membership** with 300,000 members within 1.5 month of launch. Members account for nearly ~60% of revenue and on average, members spend 2.3x more per visit than non-members for participating stores.
 - WINLife’s payment services: After undergoing a swift in-store eKYC process to open a bank account with Techcombank, customers who pay for products & services within WIN stores using Techcombank’s new cashless and cardless payment solutions, **TPay**, received an additional 2% promotion on their shopping bills. The newly introduced payment methods currently account for nearly 20% of all transactions within one month after launch. The partnership represents strong synergy between Masan and Techcombank to expand the customer base and

create new revenue streams for both sides. Beside potentially converting over half of Techcombank's 5 million customers who are currently not shopping with WinCommerce to Masan's customers, Masan shall receive a commission fee for every Techcombank account opened inside its stores.

- With the encouraging results of initial 30 WIN stores pilot in September, management targets to open 80-120 WIN stores by year end while continuing to monitor the performance of WIN membership and payment services to improve the experience and attractiveness of these services for WIN members.
- **WCM gaining market share (nearly 50% of minimarkets/CVS locations nationwide) while enhancing profit margins**
 - WCM opened 176 and 477 new WinMart+ (minimarket) stores in 3Q2022 and 9M2022, respectively, totaling 3,049 WinMart+ locations with performance of new store cohort consistently outperforming older stores. In terms of the number of minimarkets and convenience stores, WinMart+ has increased market share from 40% at the end of 2021 to 48% at the end of 3Q2022. 128 WinMart (supermarket) stores were operational by the end of 3Q2022.
 - Despite significant number of new store openings, WCM improved profitability with EBITDA margin of 3.3% in 3Q2022 compared to 2.2% in 2Q2022 due to improved new stores' performance and higher traffic at existing stores. WCM's EBITDA increased by 66.2% QoQ to VND251 billion.
 - 76% of WinMart+ stores opened in 3Q2022 already achieved positive store-level EBITDA in the first few months of operation compared to 83% of all WinMart+ stores. This reflects management's improving new store opening and launching capabilities, which demonstrates WCM's capability to scale up profitably.
 - On a normalized basis, revenue was up 8.1% and 17.8% YoY in 9M2022 and 3Q2022, respectively, and up 8.9% QoQ
 - On a normalized basis, WinMart+ revenue recorded VND14,730 billion in 9M2022 and VND5,209 billion in 3Q2022, up 11.5% YoY and 16.4% YoY, respectively. Revenue of like-for-like¹ ("LFL") WinMart+ stores was VND12,070 billion, decreasing by 19.4%. Revenue from newly opened stores for 9M2022 is VND2,661 billion.
 - On a normalized basis, WinMart revenue reached VND7,046 billion in 9M2022 and VND2,337 billion, in 3Q2022 increased by 6.0% and 20.2% YoY, respectively. Specifically, LFL stores recorded VND6,735 billion in revenue, down 6.4% in 9M2022 YoY, while the topline of newly opened stores recorded VND310 billion.
- **MCH regained sales momentum in 3Q2022 while maintaining margin profile**
 - MCH achieved VND19,695 billion in net revenue, up 5.4% YoY, and VND4,480 billion in EBITDA, down 2.3% YoY. When normalizing for the effect of consumer stockpiling in 3Q2021, the revenue grew by 9.6% and 9.3% in 9M2022 and 3Q2022, respectively. After scaling down efforts on sales and new product launches in 2Q2022 due to weaker consumer sentiment, management is building up the innovation pipeline focusing on Seasonings and Convenience Foods.
 - Core categories Seasonings and Convenience Foods registered strong growth momentum, up 34.0% QoQ and 46.3% QoQ, respectively; while processed meat, coffee all registered high double digits growth. Overall, MCH delivered top-line growth in 3Q2022 by 24.3% QoQ, showing a strong momentum heading into the Tet holiday for 4Q2022.
 - Weathering the inflationary pressures on profitability due to higher commodity prices, MCH only saw slight decrease of gross margin to 39.1%, thanks to early hedging efforts, the ability to pass through costs, and a good product mix with higher volume of premium products sold.

¹ LFL for WinCommerce refers to stores that opened before 2021 and are still operational

- Despite higher sales to distributors, inventory levels declined in 3Q2022 compared to 2Q2022, demonstrating healthy demand from end consumers and better working capital management.
- **Phuc Long Heritage (“PLH”) continued strong performance with flagship stores while rationalizing kiosk footprint:**
 - Phuc Long kiosks inside the initial 27 WIN stores grew revenue/day by 116% compared to those in other WinMart+ stores. Focus in 4Q2022 to continue improving kiosk performance inside WIN stores as foundation to further scale up this concept and continue to expand on flagship store networks while maintaining profitability. During 3Q2022, PLH opened 15 flagship stores.
 - In 9M2022, Phuc Long achieved VND1,143 billion in revenue and VND199 billion in EBITDA. Flagship stores delivered VND761 billion in revenue and VND233 billion in EBITDA in 9M2022, contribution significantly to bottom-line and demonstrating the potential to become a growth driver for PLH. In the meantime, PLH has closed underperforming kiosks to reduce the total number of kiosks, saving on costs and focusing on flagship stores. Based on the estimation of closing kiosks, Phuc Long expects to deliver additional profit of VND27 billion.
- **Masan MEATLife’s (“MML”) posted positive EBITDA for the first quarter in 2022 and demonstrated a strong QoQ momentum; closing price gap with wet market strategy to drive volume shows encouraging results:**
 - On a LFL² basis, which excludes the feed business in 2021, MML’s 3Q2022 revenue increased 2.3% YoY and 27.9% QoQ driven by 53.8% increase in pig farm, 35.2% increase in branded pork, 15.8% increase in chicken.
 - To increase consumer’s adoption and MML’s volumes for economy of scale, WIN’s membership discount was applied to MML’s meat products at 113 stores, leading to volume increase of 35% during the pilot phase, demonstrating synergy between WCM and MML. Initial positive results encouraged management to roll out the program nationwide.
 - 3Q2022 saw MML delivering positive EBITDA for the first time in 2022 thanks to improved gross margins of farm and chicken businesses. Pig farm’s gross margin and EBITDA margin in 3Q2022 recorded 33.9% and 41.2%, a significant improvement from 23.8% and 35.6% in 2Q2022, respectively. Branded pork’s gross margin and EBITDA margin in 3Q2022 recorded -4.8% and -27.8%, declining from 1.9% and -17.6% in 2Q2022, respectively, mainly because of the strategy to lower price to close the gap with wet market price. As a result, MML’s branded pork saw a 31.2% growth in volumes QoQ. Higher chicken prices and volume resulted in VND22 billion in EBITDA of MML’s chicken segment (“3F VIET”) in 3Q2022.
- **Masan High-Tech Materials (“MHT”):**
 - Driven by rising commodity prices and strong demand, MHT delivered net revenue of VND11,651 billion in 9M2022, up 21.3% YoY, EBITDA of VND2,548 billion, up 36.3% YoY. MHT delivered NPAT Post-MI of VND262 billion, a VND533 billion improvement over 9M2021.
 - 3Q2022 profit continued to see increasing pressure on energy prices and other input product cost at H.C. Starck, mainly caused by Russia – Ukraine conflict.
 - Since the signing of the agreement to invest into Nyobolt Limited (“Nyobolt”), a fast-charging Li-ion battery solutions company, management has been collaborating continuously with Nyobolt to advance the product offering and look for opportunities to partner in the manufacturing and commercialization of the battery products as part of its strategy to go into higher value-added tungsten applications.
- **Techcombank (“TCB”), Masan’s associated company, contributed VND3,560 billion in EBITDA in 9M2022, representing 23.4% YoY growth. For detailed results, please refer to the bank’s website.**

² When referring to MML and/or MSN’s consolidated results, LFL excludes the contribution of MML’s feed business, which was spun off at the end of November 2021.

Consolidated Financial Results

- **Net Revenue:** Excluding 2021 feed revenue for a like-for-like comparison due to its deconsolidation, Masan's net revenue reached VND55,546 billion in 9M2022, an increase of 4.8% versus VND52,978 billion in 9M2021.
- **EBITDA:** On a like-for-like basis, 9M2022 consolidated EBITDA grew by 7.9% YoY to VND10,826 billion as EBITDA margin reached 19.5% in 9M2022 versus 19.2% in 9M2021. On a reported basis, consolidated EBITDA was down 4.5% in 9M2022 YoY.
- **Net Profit After Tax ("NPAT"):** Core NPAT Post-MI (LFL)³ recorded VND2,105 billion in 9M2022, up 39.5% YoY. NPAT Pre-MI grew by 32.5% on a reported basis and 63.3% on a like-for-like basis in 9M2022 to VND3,952 billion. NPAT Post-MI (after minority interests) grew by 46.8% to VND3,120 billion in 9M2022. TCX's NPAT Pre-MI in 3Q2022 recorded VND917 billion, up 90.2% QoQ. Besides lower NPAT of MML and MHT, QoQ decline in terms of profit was driven by higher unrealized forex loss from revaluation of USD denominated debt (~VND168 billion), lower income from TCB (~VND101 billion), and the absence of one/off income which existed in 2Q2022.
- **Balance Sheet Highlights:** Net Debt⁴ to LTM (Last 12 Months) EBITDA reached 3.3x at end of 9M2022 compared to 2.2x at the end of FY2021, mainly due to lower cash balance as we spent for acquisitions to advance its WINLife strategy. In light of the current volatile capital market, Masan's solid cash flow generative consumer-focused businesses has been able to access the local and international debt markets at very favorable cost and terms. The non-cyclical nature of Masan's businesses gives management confidence in the ability to further advantageously manage the Company's liquidity in the upcoming months
 - Cash and cash equivalent balance reached VND7,724 billion as of the end of 9M2022, lower compared to the end of FY2021, mainly due to the acquisition of Phuc Long and Nyobolt in 3Q2022.
 - Net debt was VND53,207 billion at the end of 9M2022, compared to VND35,540 billion at the end of FY2021, mainly due to a lower cash balance.
 - Capital expenditures in 9M2022 reached VND3,069 billion, compared to VND2,115 billion in the same period last year.
 - Masan successfully closed a major syndicated loan totaled to \$600 million from nearly 40 financial institutions, demonstrating strong credit in a volatile financial market. The five-year deal, which will refinance part of the outstanding debts at a more competitive interest rates of 6.5%, will effectively reduce financial pressure of the firm.

FY2022 Forecast and 4Q2022 Initiatives:

Based on 9M2022 performance and the current momentum, on a like-for-like basis, Masan expects to deliver VND75,000 – 80,000 billion in top line and VND4,800 – 5,500 billion in NPAT Pre-MI. The updated estimates are lower than MSN's FY guidance at the beginning of the year, which has been impacted by weaker consumer sentiments and market conditions. However, Masan delivered solid growth when normalized for 2021's high base and company's latest quarter showed strong momentum for growth ahead with early signs of success for its strategic initiatives. Masan will focus on the below initiatives for the remainder of the year:

- **TCX:**
 - **WCM:** Open 300+ new stores in 4Q2022. Continue to optimize total commercial margin, product assortment, promotion schemes, and operating costs to protect profitability. Roll out 50 - 70 WIN stores and membership program to set a foundation for new growth engines as well as finalize benefits scheme with Trusting Social and Techcombank to roll out financial products within WIN and WinMart+. Launch 23 private-label SKUs with lower prices and higher TCM.
 - **MCH:** Focus R&D efforts on a few key categories such as seasonings and convenience foods to generate big wins. Continue building on the current momentum in beverage, coffee, and beer. Increase efforts for the Tet holiday sales season. MCH will redevelop

³ Core NPAT Post-MI (LFL) excludes one-off expenses/incomes and contribution from feed business in 2021

⁴ Net debt and cash and cash equivalents include short-term investments (such as term deposits) and interest-bearing receivables related to treasury activities.

marketing and brand building practices to approach new generations of consumers more effectively.

- **PLH:** Open 30 flagship stores to generate revenue and profit growth. Build operation system and processes to set the foundation for hyper-scaling in FY2023. Halt operation of underperforming kiosks and focus on developing a winning kiosk model inside WIN stores to prepare for further kiosk scale up.
- **MML:** A key value item within WIN membership to reduce price gap with wet market, induce consumer trial as a mean to convert general trade shopper to modern trade. Continue to expand the distribution network outside of WCM.
- **MHT:** Focus on cost and cash flow optimization and integration with Nyobolt. Continue exploring international and domestic options to sell copper inventory.

9M2022 Consolidated Financial⁵ Highlights

Income Statement (1/2)

VND billion	3Q2022	3Q2021	Growth	9M2022	9M2021	Growth
Net Revenue	19,523	23,605	-17.3%	55,546	64,801	-14.3%
Net Revenue (LFL)⁶	19,523	19,946	-2.1%	55,546	52,978	4.8%
<i>The Crown X</i>	14,696	16,012	-8.2%	40,725	41,472	-1.8%
<i>Masan Consumer Holdings</i>	7,340	7,218	1.7%	19,695	18,694	5.4%
<i>Wincommerce</i>	7,631	9,529	-19.9%	21,936	23,996	-8.6%
<i>Masan MEATLife</i>	1,291	4,920	-73.8%	3,232	15,152	-78.7%
<i>Masan MEATLife (LFL)</i>	1,291	1,262	2.3%	3,232	3,330	-2.9%
<i>Masan High-Tech Materials</i>	3,528	3,497	0.9%	11,651	9,604	21.3%
Gross Profit	5,424	6,096	-11.0%	15,481	15,258	1.5%
Gross Profit (LFL)	5,424	5,570	-2.6%	15,481	13,677	13.2%
<i>The Crown X</i>	4,568	5,038	-9.3%	12,629	12,096	4.4%
<i>Masan Consumer Holdings</i>	2,867	3,128	-8.4%	7,832	7,677	2.0%
<i>Wincommerce</i>	1,782	2,008	-11.2%	5,020	4,668	7.5%
<i>Masan MEATLife</i>	127	656	-80.6%	238	1,965	-87.9%
<i>Masan MEATLife (LFL)</i>	127	130	-2.4%	238	385	-38.2%
<i>Masan High-Tech Materials</i>	568	499	13.8%	2,003	1,242	61.3%
Gross Margin	27.8%	25.8%		27.9%	23.5%	
Gross Margin (LFL)	27.8%	27.9%		27.9%	25.8%	
<i>The Crown X</i>	31.1%	31.5%		31.0%	29.2%	
<i>Masan Consumer Holdings</i>	39.1%	43.3%		39.8%	41.1%	
<i>Wincommerce</i>	23.4%	21.1%		22.9%	19.5%	
<i>Masan MEATLife</i>	9.8%	13.3%		7.3%	13.0%	
<i>Masan MEATLife (LFL)</i>	9.8%	10.3%		7.3%	11.6%	
<i>Masan High-Tech Materials</i>	16.1%	14.3%		17.2%	12.9%	
SG&A	(4,269)	(4,254)	0.4%	(12,193)	(11,461)	6.4%
<i>The Crown X</i>	(3,447)	(3,425)	0.6%	(9,819)	(9,307)	5.5%
<i>Masan Consumer Holdings</i>	(1,504)	(1,553)	-3.3%	(4,156)	(4,090)	1.6%
<i>Wincommerce</i>	(1,859)	(1,833)	1.4%	(5,437)	(5,023)	8.2%
<i>Masan MEATLife</i>	(215)	(435)	-50.6%	(576)	(1,262)	-54.3%
<i>Masan High-Tech Materials</i>	(253)	(279)	-9.1%	(820)	(771)	6.3%
EBITDA	3,486	4,457	-21.8%	10,826	11,337	-4.5%
EBITDA (LFL)	3,486	3,979	-12.4%	10,826	10,192	6.2%
<i>The Crown X</i>	1,863	2,078	-10.3%	5,047	4,774	5.7%
<i>Masan Consumer Holdings</i>	1,626	2,031	-19.9%	4,480	4,587	-2.3%
<i>Wincommerce</i>	251	473	-47.0%	566	760	-25.6%
<i>Masan MEATLife</i>	16	438	-96.4%	(34)	1,358	-102.5%
<i>Masan MEATLife (LFL)</i>	16	49	-68.0%	(34)	220	-115.3%
<i>Masan High-Tech Materials</i>	726	675	7.5%	2,548	1,870	36.3%
<i>Tecombank contribution</i>	1,141	930	22.4%	3,560	2,883	23.5%
EBITDA Margin	17.9%	18.9%		19.5%	17.5%	
EBITDA Margin (LFL)	17.9%	20.0%		19.5%	19.2%	
<i>The Crown X</i>	12.7%	13.0%		12.4%	11.5%	
<i>Masan Consumer Holdings</i>	22.2%	28.1%		22.7%	24.5%	
<i>Wincommerce</i>	3.3%	5.0%		2.6%	3.2%	
<i>Masan MEATLife</i>	1.2%	8.9%		-1.0%	9.0%	
<i>Masan MEATLife (LFL)</i>	1.2%	3.9%		-1.0%	6.6%	
<i>Masan High-Tech Materials</i>	20.6%	19.3%		21.9%	19.5%	

⁵ Financial numbers are based on unaudited management figures and in accordance to Vietnamese Accounting Standards. For brevity and simplicity, the segmental breakdown only covers material businesses and does not show all of Masan's businesses (such as Phuc Long Heritage, Mobicast, etc.) but their financial impact are reflected in Masan's consolidated financial figures.

⁶ When referring to MML and/or MSN's consolidated results, LFL excludes the contribution of MML's feed business, which was spun off at the end of November 2021

Income Statement (2/2)

VND Billion	3Q2022	3Q2021	Growth	9M2022	9M2021	Growth
Net Financial (Expense)/Income	(1,440)	(1,040)	38.6%	(3,597)	(3,357)	7.1%
Financial Income	330	327	(30.7%)	1,921	788	19.5%
Financial Expense	(1,667)	(1,366)	22.0%	(4,539)	(4,146)	9.5%
Other Income/(Expenses)	(54)	126	(60.8%)	(17)	148	550.0%
Corporate Income Tax	(68)	(277)	(75.5%)	(293)	(509)	(42.5%)
NPAT Pre-MI	841	1,586	(47.2%)	3,951	2,983	32.5%
NPAT Post-MI	543	1,147	(52.5%)	3,120	2,126	46.8%
Core NPAT Post-MI (LFL)	439	930	(52.8%)	2,105	1,508	39.5%

Balance Sheet Highlights

VND Billion	9M2022	FY2021	FY2020
Cash and Cash Equivalents⁷	7,724	22,638	8,169
Debt	60,931	58,178	62,011
Short-term Debt	40,144	18,806	22,545
Long-term Debt	20,787	39,372	39,466
Total Assets	128,431	126,093	115,737
Total Equity	35,602	42,337	25,030
Total Equity Excluding MI	25,650	32,811	15,938
Outstanding Number of Shares (million shares)	1,423	1,181	1,175

Key Financial Ratios

VND Billion	9M2022	FY2021	FY2020
Net Debt to EBITDA⁸	3.3x	2.2x	5.2x
ROAA	9%	8%	1%
ROAE	41%	35%	4%
FFO⁹ to Debt	8%	11%	7%
LTM FCF¹⁰	-3,716	3,407	1,943
Cash Conversion Cycle	56	38	43
Inventory Days ¹¹	86	69	68
Receivable Days ¹²	10	9	6
Payable Days	40	41	32
CAPEX	(3,069)	(2,805)	(3,678)

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⁷ Cash and Cash Equivalents include short-term investments (primarily term deposits between 3 and 12 months) and receivables related to treasury activities and investments (including certain interest-bearing receivables).

⁸ Net Debt to EBITDA ratio calculated based on "Cash and Cash Equivalents" defined in footnote 8.

⁹ FFO: Last Twelve-Month ("LTM") Funds From Operations is calculated based on EBITDA, excluding contribution from TCB, adjusting for Net Financial Expense, and adjusting for Corporate Income Tax paid within the reporting period.

¹⁰ FCF: LTM Free Cash Flow is calculated from EBITDA, excluding contribution from TCB, adjusting for changes in working capital, Corporate Income Tax paid within the reporting period, and CAPEX.

¹¹ Inventory Days is calculated based on inventory balances and divided by LTM COGS.

¹² Receivable and Payable Days are calculated based on balances excluding those that are not related to operating activities divided by LTM Revenue and LTM COGS, respectively.

Masan Group Corporation (“Masan” or the “Company”) believes in doing well by doing good. The Company’s mission is to provide better products and services to the 100 million people of Vietnam, so that they can pay less for their daily essentials. Masan aims to achieve this by driving productivity with technological innovations, trusted brands, and focusing on fewer but bigger opportunities that impact the most lives.

Masan Group’s member companies and associates are industry leaders in branded fast moving consumer goods, branded meat, modern retail, F&B retail, financial services, telecommunications, and value-add chemical processing, altogether representing segments of Vietnam’s economy that are experiencing the most transformational growth.

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