VINACONTROL GROUP CORPORATION

No.: 164/TGD-NS

THE SOCIALIST REPUBLIC OF VIETNAM

**Independence - Freedom - Happiness**

*Hanoi, March 27th, 2025*

# REPORTS AND ASSESSMENTS OF THE BOARD OF MANAGEMENT FOR THE YEAR 2024

## I/ Reports of operating results:

In 2024, Vinacontrol Group Joint Stock Company achieved high growth, with net revenue from rendering services exceeding 800 billion VND, reaching 820.48 billion VND, marking an increase of 15.73% compared to the previous year. Total profit after tax amounted to 36.35 billion VND, equivalent to 96.39% of that in 2023 (according to the audited consolidated financial statements for 2024).

***Operating result indicators of Vinacontrol as per the audited consolidated and combined financial statements for the year 2024***

| No. | Indicators | 2024 (VND) Audited | 2023 (VND) Audited | 2024/2023 (%) |
|---|---|---|---|---|
| 1. | Total assets | 404.684.504.478 | 420.595.917.361 | 96.21% |
| 2. | Net revenue from rendering services (consolidated) | 820.483.069.668 | 708.952.704.413 | 115.73% |
| 3. | Net revenue from rendering services (combined) | 434.589.708.108 | 365.103.659.932 | 119.03% |
| 4. | Operating profit (consolidated) | 46.571.955.388 | 46.432.663.868 | 100.29% |
| 5. | Other profit | -604.610.027 | 911.099.352 | |
| 6. | Accounting profit before tax (consolidated) | 45.967.345.361 | 47.343.763.220 | 97.09% |
| 7. | Accounting profit before tax (combined) | 38.977.795.012 | 41.357.018.445 | 94.25% |
| 8. | Net profit after tax (consolidated) | 36.352.326.990 | 37.712.676.836 | 96.39% |
| 9. | Net profit after tax (combined) | 34.512.582.861 | 36.795.330.569 | 93.79% |

According to consolidated financial statement, net revenue from rendering services amounted to 820.48 billion VND, including primary services as follows:

- *Service by product group:* Among the 69 groups of products/services recorded by Vinacontrol Group, 44 groups witnessed revenue growth while 25 groups experienced a decline compared to the same period. Wood chips continued to rank first in revenue for the third consecutive year, achieving 139.21 billion VND. Cashew ranked second, with 113.84 billion VND.

Leading in growth rate was the Scrap category, escalating by 39.48% compared to the prior year. It was followed by Rice, Wood chips, and Fertilizer, with growth rates of 32.90%, 28.83%, and 26.29%, respectively.

- *Inspection services upon request to provide supporting documents for State management purposes* : In 2024, the revenue for the group of these services reached VND 124.99 billion, marking a 5.69% increase compared to the same period last year and contributing 16.72% to the total revenue of the Parent Company. Compared to 2023, the two segments, inspections of used machinery and equipment, and medical equipment inspections, both noted a decline in revenue. Meanwhile, benefiting from policy incentives, the areas of State Inspection of Fertilizers and Animal Feed experienced robust growth, achieving VND 31.75 billion and VND 20.09 billion, respectively.

- *Foreign Entrustment Services:* The foreign entrustment service segment grew by 3.94% compared to 2023, reaching VND 36.06 billion. Notably, revenue from inspection activities entrusted by KSO SCICI Indonesia increased by 22%.

- *Bidding Activities:* Vinacontrol succeeded in 47 out of 82 projects/tenders participated in during 2024, with a total value of VND 73.85 billion, achieving 164.11% of the plan. A highlight in the tender activities of 2024 was the introduction of a new service - Greenhouse Gas Inventory - beginning to develop through tender activities, winning six tenders valued at VND 802 million, accounting for only 1.09% of tender revenue but is expected to be promising in the future.

- *Operating results of Branches and Subsidiaries in 2024:*

+ *Vinacontrol Hanoi:* In 2024, Vinacontrol Hanoi recorded revenue of VND 65.92 billion, equivalent to 95.20% compared to 2023. In 2024, Vinacontrol actively carried out several inspection activities in accordance with Decision 18 in countries like South Korea, Japan, China, etc. However, due to a significant decline in imported technological lines to Vietnam, revenue from this service segment only reached 30% compared to 2023. Inspection services for machinery, equipment, and technological lines for investment projects were designated under a decision by the Ministry of Science & Technology in December 2024, hence did not generate revenue for Vinacontrol Hanoi in 2024.

+ *Vinacontrol Hai Phong:* By the end of the fiscal year 2024, Vinacontrol Hai Phong achieved revenue of VND 96.41 billion, representing 136.30% of 2023, ranking first in growth rate. Certification and state inspection services continued to hold a large share of the Unit's demand and generated 47.11% of the revenue.

+ *Vinacontrol Quang Ninh:* Services for coal inventory and inspection for

Thermal Power Plants continued strong growth, reaching VND 38.83 billion, which is 148% compared to 2023. Additionally, in 2024, Vinacontrol Quang Ninh collaborated to exploit several new contracts/services that brought high efficiency, such as Lashing inspection services and Greenhouse Gas Inventory services. The total revenue of the Unit in 2024 amounted to VND 77.72 billion, equivalent to 126.30% of 2023, ranking second in growth rate alongside Vinacontrol Da Nang.

+ *Vinacontrol Da Nang:* Wood chip products remain the primary commodity of the unit, constituting 65% of total revenue. In 2024, Vinacontrol Da Nang has acquired new potential clients such as Liansheng and Nine Dragon, alongside traditional customers like Homewealth, IWC, OCM, and Itochu. Furthermore, the services involving the provision of medicines, materials, and fumigation equipment, as well as the application of baking soda for odor elimination on wood chip vessels exported to customers IWC, Liansheng, and Itochu has seen a substantial increase this year (over 18 billion VND). Imported coal from Laos represents nearly 14% of the branch's total revenue and is forecasted to continue growing, benefiting from Vietnam's government policy favoring the purchase of coal from Laos to supply domestic thermal power plants. Revenue for 2024 is projected to reach 139.26 billion VND, equating to 127.30% compared to 2023.

+ *Vinacontrol Ho Chi Minh City Inspection Company Limited:* As the unit with the largest market nationwide, it concurrently faces intense competition from domestic and international inspection, certification, and testing organizations. Vinacontrol Ho Chi Minh is committed to enhancing service quality, customer care, and continuously researching and developing new services. In 2024, Vinacontrol Ho Chi Minh City's revenue is anticipated to reach 346.19 billion VND, equivalent to 100.70% compared to the previous year.

+ *Vinacontrol Certification and Inspection Joint Stock Company (VNCE):* In 2024, VNCE's revenue is projected to reach 77.94 billion VND, equivalent to 119.80% compared to 2023. Certification services for compliance with standards, product conformity, service testing, and safety inspections continue to occupy a significant proportion of the company's revenue.

+ *Vinacontrol Environmental Consultancy and Appraisal Joint Stock Company (VIECA):* In 2024, VIECA's revenue is expected to reach 8.56 billion VND, equivalent to 99.50% compared to 2023.

- In 2024, Vinacontrol is projected to provisionally allocate a dividend of 12% on charter capital.

**II/ Financial Situation:**

***1. Assets:***

| Indicators | Year 2024 | Year 2023 | Unit | Note |
|---|---|---|---|---|
| 1. Indicators of payment capability | | | | |
| + Short-term payment ratio<br>Current assets/Short-term debt | 2.10 | 2.13 | Times | MS100/MS310 |
| + Quick payment ratio<br>Current assets-Inventory<br>Short-term debt | 2.09 | 2.08 | Times | MS100-MS140<br>MS310 |
| 2. Indicators of capital structure<br>+ Debt ratio/Total assets<br>+ Debt ratio/Equity | 30.80<br>44.51 | 29.71<br>42.27 | %<br>% | MS300/MS270<br>MS300/MS410 |
| 3. Indicators of operation capacity<br>+ Inventory turnover:<br>Cost of goods sold<br>Average inventory<br>+ Net revenue/Total assets | 167.99<br>1.99 | 99.27<br>1.82 | Times<br>Times | ~~MS11~~<br>Performance Measure 140<br>Performance Measure 10/Performance Measure 270 |
| 4. Profitability Indicators<br>+ Ratio of Net Profit After Tax/Net Revenue (ROS)<br>+ Ratio of Net Profit After Tax/Shareholder's Equity (ROE)<br>+ Ratio of Net Profit After Tax/Total Assets (ROA)<br>+ Ratio of Operating Profit/Net Revenue | 4.43<br>12.98<br>8.98<br>5.67 | 5.32<br>12.76<br>8.97<br>6.55 | %<br>%<br>%<br>% | Performance Measure 60/Performance Measure 10<br>Performance Measure 60/Performance Measure 400<br>Performance Measure 60/Performance Measure 270<br>Performance Measure 30/Performance Measure 10 |

*2. **Financial Situation:***

*2.1. Assets:*

The net revenue of Vinacontrol in 2024 reached 820.48 billion VND, an increase of 15.73% compared to 2023. The total assets amounted to 404.7 billion VND, representing a decrease of 3.79% compared to 2023. Effective management of input costs contributed to maintaining profitability indicators: the Return on Equity (ROE) and Return on Assets (ROA) were 12.98% and 8.98% respectively. The investment capital from shareholders in Vinacontrol is always safeguarded and developed. The living standards and working environment for employees have improved, fostering stronger attachment among the workforce.

*2.2. Debt Payable:*

The company's total liabilities consist of short-term and long-term debts, predominantly short-term liabilities payable to employees and tax obligations to the government.

Most receivables from customers are short-term, while the overdue receivables have been aged and provisioned 100% according to regulations by Vinacontrol.

**III/ Changes in Organizational Structure, Policies, and Management of Vinacontrol in 2024:**

In 2024, Vinacontrol implemented changes/improvements in the following areas:

1. Organizational structure and human resource management:

- Promulgated the Internal governance regulations for the term 2024 – 2026.

- Promulgated democracy regulations: Employee conference regulations, Workplace dialogue regulations, Implementation of democratic participation regulations.

- Consolidated internal governance system: Promulgating professional and operational standards for Vinacontrol; Work guidelines including: Appointment of personnel, Management of inspectors, Recruitment and labor contracting, Examination and recognition of professional titles.

- Registered additional business activities, updated information and changed enterprise registration of the Group and branches.

*2. Market Development:*

- Domestic Market:

Vinacontrol Group and branches persist in consolidating and expanding relationships with regulatory bodies and industry associations. Numerous collaborations have been elevated through the signing of cooperation agreements, broadening potential business opportunities: Memorandum of cooperation between Vinacontrol and Hanoi Transport Association concerning training activities for greenhouse gas inventory in the transportation and logistics sectors; Memorandum of cooperation between Vinacontrol CE and Korea Conformity Laboratories (KCL) for elevator safety testing; Cooperation agreement between Vinacontrol Ho Chi Minh and Hậu Giang Department of Agriculture and Rural Development in sustainable agricultural development, with the University of Natural Sciences, Vietnam National University Ho Chi Minh City in the field of research, development of applied technology, and incubation of high-tech enterprises.

The number of customers served in 2024 increased by 4.49% compared to 2023. Among them, new customers demonstrated strong growth, with a 22.09% rise in quantity and a 31.78% increase in revenue.

- International market and cooperation with international customers and partners:

Continuing the strategic orientation of market expansion, in 2024, Vinacontrol has implemented a development model through collaborators in the United Kingdom/Europe and is actively seeking candidates for the Chinese and Japanese markets. Although there are no official overseas offices, the Group promotes international activities by dispatching expert teams to several exporting countries to provide services: Conformity certification under Method 5 for construction materials in India, Machinery and equipment inspection in Japan and South Korea, Cashew nut inspection in Cote d'Ivoire, Coal and mineral appraisal in Laos.

*3. Expansion of new types of services in compliance with current regulations:*

In 2024, Vinacontrol continues to be authorized by various Ministries/Departments to inspect items/fields under State management: State inspection of food safety for imported food products, appraisal of textile products, appraisal of used machinery, equipment, and technology lines, certification of fertilizers, certification of animal feed... and has been appointed to several new domains: By the Ministry of Science & Technology as an organization to inspect machinery, equipment, technology lines in investment projects, and by the Ministry of Health for certification of registration to conduct inspections in six fields of medical equipment.

Additionally, Vinacontrol is ongoing in launching new services: Certification of sustainable forest management; Greenhouse gas inventory; Energy audit; LNG appraisal...

*4. Enhancing capabilities, expanding service testing market:*

In the year 2024, Vinacontrol Group has demonstrated strong interest and investment in machinery and equipment projects to enhance the technological content in its services. Notably, laboratories have been prioritized for investment to strengthen service capabilities and quality, while simultaneously inaugurating numerous projects to seek external resources through collaboration. Based on actual market conditions and investment efficiency assessments, Units have concentrated investment efforts to ensure the sustenance of existing fields with strong foundations. The application of technology in resource management and workflow automation continues to receive further investment and upgrades.

*5. Investment Development Activities:*

All investments, acquisition of assets, and experimental equipment by Vinacontrol are conducted in accordance with the Chieft Excutive Officers's regulations and Company Charter provisions. Major investment projects in 2024, totaling over 10 billion VND, include:

| Branch and subsidiary | Investment Value | Capital Source |
|---|---|---|
| Group Office | 2.39 billion VND | Core capital |
| Vinacontrol Hanoi | 0.53 billion VND | Core capital |
| Vinacontrol Hai Phong | 2.14 billion VND | Core capital |
| Vinacontrol Da Nang | 1.44 billion VND | Core capital |
| Vinacontrol Ho Chi Minh City | 3.03 billion VND | Core capital |
| VNCE | 0.88 billion VND | Core capital |

**IV/ Plans and Directions for Activities in 2025:**

The year 2025 is forecasted to continue being a year of profound fluctuations with numerous economic and trade challenges. Alongside risks such as high inflation, geopolitical tensions, and supply chain disruptions, the market also offers opportunities for enterprises ready to adapt and innovate.

In 2025, the Executive Board of Vinacontrol directs Branches and Departments to focus on the following tasks:

*1. General Tasks:*

- Digital Transformation: Integrate and accelerate the application of digital technology into the operations of the Group, coordinating and executing software solutions in tandem to transform operational methods and deliver new value to customers.

- Enhance research and development activities for new products and services to lay a foundation for Vinacontrol in the coming years.

*2. Market Development:*

Market development in 2025 focuses on the following main tasks:

- Elevate service quality, improve core competencies, refine capabilities towards serving trade and industrial sectors. Expand consulting and registration procedure support services to create full-package services for customers.

- Actively participate in bidding activities, particularly for major bids/projects, and national key projects.

- Enhance collaboration with regulatory agencies, industry associations, partners, and peer organizations both domestically and internationally to seek business opportunities.

- Continuously improve and elevate customer experience, including digital transformation, the application of big data technology, and AI to analyze and optimize operating systems, ensuring quick and accurate responses to customer needs.

- Strengthen communication and promotion efforts through strategic, well-planned communications strategies with allocated budgets and resources, aiming to gradually position the Vinacontrol brand from a strong national brand to a transnational brand with widespread global presence.

*3. Technical operations and management of laboratory systems:*

- Technical operations:

+ Focus on improving Process/System methods towards simplicity and practicality.

+ Standardize the functions and duties of the integrated Operations Departments/Field Departments to facilitate the flow of operations and digital transformation across the Group.

- Management of laboratory systems: Develop a unified management model for the Group's laboratory systems.

*4. Human resources management:*

- Research new organizational models suitable for actual conditions and develop implementation roadmaps.

- Segment the entire Group's human resources, focusing on development and creating specific policies to retain high-quality and suitable personnel throughout the Group.

- Focus on targeted, substantial, effective training to maximize the capabilities of existing human resources, meeting the business development needs of the Group and individual Units.

- Continue to refine the human resources - administrative management system, ensuring consistency and uniformity to be ready for digital transformation implementation.

*5. Financial and accounting management:*

- To manage, preserve, and develop capital resources and meet resource needs for business operations and investment, in the year 2025, the financial accounting work needs to focus on the following areas:

- Support timely and closely monitor the financial accounting work of Units and Subsidiaries.

- Periodically evaluate the financial status of enterprises within the affiliated Units.

- Intensify the review and inspection of debts at the Units and the entire Group.

**V. Policies on ensuring health, safety, and work environment (HSE) continue to be maintained by the Company through specific forms/measures:**

- Implement Kaizen 5S to maintain cleanliness of the workplace/laboratories at all Company Branches.

- Organize periodic health check-ups for all Company employees.

- Provide personal protective equipment/tools/means at the site/testing room, equipping tools for fire/explosion prevention.

**GENERAL DIRECTOR**

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**Mai Tien Dung**