



Hung Yen, February 23rd, 2026

REPORT
Regarding the implementation situation in 2025 and
action plan in 2026 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 2025 of Vietnam - Italy Steel Joint Stock Company;

Pursuant to the audited Financial Statements of 2025 of Vietnam - Italy Steel Joint Stock Company,

To: The General Meeting of Shareholder

Implementing the functions and tasks of 2025, the Inspection Committee of Vietnam - Italy Steel Joint Stock Company would like to report on the company's production and business results in 2025 and the activities of the Inspection Committee as follows:

I. OPERATION OF INSPECTION COMMITTEE IN 2025

In 2025, 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, 2025: Approval of the audit report of the first quarter 2025 financial statements and assessment of the management and operation of BOM and BOD in the first quarter 2025 and other contents.
- July 23rd, 2025: Approval of the report on appraisal of financial statements for the second quarter of 2025 and assessment of the management and administration of BOM and BOD in the second quarter of 2025 and other contents.
- October 27th, 2025: Approval of the report on appraisal of financial statements for the third quarter of 2025 and assessment of the management and administration of BOM and BOD in the third quarter of 2025 and other contents.
- January 25th 2026: Approval of the report on appraisal of financial statements for the fourth quarter of 2025 and assessment of the management and administration of BOM and BOD in 2025 and other contents.

In 2025, 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 2025, 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. Audit of the provisioning for risks related to goods in transit.
2. Assessment of quality control activities for imported materials and equipment.
3. Assessment of factors affecting the yield ratio and off-furnace consumption rate.
4. Appraisal and assessment of the effectiveness of the 2025 investment and maintenance plan.
5. On-site supervision of some major investment and repair activities at both Hung Yen headquarters and Hai Phong branch.
6. Strictly controlling inventory activities, ensuring that reported data truly reflects actual assets.
7. Monthly control of management and use of electronic scales.
8. 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 2025

1. The results of business and production activities in 2025:

The Inspection Committee agreed with the data on the results of production and business activities in 2025 presented by the Company's BOM to the Congress, specifically the main indicators:

Nội dung/ Content	Quý IV 2025/ The 4th quarter 2025				Năm 2025/ Result in 2025			
	KH Plan	Kết quả Result	Tỉ lệ Rate	Data of the same period in 2024	KH Plan 2025	Kết quả Result	Tỉ lệ Rate	Data in 2024
1. Sản xuất/ Production (tấn/ton)								
- Phôi/ Billet	140,600	137,845	98%	87,445	435,760	420,759	97%	327,404
+ Sản xuất/ Production	105,600	103,399	98%	57,448	366,760	330,807	90%	259,638
+ Mua ngoài/ Outside buying	35,000	34,446	98%	29,997	69,000	89,952	130%	67,766
- Thép/ Steel	143,197	142,417	99%	91,682	440,000	402,374	91%	323,501
+ Sản xuất/ Production	143,197	142,417	99%	91,682	430,000	400,360	93.1%	319,057
+ Gia công K SVC/ OEM at K SVC	-	-	0%	-	10,000	2,014	20.1%	4,444
+ Gia công Thái Trung/ OEM at Thai Trung		-		-		-		-
2. Bán hàng/ Sales (tấn/ton)								
- Phôi/ Billet	-	-		-	-	-		4,617
+ Bán ngoài/ Outside sale	-	-		-	-	-		-
+ Gia công/ OEM	-	-		-	-	-		4,617
- Thép/ Steel	155,500	146,050	94%	99,710	420,000	393,062	94%	321,839
3. Doanh thu thuần (tỷ đồng) Net revenue (Bill VND)	2,192.36	2,017.00	92%	1,377.15	5,891.03	5,479.08	93%	4,578.58
4. Lợi nhuận trước thuế/ Profit before taxes (Tỷ đồng/ Bill dong)	12.47	53.47	429%	(7.38)	(190.75)	(60.05)		(312.37)
5. Đầu tư (tỷ đồng)/ Investment (billion VND)	21.68	13.99	65%	17.02	64.90	42.86	66%	39.12
6. Lương BQ tháng (Tr đồng/người) Monthly average salary (Million vnd/personel)	14.09	14.96	106%	12.83	13.83	14.14	102%	13.03

In 2025, 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 2025 Financial Statements audited by KPMG Company Limited together with the auditor's opinion on the 2025 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	2025
1	Khả năng thanh toán / Liquidity Ratios						
1.1	Thanh khoản hiện hành / Current liquidity	1.26	1.05	0.85	0.97	0.89	1.20
1.2	Thanh khoản nhanh / Quick liquidity	0.51	0.55	0.52	0.71	0.59	0.74
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	0.67
2.2	Hệ số vốn chủ sở hữu / Equity ratio	0.38	0.13	-0.04	0.20	0.14	0.33
2.3	Đầu tư tài sản ngắn hạn / Short-term assets	0.30	0.91	0.88	0.77	0.63	0.64
2.4	Đầu tư tài sản dài hạn / Long-term assets	0.70	0.09	0.12	0.23	0.37	0.36
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	5.06
4	Hiệu quả sinh lời / Profitability Ratios						
4.1	Hệ số ROS (Return On Sales)	15%	-2.27%	-9.86%	-4.95%	-6.85%	-1.35%
4.2	Hệ số ROA (Return On Assets)	12%	-4.51%	-17.11%	-1.67%	-7.21%	-1.29%
4.3	Hệ số ROE (Return On Equity)	22.8%	-28.63%	-348.38%	-15.51%	-42.51%	-6.52%
	Doanh thu/Revenues (million VND)		5,853,617	5,140,079	4,480,944	4,655,778	5,566,349
1	Doanh thu thuần bán hàng và cung cấp dịch vụ Net revenues from sales and services	NA	5,821,391	5,107,686	4,441,127	4,578,578	5,479,083
2	Doanh thu hoạt động tài chính Financial income	NA	29,896	29,846	38,642	73,884	73,857
3	Thu nhập khác Other income	NA	2,330	2,547	1,175	3,316	13,409
	Chi phí/Expenses (million VND)		5,986,148	5,643,326	4,764,084	4,968,151	5,626,395
1	Chi phí quản lý DN / General administration expenses	NA	54,130	51,496	55,637	46,442	45,089
2	Chi phí giá vốn hàng bán / Cost of Good Sold (COGS)	NA	5,855,547	5,445,568	4,514,593	4,714,513	5,374,854
3	Chi phí bán hàng / Selling expenses	NA	18,325	18,408	17,343	19,643	20,058
4	Chi phí tài chính / Financial expenses	NA	57,118	127,517	170,993	187,108	186,142
5	Chi phí khác / Other expenses	NA	1,028	337	5,518	444	251

Compared to the gloomy outlook of 2024, 2025 marked a 'spectacular transformation' and a clear recovery in VIS's financial health, despite still recording a slight loss.

(1) Liquidity Ratios

- Current liquidity: 1.20 time, approaching the industry benchmark (1.26 time) and showing significant improvement compared to the 2022–2024 period.
- Quick liquidity: 0.74 time, surpassing the industry average (0.51 time) and increasing sharply over previous years.

Conclusion: In 2025, VIS successfully emerged from liquidity stress. The capacity to meet short-term obligations has improved markedly, reflecting more effective cash flow management.

(2) Capital and Asset

- Debt Ratio: 0.67 time, a significant decrease from the 2022 peak of 1.04 time and approaching the industry safety threshold of 0.62 time.

- Equity Ratio: 0.33 time, showing a strong improvement compared to the 2023–2024 period (0.14 time–0.20 time) and nearing the industry benchmark of 0.38 time.
- Short-term Assets: 64%, trending downwards compared to 2021–2024 but remaining higher than the optimal level of 30%.
- Long-term Assets: 36%, an increase over previous years (9% → 12% → 23% → 37% → 36%) but still low compared to the industry standard of 70%.

Conclusion: The financial structure in 2025 has become more stable, with reduced leverage and a bolstered equity base. However, the asset structure remains heavily skewed toward short-term assets.

(3) Operational performance

- Inventory Turnover: 5.06 turns, continuing to significantly exceed the industry optimal level of 2.89.

Conclusion: This indicates excellent goods circulation. However, while inventory limits for steel, billets, and scrap have been adjusted appropriately, attention must also be given to inventory limits for fuels, auxiliary materials, and spare parts/equipment.

(4) Profitability Ratios

- ROS (Return on Sales): -1.35% (a strong improvement compared to -6.85% in 2024 and -9.86% in 2022).
- ROA (Return on Assets): -1.29%, a marked improvement from -7.21% in 2024.
- ROE (Return on Equity): -6.52%, the loss on equity has decreased significantly compared to previous years (-42.51% in 2024).

Conclusion: Although VIS has not yet achieved profitability, 2025 demonstrates a clear recovery trend in performance, moving closer to the break-even point.

(5) Revenue and Expenses

- Net revenue (2025): VND 5,479 billion, a strong increase compared to 2024 (VND 4,579 billion), approaching the scale of 2021.
- Total expenses (2025): VND 5,626 billion, increasing in line with revenue scale, of which:
 - Cost of Goods Sold: VND 5,375 billion (accounting for a very high proportion, resulting in thin gross margins).
 - Financial expenses: VND 186 billion (remaining at a high level).
 - General administration expenses: Controlled and remained relatively stable.

Conclusion: The net loss has narrowed significantly. The primary causes remain the low profit margins and the heavy burden of financial expenses.

3. Assess the activities of the BOM and the BOD

Evaluate activities of BOM and BOD

The Vietnam steel market in 2025 is assessed as a year of resilient "effort against the tide." While the export market faced numerous barriers, internal strength from public investment and adjustments in trade protection policies became a solid support for the industry.

The main drivers boosting the market include:

- Public Investment Reaching the "Finish Line": 2025 is the final year of the 2021–2025 term, creating immense pressure for public investment disbursement. Strategic infrastructure projects such as Long Thành Airport, North-South Expressway Phase 2, Ring Road 3 (HCMC), and Ring Road 4 (Hanoi) have consumed massive quantities of steel.
- New Land and Real Estate Laws: The positive effects of the new laws (taking effect from the industrial restart) have created demand for civil construction steel.
- Trade Defense Policies: The Ministry of Industry and Trade's imposition of temporary (and subsequently official) anti-dumping duties on hot-rolled coil (HRC) and steel products from China has helped domestic steel regain market share on its "home turf."

At the beginning of 2025, construction steel prices showed a slight recovery trend. However, from Q3 to the end of Q4 2025, prices remained sideways and stable (fluctuating between 13,400 and 14,000 VND/kg depending on the region and brand).

The emergence of new players in the market (such as VinMetal), combined with the capacity expansion of existing plants, has made the competition over pricing and after-sales services fiercer than ever before.

The most significant achievement in 2025 by the BOM and BOD is that VIS has successfully ceased trading below expenses.

- Revenue: Witnessed robust growth, reaching VND 5,479 billion (an increase of approximately 19,7% compared to 2024). This marks the highest revenue level in the past three years.
- Cost of Goods Sold: Managed more effectively. revenue (VND 5,479 billion) has surpassed COGS (VND 5,375 billion).

Gross Profit has turned POSITIVE (+) at approximately VND 104 billion, a remarkable turnaround from the gross loss of VND 136 billion in 2024. This is the most critical signal that the core business operations have returned to profitability.

Furthermore, the BOM and BOD have demonstrated exceptional flexibility and decisiveness in working capital management and operational expenses reduction:

- Good Inventory Management: The high efficiency in sales and inventory liquidation ensures that capital is not "trapped" in warehouses. This has facilitated rapid cash inflows to meet debt obligations effectively.

- Disciplined Operational expenses: Amidst inflationary pressures, VIS successfully reduced General administration expenses to VND 45 billion (a decrease of ~19% compared to 2023). This represents a highly practical and effective "belt-tightening" strategy.
- Optimization of Idle Cash: Financial income remained high at VND 73 billion, proving VIS's agility in leveraging short-term cash flows (such as deposits, short-term investments, or foreign exchange gains) to partially offset losses from core business operations.

In addition to the positive developments analyzed above, the Inspection Committee notes several persistent issues that, although identified and addressed, have not yet reached the desired level of effectiveness:

- Profitability Remains Below Acceptable Thresholds:
 - ROS, ROA, and ROE remain in negative territory, indicating that the business model has yet to generate value for shareholders.
 - The risk of "revenue growth without profit growth" persists.
 - Excessively Thin Gross Margins:
 - Cost of Goods Sold accounts for almost the entire revenue.
 - There is an urgent need to review the product mix, pricing strategy, raw material expenses, and production efficiency.
 - High Financial expenses:
 - Interest expenses continue to erode operating results. Although the principal debt (Debt Ratio) has decreased, financial expenses remain "pegged" at a peak of VND 186 billion. This interest burden is effectively consuming the entire gross profit (VND 104 billion in gross profit - VND 186 billion in interest). This is the primary reason why the ROS remains in negative territory.
 - Continued efforts are required to restructure debt, extend maturities, and reduce average interest rates.
 - Asset Structure Unaligned with Steel Industry Standards:
 - The proportion of non-current (long-term) assets remains low, which limits the capacity for in-depth investment, automation, and long-term expenses optimization.
- 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.

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- 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 2025 are in compliance with the provisions of law, the Company Charter and the Resolution of the General Meeting of Shareholders.

Analysis of financial indicators from 2021 to 2025, particularly the 2025 results, reveals that the BOM and BOD have steered VIS with a priority on financial safety and business continuity amidst a prolonged downturn in the steel industry.

Management's focus has centered on liquidity risk control, cash flow stabilization, operational maintenance, and loss mitigation—evidenced by marked improvements in liquidity ratios, gradual deleveraging, and the steady bolstering of equity.

However, as of 2025, with liquidity approaching safe thresholds, capital and asset structures stabilizing, revenue recovering, and losses narrowing significantly, the Inspection Committee recognizes that VIS is at a pivotal juncture. There is an urgent need to shift the management focus from "Prudent and safety-oriented" to "Efficiency Optimization & Value Creation."

While the previous phase aimed to ensure solvency and prevent financial collapse, the next phase of governance must elevate its objectives toward:

- (1) **Enhancing Asset and Capital Efficiency:** Driving profitability ratios (ROS, ROA, ROE) from negative territory toward break-even and, ultimately, sustainable profit.
- (2) **Optimizing expenses Structures:** Specifically targeting Cost of Goods Sold (COGS) and financial expenses to expand profit margins in a highly competitive pricing environment.
- (3) **Restructuring Portfolios:** Prioritizing high-margin product segments, markets, and customers, while moving away from low-efficiency revenue growth.
- (4) **Strategic In-depth Investment:** Improving productivity, quality, and technological autonomy to create long-term competitive advantages and reduce unit expenses.

This is a vital requirement as VIS emerges from the most challenging period of the cycle and prepares the foundation for stable growth, ensuring harmonized benefits for shareholders, employees, and all stakeholders.

IV. ACTION PLAN OF INSPECTION COMMITTEE IN 2026

On the basis of the Company's production and business plan in 2026, the Inspection Committee sets out the operation direction in 2026 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 BOD 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. Based on the effectiveness of the Inspection Committee's participation in overseeing major investment and maintenance activities at the Hung Yen Head Office and the Hai Phong Branch, the Inspection Committee will continue to maintain this oversight in 2026.
9. In 2026, in order to provide more effective support to the BOM and the BOD, the Inspection Committee will work with relevant departments/functions to assess and propose specific solutions in support of the four strategic priorities as outlined in the recommendations section.

Above is the report of the Inspection Committee on the business results and operations of the Inspection Committee in 2025 and the direction of operation in 2026.

Sincerely thank!

**ON THE BEHALF OF
INSPECTION COMMITTEE
CHAIRMAN**



Trần Văn Phú

