

Hung Yen, February 26th, 2025

REPORT
Regarding the implementation situation in 2024 and
action plan in 2025 of the Inspection Committee

Pursuant to the Enterprise Law No. 59/2020/QH14

Pursuant to the Charter of Vietnam - Italy Steel Joint Stock Company;

Pursuant to the Resolution of the Annual General Meeting of Shareholders 2021 of Vietnam - Italy Steel Joint Stock Company;

Pursuant to the audited Financial Statements of 2024 of Vietnam - Italy Steel Joint Stock Company,

To: The General Meeting of Shareholder

Implementing the functions and tasks of 2024, the Inspection Committee of Vietnam - Italy Steel Joint Stock Company would like to report on the company's production and business results in 2024 and the activities of the Inspection Committee as follows:

I. OPERATION OF INSPECTION COMMITTEE IN 2023

In 2024, the Inspection Committee has performed the tasks prescribed in the Enterprise Law, the Charter of Organization and Operation of Vietnam - Italy Steel Joint Stock Company as well as complied with other provisions of the law, specifically as follows:

1. The Inspection Committee has supervised the BOM and the BOD in the management and operation of the company.
2. Appraising the completeness, legality and truthfulness of the business status report, annual and 6-month financial reports of the company, management evaluation report of the BOM and submit report at the annual General Meeting of Shareholders.
3. Checking the reasonableness, legality, honesty and level of caution in managing and operating business activities; Systematic, consistent and appropriate nature of accounting, statistics and financial reporting.
4. Monitoring the implementation of resolutions of the BOM and BOD;
5. The Inspection Committee has attended all meetings of the BOM. During the meetings, the Inspection Committee contributed opinions on production and

business activities, investment activities and a number of other activities of the Company.

6. Meeting of the Inspection Committee to agree on contents related to the functions and tasks of the Inspection Committee. Members of the Inspection Committee approved with absolute consensus. Specifically, the Inspection Committee meetings during the year took place as follows:
 - April 23rd, 2024: Approval of the audit report of the first quarter 2024 financial statements and assessment of the management and operation of BOM and BOD in the first quarter 2024 and other contents.
 - July 23rd, 2024: Approval of the report on appraisal of financial statements for the second quarter of 2024 and assessment of the management and administration of BOM and BOD in the second quarter of 2024 and other contents.
 - October 28th, 2024: Approval of the report on appraisal of financial statements for the third quarter of 2024 and assessment of the management and administration of BOM and BOD in the third quarter of 2024 and other contents.
 - January 22nd, 2025: Approval of the report on appraisal of financial statements for the fourth quarter of 2024 and assessment of the management and administration of BOM and BOD in 2024 and other contents.

In 2024, in addition to the above-mentioned tasks, the Inspection Committee also strengthened its Audit and Internal Control activities. The Inspection Committee conducted risk-oriented audits, focusing on process audits.

In 2024, the Inspection Committee also planned and conducted operational audits in parallel with process audits to prevent, detect and minimize errors and fraud. Specifically, as follows:

1. Auditing the process of monitoring major investment and maintenance.
2. Auditing the process of managing limits for distributors.
3. Auditing the activities of declaring and paying corporate income tax and personal income tax.
4. Auditing the activities of managing price and discount policies for distributors.
5. Appraising and evaluating the effectiveness of the profit improvement program.
6. On-site supervision of some major investment and repair activities at both Hung Yen headquarters and Hai Phong branch.
7. Strictly controlling inventory activities, ensuring that reported data truly reflects actual assets.
8. Monthly control of management and use of electronic scales.

9. Controlling periodic scale inspection activities according to legal regulations and scale repair activities when they arise.

In addition, the Inspection Committee has also participated in appraising, evaluating and providing comments on investment and purchase proposals with a value of 3 billion or more. Ensure pre-checking, prevent fraud and financial loss.

II. SITUATION OF INSPECTION AND SUPERVISION OF THE COMPANY'S OPERATIONS IN 2024

1. The results of business and production activities in 2024:

The Inspection Committee agreed with the data on the results of production and business activities in 2024 presented by the Company's BOM to the Congress, specifically the main indicators:

Nội dung/ Content	Quý IV 2024/ The 4th quarter 2024				Năm 2024/ Result in 2024			
	KH Plan	Kết quả Result	Tỉ lệ Rate	Data of the same period in 2023	KH Plan 2024	Kết quả Result	Tỉ lệ Rate	Data in 2023
1. Sản xuất/ Production (tấn/ton)								
- Phôi/ Billet	92,320	87,445	95%	87,201	323,200	327,404	101%	304,608
+ Sản xuất/ Production	92,320	57,448	62.23%	69,651	323,200	259,638	80%	266,275
+ Mua ngoài/ Outside buying	-	29,997		17,550	-	67,766		38,333
- Thép/ Steel	93,196	91,682	98%	82,993	320,000	323,501	101%	288,642
+ Sản xuất/ Production	93,196	91,682	98%	82,993	320,000	319,057	100%	283,600
+ Gia công KSV/ OEM at KSV						4,444		
+ Gia công Thái Trung/ OEM at Thái Trung								5,042
2. Bán hàng/ Sales (tấn/ton)								
- Phôi/ Billet	-	-		139	-	4,617		13,292
+ Bán ngoài/ Outside sale	-	-		139	-	-		13,292
+ Gia công/ OEM	-	-		-	-	4,617		-
- Thép/ Steel	96,000	99,710	104%	88,289	320,000	321,839	101%	295,284
3. Doanh thu thuần (tỷ đồng) Net Revenue (Bill VND)	1,430.66	1,377.15	96.3%	1,232	4,705	4,579	97%	4,441.13
4. Lợi nhuận trước thuế/ Profit before taxes (Tỷ đồng/ Bill dong)	18.49	(7.38)		(60.87)	12.32	(312.37)		(283.14)
5. Đầu tư (tỷ đồng)/ Investment (billion VND)	15.36	17.02	111%	9.01	67.92	39.12	58%	69.45
6. Lương BQ tháng (Tr đồng/người) Monthly average salary (Million vnd/personel)	13.64	12.83	94%	13.20	13.47	13.03	97%	12.80

In 2024, the Inspection Committee found that the company's activities comply with the Enterprise Law, the Charter and the internal management regulations of the Company.

2. About the accounting and financial situation of the Company

2.1 Accounting work:

- The Company fully complies with the requirements of the Accounting Law, the corporate accounting regime and the current Vietnamese accounting standards in the organization of financial and accounting work, the implementation of accounting and inventory. and prepare full quarterly financial statements, ensuring accuracy, truthfulness and legitimacy.
- After reviewing and appraising financial statements. The Inspection Committee agrees with the 2024 Financial Statements audited by KPMG Company Limited together with the auditor's opinion on the 2024 financial statements of the Company.

2.2 Groups of key financial indicators:

TT/ No	Finance Index/Criteria	Average/Optimal Index of Steel Industry	2021	2022	2023	2024
1	Khả năng thanh toán / Solvency					
1.1	Thanh khoản hiện hành / Current liquidity	1.26	1.05	0.85	0.97	0.89
1.2	Thanh khoản nhanh / Quick liquidity	0.51	0.55	0.52	0.71	0.59
2	Cơ cấu nguồn vốn và tài sản / Capital and assets					
2.1	Hệ số nợ phải trả / Debt ratio	0.62	0.87	1.04	0.80	0.86
2.2	Hệ số vốn chủ sở hữu / Equity ratio	0.38	0.13	-0.04	0.20	0.14
2.3	Đầu tư tài sản ngắn hạn / Short-term assets	0.30	0.91	0.88	0.77	0.63
2.4	Đầu tư tài sản dài hạn / Long-term assets	0.70	0.09	0.12	0.23	0.37
3	Hiệu suất hoạt động / Operational performance					
3.1	Vòng quay hàng tồn kho / Inventory turnover	2.89	5.52	4.74	4.73	5.13
4	Hiệu quả hoạt động / Operational efficiency					
4.1	Hệ số ROS (Return On Sales)	15%	-2.27%	-9.86%	-4.95%	-6.85%
4.2	Hệ số ROA (Return On Assets)	12%	-4.51%	-17.11%	-1.67%	-7.21%
4.3	Hệ số ROE (Return On Equity)	22.8%	-28.63%	-348.38%	-15.51%	-42.51%
	Doanh thu/Turnover (million VND)		5,853,617	5,140,079	4,480,944	4,655,778
1	Doanh thu thuần bán hàng và cung cấp dịch vụ Net revenue from sales and services	NA	5,821,391	5,107,686	4,441,127	4,578,578
2	Doanh thu hoạt động tài chính Financial income	NA	29,896	29,846	38,642	73,884
3	Thu nhập khác Other income	NA	2,330	2,547	1,175	3,316
	Chi phí/Cost (million VND)		5,986,148	5,643,326	4,764,084	4,968,151
1	Chi phí quản lý DN / Enterprise Management Cost	NA	54,130	51,496	55,637	46,442
2	Chi phí giá vốn hàng bán / Cost of production	NA	5,855,547	5,445,568	4,514,593	4,714,513
3	Chi phí bán hàng / Selling cost	NA	18,325	18,408	17,343	19,643
4	Chi phí tài chính / Financial cost	NA	57,118	127,517	170,993	187,108
5	Chi phí khác / Other costs	NA	1,028	337	5,518	444

Looking at the overall financial indicators, we can clearly see the fluctuations in resources and operating efficiency of VIS over the past 4 years. Although the steel industry has passed the bottom and there have been signs of recovery in 2024, VIS's operations have not yet shown clear results.

- Regarding solvency, despite the downward fluctuations in the solvency index, VIS still maintains its solvency within the appropriate index range. Short-term debt in 2024 decreased by about VND 520 billion compared to 2023, which has greatly contributed to maintaining the appropriate solvency index of VIS.
- Regarding the capital and asset structure, the debt ratio and equity ratio are still maintained at appropriate levels. The proportion of long-term and short-term assets is also gradually changing in a more appropriate direction. However, due to the imbalance, it affects VIS's ability to borrow capital. Credit institutions used

to often consider the asset structure when deciding to provide capital. An unbalanced structure can reduce the confidence of investors and sponsors.

- VIS's inventory turnover ratio is higher than the average/optimal level of steel industry enterprises. Currently, VIS has managed inventory levels for finished steel, billets and scrap based on market demand, but has not fully managed the limits of spare materials, raw materials and fuel. Monitoring and improving this index are very important for VIS to maintain efficient operations, optimize profits and control costs.

3. Assess the activities of the BOM and the BOD

From November 2023 to March 2024, steel prices in the North experienced many consecutive price increases. In the second and third quarters, the steel industry became quiet again, but in general, it maintained a more stable growth rate than the same period last year. By the end of the third and early fourth quarters, steel prices had recovered from a multi-year low and even climbed to a 3-month peak. The price of raw materials for steel production, iron ore, also increased continuously. Accordingly, steel prices in the domestic market also began to increase again since the end of September. After many consecutive adjustments, steel prices are currently stable around 13.5 - 14 million VND/ton.

The bright spots in VIS's management and operations in 2024 are also clearly shown in the following activities:

- Maintaining a prudent business policy, prioritizing debt collection and cash flow.
- Reviewed, update and developed regulations, rules and SOPs to guide operations to control risks and improve operational efficiency.
- Finished product management activities have been much more effective and have basically minimized asset losses.
- Inventory has also been managed and controlled at a very positive level, still ensuring sales activities while also minimizing the amount of provision for inventory price reduction.
- Invested in upgrading electronic weighing systems and software to meet quality and control requirements. Along with that is replacing old equipment to ensure operation and safety.
- Successfully recruited and trained a team of staff and workers to work at the new rolling mill in Hai Phong, expected to be operational in early 2025.
- The establishment of the Profit Improvement Committee is considered a positive highlight in the current difficult business environment that may continue in the

future. The Board of Directors has also proactively adjusted the setting of cost reduction targets and monitored the implementation.

- The above positive activities partly show that in the current difficult conditions, VIS has been trying to minimize losses in business activities and gradually maintain stability to overcome current difficulties.

Although there have been many signs of recovery and gradual stabilization in 2024 after a long period of decline. However, the recovery data is still mainly compared based on the low base level of last year. Entering 2025, opportunities and challenges are still intertwined, making it difficult for the steel industry to make a breakthrough in growth. The unpredictable fluctuations of the steel market as mentioned above, along with the impact of difficulties in the Vietnamese and world economies, have negatively impacted VIS's production and business activities.

In addition, VIS's solutions to cope with the difficult situation have not really achieved clear results. According to the Inspection Committee' assessment, 3 key activities that need to be focused on to further enhance quality include:

- Expanding business activities and export market share. By the end of 2024, VIS has developed 2 more distributors and exported about 722 tons of steel.
- The solution of increasing the purchase of external billets is actually only a temporary solution when the cost of billet production is still high. It is necessary to clearly identify the problem to focus resources and set specific goals in optimizing billet smelting costs and costs of purchasing raw materials and fuel for production.
- Close monitoring and control of costs arising from investment and repair activities have partly shown effectiveness, but annual investment and repair plans also need more attention when planning to ensure accuracy and avoid waste money.

4. Evaluate the coordination of activities between the Inspection Committee and the BOM and the BOD:

- In the course of performing the tasks, the Inspection Committee has always received attention, created favorable conditions from the BOM, the BOD and the managers in the Company to the Inspection Committee. Complete the tasks assigned by the General Meeting of Shareholders.
- Meetings of the BOM and the BOD, the Inspection Committee are invited to attend and contribute ideas to build business management and business strategy, development plan of the Company.

III. CONCLUSIONS AND RECOMMENDATIONS

The activities of the Company in 2024 are in compliance with the provisions of law, the Company Charter and the Resolution of the General Meeting of Shareholders.

The Inspection Committee recommends:

1. Focus on finding partners with adequate resources and strengths in export activities to develop a distributor system to clearly define the business model and bring higher efficiency to revenue and profit in the future.
2. Financial management and cost control are prerequisites for VIS at present, so it is necessary to accurately determine the inventory turnover including finished steel, billets, scrap, materials, raw materials, and fuel to have a basis for reasonably quantifying and balancing the total production cost and total inventory value.
Inventory turnover in line with the average/optimal index of the steel industry will help maintain efficient operations and optimize profits and control costs.
3. It is necessary to pay attention to strictly controlling the construction of annual repair investment plans, first of all, it is necessary to follow the correct procedures and SOPs. For proposals to purchase new or repair machinery, equipment, and invest in infrastructure items, there must be a specific assessment of actual needs and evidence to prove that assessment.

IV. ACTION PLAN OF INSPECTION COMMITTEE IN 2025

On the basis of the Company's production and business plan in 2024, the Inspection Committee sets out the operation direction in 2025 as follows:

1. The Inspection Committee continues to function on behalf of shareholders to control all business activities, administration and administration of the Company.
2. The Inspection Committee will maintain and strengthen the regular inspection and supervision of all aspects of the Company's activities, ensuring that the Company's activities always comply with the law, in accordance with the Resolution of the General Meeting of Shareholders, contributing to the development of the Company, ensuring the interests of shareholders and benefits for employees.
3. Check and supervise the inventory work, the preparation of quarterly, 6-month and annual financial statements to ensure the truthfulness, accuracy and timeliness in recording and updating accounting vouchers and books; appraisal of financial statements on the basis of the independent audit report submitted to the Annual General Meeting of Shareholders.

4. Monitoring the implementation of the business plan, early forecasting the results of the business month, quarter, year; regularly control revenues, expenditures, payments, and other critical expense and revenue items, prior to making financial statements.
5. Regularly maintain audit and internal control activities, support the Board of General Directors in controlling key operational activities, avoiding fraud and asset loss. At the same time, strengthen the internal control system in key operations.
6. Ensure that the representative of the Inspection Committee fully participates in the meetings of the BOM, the BOD to grasp the management situation and production and business activities of the Company, and at the same time give timely warnings.
7. Advising the BOM and BOD on professional opinions to improve the efficiency of using capital and assets of the Company.
8. In addition, in 2025, the Inspection Committee will also participate in monitoring all major repair investment activities at the Hung Yen headquarters and Hai Phong Branch to promptly detect errors and fraud (if any) with the goal of minimizing financial losses.

Above is the report of the Inspection Committee on the business results and operations of the Inspection Committee in 2024 and the direction of operation in 2025.

Sincerely thank!

**ON THE BEHALF OF
INSPECTION COMMITTEE
CHAIRMAN**