

BOARD OF SUPERVISORS REPORT ON THE 2024 FISCAL YEAR PERFORMANCE

March, 2025

BOARD OF SUPERVISORS REPORT ON THE 2024 FISCAL YEAR PERFORMANCE

To: General Meeting of Shareholders of VTC Telecommunications JSC

Basis of the report:

- The charter of VTC Telecommunications JSC regarding the functions, duties, and authority of the Board of Supervisors (BOS).
- The company Separate and Consolidated financial statements of 2024, audited as of March 17th, 2025;

To fulfill the responsibilities and authority stipulated in the company charter, during the 2024 fiscal year, we - the BOS carried out our assigned duties and hereby reports to the General Meeting of Shareholders as follows:

A. PERFORMANCE OF BOS

- I. We conducted an oversight of the company's operational and financial performance, monitored the performance of the Board of Directors (BOD), the Board of Management (BOM), and managerial staff; coordinated with the BOD and the BOM.
- II. We supervised and reviewed the implementation of the resolution of the 2024 Annual General Meeting Shareholders, as well as the 2024 profit plan.
- III. We conducted inspections to ensure compliance with the company's regulations, charter, and the reasonableness of management and operational activities in production and business. We also reviewed and monitored the issuance of resolutions and decisions by the BOD and the BOM.
- IV. We assessed the reasonableness, legality, accuracy, and prudence in organizing accounting, statistical work, and preparing financial statements. We studied the six-month report, which was reviewed by the audit company, and the 2024 financial statements of the company, audited by MOORE AISC Auditing and IT Services Co., Ltd.

In 2024, we organized inspections to evaluate compliance with legal regulations and internal policies in the fields of production, business, and financial-accounting management. These inspections were conducted in two phases: the first six months and the last six months of the year.

We also participated in expanded meetings of the BOD to stay informed about production and business activities and provided input on relevant issues.

B. RESULTS OF SUPERVISORY AND INSPECTION PERFORMANCE

I. Production and Business Performance in 2024

1. Overview

2024 continued to be a challenging year for telecommunications and information technology enterprises, marked by numerous difficulties and obstacles.

In terms of overall production and business performance in 2024, the company's business results improved compared to 2023 and met the revenue and profit targets set for the year.

Amid intense competition in the telecommunications and IT markets in 2024, the BOD and BOM ensured stable business operations to maintain market share. However, profit margins on projects remained low, resulting in modest profits. Additionally, the company made a significant strategic shift from providing traditional telecommunications services to developing digital products, services, and information security solutions, aligning with market trends and the direction of VNPT. The focus was on investing in digital services, IT solutions, and expanding the product portfolio to suit technological trends.

Unit: billion VND

No.	Indicator	2023 result	2024 plan	2024 result	Compared to 2024 plan	Compared to 2023 result
Parent company (VTC)						
1	Revenue	151.54	190.00	215.47	113%	142%
2	Profit before tax	3.31	3.40	6.05	178%	183%
3	Profit after tax	1.09	2.50	3.43	137%	315%
Subsidiary (STID)						
1	Revenue	27.60	40.00	37.84	95%	137%
2	Profit before tax	-1.52	1.30	0.28	22%	
3	Profit after tax	-1.50	1.00	0.17	17%	
Consolidated						
1	Revenue	179.09	230.00	236.60	103%	132%
2	Profit before tax	2.69	4.70	6.33	135%	235%
3	Profit after tax	0.31	3.50	3.59	103%	1158%
4	Profit after tax of parent company shareholders	0.91	3.10	3.53	114%	388%

Comments on the company's Business Performance:

- **Assessment of business efficiency and the level of completion of the 2024 business plan:**

In 2024, consolidated revenue reached 236.60 billion VND, an increase of 32% compared to 2023 and 103% of the 2024 plan. In particular, for the parent company's

business operations, the parent company's revenue reached 215.47 billion VND, achieving 113% of the plan, and PAT reached 3.43 billion VND, achieving 137% of the plan. The subsidiary company's revenue reached 37.84 billion VND, achieving 95% of the plan, and Profit after tax (PAT) was 0.17 billion VND.

Consolidated PAT reached 3.59 billion VND, an increase of 1158% compared to 2023 and 103% of the 2024 plan; consolidated PAT of the parent company shareholders reached 3.53 billion VND, an increase of 288% compared to 2023 and 114% of the 2024 plan.

The increase in revenue in 2024 compared to 2023 and exceeding the initial target for the year shows that the company's business strategies are proving effective, taking advantage of market opportunities to achieve good business results.

Efficiency of investment capital of shareholders: The PAT/ owner's equity investment ratio of the company in 2024 was 7.9%.

2. Regarding the financial situation in 2024

The Consolidated Financial Statements of VTC Telecommunications JSC for 2024 were issued on March 17, 2025, and have been audited by MOORE AISC Auditing and IT Services Co., Ltd. The Auditing company issued Audit Report No. A0624082-HN/MOOREAISHN-TC dated March 17, 2025, with an unmodified opinion.

The company has fully complied with the requirements of current Vietnamese Accounting Standards and the Enterprise Accounting System in organizing financial and accounting work, performing bookkeeping, accounting, and preparing complete quarterly financial statements, ensuring accuracy, truthfulness, and legality.

In 2024, the financial market experienced many fluctuations, and lending interest rates continuously increased, leading to a 13.5% increase in the company's financial expenses compared to 2023. Due to limited capital, the company still had to mobilize additional loan capital to ensure funding for the implementation of economic contracts. The interest expense for 2024 was 11.27 billion VND. The company's outstanding loan balance is mainly short-term loans to implement commercial contracts. As of December 31st, 2024, the company's outstanding short-term loan balance was 79.73 billion VND.

Advances: The company's advances in 2024 increased compared to 2023. These advances were mainly made by employees to implement ongoing contracts and projects that have not yet been settled, thus not fully reimbursed within the period.

II. Results of supervising the management and administration responsibilities of the BOD and the BOM

1. Implementation of Resolutions of the General Meeting of Shareholders and Resolutions of the BOD

According to Resolution No. 01/2024/NQ-ĐHĐCĐ dated April 25, 2024, the Annual General Meeting of Shareholders approved the payment of dividends for 2023 at a payout ratio of 7% in cash. The company has allocated dividends for 2023 as 3,170,400,100 VND (equivalent to 7%). In 2024, the company needed to focus financial resources on project implementation, so the dividend payment for 2023 has not yet been made. Currently, the company has completed the procedures for closing the shareholder list and will pay the 2023 dividend on April 24th, 2025.

Based on the Resolution No. 01/2024/NQ-ĐHĐCĐ dated April 25th, 2024 regarding the remuneration of the BOD and BOS for 2023, the company has allocated remuneration for the BOD and BOS for 2023 as 33,440,000 VND. The remuneration payment was made on March 17th, 2025.

2. Results of supervising the management and administration responsibilities of the BOD and the BOM

In 2024, the BOD successfully organized the Annual General Meeting of Shareholders on April 25th, 2024, and held meetings to gather opinions from its members to review the business performance and issue resolutions and decisions based on the consensus and approval of Board members.

The BOD's resolutions were within its authority and complied with the resolution of the General Meeting of Shareholders, the Enterprise Law, the Securities Law, company charter, and other relevant legal regulations.

3. Capital investment in the subsidiary and its efficiency

In 2024, VTC did not make any additional capital investments in the subsidiary. The capital of VTC in the subsidiary as of December 31st, 2024, remained unchanged:

Subsidiary	Charter capital	Contributed capital	Additional contribution in 2024	Total contributed capital	Rate in charter capital
Smart Technology Investment and Development JSC (STID)	32 billion VND	19.2 billion VND	-	19.2 billion VND	60%

Investment Efficiency in the Subsidiary: The 2024 production and business activities of STID showed positive signs compared to 2023. STID operated profitably, with financial indicators remaining strong and within safe limits, demonstrating the effectiveness of STID's shift from the traditional scratch card market to the IT market. However, most of its products are still in the development and commercialization phase or still being evaluated by customers, so revenue and profit have not yet met expectations.

4. Coordination between the BOS, BOD, BOM, and managerial staff

Over the past year, the BOS has received positive cooperation from the BOD, the BOM, and management personnel of various units. This included providing periodic

financial statements, decisions of the BOD, necessary documents for inspection and supervision work, as well as assigning staff to work with the BOS upon request.

The Supervisory Board monitored the implementation of resolutions from the General Meeting of Shareholders, the BOD, and decisions of the BOM in business activities in accordance with current regulations.

The BOS was invited to attend BOD meetings, gaining insight into the discussions and content of these meetings, and provided recommendations aligned with its functions and duties.

Expanded Board meetings also included the BOS to offer opinions, ensuring the company's activities were appropriate and safeguarded shareholders' interests.

C. CONCLUSION AND RECOMMENDATIONS

I. Conclusion

The company's activities over the past year complied with the Enterprise Law, Securities Law, the company charter, relevant regulations, and adhered to the resolutions of the General Meeting of Shareholders and the BOD. The company's information disclosure also complied with applicable regulations for listed companies.

The company maintained stable operations, achieving a significant strategic shift from traditional telecommunications services to developing digital products and services. Thus allowed the company to expand its customer range and access numerous business opportunities.

Additionally, VTC optimized its internal processes to ensure seamless production and business operations, while steadily developing a high-quality IT workforce to focus on research and product expansion, laying a foundation for future business development.

II. Recommendations

1. On compliance with regulations and resolutions of the General Meeting of Shareholders

Continuing maintaining compliance with legal regulations, the company charter, internal policies, and resolutions of the General Meeting of Shareholders.

2. On production and business performance

- The BOD and BOM should evaluate the effectiveness of each business segment, the market's growth potential, and speed of development. Based on the company's strengths and direction, prioritize business segments to maximize efficiency in 2025, focusing on areas with competitive advantages and high profit margins.
- Conduct market research and assess the effectiveness of new products to develop appropriate business strategies for successfully launching products on the market, thereby increasing revenue and profit.

- Given the nature of its business, VTC frequently needs to mobilize additional loan capital for operations. Therefore, it should analyze and evaluate the economic efficiency of projects before signing contracts, prioritizing those with short implementation timelines and ensuring swift, concise execution to reduce financial costs and enhance business efficiency.

3. On financial investment in subsidiaries

- Production and business activities of Smart Technology Investment and Development Joint Stock Company (STID): Actively seek partners, research and expand products, explore production cooperation options to optimally utilize the company's existing production capacity, while expanding services, the market, finding new customers, as well as improving revenue and profit.

4. On financial and accounting operations

- The company continues to strictly maintain financial and accounting work, ensuring that accounting books are fully and appropriately recorded and reasonably reflect the company's financial situation at any time, and ensuring compliance with Vietnamese Accounting Standards, the Vietnamese Accounting System, and relevant legal regulations, as well as the internal rules.
- Continue to improve the system of regulations and professional procedures, creating a legal framework for business activities based on compliance with legal regulations and enhancing professionalism. Strengthen internal inspection and control, risk management, and ensure financial safety ratios.
- Strictly manage finances, control cash flow and inventory, increase capital turnover for each contract and project to reduce costs and increase operational efficiency.
- Strengthen the forecasting work, develop appropriate financial plans, ensure the capital for production and business activities, and ensure VTC's finances are safe and efficient.

Sincerely./.

Recipients:

- Shareholders;
- BOD and BOS members
- Company's archive.

**ON BEHALF OF THE BOARD OF SUPERVISORS
HEAD OF BOARD OF SUPERVISORS**



Nguyễn Thiện Lợi