

REPORT

PERFORMANCE OF 2020-2025 TERM (6TH TERM) BOARD OF DIRECTORS AND THE ORIENTATION FOR THE 2025-2030 TERM (7TH TERM)

March, 2025

To: The General Meeting of Shareholders of VTC Telecommunications JSC

The Board of Directors (BOD) for the 2020-2025 term of VTC Telecommunications JSC was elected at the 2020 Annual General Meeting of Shareholders held on June 25th, 2020. At the 2025 Annual General Meeting of Shareholders, we - the Board of Directors hereby report on our performance of the 2020-2025 term (the 6th term) and outlines the operational direction for the 2025-2030 term (the 7th term) as follows:

PART ONE

ASSESSMENT OF THE 2020-2025 TERM PERFORMANCE (6TH TERM)

I. General situation of the 2020-2025 period

The 2020-2025 period was marked by significant global events, including the COVID-19 pandemic, global economic recession, and political conflicts that disrupted supply chains and fueled inflation. The telecommunications industry experienced intense competition among domestic and international enterprises. In response to these challenges, the BOD determined that VTC Company demonstrated rapid adaptation, effective restructuring, cost optimization, market expansion, and investment in digital technology to maintain operational stability.

VTC continued to maintain its competitive position in the telecommunications market, with a diverse customer base and expanded product and service offerings focused on integration, digitalization, and information security. The company benefits from a high-quality, experienced workforce in information technology and digital transformation, well-suited to VTC's development transformation model. The optimized governance model ensures efficient and flexible operations.

However, VTC Company also faced certain challenges, including project delays due to investment and supply chain disruptions, declining traditional service revenue, intense competition, high operating costs, and cash flow difficulties due to rising bank interest rates. Our subsidiary (STID) was also affected by the decline of the traditional scratch card market and the shift towards developing security and information safety solutions.

II. Evaluation of the 2020-2025 term BOD's performance

1. Business performance

In accordance with the resolutions of the General Meeting of Shareholders, the BOD implemented the annual production and business plans and directions. The BOD exercised its oversight function to ensure the achievement of set targets in alignment with the objectives, orientations, and plans. However, due to the multiple impacts of the pandemic, economic downturn, and trade wars throughout the term, revenue and profit declined significantly, falling short of the annual business plans. Nevertheless, key indicators were maintained at a safe level.

During the 2020-2025 term, VTC faced major fluctuations in the business environment, particularly the severe impact of the COVID-19 pandemic in 2021-2022. However, the

company implemented appropriate strategies to overcome difficulties, maintain stability, and continue to grow.

VTC proactively restructured operations, optimized costs to ensure continued operation without staff reductions, expanded markets, actively sought information to develop new projects to replace those with delayed investment plans, and expanded the development of new products and services to ensure revenue growth and fulfill annual business plans.

The results of the key performance indicators are as follows:

- Total Revenue: Maintained an average annual level of approximately 250 billion VND, with particularly strong development of revenue outside the VNPT group's market, ensuring that the outside-VNPT revenue ratio was maintained at 40-50% of total revenue.
- Profit After Tax: Remained stable despite competitive pressure and increased costs.
- Dividend Payout Ratio: Ensured shareholder benefits even in the most challenging periods; despite significant profit decline, the company still ensured dividend payouts to shareholders with an average payout ratio of 8%.

During the 2020-2025 term, VTC underwent a significant strategic shift from providing traditional telecommunications services to developing digital, security, and information safety products and services, aligning with market trends and VNPT's direction. The company focused on strong investment in digital services and IT solutions, expanding the product portfolio to align with technology trends. This process involved a 2-3 year research and development phase from the beginning of the term, and has now yielded clear results with many products being well-received by the market and generating stable revenue, such as the Event Warning Transmission Equipment Service (EOC); Intelligent Communication Solution (ICS); Kaspersky Security Products; vnEdu Digital Education Products; in-flight connectivity (IFC), information security services, etc.

These products not only helped VTC expand its market but also created a competitive advantage in the context of a challenging traditional telecommunications industry. The successful transition to the digital transformation sector has helped the company achieve stable revenue and affirm its role in VNPT's digital ecosystem. Expansion of the market and growth of revenue outside VNPT.

Unit: Billion VND

	Indicator	2020	2021	2022	2023	2024
1	Total Revenue	428.76	140.85	261.29	179.09	236.6
2	Profit After Tax	11.4	0.51	1.29	0.31	3.59
3	Average Owner's Equity	97.06	93.08	86.04	82.53	80.288
4	Charter Capital	45.35	45.35	45.35	45.35	45.35
5	ROE (%)	20.6%	0.9%	2.3%	0.6%	7.9%
6	Dividend (%)	12%	6%	7%	7%	7%

2. Governance between the Board of Directors and the Board of Management

During the 2020-2025 term, in the context of a volatile economic and market environment with potential risks and challenges, the Board of Management (BOM) proactively implemented flexible measures, adjusting business strategies to align with the actual situation, while effectively responding to increasing market competition. The BOM highly appreciates the dedicated leadership of the Chairman, whose decisive and detailed direction in each business activity ensured the safety and efficiency of the company's operations, helping the BOM achieve positive business results. This also demonstrates the spirit of solidarity and strict adherence to the policies and resolutions of the General Meeting of Shareholders and the BOD.

In terms of management, the BOM has always proactively reported and sought guidance from the BOD. The orientations and resolutions of the BOD were passed with high consensus, ensuring alignment with the practical requirements of business operations. The decisions were implemented decisively yet cautiously, reflecting the effective leadership of the BOD and the BOM. As a result, the working atmosphere throughout the company has been vibrant, united, and highly effective.

The BOD acknowledges the achievements of the 2020-2025 term, specifically as follows::

- Timely identification of market trends, focusing on research and development to expand the company's application products in line with new technology trends and the direction of the VNPT Group. VTC has focused on developing infrastructure, databases, and application software to meet the requirements of the digital transformation process.
- Direction and management of the company's operations in a stable and consistent manner, pursuing the goal of sustainable development and applying modern technology. In particular, the company has focused on developing strengths in technical services, gradually and successfully transitioning from traditional services to new services, while developing information security services, enhancing competitiveness, and stabilizing the market.
- Strengthening corporate governance on a technology platform, improving work efficiency, and implementing optimization solutions to save costs, improve business efficiency, and ensure financial security for the company.
- Maintaining the stability of the BOM team, while focusing on training and developing personnel in an appropriate and effective direction, meeting the needs of the company's business expansion.

The close coordination and solidarity of the BOM, together with the strict adherence to the policies and resolutions of the General Meeting of Shareholders and the BOD, have made an important contribution to the overall success of the company.

To maintain and build upon the achievements, the Board of Directors is deeply aware of the responsibilities and tasks assigned by the General Meeting of Shareholders. We commit to continuing to operate actively and consistently in its direction, while strengthening close coordination with the BOM, to bring the highest efficiency to the company's business operations.

PART TWO:
REPORT ON THE BOARD OF DIRECTORS' PERFORMANCE IN 2024

1. 2024 business performance

The year 2024 marked the recovery of the Vietnamese economy. According to statistics, the telecommunications industry's revenue grew by approximately 8% compared to the previous year, driven by increased demand for broadband Internet services and digital technology solutions. The digital transformation trend continued to drive investment in 5G infrastructure and cloud computing, while value-added services such as IoT and AI were also deployed more widely. In addition, increased cooperation between network operators and technology companies created many new business opportunities, helping the telecommunications industry not only recover but also achieve significant growth.

2024 business performance

- Consolidated revenue: 236.6 billion VND, reaching 103% of the plan;
- Consolidated profit after tax: 3.59 billion VND, reaching 103% of the plan;
- Consolidated profit after tax of shareholders of the parent company: 3.53 billion VND, reaching 114% of the plan.

In 2024, the company exceeded the business targets set by the 2023 General Meeting of Shareholders, with growth and business results aligned with the positive developments in the market. The company implemented new strategic directions, focusing on the development of digital products and services, delivering sustainable value and stable revenue sources for the future. These orientations are not only in line with the development trends of the domestic information technology industry but also closely follow the strategy of the VNPT Group, creating a solid foundation for the company's business operations in the coming years.

2. The Board of Directors' performance in 2024

In 2024, the BOD of VTC demonstrated strong leadership and close, timely direction of the company's business activities. The BOD successfully organized the following meetings:

- 01 Annual General Meeting of Shareholders in 2024.
- 09 Board of Directors meetings and instances of collecting opinions from Board members to direct the Company's business operations.

The BOD closely monitored the actual situation of the company, based on which to issue policies, Resolutions, and Decisions, creating the most favorable conditions for the BOM to perform its business tasks. The Resolutions and Decisions were passed with the unanimous agreement and consensus of all members of the BOD.

3. Dividends and Remuneration of the Board of Directors and Board of Supervisors

According to Resolution No. 01/2024/NQ-ĐHĐCĐ dated April 25th, 2024, the General Meeting of Shareholders approved the dividend payout for 2023 at a rate of 7% in cash. The Company has allocated the 2023 dividend of 3,170,400,100 VND (equivalent to 7%). In 2024, VTC needs to focus financial resources on implementing contracts, so the

2023 dividend has not yet been paid. The company has completed the procedures to finalize the shareholder list and will pay the 2024 dividend on April 24th, 2025.

Remuneration for the BOD and BOS in 2023: The 2024 Annual General Meeting of Shareholders approved the remuneration for the BOD and the BOS in 2023 at 33,440,000 VND. The Company paid the remuneration for the Board of Directors and the Supervisory Board in 2023 on March 17th, 2025.

Remuneration for the BOD and BOS in 2024: The Resolution of the 2024 Annual General Meeting of Shareholders stipulates the remuneration for the BOD and BOS as follows:

“The remuneration for the BOD and BOS in 2024 is paid based on the consolidated profit after tax attributable to the parent company’s shareholders in 2024, as follows:

- ✓ *In case of achieving the profit target, the remuneration for the BOD/BOS is: 114 million VND (the growth rate is equivalent to the growth rate of the consolidated profit after tax attributable to the parent company’s shareholders plan for 2024 / consolidated profit after tax attributable to the parent company’s shareholders realized in 2023).*
- ✓ *In case of not achieving the profit target, the remuneration for the BOD/BOS is calculated as: 114,000,000 VND multiplied by the profit target achievement rate.*
- ✓ *In case of exceeding the plan: for every 1% exceeding the consolidated profit after tax target attributable to the parent company's shareholders, an additional 2% of the achieved remuneration is awarded, but the maximum increase does not exceed 20% of the 2024 salary fund for dedicated management personnel.*
- ✓ *In case of a loss: no remuneration is paid to the BOD/BOS.”*

In 2024, the consolidated profit after tax attributable to the parent company's shareholders reached 3,526 million VND, achieving 114% of the target; Based on the above regulations on the remuneration of the BOD/BOS, the total remuneration for the BOD/BOS in 2024 is:

$$114,000,000 + 114,000,000 \times (14\% \times 2) = 145,920,000 \text{ VND}$$

4. Investment in the Subsidiary

In 2024, the subsidiary continued to shift from traditional scratch card production to information technology product and service activities in line with market trends. The business performance of the subsidiary showed more positive signs compared to 2023.

In 2024, VTC did not invest additional capital in the subsidiary. The capital invested by VTC in the subsidiary as of December 31st, 2024, is as follows:

Unit: Billion VND

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

PART THREE

OPERATIONAL ORIENTATION FOR THE 2025 - 2030 PERIOD

1. Business plan for the 2025 - 2030 term (7th term)

Building on the strong transformation in the 2020-2025 term, VTC continues to promote the exploitation of completed digital products, while optimizing revenue from strategic services in the 2025-2030 period. The projects that continue to be pursued focus on implementation to develop revenue and profit include: In-flight connectivity (IFC), high-bandwidth low-Earth orbit satellite services, fishing vessel monitoring and exploitation log services, provision of network security solutions, and other digital products to meet market demand and VNPT's development orientation.

The Board of Directors sets the following business development goals for the 2025-2030 term:

Unit: Billion VND

No.	Indicator	2025	2026	2027	2028	2029	Average Growth Rate
1	Revenue	255.53	281.08	309.19	340.11	374.13	10%
2	Profit after tax	3.85	4.14	4.55	5.01	5.56	10%
3	Dividend	7%	8%	9%	10%	11%	12%

2. Development strategy and Implementation solutions for the 2025 - 2030 term

VTC aims for sustainable development, anticipating technology trends and expanding the market. To achieve this goal, the BOD proposes the following development strategies and implementation solutions:

- Research and develop new products and services. Promote research and application of advanced technologies such as AI, Big Data, IoT, 5G, WiFi5, and WiFi6 to provide advanced telecommunications and digitalization solutions, contributing to VNPT's value chain.
- Leverage the development of new technologies such as artificial intelligence, blockchain, and cloud computing to create new solutions and services. Develop products in an integrated direction, focusing on digital content and exploiting market data: Build a digital ecosystem to meet digital transformation needs.
- Proactively grasp core technologies, invest in research and development to master key technologies, and build production capacity. Seek and cooperate to produce new products in line with the trend of technology replacing scratch cards to effectively exploit the production capacity of the subsidiary STID.
- Transform the business model: From passive to proactive, from selling products to providing platforms, applying revenue sharing and long-term leasing models.

- Strategic cooperation: Continue to seek and cooperate with new partners to develop and improve new service solutions: Event Warning Transmission Equipment Service (EOC), Intelligent Communication System (ICS); In-flight connectivity service (IFC), Exploitation Log, security and information safety solutions, etc
- Market expansion: Leverage the VNPT system, develop customers outside VNPT, and expand international cooperation. Proactively seek new markets, and coordinate with provincial/city telecommunications companies in deploying and providing the Company's and VNPT Group's information technology products and applications. Focus on customers, concentrate on improving customer service capabilities. Develop strategic plans tailored to each market and to meet the specific needs of each market.
- Modern governance: Review and optimize the management apparatus towards streamlining, strengthen supervision and risk control, and ensure efficient operation. Develop appropriate financial plans to ensure funding for business operations.
- Build a team: Develop a professional Sales, Pre-sales, and After-sales teams, enhance strategic thinking, analytical, persuasive, and customer experience skills. At the same time, attract and train high-quality personnel to meet the business goals of the new term.

The above is the report of the BOD on the performance of the 2020-2025 term and the strategic direction for the 2025-2030 period. In the 2020-2025 term, VTC overcame challenges, maintained growth, and built a solid foundation. With strong internal resources, a clear strategy, and the support of esteemed shareholders, VTC is ready to reach further and affirm its position in the market.

We kindly request the General Meeting of Shareholders' approval of the foregoing.

Respectfully./.

Recipient:

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

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**



Lê Xuân Tiến