



**EMBRACING CHANGE:  
DRIVING PROGRESS THROUGH  
ADAPTATION & INNOVATION**

ANNUAL REPORT  
**2023**

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# Forward-looking statements

Vicostone's Annual Report 2023 ("the Report") is developed in accordance with Appendix IV of Circular 96/2020/TT-BTC dated November 16, 2020, by the Ministry of Finance guiding the disclosure of information on the securities market and references to corporate sustainability governance standards including GRI, CSI 100

The analyses and forecasts in the Report reflect the Company's current assessments and may differ from actual figures due to unexpected events, thus certain statements in the Report may be adjusted without prior notice. Vicostone will extend its utmost effort but undertakes no obligations to update, amend or supplement the Report, as well as to inform any institutional or individual recipients of the Report of any changes or inaccuracies regarding the stated assessment, views, or recommendations.

Vicostone's 2023 Annual Report contains the information and data obtained from construction-material and engineered stone industry surveys, issued by third-party organizations comprising research data, assessments or concepts developed independently based on multiple sources, including manufacturers' financial statements; countries' statistical reports; press releases and industry magazines. These sources of information are highly reliable; however, Vicostone cannot attest to the accuracy, veracity, or completeness of the information provided by the third parties as it has neither verified nor had sufficient resources to cross-check the following data:

- The overview of the global & Vietnamese economy;
- The overview of the market and demand for quartz;
- The competitiveness of VICOSTONE® products in international and local markets;

- The development of production technologies and material substitutes;
- The challenges and requirements from markets;
- The financial indicators forecasted for 2024, etc.

Any optimistic or risk forecast of the market or of the Company's performance contained in the Report should not be considered as the Company's guarantee of its future business performance. Actual performance in 2024 may differ from the forecast due to the adverse impacts of risks and uncertainties the Company cannot foresee and control.

With the above disclaimer, Vicostone recommends investors consider the information and forecasts in the Report as a reference for their investment decisions. They should not be taken as a proposal, suggestion, or solicitation of an offer to purchase shares in the Company. Investors are solely and wholly responsible for their investment decisions.

Sardiana BQ8850



# Message from the Chairman of the Board of Directors

Dear Shareholders, Customers and Partners,

The year 2023 continued to be challenging for Vicostone as the global economy continuously faced pressures on growth, inflation, and geopolitical instability. These issues have strongly impacted the Company's business, particularly in its export markets, spreading through more than 50 countries, over five continents. The Company's key markets, especially North America and Europe, experienced slow growth, high-interest rates affecting the real estate market, and increasingly fierce competitive pressure with cheap product lines, which had an impact on Vicostone's business performance. According to data from the United States International Trade Commission (USITC), by the end of 2023, the total quantity of quartz stone imported into the U.S. reached 17.4 million m<sup>2</sup>, decreasing by 13.0% compared to the same period in 2022. In terms of import value, the total amount of imports into the U.S. reached USD 1.4 billion, which was a decrease of 19.0% in comparison with 2022. Meanwhile, the number of quartz stone manufacturers on the global market continued to increase rapidly, including the U.S. and the Asia-Pacific regions, with emerging competitors from countries such as India, China, Vietnam and Malaysia.

In 2024, unpredictable fluctuations in the global economy, due to prolonged impacts from overlapping economic and political shocks, competition risks, legal changes, and other economic shocks, continued to be major challenges for Vicostone's resilience. In this context, the Company has been restructuring the distribution system in the U.S. market, bringing in only a single Vicostone brand throughout the U.S., continuing to enhance its competitive position and ability to master the market, exploiting and expanding its sales network in combination with effective management solutions for the domestic production system, in an effort to improve its business performance.

With a clear direction and steady steps, leaning on R&D as the foundation for sustainable development, and a keen awareness of the business culture, Vicostone strives to be proactive in every situation, and will overcome all challenges to achieve its committed goals of satisfying its shareholders and all stakeholders.

On behalf of the Board of Directors (BOD) and Board of Management (BOM) of the Company, I would like to express my deep gratitude to the Shareholders, Customers, and Partners who have always accompanied Vicostone throughout the years.

*Wishing you good health, happiness and success.*



CHAIRMAN OF THE BOARD  
HO XUAN NANG

# Vision

# Mission

# Strategic Orientation

# Core Values

## Vision

To keep promoting the standing of the brand VICOSTONE® on the international market through innovation and appliance of advanced technologies and materials to create unique, artistic, and inspirational quartz products.

## Mission

To realize all commitments, pioneer innovations to offer top quality, unique artistic, trend-leading products, satisfy the demand of customers, and inspire individual creativity.

## Strategic orientation

Smart industrial production is positioned as the core business while eco-friendly materials and hi-tech products are the spearheads, focusing on engineered quartz stone and advanced composite materials.

## Core Values

### Reliability

Vicostone has established a proven culture of "Talk the Talk, and Walk the Walk" and "Realize all commitments" based on the following:

- High-quality human resource equipped with the knowledge, talent, responsibility, passion, creativity and can-do attitude;
- Satisfaction and trust of each employee, customer, and shareholder as Vicostone's ultimate goals;
- Effective application and update of the latest technologies advancements in production, and corporate governance;
- Strong financial capability and advanced management technologies for good business performance and sustainable development;
- Corporate social responsibility.

### Pioneership

In advanced technologies and materials to become the market trend creator and achieve eco-friendly, sustainable development.

### Inspiration

Vicostone's products are the quintessence of nature and inspire customers to confidently pursue and create personalized living space.



# Key financial indicators in 2023

Net Revenue

4,353.86

VND Billion

Profit before tax

999.44

VND Billion

Profit after tax

846.38

VND Billion

Total assets

6,468.25

VND Billion

Payable of State budget

165.68

VND Billion

## Financial indicators 2019 – 2023

Item	Unit	2019	2020	2021	2022	2023
<b>1. BUSINESS PERFORMANCE</b>						
Net revenue	VND billion	5,562.76	5,659.59	7,070.13	5,660.27	4,353.86
Cost of goods sold	VND billion	3,650.65	3,695.77	4,607.62	3,917.29	3,132.97
<b>Gross profit</b>	<b>VND billion</b>	<b>1,912.11</b>	<b>1,963.83</b>	<b>2,462.50</b>	<b>1,742.97</b>	<b>1,220.89</b>
Finance income	VND billion	26.34	40.07	62.08	98.16	102.57
Finance expenses	VND billion	68.02	92.88	89.49	137.49	101.36
Profits or losses from associated and joint venture company	VND billion	-	-	-	-	-
Selling expenses	VND billion	154.06	160.51	272.15	254.62	156.49
General and administrative expenses	VND billion	62.39	71.48	47.35	66.81	58.71
Other income	VND billion	1.45	1.55	4.43	3.53	0.74
Other expenses	VND billion	2.76	12.63	22.64	8.53	8.19
<b>Total profit before tax</b>	<b>VND billion</b>	<b>1,652.66</b>	<b>1,667.96</b>	<b>2,097.40</b>	<b>1,377.22</b>	<b>999.44</b>
Current and deferred corporate income tax expenses	VND billion	242.55	239.54	325.34	228.51	154.12
<b>Net profit after tax</b>	<b>VND billion</b>	<b>1,410.11</b>	<b>1,428.42</b>	<b>1,772.06</b>	<b>1,148.70</b>	<b>846.38</b>
Basic earnings per share	VND	8,114	8,251	9,890	6,425	5,041
<b>2. ASSETS ARE RESOURCES</b>						
<b>Total assets</b>	<b>VND billion</b>	<b>5,583.76</b>	<b>6,055.33</b>	<b>6,892.91</b>	<b>6,589.90</b>	<b>6,468.25</b>
Current assets	VND billion	4,456.31	4,900.51	5,829.10	5,541.11	5,515.84
In which: Cash and cash equivalents	VND billion	469.92	790.35	1,045.42	1,101.68	1,403.6
Non-current assets	VND billion	1,127.45	1,154.82	1,063.81	1,048.79	952.41
<b>Total liabilities and owners' equity</b>	<b>VND billion</b>	<b>5,583.76</b>	<b>6,055.33</b>	<b>6,892.91</b>	<b>6,589.90</b>	<b>6,468.25</b>
Liabilities	VND billion	2,135.07	2,197.51	2,018.72	1,721.17	1,482.43
Owners' equity	VND billion	3,448.69	3,857.82	4,874.20	4,868.74	4,985.82
<b>3. OTHER FINANCIAL DATA</b>						
Capital construction investment	VND billion	50.65	88.40	41.20	60.93	31.37
Depreciation and amortization of fixed assets	VND billion	103.98	119.18	128.14	129.49	135.81
Adjusted EBITDA	VND billion	1,798.32	1,839.94	2,252.95	1,546.04	1,134.04
EBITDA Margin	%	32.33%	32.51%	31.87%	27.31%	26.05%

(Source: VICOSTONE's audited consolidated financial statements)

# 2023 awards



**7 consecutive years  
in Top 100 Most Valuable Brands in Vietnam**  
Ranked by Brand Finance (UK)



**Top 50 Corporate Sustainability  
Awards 2023 in the category of "Minimize Carbon footprint"**  
Organized by Nhip Cau Dau Tu Magazine, assessed by voting council  
and reputable counselors.



**9 consecutive years  
in Top 50 Vietnam's Listed Companies**  
By Forbes Vietnam.



**Top 25 Leading Consumer Goods And Industrial Companies**  
Honored in Forbes Vietnam's first compilation in this category.



**9 consecutive years  
in Vietnam's 50 Best-Performing Companies**  
By Nhip Cau Dau Tu Magazine in tandem with Thien Viet Securities.



**9 consecutive years  
in Top 500 Biggest Enterprises in Vietnam (VNR500)**  
Based on independent research and evaluation results according  
to international standards of Vietnam Report.

# 2023 awards (continued)



### 13 consecutive years in Top 500 Fastest Growing Enterprises in Vietnam (FAST500)

Based on independent research and evaluation results according to international standards of Vietnam Report.



### 7 consecutive years in Top 500 Most Profitable in Vietnam (PROFIT500)

Based on independent research and evaluation results according to international standards of Vietnam Report.



### 8 consecutive years in Vietnam's Top 10 Most Reputable Building Material Companies

Compiled by Vietnam Report and Vietnamnet online newspaper.



### Top Listed company on HNX with best corporate governance 2022-2023

Annual organized by The Hanoi Stock Exchange (HNX).



### Top 10 Innovative Enterprises Vietnam 2023 in the category of Real Estate - Construction

Compiled by Viet Research and Vietnam Investment newspaper.

# Products, Technology and Market



Vicostone at the 2024 IDS fair

## Products

With the mission of enhancing living spaces through high-quality quartz base engineered stone, Vicostone proudly shares unique and market-shaping products with the world, thereby affirming its position in the international market throughout its 21-year journey of formation and development. Through its innovation strategy, distinctive and inspirational brand strategy, commitment to quality and a diverse product portfolio that meets various design needs, the Company has quickly expanded its operational scale and presence in the global market, winning the trust of architects, designers and millions of consumers around the world.

Pursuing the goal of diversifying products and providing consumers with the best choices, Vicostone continuously launches unique aesthetic and high-quality products that are favored by the market. In 2023, Vicostone

introduced eight new products inspired by nature: BQ2612 – Polaris, BQ6710 – Nefeli, BQ6712 – Matarazzo, BQ6715 – Cipollino, BQ6800 – Grey Monet, BQ6716 – Vitoria Regia, BQ6801 – Marmoris and Mangata – BQ6805. Vicostone's new product line not only attracts architects and industry experts, but also enhances user experiences. The Company has introduced new and unique collections, from traditional to modern and liberal styles, helping to create diverse and stylish living spaces.

In addition to design improvements, Vicostone has always focused on sustainability and corporate responsibility in production. The Company is keenly aware of the importance of environmental protection and continuously implements environmentally friendly measures in its production processes.

After more than 20 years of operations, from the early days of starting a business to reaching the position of

the Top 3 largest suppliers of engineered stone countertops in the global market, Vicostone pursues "The Art of Quartz", inspiring creativity and positive life energy to users, accompanying and encouraging industry experts to pursue and build their own style. Pioneering in the field of new materials and ecological materials, Vicostone invests tremendously in R&D to continue creating new product lines and new materials that are safe – durable – beautiful as well as environmentally friendly.

## Technology

With the goal of continuous innovation, Vicostone has set new standards, leading the trend in the quartz based engineered stone industry. After more than two decades of operation, Vicostone is not only a major brand in the field of quartz based engineered stones surfaces but has also become a symbol of innovation. Since its inception, the Company has introduced the most advanced technologies, reshaped industry standards, and brought the best experience to users.

Vicostone products are manufactured with "Compaction by vibro-compression under vacuum" technology using machinery transferred from Breton S.p.A (Italy), combined with technological and mechanical innovations that have been mastered by Vicostone engineers. The slab-shaping process is implemented through a modern, highly-automated production line, in which each step is strictly overseen as follows:

- **Insert input materials:** The materials are inspected and measured automatically in compliance with a pre-existing formula before being imported into the mixer.
- **Mix materials:** Materials to be blended thoroughly in the preprogrammed mixer then moved into the mold. Molding: After being blended, the materials are extracted into the standard-sized molds. The largest mold is 3,340mm long and 1,650mm wide.
- **Vibro-compress:** Next, the slab is automatically weighed, and moved into the vibro-compression machine, in which the slab is vibrated and compressed under a pressure of 100 tons to make an ultimately dense, hard slab.
- **Curing:** The vibrated, compressed slab is then cured and settled to make sure chemical reactions are fully completed.
- **Grinding:** 24 hours after the curing and settlement, the slab is grinded to form the expected perfect output.
- **Quality control and branding:** Before the production ends, the slab is checked, classified and labeled to make sure it is always at the highest quality upon delivery.

Modern production technology helps Vicostone build a flexible and optimal production process, thereby meeting a high level of strict product quality criteria in the industry/market. The Company also constantly researches and applies new technologies to create quartz based engineered stones products that are not only beautiful and diverse in color, but also have outstanding physical properties such as scratch and mold resistant and waterproof, fully meeting customer needs in modern trends. In 2023, Vicostone continued to launch many unique new products to the market, continuing to be a constant source of inspiration for the architecture and interior design industry.

## Market

From a Vietnamese brand, Vicostone has risen to the position of one of the top three Top 3 largest suppliers of engineered stone countertops in the global market (according to an independent research by Freedonia, U.S.). It can be said that Vicostone's success is not only a mark of high-quality products in the international arena but also a pride in the quintessence of Vietnamese intelligence.

VICOSTONE® products are exported to and consumed in over 50 countries across five continents with more than 10,000 agents/partners worldwide. In the Vietnam market, after many years of focusing on investing

methodically in integrated marketing and communication activities and expanding distribution channels, Vicostone has increased brand recognition, built trust and become a leading brand. The brand has a high level of recognition in the industry and is the top choice of many domestic architects and consumers. Currently, in addition to showrooms in Hanoi, Ho Chi Minh City and Da Nang, VICOSTONE® products are available at more than 1,000 agents nationwide.

In 2023, the economic situation as well as the construction market faced many difficulties in most of Vicostone's main markets, including: the U.S., Canada, and Vietnam.

## The Vietnam Market

A challenging external environment and weaker domestic demand is leading to a slowdown in economic growth in Vietnam, but the signs of recovery of the economy were quite clear in the last quarter of 2023. The fiscal year of 2023 was considered to be a challenging year for most companies in the construction and materials sectors, including Vicostone, because all companies were under great financial pressure<sup>3</sup>. In fact, demand for stone products decreased because they were not in the group of essential goods. At the same time, rising interest rates also caused difficulties for the real estate sector, because real estate businesses and home buyers often

used bank loans. Vicostone also continued to face in competing with low-cost artificial stone producers in the industry.

Facing common difficulties in the global economy as well as in Vietnam, along with fierce competition from competitors, Vicostone has proactively deployed many flexible solutions to minimize risks in its production and business. Accordingly, Vicostone has continued to invest in R&D to develop many new, sustainable products that meet current market needs; reviewed the system to be ready to deal with possible anti-dumping and countervailing investigations when exporting to the U.S. In addition, the Company is continuing its strategy of localizing input raw materials in production to minimize the risk

of dependence on imported raw materials and the risk of exchange rate fluctuations. This has helped the Company optimize most costs and create a competitive advantage. In the coming year, Vicostone aims to optimize finance and inventory in addition to our strategy of continuing to assert its position in the international market with high-quality engineered-stone products.

<sup>3</sup> <https://baodauthau.vn/trien-vong-nganh-xay-dung-nam-2023-diem-sang-tu-khu-vuc-ha-tang-va-cong-nghiep-post136482.html>

## The U.S. Market

The year 2023 was challenging for retail sales in the U.S. market. The economic recession, high inflation, and rising interest rates significantly affected the housing market, leading to an oversupply of both new and resale homes, as well as reduced consumer demand for new house construction and renovations. Specifically, the civil construction market in 2023 was forecast to decrease by 10% in comparison to 2022 and is expected to grow continue to grow negatively until 2025 (according to FMI forecasts<sup>1</sup>). This led to a decrease in demand for quartz products in general.

Reduced market demand for engineered quartz stones leads to increasingly fierce competition among suppliers. According to data from the United States International Trade Commission (USITC), in 2023, the total quantity of quartz imported into the U.S. reached 17.4 million m<sup>2</sup>, down 13.0% over the same period in 2022. The total value of imports into the U.S. in 2023 reached USD 1.4 billion, down 19.0% compared to 2022. Quartz products imported into the U.S. in 2023 had an average price of US\$81.0/m<sup>2</sup>, down 6.9% compared to the 2022 average price of US\$87.0/m<sup>2</sup>. Due to supply being greater than demand and excess supply and large inventories at big manufacturers as well as distributors, manufacturers had to reduce production and product prices. Many quartz manufacturers had to close due to lack of orders.

In addition, Vicostone has been facing two problems in the U.S. market: Silicosis and anti-dumping duties (AD)/ countervailing duties (CVD)/ anti-circumvention against products imported from Vietnam. Therefore, the U.S. market is becoming increasingly difficult and the level of competition is becoming more fierce for engineered quartz stone products.

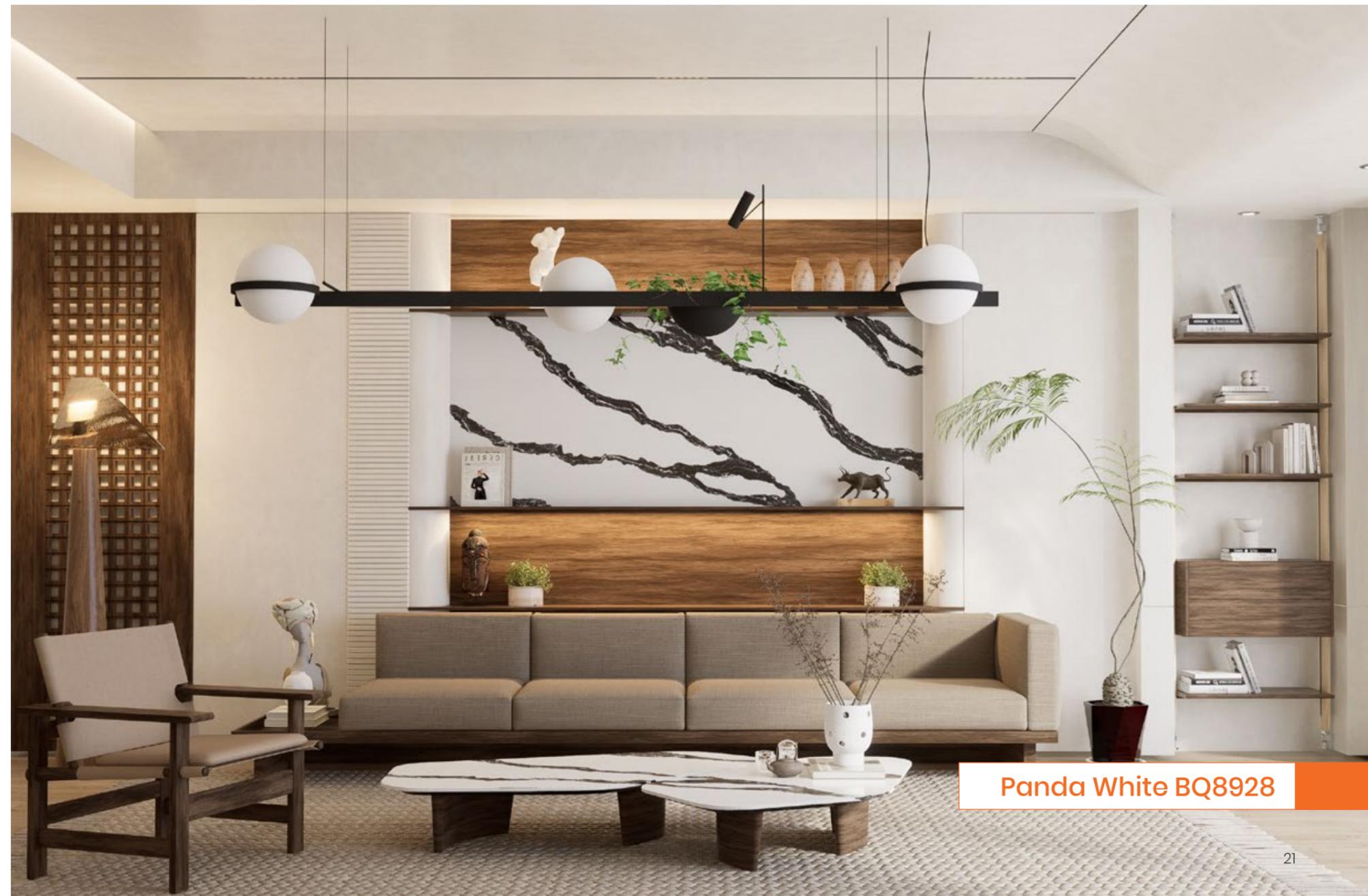
## The Canadian Market

In 2023, the Canadian economy escaped recession and continued to grow, but this recovery was relatively slow, and Canada faced many economic challenges. The economic recession, high inflation and interest rates, along with tight monetary policies lasting until 2025 has severely affected the housing market in 2023 and into 2024, reducing consumer demand for new home construction and repair. Specifically: The civil construction market was forecast to decrease by 8% in 2023 compared to 2022 (according to FMI forecasts<sup>2</sup>). This has led to a decrease in demand for engineered stone products in general.

Quartz products in Canada are still forecast to rise to number 1 (32%) in the market share by 2027, with compound annual growth rate (CAGR) during this period reaching 4%, according to a research report by Freedonia Group. According to data from the Canadian Chamber of Commerce, the total value of quartz imports into Canada increased from US\$208.1 million in 2019 to US\$260.1 million in 2023 with a CAGR<sup>1</sup> of 5.7% during this period. China and the U.S. are the two countries that export quartz products the most to Canada, accounting for nearly 55% of the total export value to Canada in 2023.

<sup>1</sup> [https://fmicorp.com/uploads/media/Q2\\_Outlook\\_2023\\_final.pdf](https://fmicorp.com/uploads/media/Q2_Outlook_2023_final.pdf)

<sup>2</sup> [https://fmicorp.com/uploads/media/Q2\\_Outlook\\_2023\\_final.pdf](https://fmicorp.com/uploads/media/Q2_Outlook_2023_final.pdf)



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Relevant Companies

# VICOSTONE OVERVIEW

# Overview of Vicostone

Vicostone is The third-largest supplier of engineered stone countertops to the global market. The Company has set up a broad network across 50 countries, with more than 10,000 agencies and partners in all five continents, as well as secured the intellectual property right for its brand VICOSTONE® in 66 countries.

International name:  
**Vicostone Joint Stock Company**

Abbreviated name:  
**Vicostone**

The certificate of business registration: 0500469512 issued by the Hanoi Department of Planning and Investment on June 2, 2005, and registered for the 19<sup>th</sup> amendment on August 25, 2022.

Charter capital:  
**VND 1,600,000,000,000** (One trillion six hundred billion Vietnamese dong)

📍 Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam

☎ Tel: +84 24 3368 5826

📠 Fax: +84 24 3368 6652

✉ Email: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)

🌐 Website: <https://vicostone.com>

Stock name:  
**Share of Vicostone Joint Stock Company**

Stock code: **VCS** Par value: **VND 10,000**

Amount of issued and listed shares:  
**160,000,000** shares on the Hanoi Stock Exchange (HNX)

Amount of treasury shares: **0 shares** Amount of outstanding shares: **160,000,000 shares**



### Responsible for information disclosure since 2023

**Mr. Pham Tri Dung:**

Title: General Director of Vicostone Joint Stock Company

☎ Tel: +84 24 3368 5826

📠 Fax: +84 24 3368 6652

📍 Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam.

The BOD of Vicostone announces that it has appointed Mr. Pham Tri Dung as a new General Director, effective from February 27, 2023.

### Independent auditing unit:

**Ernst & Young Vietnam Ltd. Co.**

☎ Tel: +84 24 3831 5100

📍 Address: 8<sup>th</sup> Floor, Cornerstone Building, 16 Phan Chu Trinh, Hoan Kiem District, Hanoi, Vietnam.

Audited VICOSTONE's separated financial statements and consolidated financial statements for 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023.

# Development history



**2002**

Founded Vinaconex Advanced Compound Stone Plant, predecessor of Vicostone Joint Stock Company.

**2003**

Officially launched 02 advanced compound stones production lines using cement adhesive (Terastone line) and organic resin (Bretonstone line) with a total capacity of 920,000 m<sup>2</sup> / annum.

**2004**

First shipment to the Australian market, beginning a period of continuous export growth for Vicostone in the following years.

**2005**

Vicostone was equitized and had a charter capital of VND 30 billion.

**2006**

Became profitable after one year of equitization, a start to rapid and sustainable growth in the following years.

**2007**

Listed on the Hanoi Securities Trading Center (HASTC), currently the Hanoi Stock Exchange (HNX), and officially first traded on December 17, 2007; Increased charter capital to VND 100 billion.

**2008**

Increased charter capital to VND 129.5 billion; Awarded the Third-class Labor Order from the State

**2009**

Successfully researched and applied environmentally-friendly bio-resin engineered stone production technology; Increased charter capital to VND 150 billion

**2010**

Officially applied SAP - Enterprise Resource Planning (ERP-SAP) system; Increased charter capital to VND 210.66 billion.

**2011**

Completed the second production line; Increased charter capital to VND 529.99 billion.

**2012**

Awarded the Second-class Labor Order by the State

**2013**

Renamed as Vicostone Joint Stock Company.

**2014**

Restructured and became a subsidiary of A&A Green Phoenix JSC (currently A&A Green Phoenix Group JSC).

**2015**

Awarded the Government's Excellent Emulation Flag for the period 2010 - 2015; Completed the infrastructure to support and implement the risk management system; integrated the risk management system into the overall operational procedure

**2017**

Awarded the First-Class Labor Order by the State; Increased charter capital to VND 800 billion.

**2018**

Increased charter capital to VND 1,600 billion; Received the Vietnam Value Award.

**2019**

Received Commendation Certificate from the Hanoi People's Committee as excellent enterprise for significant contribution to the City's development; Announced the official acquisition of a 100% stake in Phenikaa Hue Mineral Processing and Investment Co. Ltd.

**2020**

Became the third-largest global supplier of engineered stone countertops; Received the Vietnam Value Award and Hanoi's Emulation Flag.

**2021**

Recorded the historical highest export revenue of USD 230 million in spite of adversities caused by the COVID-19 pandemic; Recognized as "Prestigious exporter in 2020" by the Ministry of Industry and Trade.

**2022**

VICOSTONE® brand received the Vietnam Value Award for the 3rd consecutive season.

**2023**

VICOSTONE® brand has been recognized as one of Top 100 Most Valuable Brands in Vietnam for the 7<sup>th</sup> consecutive year by Brand Finance (UK).

For the second consecutive year, Vicostone has been honored as one of the Top 50 Corporate Sustainability Awards 2023 in the category of "Minimize Carbon footprint", organized by Nhip Cau Dau Tu Magazine.

# Governance structure and Management apparatus

## Governance structure



## Management apparatus

(Last updated on Dec 31, 2023)

### Board of Directors



**Mr. Ho Xuan Nang**

**CHAIRMAN OF  
THE BOARD OF DIRECTORS**

Year of birth: 1964  
(Non-executive member)

**Professional qualifications:**

- Associate Professor, Doctorate of Mechanical Engineering
- Master of Business Administration

**Titles at other companies:**

- Chairman of the Board of Directors – General Director of A&A Green Phoenix Group JSC
- Chairman of the Board of Directors of Phenikaa-X JSC
- Chairman of the Board of Directors of AQP Research and Control Pharmaceuticals JSC
- Chairman of the Board of Directors of Vinh Thien Medical JSC
- Chairman of the Council of Phenikaa University
- Director of Phenikaa Research and Technology Institute

**Professional experience:**

- From June 12, 2014 – present: Chairman of the Board of Directors of Vicostone JSC
- From April 18, 2013 – December 15, 2016: General Directors of Vicostone JSC

- From April 18, 2013 – June 12, 2014: Vice Chairman of the Board of Directors of Vicostone JSC
- From April 2012 – April 2013: Chairman of the Board of Directors of Vinaconex Advanced Compound Stone JSC (now Vicostone JSC)
- From March 2007 – March 2012: Chairman of the Board of Directors – General Director of Vinaconex Advanced Compound Stone JSC
- From June 2005 – March 2007: Director of Vinaconex Advanced Compound Stone JSC
- From July 2004 – May 2005: Director of Vinaconex Advanced Compound Stone Factory
- From January 1999 – July 2004: Vice Chief of Office of Vinaconex Corporation
- From March 1996 – January 1999: Quality Director; Production Director of the Ford Vietnam Factory – Hai Duong
- From 1994 – March 1996: Institute of Vietnam Agricultural Electromechanics
- From 1986 – 1993: Researcher and lecturer of Hanoi University of Science and Technology



**Mr. Pham Anh Tuan**

**MEMBER OF THE BOARD OF DIRECTORS**

Year of birth: 1981  
(Non-executive member)

**Professional qualifications:**

- Doctorate of Polymer and Composite Materials
- Master of Business Administration

**Titles at other companies:**

- Member of the Board of Directors – Vietnam Stone Work-top Fabrication JSC
- Member of the Board of Directors – Phenikaa Technology Transfer and Trading JSC

**Professional experience:**

- From December 15, 2016 – present: Member of the Board of Directors
- From December 15, 2016 – February 27, 2023: General Director of Vicostone JSC
- From October 14, 2014 – December 14, 2016: Vice General Director of Vicostone JSC

- From March 2013 – October 2014: Director of Production Plant No. 2 cum Director of R&D Center – Vicostone JSC
- From July 2009 – March 2013: Director of R&D Center of Vinaconex Advanced Compound Stone JSC (now Vicostone JSC)
- From October 2006 – June 2009: Manager of Quality and Technology Department of Vinaconex Advanced Compound Stone JSC;
- From July 2005 – October 2006: Manager of Technology Department of Vinaconex Advanced Compound Stone JSC.



**Mr. Pham Tri Dung**

**GENERAL DIRECTOR**

Year of birth: 1971

**Professional qualifications:**

- Master of Science
- Master of Business Administration
- Mechanical Engineer

**Titles at other companies:**

- Vice General Director – Member of the Board of Directors – A&A Green Phoenix Group JSC
- Member of the Board of Phenikaa Hue Mineral Processing & Investment One Member Co.Ltd
- Member of the Board of Directors of Bao Toan A Corporation

**Professional experience:**

- From April 12, 2023 – present: Member of the Board of Directors of Vicostone JSC
- From February 27, 2023 – present: General Director of Vicostone JSC
- From March 2007 – February 27, 2023: Vice General Director of Vicostone JSC

- From March 2007 – August 4, 2015: Member of the Board of Directors of Vicostone JSC
- From February 2005 – March 2007: Vice Director of Vinaconex Advanced Compound Stone JSC
- From June 2004 – February 2005: Manager of Market Planning Department of Vinaconex Advanced Compound Stone JSC
- From August 2001 – June 2004: Vice Manager of Labor Export Department of Vinaconex Trading JSC – Vinatra



**Ms. Tran Lan Phuong**

**MEMBER OF THE BOARD OF DIRECTORS**

Year of birth: 1988  
(Non-executive member)

**Professional qualifications:**

- Master of Business Administration
- Bachelor of Economic Law

**Titles at other companies:**

- Vice General Director – Member of the Board of Directors – A&A Green Phoenix Group JSC
- Member of the Council – Phenikaa School
- Member of the Council – Phenikaa University
- Member of the Board – Phenikaa Education Investment and Development JSC
- Member of the Board – Phenikaa MaaS Technology JSC
- Member of the Board – Nam Hung JSC

**Professional experience:**

- From April 12, 2019 – present: Member of the Board of Directors of Vicostone JSC
- From August 4, 2015 – April 12, 2019: Member of the Board of Supervisors of Vicostone JSC
- From October 2014 – August 2015: Assistant to General Director of Vicostone JSC
- From March 2013 – October 2014: Vice Chief of Office of Vicostone JSC
- From November 2010 – March 2013: Executive of Legal and External Relations Department of Vicostone JSC
- From March 2010 – November 2010: Consultant executive of Applied Professional Training Corporation (Aprotrain)

## Management apparatus

### Board of Directors (continued)



**Mr. Nguyen Quang Hung**

**MEMBER OF THE BOARD OF DIRECTORS**

Year of birth: 1970

*(BOD Independent member)*

**Professional qualifications:**

- Master of Economics

**Titles at other companies:**

- Chairman of HCH Thang Long Trade and Investment Co. Ltd

**Professional experience:**

- From May 2020 – present: Member of the Board of Directors of Vicostone JSC;
- From 2016 – present: Chairman of HCH Thang Long Trade and Investment Co. Ltd.;
- From 2008 – 2015: Official of Global Petroleum Bank (GPBank);

- From 2006 – 2008: Official of Hai Duong Ship Building Company;
- From 2002 – 2005: Official of Tradevico Co. under the Ministry of Transport;
- From 1998 – 2001: Official of Vietnam Coffee Corporation.

## The Audit Committee



**Mr. Nguyen Quang Hung**

**HEAD OF AUDIT COMMITMENT**

Year of birth: 1970

*(See Members of the Board of Directors)*



**Ms. Tran Lan Phuong**

**MEMBER OF AUDIT COMMITMENT**

Year of birth: 1988

*(See Members of the Board of Directors)*

## Board of Management, Chief Accountant

*(Last updated on Dec 31, 2023)*



**Mr. Pham Tri Dung**

**GENERAL DIRECTOR**

Year of birth: 1971

*(See Members of the Board of Directors)*

**Professional qualifications:**

- Dynamics Engineer

**Titles at other companies:**

- Chairman the Board of Directors of Vietnam Stone Work-top Fabrication JSC;
- Vice General Director - Member of the Board of Directors A&A Green Phoenix Group JSC.

**Professional experience:**

- From March 2007 – present: Vice General Director of Vicostone JSC;
- From March 2007 – August 4, 2015: Member of the Board of Directors of Vicostone JSC;

- From May 2005 – February 2007: Vice Director of Vinaconex Advanced Compound Stone JSC (now Vicostone JSC);
- From December 2004 – April 2005: Manager of Bretonstone Workshop of Vinaconex Advanced Compound Stone JSC;
- From October 2004 – November 2014: Manager of Technical Department of Vinaconex Advanced Compound Stone JSC;
- From 2000 – October 2014: Vice Manager of Design Department of Song Cong Diesel Company.



**Mr. Luu Cong An**

**VICE GENERAL DIRECTOR**

Year of birth: 1965

**Professional qualifications:**

- Control Engineer

**Titles at other companies:**

- N/A

**Professional experience:**

- From August 2017 – present: Vice General Director of Vicostone JSC;
- From January 2013 – July 2017: Director of Style Stone JSC;
- From June 2011 – December 2012: Director of Production Department of Style Stone JSC;

- From September 2009 – May 2011: Vice Director cum Manager of Bretonstone Workshop of Style Stone JSC;
- From January 2009 – August 2009: Director of Production Department of Vinaconex Advanced Compound Stone JSC (now Vicostone JSC);
- From September 2004 – December 2008: Engineer of Vinaconex Advanced Compound Stone JSC.

## Board of Management, Chief Accountant (continued)



**Mr. Dong Quang Thuc**  
**VICE GENERAL DIRECTOR**  
 Year of birth: 1985

**Professional qualifications:**

- Master of Chemical Sciences
- Master of Business Administration

**Titles at other companies:**

- N/A

**Professional experience:**

- From May 2021 – present: Vice General Director of Vicostone JSC;
- From August 2015 – May 2021: Manager of R&D Department of Vicostone JSC;

- From April 2014 – August 2015: Vice Manager of R&D Department of Vicostone JSC;
- From August 2008 – April 2014: Engineer of R&D Department of Vicostone JSC.



**Mr. Nguyen Quang Anh**  
**VICE GENERAL DIRECTOR**  
 Year of birth: 1976

**Professional qualifications:**

- Construction Machinery & Material Handling Equipment Engineer

**Titles at other companies:**

- Chairman of the Board of Directors of Style Stone JSC;
- Chairman of the Board of Members of Phenikaa Hue Mineral Processing and Investment One – Member Co.Ltd;
- Chairman of the Board of Directors of Bao Toan A Corporation.

**Professional experience:**

- From June 22, 2023 – present: Vice General Director of Vicostone JSC;

- From August 2017 – June 2023: Director of Style Stone JSC;
- From June 2016 – August 2017: Vice General Director of Vicostone JSC;
- From July 2012 – June 2016: Director of Factory No.1 of Vicostone JSC;
- From September 2009 – July 2012: Director of Quality of Vicostone JSC;
- From July 2005 – September 2009: – Supervisor of Crushing & Screening Department of Vicostone JSC;
- From January 2004 – July 2005: Engineer of Crushing & Screening Department of Vicostone JSC.



**Ms. Nguyen Phuong Anh**  
**CHIEF ACCOUNTANT**  
 Year of birth: 1986

**Professional qualifications:**

- Bachelor of Accountancy

**Titles at other companies:**

- N/A

**Professional experience:**

- From August 2022 – present: Chief Accountant of Vicostone JSC;

- From August 2015 – August 2022: Vice Manager of Finance and Accounting Department of Vicostone JSC;
- From August 2010 – August 2015: Accountant of Vicostone JSC.

## Changes in the composition of the Board of Directors, Audit Committee, Board of Management and Chief Accountant

(Last updated on Dec 31, 2023)

**Board of Directors**

- On April 12, 2023 the Boards of Directors of Vicostone JSC promoted Mr. Pham Tri Dung as Member of the Board of Directors of Vicostone JSC, in replacement of Ms. Nguyen Dieu Thuy Ngoc.

**Audit Committee**

- On April 13, 2023 the Boards of Directors of Vicostone JSC promoted Ms. Tran Lan Phuong as Member of Audit Committee of Vicostone JSC, in replacement of Ms. Nguyen Dieu Thuy Ngoc.

**General Director**

- On February 27, 2023 the Board of Directors of Vicostone JSC promoted Mr. Pham Tri Dung as General Director of Vicostone JSC, in replacement of Mr. Pham Anh Tuan.
- On June 22, 2023 the Board of Directors of Vicostone JSC appointed Mr. Nguyen Quang Anh as Vice General Director of the Company.

**Chief Accountant**

- In 2023, there was no change in the composition of the Chief Accountant.



**Karacabey BQ8852**

# Relevant Companies

Parent company



**PHENIKAA**  
Our commitment. Your reality

## A&A GREEN PHOENIX GROUP JSC

International name:  
**A&A GREEN PHOENIX GROUP JOINT STOCK COMPANY**

Abbreviated name: **Phenikaa Group**      Chartered capital:  
**VND 3,000,000,000,000**  
(Three trillion Vietnamese dong)

- 📍 Address: No. 167, Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi, Vietnam
- ☎ Tel: +84 24 3368 5980
- 📠 Fax: +84 24 3368 7095
- ✉ Email: [support@phenikaa.com](mailto:support@phenikaa.com)
- 🌐 Website: [www.phenikaa.com](http://www.phenikaa.com)

## Major business areas

### INDUSTRY



### HEALTHCARE & MEDICAL SCIENCE



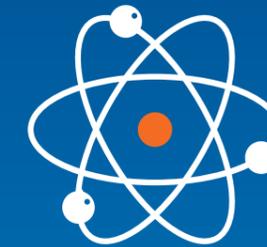
### EDUCATION AND TRAINING



### SCIENTIFIC RESEARCH



### TECHNOLOGY



### TRADE AND SERVICES



## Members of Phenikaa Group



### Industrial production

Vicostone JSC  
Style Stone JSC  
Vietnam Stone Work-top Fabrication JSC  
Bao Toan A JSC

### Healthcare and Medical science

Vinh Thien Medical JSC  
AQP Research and Control Pharmaceuticals JSC

### Education and training

Phenikaa University  
Phenikaa Elementary School  
Phenikaa Secondary and High School

### Scientific research

Phenikaa Research and Technology Institute

### Technology

Phenikaa MaaS Technology JSC  
Phenikaa Technology Transfer and Trading JSC

### Trade and services

Sec G3 Center JSC  
Nam Hung JSC  
Stylenquaza LLC. DBA (Vicostone USA)

## Subsidiaries and dependents

### Subsidiary

Phenikaa Hue mineral processing and investment one-member co. Ltd

International name:

Phenikaa Hue Mineral Processing & Investment One Member Company Limited

Abbreviated name:

Phenikaa Hue

Chartered capital:

VND 50,000,000,000 (Fifty billion Vietnamese dong)

Address: Lot CNI5 Section B, Phong Dien Industrial Park, Phong Hoa Commune, Phong Dien District, Thua Thien Hue Province, Vietnam

Main business: Production of Cristobalite for advanced stone manufacturing by Phenikaa Group and its members as well as other material businesses

100% equity owned by Vicostone

### Dependents

Business center – Vicostone JSC

HANOI

No. 51 – 53 Mac Thai To Street, Yen Hoa Ward, Cau Giay District, Hanoi, Vietnam.

Representative office

VICOSTONE JOINT STOCK COMPANY IN DA NANG

No. 502-504, Nguyen Huu Tho Road, Khue Trung Ward, Cam Le District, Da Nang, Vietnam.

Representative office

VICOSTONE JOINT STOCK COMPANY IN HO CHI MINH CITY

B1-00.12A – B1-00.14, M2 Complex, No. 72, Nguyen Co Thach Road, An Loi Dong Ward, District 2, Ho Chi Minh City, Vietnam.





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Risk Management

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The Market in 2023 and Outlook  
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Vicostone's 5-year  
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# DEVELOPMENT STRATEGY

# Risk management at Vicostone

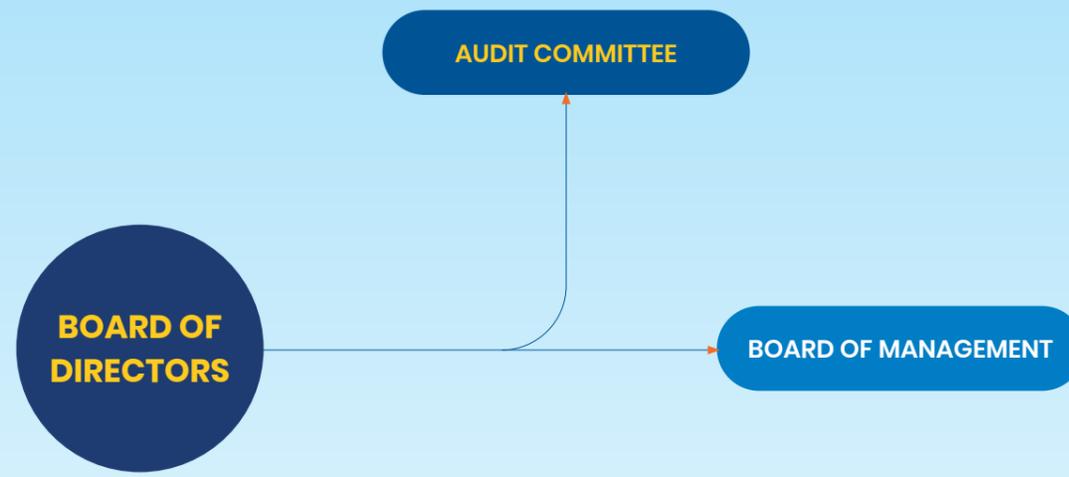


## Risk management objectives

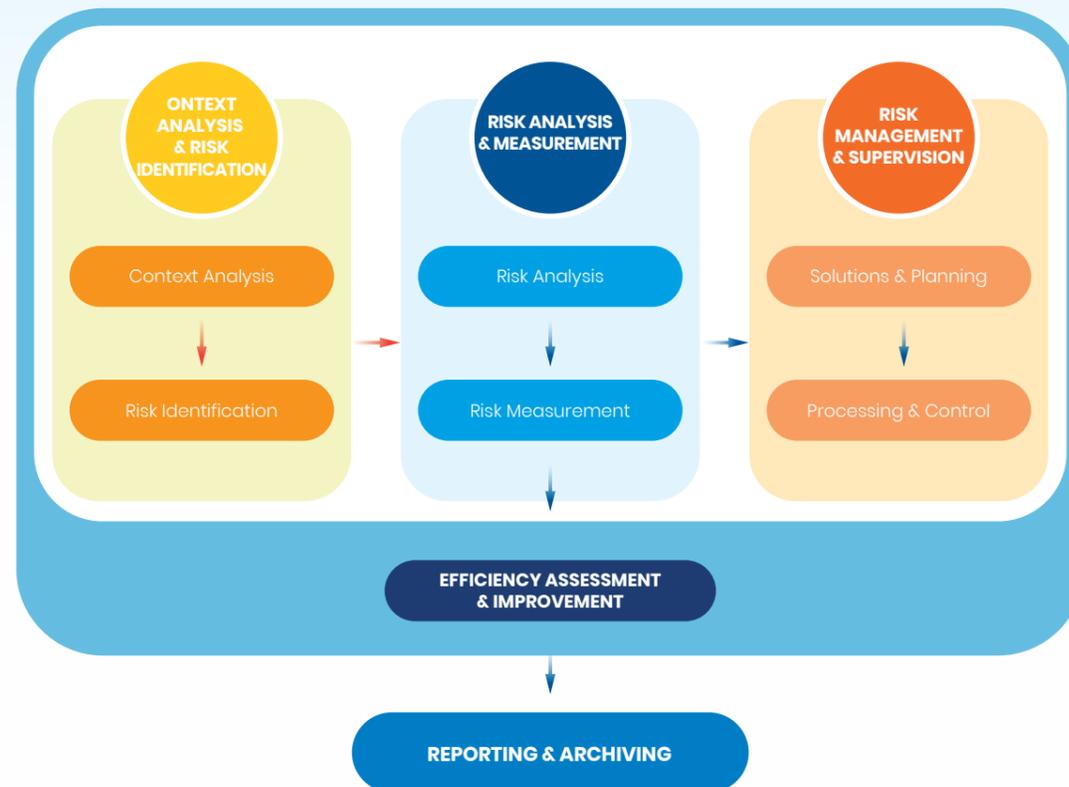
Vicostone identifies risk management as a core governance principle that is integral to the Company's strategy and sustainable development plans at all stages. The Executive Board prioritizes the implementation of various management and control measures aimed at minimizing the negative impacts of internal and external risks on Vicostone's business operations. The risk management activities at Vicostone are directed towards the following objectives:

- 1** Protect Vicostone from/ or mitigate the impact of negative economic, environmental, and social fluctuations, while simultaneously preventing risk occurrence and minimizing losses caused by such risks at all times.
- 2** Ensure Vicostone's compliance with regulatory requirements. As the legal environment becomes increasingly complex, both in Vietnam and other markets where the Company operates, effective compliance management mechanisms facilitate easier adherence to regulations and monitoring of compliance.
- 3** Develop and foster a risk management culture within the organization, ensuring that every officer and employee has a clear understanding and awareness of their individual responsibilities in risk management. Assigning responsibilities for risk management to individuals directly impacts employee engagement and, consequently, enhances labor productivity and work efficiency.

# Risk management system



# Risk management process



## Material Risk 2024

### Risk of Unpredictable Global Economic Fluctuations

According to forecasts by the Organization for Economic Cooperation and Development (OECD), global GDP growth is projected at 2.9% for 2023, slowing to 2.7% in 2024, and improving to 3.0% in 2025. Asia is expected to continue driving the majority of global growth in 2024 - 2025, as it did in 2023. The GDP growth in the United States for 2023 stood at 2.4%, with a predicted decrease to 1.5% in 2024, this is expected to be followed by a slight increase of 1.7% in 2025, driven by anticipated easing in monetary policies.

In Europe, heavily impacted by Russia's invasive war in Ukraine and the energy price shock, GDP growth is forecasted at 0.9% in 2024 and 1.5% in 2025. Conversely, China's economy is on a slightly declining growth path, with an anticipated increase of 5.2% in 2023, projected to slow down to 4.7% in 2024, and further to 4.2% in 2025, due to ongoing tensions in the real estate sector and continued high household savings rates<sup>1</sup>.

The World Bank offers a more cautious forecast, suggesting global GDP growth will be 2.4% in 2024. In scenarios of banking stress leading to severe credit crises and broader financial turmoil in advanced economies, global growth for 2024 could dip to just 1.3%<sup>2</sup>.

Meanwhile, Vietnam's economy continues to prioritize growth linked with macroeconomic stability, inflation control, and maintaining major

economic balances. The 6<sup>th</sup> session of the 15<sup>th</sup> National Assembly approved the socio-economic development plan for 2024, targeting GDP growth of 6.0% - 6.5%. For the year 2024, the Agriculture, Forestry, and Fisheries sector is expected to grow by approximately 3% - 3.2%, slightly lower by 0.63 - 0.8 percentage points compared to 2023; the Industrial and Construction sector is projected to grow by 6.2% - 6.9%, an increase of 2.46 - 3.16 percentage points; and the Services sector is expected to increase by 6.7% - 7.1%, rising by 0.28 percentage points<sup>3</sup>.

In response to the volatility of the global economy in general, and Vietnam's economy in particular, Vicostone

has proactively developed multiple business scenarios and plans early in the year to cope with economic fluctuations; focused resources on researching and developing new products to meet the demands and regulations of various markets; continuously innovating production lines to modernize manufacturing technology, diversify products, optimize production efficiency; and promoting the development and expansion of sales channels and sales policies suitable for different customer groups in global markets.



<sup>1</sup> <https://www.oecd.org/newsroom/economic-outlook-a-mild-slowdown-in-2024-and-slightly-improved-growth-in-2025.htm>

<sup>2</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/6e892b75-2594-4901-a036-46d0dec1e753/content>

<sup>3</sup> <https://xaydungchinh sach.chinhphu.vn/chuyen-gia-kien-nghi-6-nhom-giai-phap-thuc-hien-muc-tieu-tang-truong-kinh-te-nam-2024-119231230091254058.htm>

### Risk of increased competition pressure

#### Competition from Industry Rivals

In the U.S., one of Vicostone's key markets, there are currently eight manufacturers who have invested in a total of 19 production lines for quartz-based engineered stone. The number of production lines is expected to increase significantly in the near future<sup>4</sup>.

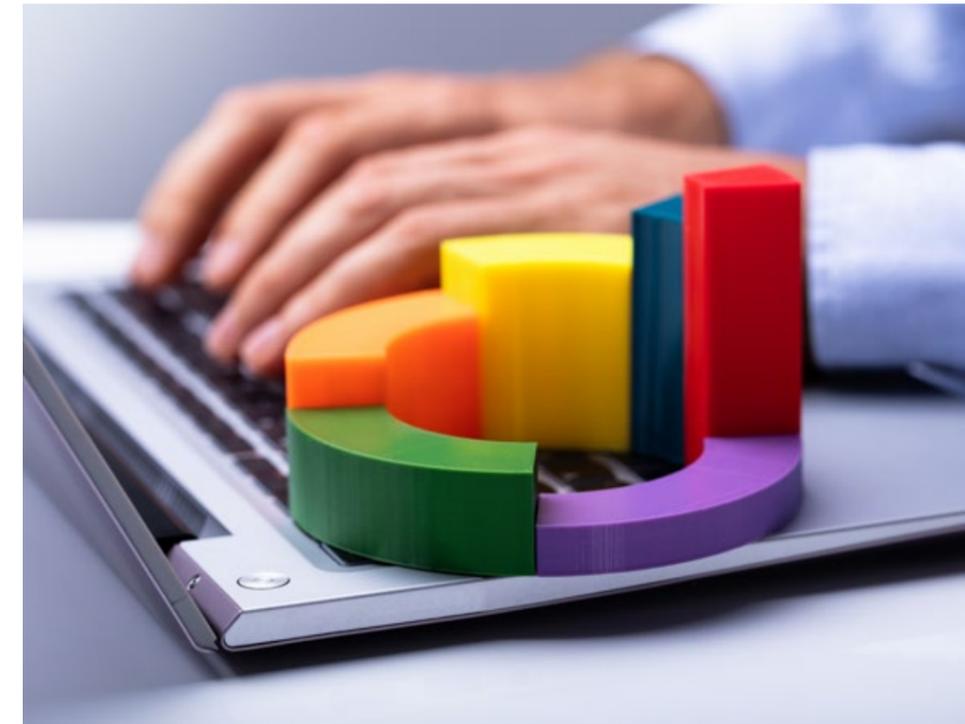
Additionally, according to statistics from the United States International Trade Commission (USITC), the top five countries by the value of exports (in m<sup>2</sup> volume) to the U.S. include India, Vietnam, Spain, Thailand, and Turkey<sup>4</sup>.

This indicates that the competition among manufacturers of engineered stone will become increasingly fierce, especially in a global economic climate that remains challenging in 2024. Price sensitivity remains a significant concern for customers, posing a considerable challenge to Vicostone, which positions its products in the high-end segment; however, Vicostone continues to explore the potential for proactive adjustments to its sales policies and resource allocation to align with its business objectives at each stage, aiming to optimize costs, profits, and gain a competitive advantage over industry rivals in both the short and long term.

#### Competition from Substitute Products

Engineered stone primarily competes with natural stone in most markets, particularly in Australia, Canada, and the U.S. In recent years, engineered stone has also faced competition from porcelain and sintered stone in mid-to high-end domestic applications.

In developed countries, engineered stone is predominantly used in residential kitchen installations. However, the demand for various materials has significantly increased in recent years, specifically:



- In kitchens, engineered stone competes primarily with natural stone and other high-end materials such as porcelain slabs, sintered stone, stainless steel, concrete, and recycled materials;
- In bathrooms, engineered stone directly competes with granite, as both materials have dominated the market in recent years, especially in the U.S.<sup>4</sup>.

Porcelain is expected to be the fastest-growing countertop product globally, despite its small scale. According to a forecast by Freedonia, porcelain will be the fastest-growing surface material from 2021 to 2027, with a Compound Annual Growth Rate (CAGR) of 27% during this period. This strong growth will be driven by increasing consumer awareness of porcelain's superior properties, including stain and heat resistance; greater strength and durability compared to granite; colorfastness; availability in various patterns, designs, and colors from manufacturers; and its ease of maintenance and cleaning capabilities as a non-porous surface<sup>5</sup>.

To maintain and enhance its leading position in the industry, Vicostone

continues to develop and refine a proactive comprehensive strategy to improve its competitive capacity and establish a distinct identity in the international market. To fulfill this strategy, the Company has intensified investments in R&D to develop new materials and products that are safe, unique, environmentally friendly, difficult to replicate, and have superior advantages to lead the global quartz stone market trend.

<sup>4</sup> According to Quartz Industry Market Report on August 2023 from the Market Research, Product Marketing and Quality Management Division - Phenikaa Group

<sup>5</sup> <https://www.freedoniagroup.com/industry-study/global-countertops-3836.htm>



## Risk of Trade Defense Measures Investigations by the United States

According to the U.S. customs statistics, in 2023, Vietnam ranked second in terms of the value of imported engineered stone products, with USD 308.1 million, equivalent to nearly 3.6 million m<sup>2</sup>. In 2023, imports from Vietnam to the U.S. decreased by 3.5% compared to the same period in 2022, which is more favorable compared to the significant decreases seen in imports from other countries. Specifically, India is down 27.4%, Spain is down 37.7% and Canada is down 29.9%<sup>6</sup> during this time period.

Meanwhile, the number of Vietnamese exporters to the U.S. market is on the rise with the majority targeting the mid-low segment, leading to a decrease in average selling prices. Consequently, there is an increased likelihood that Vietnamese enterprises may be subjected to U.S. trade defense measures (TDMs).

Currently, the U.S. still categorizes Vietnam as a non-market economy. This designation allows the U.S. to

apply a country-wide rate—a tariff rate used for companies that do not cooperate with the U.S. or cannot prove that they are not under domestic government control. The country-wide rate is typically calculated based on available data and is often set very high and maintained throughout all review periods which poses obstacles to reviewing the removal of the tariff<sup>7</sup>.

On September 8, 2023, the Ministry of Industry and Trade of Vietnam officially submitted a dossier requesting the U.S. Department of Commerce to reconsider Vietnam's market economy status. If officially recognized, Vietnamese enterprises facing anti-subsidy and anti-dumping lawsuits would not be subject to unfavorable tariff calculations and dumping margins. This potential recognition could significantly mitigate the risk of punitive tariffs and enable more favorable conditions for Vietnamese companies in trade disputes.

## Anti-Dumping and Countervailing Duties

The United States has implemented anti-dumping and countervailing measures against imported engineered stone products from China, India, and Turkey. Specifically:

- The U.S. Department of Commerce (DOC) has imposed anti-dumping and countervailing duties on quartz stone products imported from China since July 11, 2019, effective for five years, and varying by Chinese company<sup>8</sup>.
- For quartz stone surface products imported from India and Turkey, the DOC also applied anti-dumping duties starting from June 22, 2020<sup>9</sup>.

In 2023, while the DOC has not specifically initiated investigations into the engineered stone export sector of Vietnam, on October 5, 2023, the Ministry of Industry and Trade of Vietnam announced a list of 18 products at risk of being investigated for trade defense measures, origin fraud, and circumvention, with engineered quartz stone ranked fourth.

In this context, Vicostone has proactively responded by preparing optimally to address any potential investigations from the U.S., such as strictly adhering to origin certification regulations; avoiding any involvement in origin fraud or circumventing trade defense measures.

Additionally, the Company proactively studies all relevant U.S. laws on anti-dumping, countervailing, and circumvention; actively collaborates with reputable international legal partners to advise and guide the establishment of procedures and data provision to ensure compliance with DOC requirements for documentation and deadlines when requested.

## Circumvention Avoidance

According to the Trade Defense Department, by the end of June 2023, Vietnam's exports to international markets had faced 33 cases<sup>9</sup> of circumvention of trade defense measures. For the engineered stone industry, if suspected of using raw materials, products, or similar products from countries subject to anti-dumping and countervailing duties like China, India, and Turkey, Vietnam could also be investigated for circumventing trade defense measures when exporting to the U.S.

Some positive outcomes achieved by Vietnam in 2022 and early 2023 include: the U.S. concluding that Vietnamese stainless-steel wire does not circumvent the TDMs currently applied to South Korea; a major Vietnamese solar panel company not circumventing duties and being temporarily exempt from such taxes; and several Vietnamese steel pipe products not circumventing the TDMs applied to Taiwan (China)<sup>9</sup>.

The primary latent risk will focus mainly on anti-dumping and countervailing investigations. With circumvention, the potential risk level is lower, but it is still necessary to regularly monitor relevant legal information. Vicostone, as one of many import businesses into the U.S. market, continually faces trade defense pressures. Although the potential risk is lower, the Company has maintained a transparent and comprehensive data system, ready for information retrieval when necessary.

<sup>6</sup> <https://tapchicongthuong.vn/bai-viet/khuyen-nghi-doanh-nghiep-xuat-khau-da-nhan-cao-theo-doi-sat-tinh-hinh-thi-truong-hoa-ky-115250.htm>

<sup>7</sup> <https://vntr.moit.gov.vn/news/duoc-cong-nhan-la-nen-kinh-te-thi-truong-y-nghia-gi-voi-viet-nam>

<sup>8</sup> <https://m.vcci.com.vn/nguy-co-dieu-tra-phong-ve-thuong-mai-voi-san-pham-lien-quan-mat-da-thach-anh>

<sup>9</sup> <https://aslgate.com/vi/tinh-hinh-phong-ve-thuong-mai-tai-viet-nam-nua-dau-nam-2023-va-can-hao-bao-den-cuoi-nam-2023/>

## Risk of high inflation and interest rates

The International Monetary Fund (IMF) forecasts that general inflation will continue to decrease from 6.9% in 2023 to 5.8% in 2024, due to tighter monetary policies supported by lower international commodity prices<sup>10</sup>. Although the general inflation trend is decreasing, it remains at a high level.

In Vietnam, the average inflation rate for 2023 is at 3.25%, achieving the target set by the National Assembly<sup>11</sup>. With factors that restrain inflation, the government has set a target to control inflation between 4% - 4.5% for 2024, which has been approved by the National Assembly<sup>12</sup>.

Regarding interest rates, on December 13, 2023, the U.S. Federal Reserve (Fed) announced that it would maintain interest rates at 5.25%-5.50%. The Fed signaled that the phase of implementing tighter monetary policies might have ended and that interest rates are expected to decrease in 2024. According to forecasts, the Fed expects three rate cuts in the following year<sup>13</sup>, yet rates remain high compared to the last decade.

In Vietnam, the current bank interest rate has dropped to the lowest levels in the past 20 years. In 2023, the State Bank of Vietnam adjusted the operational interest rates four times, with reductions ranging from 0.5% - 2.0%/year, amidst a context of globally rising and high interest rates. Currently, the average mobilization rate for banks is hovering around 5% - 5.5%/year for 12-month terms. The 12-month deposit rate is expected to remain low at about 5.0%/year from the end of 2023 to the end of 2024<sup>14</sup>.

Given the complex forecasts for 2024, Vicostone identifies it as a year that requires careful monitoring of interest rate movements and inflation rates to devise appropriate countermeasures. Vicostone continues to focus on enhancing the efficiency of resource utilization while simultaneously maintaining more effective business growth compared to 2023. Therefore, optimizing financial resources at low-interest rates continues to be crucial for controlling costs effectively and ensuring competitive capability amidst fluctuations and challenges of 2024.

Due to high sustained inflation impacting the purchasing power of international markets, the growth signals for 2024 remain uncertain. Recognizing this trend, Vicostone proactively captures both domestic and international market information to analyze and evaluate, serving to develop a flexible sales channel structure and revenue growth policies compliant with legal regulations and market demands.

Moreover, the Company will continuously update the developments in inflation and global commodity markets, seizing opportunities to negotiate and contract with suppliers for material stockpiling at favorable prices; closely monitor interest rate developments to effectively use financial tools; and balance short-term loans in both local and foreign currencies at optimal times to minimize financial costs.

<sup>10</sup> <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

<sup>11</sup> <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2024/01/cac-yeu-to-tac-dong-den-lam-phat-nam-2023-va-mot-so-giai-phap-kiem-soat-lam-phat-trong-nam-2024/>

<sup>12</sup> <https://xaydungchinh.sach.chinhphu.vn/chuyen-gia-kien-nghi-6-nhom-giai-phap-thuc-hien-muc-tieu-tang-truong-kinh-te-nam-2024-119231230091254058.htm>

<sup>13</sup> [https://www.mof.gov.vn/webcenter/portal/vclvcstc/pages\\_r/l/chi-tiet-tin?dDocName=MOFUCM298620](https://www.mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM298620)

<sup>14</sup> <https://tapchicongthuong.vn/bai-viet/vndirect-research-ngan-hang-nha-nuoc-co-the-giam-them-lai-suat-dieu-hanh-trong-nam-2024-115303.htm>

## Risk of concentrated revenue in main markets

With over 20 years of international market presence, VICOSTONE® quartz stone products have established a reputation as one of the leading quartz stone brands globally. VICOSTONE® products not only excel in quality and safety for users but also boast high aesthetic value, inspiring creativity. Consequently, Vicostone has captured some of the most demanding markets, including the U.S., Canada, and EU countries.

For many years, the U.S., Canada, and the EU have been key markets generating the majority of the Company's revenue. While this focus has advantages, it also carries inherent risks that may lead to dependency and reduce flexibility in business operations.

In this context, to mitigate the risks of over-dependence on existing markets, alongside developing key markets through integrated business, and flexible financial and non-financial policies, aimed at maintaining and expanding the customer base, as well as developing sales channels to ensure target revenue, Vicostone

also prioritizes customer acquisition and market development. Identifying and entering new, potential markets continues to be one of the strategic objectives of the Company in the coming years. This approach is essential to diversifying revenue streams and reducing the inherent risks of market concentration.



## Legal Risks in International Business Operations

### Risk of Changes in Silica Dust Standards

Effective December 29, 2023, the Emergency Temporary Standard on silica, drafted by the California Occupational Safety and Health Administration (Cal/OSHA), has been approved by the government and will apply for the next year to products containing more than 0.1% silica in engineered stones and over 10% in natural stones. This framework imposes stricter requirements on U.S. fabrication units regarding technical operations, labor protection, and worker training<sup>15</sup>.

In Australia, the use of engineered stone products (regardless of silica content) will be prohibited from July 2024<sup>16</sup>.

Products still permissible for use, production, and fabrication include concrete and cement products; paving bricks, stones, and similar blocks; porcelain products; ceramic tiles for walls and floors; roofing tiles; plaster; or any products containing less than 1% silica.

In response to the legal requirements regarding silica content and/or concentration, Vicostone maintains silica dust control measures through ongoing internal training programs that regularly educate workers about the health impacts of silica dust, with reminders issued annually. Additionally, Vicostone has implemented solutions within the Kaizen-5S program to control and reduce dust levels, especially in areas prone to high dust generation such as loading zones and milling areas, maintaining regular environmental monitoring quarterly and annually. The Company ensures workplace conditions for workers by equipping them with appropriate personal protective equipment; specifically, workers in high silica dust areas are

provided with dust-filtering masks effective up to 94%; and it regularly maintains inspection and supervision activities to ensure compliance with labor protection regulations. Furthermore, the Company conducts biannual occupational health screenings for workers in high-risk positions and arranges suitable job placements to ensure worker health best.

Vicostone regularly updates legal regulations related to silica dust across its markets to adjust and update the Company's regulations in line with legal changes.

Additionally, the Company continues to focus resources on finding new production methods and researching and developing new materials that are safer and more environmentally friendly. These new materials aim to transform the global quartz stone manufacturing industry with products that prioritize health safety, aesthetic value, and cost-effectiveness.



### Risk of Changes in Legal Regulations

Vicostone operates in over 50 countries and territories globally. Consequently, the Company's business operations are directly affected by the legal corridors in each host country, such as customs policies, non-tariff barriers, administrative and legal regulations. Changes in laws or regulations can directly impact the Company's operations, creating challenges in managing production and business activities, and increasing operational costs. If not updated and adjusted in a timely manner, the Company's products may fail to meet the conditions for distribution. A notable example is the decision by the Commonwealth, states, and territories of Australia to ban the use of all types of engineered stone containing crystalline quartz to minimize the risk of workers contracting silica-related illnesses. This led to repercussions where manufacturers had to change technology and develop new products to comply with Australian regulations, resulting in additional costs and reducing competitiveness in that market.

To effectively control these risks, Vicostone has established partnerships with reputable international law offices capable of advising and regularly updating changes in policies and legal matters related to the Company's operations. This enables the Company to proactively adjust and change to fully and timely comply with the regulations of the host countries.

The Company's legal department, comprised of experienced legal consultants, is responsible for updating changes in laws and their legal impacts on Vicostone's operations to promptly advise the Board of Directors and the Board of Management. They also study the impact of legal documents in the drafting phase soon to be enacted on the Company's operations to prepare appropriately. Additionally, this department is tasked with reviewing the Company's contractual documents to limit related legal risks, ensuring that Vicostone maintains its compliance and adaptability in the face of regulatory changes across its diverse markets.

### Legal Dispute Risks

Engaging in international trade, Vicostone faces legal disputes from various angles such as disputes over international goods sales and service supply contracts, product quality, social responsibility, environmental issues, and notably, intellectual property disputes involving copyrights, trademarks, industrial designs, and patents with competitors.

As competition among quartz stone manufacturers intensifies, Vicostone is at risk of facing unfair competitive practices aimed at impacting its business operations and diminishing its market reputation. To mitigate these risks, the Company has been proactive and timely in registering intellectual property rights, protecting brands, trademarks, product designs, and design patterns in the markets where it operates, especially for new products prior to their official market launch.

<sup>15</sup> <https://www.dir.ca.gov/DIRNews/2023/2023-93.html>

<sup>16</sup> <https://www.dezeen.com/2023/12/14/australia-bans-engineered-stone-silicosis-risk-news/>

# The Market in 2023 and Outlook for 2024



## The market in 2023

### Political and economic situation in 2023

The year 2023 continued to be a difficult year for the world economy as it faced a series of challenges including: a decline in gross domestic product (GDP) growth; an increase in bad debt and gloomy trading

lower than the forecast of 3.3 - 3.5% by the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD)<sup>1</sup>.

In 2023, Vietnam's economy was negatively affected by the world economic situation. The driving forces of the economy were less effective than in previous years, especially in the first half of the year. However, a more positive trend in the last months of the year helped Vietnam's

over the previous period. Third, the service industry gradually recovered with a bright spot being tourism activities. Peak tourism development since the end of April stimulated consumer demand; From there, it strongly spread to the production of other service industries such as transportation, hospitality, food and beverage, travel, art activities, entertainment, and others. These have contributed to a positive factor in economic growth. Fourth, industrial activity gradually recovered and the industrial production index (IPI) tended to increase slightly again. Fifth, the Government's efforts to promote disbursement of public investment capital were an important driving force for growth. Sixth, effectively controlled inflation helped to stabilize cash flow, which is an important factor for economic growth<sup>3</sup>.

Besides these favorable factors, some challenges hindered Vietnam's economic growth in 2023. Firstly, geopolitical instability, difficulties in the world economy, weak recovery in aggregate demand, high inflation in many countries, and unstable supply chains affected the domestic economy. Secondly, although industrial production changed positively, it was still slow and did not create a strong acceleration compared to the same period in 2022, mainly due to a decline in orders, increased input costs, and weak export market. In particular, this affected many industrial production sectors, especially the manufacturing and processing industry. Thirdly, import and export activities recovered slowly due to reduced world demand, tightened monetary policy, and high inflation. Fourthly, the real estate market continued to be gloomy, with limited cash flow, especially in the context of high pressure from maturity and repayment of corporate bonds in 2023. Finally, attracting foreign investment in 2023 was not effective as investors did not expand the scale of investment in their active projects in Vietnam due to difficulties of the world economy in general and the business community in particular.

<sup>1</sup> [https://www.vietnamplus.vn/kinh-te-toan-cau-nam-2023-nhieu-am-dam-nhung-van-co-vai-diem-sang-post916210.vnp#google\\_vignette](https://www.vietnamplus.vn/kinh-te-toan-cau-nam-2023-nhieu-am-dam-nhung-van-co-vai-diem-sang-post916210.vnp#google_vignette)

<sup>2</sup> <https://vneconomy.vn/10-van-de-kinh-te-the-gioi-nam-2023.htm>

<sup>3</sup> <https://vneconomy.vn/interactive-toan-canh-kinh-te-viet-nam-2023.htm>

## Construction and real estate market in 2023

According to a report by Global Data<sup>4</sup>, the growth of the global construction industry in 2023 was estimated to increase by only 0.8% compared to 2022. This deceleration reflects the challenging context in most markets worldwide; also the tightened monetary policy resulted in investment reduction and high inflation. The construction market was forecast to grow poorly in 2023, reflecting a slowdown in developed economies. Specifically, the Construction market growth in Europe in 2023 was expected to decrease by 2.8%. Concurrently, North America and Australasia were also expected to decrease by 0.9% and 1.5% respectively when compared to the previous year. Most of these markets' growth prospects were hindered by weak investment growth, rising prices of key construction materials, and high energy costs due to the impact of the Russia-Ukraine war. Macroeconomic uncertainty slowed growth in North America, and the housing sector in particular was hit hard. Inflationary pressures started to ease and the Federal Reserve began to slow the pace of interest rate increases, which bodes well for a growth recovery in the construction industry. The construction of public infrastructures has had a positive impact on the prospects of the construction market in the U.S. in the period 2023 - 2027.

In Vietnam, 2023 was a difficult year for most companies in the construction and materials sectors because all companies were under financial pressure.

In addition, Vietnam's real estate market also faced many challenges in 2023. Signs of difficulties in the real estate market began to boom and spread at the end of 2022. Entering 2023, difficulties covered the entire real estate market. The situation

of investors accepting to sell their real estate products at a loss or reduced prices was widespread. Even many project investors also had to offer discounts of up to 40% of the selling price in order to sell their products. According to data from the Vietnam Association of Realtors (VARs), real estate liquidity in the first half of the year remained low, but improved towards the end of the year. Specifically, the first quarter had 2,700 successful transactions and the

second quarter 3,700 transactions. Although the real estate liquidity improved significantly in the third and fourth quarters and buyers' hesitation was reduced, the real estate market was still assessed to be in a gloomy state. In general, in 2023, although the real estate market still had many difficulties, there were positive signs at the end of the year that the most difficult period has passed<sup>5</sup>.



turnover and investment. Moreover, the negative effects of military conflicts created additional geopolitical instability. Specifically, war between Russia and Ukraine became more complicated as well as another event in October 2023 saw the Gaza Strip between Israel and the Palestinian Hamas force thrown into turmoil. Inflation in countries around the world has cooled down somewhat but remains unusually high, monetary policies were tightened, world public debt increased to record levels, and problems related to food security, natural disasters, climate change were also problematic. These conditions have brought the global economy in 2023 into one of the bleakest periods since the world financial crisis of 2007-2008. At the end of 2023, international organizations adjusted global economic growth forecasts compared to previous forecasts in different directions, but most forecasts are lower than the growth rate in 2022. The latest report from Fitch Ratings - a prestigious credit rating organization - believes that the world's overall GDP growth will reach about 2.5 to 3.0%,

economic growth in 2023 reached 5.05% and Vietnam was one of the high-growing economies in the world. In particular, the agricultural sector continued to be a solid foundation for the economy with growth reaching 3.83%; The commercial sector grew by 6.82%. Some service sectors growing steadily; however, the industrial and construction industries faced many difficulties with a growth rate of only 3.74%<sup>2</sup>.

Vietnam's economic growth in 2023 was supported by some favorable factors. First, the macroeconomy remained stable and effectively combined fiscal and monetary policies helped to keep inflation in the safe zone, gradually decreasing regulatory interest rates, which was the basis for reducing lending interest rates to support production. Second, the agricultural sector continued to serve as an important foundation of the economy. Production and business activities in this sector have actively promoted the restructuring process, ensuring supply and food security while reaping many positive results, creating stable growth



<sup>4</sup> <https://www.globaldata.com/media/construction/global-construction-industry-growth-will-remain-sluggish-2023-forecasts-globaldata/>

<sup>5</sup> <https://www.globaldata.com/media/construction/global-construction-industry-growth-will-remain-sluggish-2023-forecasts-globaldata/>

## Market outlook for 2024



### Economic outlook for 2024

The global economy continues to face many challenges in 2024, most of which come from inflation, geopolitical conflicts, or climate change. Although inflation has been controlled, high-interest rates are still causing negative impacts on the global economic system. Also, wars, conflicts, and disasters from climate change are causing people in many areas to struggle in their life, and concurrently, the global economy to stagnate. Conflicts between allies and blocs are dominating economic policies. Currently, the world economy is divided into many different trends. The economies that rely heavily on manufacturing and trade are performing weaker than the rest, with Germany, for example, seeing a significant economic contraction for three-quarters of 2023. Meanwhile, the economies that focus on developing services are doing better, such as France or the U.S. However, in the near future, due to many different factors, this trend may completely reverse. According to the most recent forecast from the Organization for Economic Cooperation and Development (OECD), Germany's GDP is expected to accelerate out of recession by 2024, while growth in France and the U.S. is expected to slow down<sup>6</sup>.

In 2024, the global economy is forecast to continue to face many difficulties. Economic growth will slow down, lower than in previous decades. The IMF expects global growth to decrease to 2.9% in 2024<sup>7</sup>, while the inflation rate is expected to be 5.8%, with inflation basically expected not to be under 2% until 2025<sup>8</sup>.

In 2024, Vietnam cannot avoid the impacts of the difficult situation of the world economy as well as

the limitations within the domestic economy. The impact of the decline in the world economy that accumulated since the pandemic, until now, will likely continue to impact the Vietnamese economy at least in the first half of 2024, before recovery is expected; however, in 2024, signs of our country's economic recovery will appear quite clearly. The economy has many drivers for growth such as: global supply chains and investment capital flows shifting; Chinese market reopening; services and consumption increasing quite well; public investment being promoted; and our fiscal and monetary policy space still quite large. The National Assembly has set a GDP growth target of 6 to 6.5% for 2024, which shows optimism about the prospects of economic recovery. The year 2024 is expected to be a breakthrough year of the difficult 5-year economic period from 2021 to 2025. Therefore, the Government, Ministries, branches and localities will also devote all their efforts to finishing this journey to the finish line<sup>9</sup>.

### Construction and real estate market in 2024

According to a report by Global Data<sup>10</sup>, the worldwide construction sector is expected to regain some growth momentum by 2024 if the global economy becomes stable. In particular, the output of the construction industry is expected to increase by 3% in 2024 and the average annual growth rate should reach 4.2% in the period of 2025 to 2027.

In Vietnam, 2024 is forecast to be the peak of public investment disbursement, bringing a great source of work for infrastructure construction

enterprises<sup>11</sup>. In addition, after the efforts of the Government and agencies in market management policies, bright signs began to appear clearly in the residential real estate market at the end of 2023 when liquidity in the market returned and new supply sources began to introduce new products. Thus, the residential real estate market is forecast to grow from 2024<sup>12</sup>.

### Forecast of the global engineered quartz stone market in 2024

According to Freedonia's "Global Countertops" report<sup>13</sup>, the global engineered stone countertops market size is expected to increase to 128 million m<sup>2</sup> by 2027 with a CAGR of 9.3%.

Demand for engineered stone is expected to grow strongly until 2027, with engineered stone surpassing both laminate and granite to become the second most popular countertop product in the world. Growth will be driven by:

- Engineered stone products which are expanding their distribution networks and sales channels in both developed and developing countries;
- Engineered stone's durability, resistance to damage and availability in various colorful designs;
- The sharp expansion of the global manufacturers especially in the Asia/Pacific region, which has led to increased diversity and availability of these products in developing regions.

<sup>6</sup> <https://kinhtedothi.vn/kinh-te-the-gioi-nam-2024-nhung-dieu-toi-te-nhat-co-le-da-qua.html>

<sup>7</sup> <https://vov.vn/kinh-te/kinh-te-toan-cau-co-the-ha-canh-mem-trong-nam-2024-nhung-con-noi-lo-lam-phat-post1067981.vov>

<sup>8</sup> <https://thesaigontimes.vn/trien-vong-kinh-te-toan-cau-va-viet-nam-nam-2024/>

<sup>9</sup> <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2024/01/buc-tranh-tang-truong-nam-2023-va-trien-vong-phat-trien-kinh-te-nam-2024/>

<sup>10</sup> <https://www.globaldata.com/media/construction/global-construction-industry-growth-will-remain-sluggish-2023-forecasts-globaldata/>

<sup>11</sup> <https://baodathau.vn/trien-vong-nganh-xay-dung-nam-2023-diem-sang-tu-khu-vuc-ha-tang-va-cong-nghiep-post136482.html>

<sup>12</sup> <https://cafef.vn/dau-an-bat-dong-san-2023-kho-khan-bao-trum-no-luc-giai-cuu-va-nhung-tia-sang-le-loi-188231228094321453.chn>

<sup>13</sup> <https://www.freedoniagroup.com/industry-study/global-countertops-3836.htm>

# Vicostone's 5-year strategic orientation

With the vision of "Continuing to enhance the position of the VICOSTONE® brand in the world market by constantly developing, improving and applying new technology and new materials, to create artistic, unique and inspiring quartz stone products for all users", Vicostone has always been a pioneer in applying and developing new technology, materials and smart devices, etc. to achieve long-term competitive advantages, ensure sustainable development and become a leading company in advanced materials, premium ecological materials, and smart products - and manufacturing.

Over the past years, with active support from the parent company - Phenikaa Group, Vicostone has

supply chain in the field of high-end quartz stone production, ensuring stable quantity and quality of input raw materials, thereby not only meeting the most stringent product requirements and needs of customers, but also minimizing the related risk of dependence on the input raw material supply chain, risk of exchange rate fluctuations, continuing to optimize prices and increase competitive advantage. On that basis, the Company has determined its operating orientation in the field of production and business of high-quality engineered stone under the VICOSTONE® brand for the period of 2024-2029 as follows:



Operational area	Strategic goals for the period of 2024 - 2029
<b>Products and services</b>	<ul style="list-style-type: none"> <li>• Maintain our position as a "trend-leading" company in the quartz-based engineered stone manufacturing industry, through:               <ul style="list-style-type: none"> <li>- Pioneer in researching and innovating technology, investing in developing new, environmentally friendly, and reasonably priced materials;</li> <li>- Invest heavily in R&amp;D to create unique and artistic product lines;</li> <li>- Provide good quality products and dedicated customer service in markets where the Company's products are distributed.</li> </ul> </li> </ul>
<b>Market, customer and distribution system</b>	<ul style="list-style-type: none"> <li>• Gradually increase sales proportion through restructuring the VICOSTONE® product distribution system in major markets. Enhance VICOSTONE® brand position in existing markets;</li> <li>• Continue to expand the distribution system into potential markets; increase VICOSTONE®'s coverage in the global market;</li> <li>• Continuously develop and create value-added products/services to help grow revenue and enhance customer experience.</li> </ul>
<b>Revenue, profit</b>	<ul style="list-style-type: none"> <li>• Aim for sustainable growth in a context where the world and Vietnamese economies face many difficulties, fluctuations and unpredictable challenges.</li> </ul>
<b>Marketing, sales</b>	<ul style="list-style-type: none"> <li>• Maintain our position in the Top 3 largest suppliers of engineered stone countertops to the global market as identified in evaluation reports of specialized magazines;</li> <li>• Maintain its position as the No.1 brand in the Vietnam engineered stone market; provide the best products and services in the mid-to high-end segment in the Vietnam market.</li> </ul>

<b>Human resources and working environment</b>	<ul style="list-style-type: none"> <li>• Create a happy working environment with a conscious business culture based on the Company's core values to inspire, create positive motivation, and increase the connection among employees themselves and between the Company and its employees;</li> <li>• Continue to build and attract personnel with good quality, high professional capacity, and a responsible, dedicated working spirit, consistent with corporate culture;</li> <li>• Build a favourite employer brand with appropriate HR policies to attract and retain talents.</li> </ul>
<b>Business management system</b>	<p>Build an effective business management system, including 03 main tasks:</p> <ul style="list-style-type: none"> <li>• Effective, comprehensive, and in-depth management system with core components: production and business operations management, financial management, and human resource management;</li> <li>• Effective internal control system, continuous improvement in risk assessment, information and communication control;</li> <li>• Promote digital transformation, maximize application of information technology and big data management in corporate governance and internal control to increase efficiency and save resources.</li> </ul>
<b>Technological innovation</b>	<ul style="list-style-type: none"> <li>• Put a strong focus on innovation and technology improvement to increase productivity and optimize production costs;</li> <li>• Research and apply new technology solutions in researching and developing new products, and new materials, etc. to continue to maintain the position of a trend-leading brand.</li> </ul>
<b>Sustainable development</b>	<ul style="list-style-type: none"> <li>• Promote the practice of ESG model (Environmental, Social and Governance) in all aspects of production and business activities to bring sustainable development value to the Company and society;</li> <li>• Continue to spread the culture of "conscious business", ensuring the rights of shareholders, investors and stakeholders, thereby contributing to the sustainable development of the Company and the social community.</li> </ul>
<b>Cultural development</b>	<ul style="list-style-type: none"> <li>• Continue to build and spread a conscious business culture with Vicostone's core values, aiming for optimal values for customers, partners, shareholders, employees and the social community;</li> <li>• Encourage and promote a "culture of criticism" to create an innovative working environment, spreading the dedicated working spirit in all activities to accomplish goals.</li> </ul>



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# OVERVIEW OF BUSINESS PERFORMANCE IN 2023

# Report of the Board of Management on Business Performance in 2023

## Report of business result 2023

In 2023, the world economy experienced many difficulties due to political instability, inflation and fears of economic recession. Although there are some positive signs, overall, the global economy faces many challenges, with uncertainty, complexity, rapid changes and many risks appearing in both the short-term and long-term.



FIG.7



FIG.8



## Business result compared to the plan and to the previous year

Currency: VND Billion

No.	Items	Actual in 2022	Target in 2023 (scenario 2)	Actual in 2023	Actual vs Plan 2023	Actual 2023 vs 2022
1	Net revenue	5,660.27	4,713.00	4,353.86	92.38%	76.92%
2	Accounting profit before tax	1,377.22	1,060.00	999.44	94.29%	72.57%

In 2023, Vicostone has grasped market developments to introduce financial policies, effectively manage operating costs, strictly control production costs, and proactively supply production raw materials to stabilize selling prices to customers.

Timely, flexible and appropriate solutions to market developments have helped the Company achieve positive results in 2023. Although not as expected, it is still an encouraging number in the context of the challenging world economic

situation. It is also a driving force for Vicostone to stabilize production and business and return to the growth strategy on the next journey.

VICOSTONE® quartz stone products are quality tested strictly in the KCS Department



## Result of production and business activities

### Main indicators of operating activities

No.	Items	Currency	Actual 2021	Actual 2022	Actual 2023	(%) Increase/decrease 2023 vs 2022
1	Total business and production value	VND Million	3,458,159	2,554,674	1,808,347	(29.21%)
	Export/Import turnover	USD Million	277.81	193.98	149.88	(22.73%)
	In which:					
2	Import turnover	USD Million	48.99	42.03	14.37	(65.81%)
	Export turnover	USD Million	228.82	151.95	135.51	(10.82%)
3	Net revenue	VND Million	7,070,129	5,660,265	4,353,861	(23.08%)
4	Profit before tax	VND Million	2,097,401	1,377,217	999,440	(27.43%)
5	Profit after tax	VND Million	1,772,060	1,148,702	846,380	(26.32%)
6	Payable of State budget (amount paid)	VND Million	448,404	379,019	165,684	(58.75%)
7	Depreciation of fixed assets	VND Million	128.44	129,488	135,807	4.88%
8	Owner's equity at end of the year	VND Million	4,874,197	4,868,738	4,985,818	2.40%
9	Construction in progress	VND Million	41,195	60,932	31,368	(48.52%)

(Source: Audited Vicostone's consolidated financial statements)

Facing a difficulties of the global economy, the Company's revenue has yet to reach the set targets. However, Vicostone has proactively deployed many flexible solutions to minimize risks in production and business, increase competitive advantages in the market. Vicostone's net revenue in 2023 reached 92.38% of the plan, profit before tax in 2023 reached 94.29% of the plan. In 2023, Vicostone still preserved its owner's equity.

Over the past year, Vicostone still ensured stable income for workers in the context of other companies reduced staff and salaries in the

market. The Company pays special attention to risk identification and management to be ready to respond promptly, and proactively transform with flexible and responsive solutions to grasp and anticipate market trends. In addition, cost control and reduction are also implemented in all activities of the Company in combination with technology, creativity, and innovative solutions to ensure high standards at optimal costs.

## Key financial indicators

Items	2021	2022	2023
<b>Liquidity ratios</b>			
Current ratio:			
Current assets/Current liabilities	3.11	3.40	3.83
Quick ratio:			
(Current assets - Inventories)/Current liabilities ratio	2.05	1.82	1.99
<b>Capital structure</b>			
Liabilities/Total assets ratio	0.29	0.26	0.23
Liabilities/Equity ratio	0.41	0.35	0.30
<b>Efficiency</b>			
Inventory turnover days: 360*(Average inventory/Cost of goods sold)			
	156	210	300
Accounts receivable turnover days: 360*(Average accounts receivable - Average advances from customers)/Net revenue			
	110	132	122
<b>Profitability ratios</b>			
Profit after corporate income tax/Net revenue ratio	0.25	0.20	0.19
Profit after corporate income tax/Owners' equity ratio	0.36	0.24	0.17

Global economic activity continues to soften, amid the effects of tight monetary policies, restrictive financial conditions, and weak global trade growth. Vicostone is still considered as an enterprise with low financial risk. The Company's financial capability has been maintained well over the past year and is not entirely dependent on external capital. The Company can meet scenarios where cash is needed for quick payment.

In 2023, the indicators of quick ratio and current ratio remained high, showing that the risk of insolvency for the Company is low, and the Company fully meets its debt obligations.

Liabilities/Total assets ratio and Liabilities/Equity ratio gradually decrease over the years. The Company has the ability to pay off its current debt and has no risk to its loans if interest rates suddenly increase.

Inventory turnover days of the Company in 2023 increased in comparison with 2022 due to the decline in consumption of Vicostone's products in key markets.

Accounts receivable turnover days in 2023 decreased significantly compared to 2022.

In 2023, facing many difficulties, the Company maintained the profit after tax/net revenue ratio approximately equal to the previous year.

The ratio of profit after tax/equity in 2023 was lower than in 2022 because the growth rate of profit after tax was lower than the growth rate of equity.

## Financial analysis

## Profitability and liquidity ratios

No.	Items	Unit	2019	2020	2021	2022	2023
1	Profit before tax/Net revenue ratio	%	29.71%	29.47%	29.67%	24.33%	22.96%
2	Profit after tax/Net revenue ratio	%	25.35%	25.24%	25.06%	20.29%	19.44%
3	Return on Average Equity (ROAE)	%	45.64%	39.10%	40.59%	23.58%	17.18%
4	Current ratio	Times	2.62	2.76	3.41	3.83	4.36
5	Liquidity ratio	Times	2.37	2.45	3.11	3.40	3.83
6	Quick ratio	Times	1.35	1.44	2.05	1.82	1.99
7	Book value	VND/Share	21,554	24,857	30,464	30,430	31,161

(Source: Audited Vicostone's consolidated financial statements)

2023 is a challenging year in general. However, the revenue and profit results of the Company in 2023 are worthy of recognition in this difficult period.

- Net revenue decreased by VND 1,306.40 billion, equivalent to 23.08%, causing gross profit to decrease by VND 522.08 billion.
- Finance income increased by VND 4.41 billion mainly because interest on deposits and loans increased by VND 4.11 billion; Foreign exchange gains increased by VND 0.31 billion.
- Finance expenses decreased by VND 36.13 billion due to a decrease in foreign exchange loss of VND 42.35 billion; interest expenses increased by VND 6.22 billion.
- Selling expenses decreased by VND 98.12 billion, mainly because the cost of materials and tools for sales decreased by VND 2.57 billion,

the external services expenses and other expenses decreased by VND 97.3 billion, labor costs increased by VND 1.74 billion.

- General and administrative expenses decreased by VND 8.09 billion, mainly because provision expenses decreased by VND 8.37 billion.

From the above reasons, the Company's accounting profit before tax decreased by VND 377.78 billion, and profit after tax decreased by VND 302.32 billion in 2023, compared to 2022.

2023 is an uncertain year for the world economy when faces inflation and high-interest rates, geopolitical tensions, etc., affecting the Company's business. In this context, Vicostone had plans and efforts to balance the complex tasks of managing resources to maintain

the indicators of profit margin and annual solvency at a high level in 2023.

The Company's profit before tax/net revenue ratio was 22.96%. In challenging economic conditions, the profitability was considered to be quite high per dollar of revenue and assets, reflecting the Company's efforts to overcome challenges to maintain production and expand sales, reduce costs and optimize profits.

The current ratio and quick ratio are kept at high levels of 4.36 times and 3.83 times, ensuring certainty about the Company's ability to pay short-term debts of the Company.

Factors affecting the ability to pay short-term debt are as follows:

<b>Decrease in current assets:</b>	<b>VND 25.27 billion</b>
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Causes:

• Increase in cash and cash equivalent	VND 301.38 billion
• Increase in short-term investments	VND 47.70 billion
• Decrease in trade receivables	VND 533.03 billion
• Increase in value-added tax deductible, tax and other receivables from the State	VND 94.78 billion
• Increase in inventories	VND 66.36 billion
• Decrease in other current assets	VND 2.46 billion

<b>Decrease in current liabilities:</b>	<b>VND 187.35 billion</b>
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Causes:

• Increase in trade payables to sellers and advances from customers	VND 46.11 billion
• Decrease in short-term loan and finance lease	VND 276.84 billion
• Decrease in other payables	VND 18.13 billion
• Increase in tax and other receivables from the State	VND 58.77 billion
• Increase in payables from employees	VND 2.74 billion

- The quick ratio is 1.99 times in 2023, lower than in 2022 because Short-term assets - Inventory decreased by VND 91.64 billion and Short-term debt decreased by VND 187.35 billion.
  - The coefficients of current ratio, and quick ratio were all maintained at high levels, supporting the Company to be proactive in its financial situation and ensure solvency.
  - Book value increased in 2023 compared to 2022 with an absolute value of VND 117.08 billion.
  - The book value of 1 share increases by VND 731.75 in 2023 compared to 2022, mainly due to fluctuations that increase equity:
- Profit after tax in 2023: VND 846.38 billion;
  - Reduction in undistributed earnings due to dividend payments: VND 640.00 billion;
  - Reduction in undistributed earnings due to appropriation to bonus and welfare fund: VND 89.30 billion.



Pele Hawaii Series BQ8885

## Book value

Currency: VND

No.	Items	Ending balance (31/12/2019)	Ending balance (31/12/2020)	Ending balance (31/12/2021)	Ending balance (31/12/2022)	Ending balance (31/12/2023)	Increase/Decrease 2023 compared to 2022 (+/-)
<b>A</b>	<b>ASSETS</b>						
1	<b>Current assets</b>	<b>4,456,305,278,663</b>	<b>4,900,512,297,699</b>	<b>5,829,100,412,476</b>	<b>5,541,110,081,466</b>	<b>5,515,837,061,167</b>	<b>(25,273,020,299)</b>
1.1	Cash and cash equivalent	469,919,515,100	790,349,857,796	1,045,421,628,805	1,101,676,090,814	1,403,055,900,429	301,379,809,615
1.2	Short-term investments	-	-	60,000,000,000	-	47,700,000,000	47,700,000,000
1.3	Short-term receivables	1,915,443,533,555	1,953,209,393,596	2,448,451,558,208	1,750,028,465,700	1,217,001,138,364	(533,027,327,336)
1.4	Inventories	1,913,745,246,413	2,014,961,208,129	1,990,065,772,716	2,577,658,997,132	2,644,021,541,821	66,362,544,689
1.5	Other current assets	157,196,983,595	141,991,838,178	285,161,452,747	111,746,527,820	204,058,480,553	92,311,952,733
2	<b>Non-current assets</b>	<b>1,127,451,451,166</b>	<b>1,154,822,046,234</b>	<b>1,063,813,155,887</b>	<b>1,048,794,759,498</b>	<b>952,411,723,174</b>	<b>(96,383,036,324)</b>
2.1	Long-term receivables	30,000,000	30,000,000	30,000,000	30,000,000	-	(30,000,000)
2.2	Fixed assets	1,058,231,180,457	1,018,159,912,711	1,036,694,489,298	975,280,835,505	867,639,822,196	(107,641,013,309)
2.3	Construction in progress	47,698,857,585	118,194,912,231	9,670,832,872	54,250,937,168	67,337,480,379	13,086,543,211
2.4	Long-term investments	-	-	-	-	-	-
2.5	Other long-term assets	21,491,413,124	18,437,221,292	17,417,833,717	19,232,986,825	17,434,420,599	(1,798,566,226)
2.6	Goodwill	-	-	-	-	-	-
	<b>Total assets</b>	<b>5,583,756,729,829</b>	<b>6,055,334,343,933</b>	<b>6,892,913,568,363</b>	<b>6,589,904,840,964</b>	<b>6,468,248,784,341</b>	<b>(121,656,056,623)</b>
<b>B</b>	<b>RESOURCES</b>						
1	<b>Liabilities</b>	<b>2,135,070,735,316</b>	<b>2,197,513,273,144</b>	<b>2,018,716,551,655</b>	<b>1,721,167,194,707</b>	<b>1,482,430,376,070</b>	<b>(238,736,818,637)</b>
1.1	Current liabilities	1,882,161,864,194	1,997,920,622,226	1,872,419,253,793	1,628,068,914,249	1,440,717,987,416	(187,350,926,833)
1.2	Non-current liabilities	252,908,871,122	199,592,650,918	146,297,297,862	93,098,280,458	41,712,388,654	(51,385,891,804)
2	<b>Owner's equity</b>	<b>3,448,685,994,513</b>	<b>3,857,821,070,789</b>	<b>4,874,197,016,708</b>	<b>4,868,737,646,257</b>	<b>4,985,818,408,271</b>	<b>117,080,762,014</b>
2.1	Owner's equity	3,448,685,994,513	3,857,821,070,789	4,874,197,016,708	4,868,737,646,257	4,985,818,408,271	117,080,762,014
2.2	Other funds	-	-	-	-	-	-
<b>C</b>	<b>NON-CONTROLLING INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total liabilities and owner's equity</b>	<b>5,583,756,729,829</b>	<b>6,055,334,343,933</b>	<b>6,892,913,568,363</b>	<b>6,589,904,840,964</b>	<b>6,468,248,784,341</b>	<b>(121,656,056,623)</b>

(Source: Audited Vicostone's consolidated financial statements)

### 3. Business Performance in 2023

- Total assets in 2023 decreased compared to 2022 by VND 121.66 billion, including:
  - Short-term assets decreased by VND 25.27 billion;
  - Long-term assets decreased by VND 96.38 billion.
- Current assets decreased, reasons:
  - Cash and cash equivalents increased: VND 301.38 billion;
  - Short-term financial investments increased by VND 47.70 billion because during the year the Company had savings deposits
- with a maturity of over 3 months:
  - Short-term receivables decreased by VND 533.03 billion, specifically:

Currency: VND

Items	Beginning balance	Ending balance	Movement
Short-term trade receivables from customers	1,754,675,793,052	1,223,292,160,866	(531,383,632,186)
Short-term advances to suppliers	8,377,198,328	9,103,586,823	726,388,495
Short-term loan receivables	50,129,329	-	(50,129,329)
Other receivables	3,464,876,522	3,074,253,102	(390,623,420)
Provision for doubtful short-term receivables	(16,539,531,531)	(18,468,862,427)	(1,929,330,896)
<b>Total</b>	<b>1,750,028,465,700</b>	<b>1,217,001,138,364</b>	<b>(533,027,327,336)</b>

Short-term receivables from customers decreased from VND 1,754.68 billion at the beginning of 2022 to VND 1,223.29 billion at the end of 2023. The Company's primary customers are traditional customers with financial potential, and on-time payment history. Advance to suppliers increased slightly compared to the beginning of the year from VND 8.38 billion to VND 9.10 billion at the end of the year. Provision for short-term doubtful receivables increased by VND 1.93 billion.

- Inventory increased by VND 66.36 billion, including:
  - Finished and trading goods increased by VND 142.88 billion;
  - Good in transit increased by VND 19.00 billion;
  - Tools and supplies decreased

- by VND 35.07 billion;
  - Work in progress decreased by VND 23.83 billion;
  - Raw materials decreased by VND 35.57 billion.
- Finished and trading goods increased by VND 142.88 billion because during the year, the product consumption plan was not achieved as forecast. Meanwhile, production plans must still be maintained, so that finished goods increased. Raw materials decreased by VND 35.57 billion but still enough to ensure input factors for production in the early part of next year.
- Other short-term assets increased by VND 92.31 billion due to:
  - VAT deductible increased by VND 94.89 billion;
  - Short-term prepaid expenses decreased by VND 2.46 billion.

- Non-current assets decreased by VND 96.38 billion, of which:
  - Fixed assets decreased by VND 107.64 billion. Reason: The increase due to new purchases, construction in progress were completed in the year was VND 28.31 billion and decreased due to depreciation during the year was VND 135.81 billion;
  - Construction in progress costs increased: VND 13.09 billion. Cause: Capital construction projects increased VND 1.09 billion; New purchases increased by VND 11.88 billion.
  - Other long-term assets decreased VND 1.80 billion due to long-term prepaid expenses increased by VND 1.82 billion.

- Capital covering the growth of assets decreased as:

<b>Decrease of liabilities</b>	<b>238.74</b>	<b>VND billion</b>
<i>In which:</i>		
Increase of short-term trade payables and short-term advances from customers	46.11	VND billion
Decrease of long-term loans and finance lease obligations	53.20	VND billion
Decrease of short-term loans and finance lease	276.84	VND billion
Increase of other statutory obligations	58.77	VND billion
Decrease of others long-term and short-term payables	13.58	VND billion
<b>Decrease of owner's equity</b>	<b>(117.08)</b>	<b>VND billion</b>
<i>In which:</i>		
Profit from operating activities FY 2023	846.38	VND billion
Decrease of undistributed profit after tax due to paid dividend:	640.00	VND billion
Decrease of undistributed profit after tax due to the appropriation of bonus and welfare fund	89.30	VND billion

Therefore, total assets decreased because both current assets and non-current assets decreased, liabilities and equity decreased respectively.

### Selling expenses, General and administrative expenses

Currency: VND

Items	2020	2021	2022	2023
<b>Net revenue</b>	<b>5,659,594,518,666</b>	<b>7,070,128,978,997</b>	<b>5,660,265,444,192</b>	<b>4,353,861,143,572</b>
<b>Total selling expenses, general and administrative expenses</b>				
Labour costs	29,816,345,766	16,317,927,242	33,616,770,934	35,327,184,233
Percentage %	0.53%	0.23%	0.59%	0.81%
Material, tool and supplies costs	27,132,541,917	40,442,518,792	32,949,097,328	29,115,432,087
Percentage %	0.48%	0.57%	0.58%	0.67%
Depreciation expenses	9,725,293,970	8,272,131,036	8,236,480,650	8,411,968,900
Percentage %	0.17%	0.12%	0.15%	0.19%
Warranty expenses	-	-	-	-
Percentage %	0.00%	0.00%	0.00%	0.00%
Taxes, fee, charges	3,261,974,771	1,327,004,069	1,257,154,206	1,398,017,247
Percentage %	0.06%	0.02%	0.02%	0.03%
Provision, goodwill, trademark	51,523,817	3,461,989,956	12,243,520,902	3,875,917,579
Percentage %	0.00%	0.05%	0.22%	0.09%
Expenses for external services	135,653,834,152	221,371,565,566	213,187,838,652	118,189,977,286
Percentage %	2.40%	3.13%	3.77%	2.71%
Other expenses	26,354,122,744	28,300,847,295	19,932,989,115	17,043,920,547
Percentage %	0.47%	0.40%	0.35%	0.39%
<b>Total selling expenses, general and administrative expenses</b>	<b>231,995,637,137</b>	<b>319,493,983,956</b>	<b>321,423,851,787</b>	<b>213,362,417,879</b>
Percentage %	4.10%	4.52%	5.68%	4.90%

(Source: Audited Vicostone's consolidated financial statements)

As a result of management and cost-saving efforts, selling expenses, general and administrative expenses decreased by VND 106.21 billion in 2023 compared to 2022. The corresponding expenses to net revenue ratio decreased from 5.68 % down to 4.9%. Details are as follows:

- Labor costs increased by VND 1.71 billion, equivalent to 5.09%; The ratio on Net revenue increased from 0.59% to 0.81%;
- The cost of materials and tools decreased by VND 3.83 billion, equivalent to 11.64%, because during

the year, the quantity of goods sold decreased, so the materials used in selling activity also decreased correspondingly;

- Provision expenses decreased by VND 8.37 billion; The ratio on net revenue declined from 0.22% to 0.09%;
- External service expenses decreased by VND 95.00 billion, equivalent to 44.56% compared to the previous year; The ratio on net revenue decreased from 3.77% to 2.71%;

- Other expenses decreased by VND 2.89 billion, equivalent to 14.49%; The ratio to net revenue increased from 0.35% to 0.39%.

## Liabilities

Currency: VND

Items	Ending balance 2020	Ending balance 2021	Ending balance 2022	Ending balance 2023	Increase/Decrease 2023 compared to 2022
Short-term loan and finance lease	1,533,227,187,070	1,479,310,860,822	1,341,331,424,122	1,064,487,093,976	(276,844,330,146)
Other current liabilities	464,693,435,156	393,108,392,971	286,737,490,127	376,230,893,440	89,493,403,313
Non-current liabilities	199,592,650,918	146,297,297,862	93,098,280,458	41,712,388,654	(51,385,891,804)
<b>Total liabilities</b>	<b>2,197,513,273,144</b>	<b>2,018,716,551,655</b>	<b>1,721,167,194,707</b>	<b>1,482,430,376,070</b>	<b>(238,736,818,637)</b>

(Source: Audited Vicostone's consolidated financial statements)

Detail of changes in liabilities are as follows:

### Short-term loans and liability increase:

- Short-term loans decreased: VND 276,844,330,146

### Other short-term liability increased: VND 125,757,017,337, of which:

- Short-term payables to suppliers increased: VND 37,972,737,984
- Buyers paying in advance increased: VND 8,135,817,168
- Other short-term payables decreased: VND 3,622,659,032
- Bonus and welfare benefits decreased: VND 14,509,147,980
- Taxes and State obligations increased: VND 58,773,628,052
- Payables to employees increased: VND 2,743,027,121

### Long-term debt decreased: VND 53,199,017,404

- Long-term loans and debt decreased: VND 53,199,017,404

## Inventories

Currency: VND

Items	2020	2021	2022	2023
<b>Cost of goods sold</b>	<b>3,695,766,493,820</b>	<b>4,607,624,494,397</b>	<b>3,917,293,715,601</b>	<b>3,132,968,514,512</b>
Goods in transit	49,053,962,104	55,128,619,661	168,845,760	19,169,093,749
Raw materials	154,669,799,424	218,885,783,716	195,522,460,766	159,948,823,810
Tools and supplies	97,742,007,186	98,503,048,680	115,368,884,645	80,299,128,106
Work in progress	16,827,197,992	30,552,469,465	48,956,930,856	25,124,948,522
Finished and trading goods	1,701,450,319,801	1,594,173,380,044	2,234,594,339,125	2,377,471,552,820
Provision for devaluation of inventories	(4,782,078,378)	(7,177,528,850)	(16,952,464,020)	(17,992,005,186)
<b>Total balance of inventories</b>	<b>2,014,961,208,129</b>	<b>1,990,065,772,716</b>	<b>2,577,658,997,132</b>	<b>2,644,021,541,821</b>

(Source: Audited Vicostone's consolidated financial statements)

The value of inventory at the end of 2023 increased slightly by VND 66.36 billion compared to the end of 2022, of which finished goods and trading goods increased by VND 142.9 billion, raw materials and goods in transit decreased by VND 51.64 billion. The main reason is that the product consumption plan for the year has yet to

be achieved as planned, while the Company continues to operate production to ensure jobs for employees. In the coming time, the Company will continue to deploy different measures to optimize goods in the warehouse and maintain inventory as planned.

## Inventories turnover ratio

Currency: Times

Items	2020	2021	2022	2023
Inventories turnover ratio	1.88	2.30	1.72	1.20

The Company's inventory turnover ratio was 1.2 times in 2023, reduced in comparison with 2022. The Company still achieves the goal of quick delivery to customers, and

at the same time, makes reasonable production plans to maintain production, maintain optimal inventory while ensuring jobs and income for workers.

## Change in share capital

Currency: VND Billion

Items	2019	2020 (*)	2021	2022	2023
Share capital	1,600	1,552	1,600	1,600	1,600

(\*) The amount of treasury shares was 4,800,000 shares at the end of 2020

Total number of shares by category: As at December 31, 2023, the number of outstanding shares on the market is 160,000,000 shares.

## Analysis of items in income statement

### Income Statement over the years

Currency: VND

Items	2019	2020	2021	2022	2023
Revenue from sale of goods and rendering of services	5,568,613,461,812	5,674,600,425,338	7,108,211,833,610	5,679,350,995,019	4,363,038,846,159
Deductions	5,850,467,004	15,005,906,672	38,082,854,613	19,085,550,827	9,177,702,587
Net revenue from sale of goods and rendering of services	5,562,762,994,808	5,659,594,518,666	7,070,128,978,997	5,660,265,444,192	4,353,861,143,572
Cost of goods sold and services rendered	3,650,651,586,771	3,695,766,493,820	4,607,624,494,397	3,917,293,715,601	3,132,968,514,512
<b>Gross profit from sale of goods and rendering of services</b>	<b>1,912,111,408,037</b>	<b>1,963,828,024,846</b>	<b>2,462,504,484,600</b>	<b>1,742,971,728,591</b>	<b>1,220,892,629,060</b>
Finance income	26,341,074,370	40,073,177,690	62,082,451,372	98,155,802,144	102,570,373,296
Finance expenses	68,019,078,673	92,877,592,099	89,487,688,687	137,491,570,611	101,362,107,133
In which: Loan interest expenses	59,995,756,140	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942
Shares of profit/(loss) of associates, joint ventures	-	-	-	-	-
Selling expenses	154,062,211,849	160,513,261,846	272,145,112,014	254,616,726,453	156,494,238,157
General and administrative expenses	62,394,397,089	71,482,375,291	47,348,871,942	66,807,125,334	58,714,711,756
<b>Operating profit</b>	<b>1,653,976,794,796</b>	<b>1,679,027,973,300</b>	<b>2,115,605,263,329</b>	<b>1,382,212,108,337</b>	<b>1,006,891,945,310</b>
Other income	1,447,542,683	1,552,175,940	4,433,747,988	3,533,428,873	738,337,805
Other expenses	2,761,669,460	12,625,030,979	22,637,976,339	8,528,561,965	8,190,303,720
Other profit	(1,314,126,777)	(11,072,855,039)	(18,204,228,351)	(4,995,133,092)	(7,451,965,915)
<b>Accounting profit before tax</b>	<b>1,652,662,668,019</b>	<b>1,667,955,118,261</b>	<b>2,097,401,034,978</b>	<b>1,377,216,975,245</b>	<b>999,439,979,395</b>
Current corporate income tax expense	242,548,054,943	242,123,826,716	325,160,412,470	228,508,335,765	154,124,624,117
Deferred tax expense	-	(2,588,472,166)	180,758,453	6,334,929	(1,065,074,405)
<b>Net profit after tax</b>	<b>1,410,114,613,076</b>	<b>1,428,419,763,711</b>	<b>1,772,059,864,055</b>	<b>1,148,702,304,551</b>	<b>846,380,429,683</b>
<b>Net profit after tax attributable to shareholders of the parent</b>	<b>1,410,114,613,076</b>	<b>1,428,419,763,711</b>	<b>1,772,059,864,055</b>	<b>1,148,702,304,551</b>	<b>846,380,429,683</b>
Net profit after tax attributable to non-controlling interests	-	-	-	-	-
Basic earnings per share	8,114	8,251	9,890	6,425	5,041

(Source: Audited Vicostone's consolidated financial statements)

## Other financial data

Currency: VND

Items	2019	2020	2021	2022	2023
1. Net profit after tax (1)	1,410,114,613,076	1,428,419,763,711	1,772,059,864,055	1,148,702,304,551	846,380,429,683
2. Current and deferred tax expenses (2)	242,548,054,943	239,535,354,550	325,341,170,923	228,514,670,694	153,059,549,712
3. Depreciation and amortization (3)	103,979,030,170	119,184,581,565	128,143,604,400	129,487,612,834	135,807,177,136
4. Finance expenses	68,019,078,673	92,877,592,099	89,487,688,687	137,491,570,611	101,362,107,133
<i>In which:</i>					
• Interest expenses (4)	59,995,756,140	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942
• Foreign exchange losses (5)	8,023,322,533	15,892,333,524	32,611,338,264	87,072,361,702	44,724,660,191
• Loss on disposal of investments (6)	-	-	-	-	-
• Other finance expenses (7)	-	-	-	-	-
5. Finance income	26,341,074,370	40,073,177,690	62,082,451,372	98,155,802,144	102,570,373,296
<i>In which:</i>					
• Interest income (8)	2,124,441,929	5,642,720,046	14,464,239,826	21,820,782,295	25,926,535,243
• Foreign exchange gains (9)	24,016,357,892	33,753,761,597	47,618,211,546	76,335,019,849	76,643,838,053
Gain from disposal of investments (10)	-	994,500	-	-	-
Other finance income (11)	200,274,549	675,701,547	-	-	-
6. Adjusted EBITDA (9)=(1)+(2)+(3)+(4)+(5)+(6)+(7)-(8)-(9)-(10)-(11)	1,798,319,702,492	1,839,944,114,235	2,252,949,876,693	1,546,040,356,546	1,134,038,890,368
7. EBITDA Margin (%)	32.33%	32.51%	31.87%	27.31%	26.05%

(Source: Audited Vicostone's consolidated financial statements)

## Efficiency comparison in periods

The table below shows operational performance as the percentage to revenue during periods:

Currency: VND

Items	2019		2020		2021		2022		2023	
	Amount (VND Billion)	Ratio on net revenue	Amount (VND Billion)	Ratio on net revenue	Amount (VND Billion)	Ratio on net revenue	Amount (VND Billion)	Ratio on net revenue	Amount (VND Billion)	Ratio on net revenue
Revenue from sale of goods and rendering of services	5,568.61		5,674.60		7,108.21		5,679.35		4,363.04	
Deductions	5.85		15.01		38.08		19.09		9.18	
Net revenue from sale of goods and rendering of services	5,562.76		5,659.59		7,070.13		5,660.27		4,353.86	
Cost of goods sold and services rendered	3,650.65		3,695.77		4,607.62		3,917.29		3,132.97	
<b>Gross profit from sale of goods and rendering of services</b>	<b>1,912.11</b>	<b>34.37%</b>	<b>1,963.83</b>	<b>34.70%</b>	<b>2,462.50</b>	<b>34.83%</b>	<b>1,742.97</b>	<b>30.79%</b>	<b>1,220.89</b>	<b>28.04%</b>
Finance income	26.34	0.47%	40.07	0.71%	62.08	0.88%	98.16	1.73%	102.57	2.36%
Finance expenses	68.02	1.22%	92.88	1.64%	89.49	1.27%	137.49	2.43%	101.36	2.33%
In which: Loan interest expenses	60.00	1.08%	76.99	1.36%	56.88	0.80%	50.42	0.89%	56.64	1.30%
Shares of profit/(loss) of associates, joint ventures	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Selling expenses	154.06	2.77%	160.51	2.84%	272.15	3.85%	254.62	4.50%	156.49	3.59%
General and administrative expenses	62.39	1.12%	71.48	1.26%	47.35	0.67%	66.81	1.18%	58.71	1.35%
<b>Operating profit</b>	<b>1,653.98</b>	<b>29.73%</b>	<b>1,679.03</b>	<b>29.67%</b>	<b>2,115.61</b>	<b>29.92%</b>	<b>1,382.21</b>	<b>24.42%</b>	<b>1,006.89</b>	<b>23.13%</b>
Other income	1.45	0.03%	1.55	0.03%	4.43	0.06%	3.53	0.06%	0.74	0.02%
Other expenses	2.76	0.05%	12.63	0.22%	22.64	0.32%	8.53	0.15%	8.19	0.19%
<b>Other profit</b>	<b>(1.31)</b>	<b>-0.02%</b>	<b>(11.07)</b>	<b>-0.20%</b>	<b>(18.20)</b>	<b>-0.26%</b>	<b>(5.00)</b>	<b>-0.09%</b>	<b>(7.45)</b>	<b>-0.17%</b>
<b>Accounting profit before tax</b>	<b>1,652.66</b>	<b>29.71%</b>	<b>1,667.96</b>	<b>29.47%</b>	<b>2,097.40</b>	<b>29.67%</b>	<b>1,377.22</b>	<b>24.33%</b>	<b>999.44</b>	<b>22.96%</b>
Current corporate income tax expense	242.55	4.36%	242.12	4.28%	325.16	4.60%	228.51	4.04%	154.12	3.54%
Deferred tax expense	-	0.00%	(2.59)	-0.05%	0.18	0.00%	0.01	0.00%	(1.07)	-0.02%
<b>Net profit after tax</b>	<b>1,410.11</b>	<b>25.35%</b>	<b>1,428.42</b>	<b>25.24%</b>	<b>1,772.06</b>	<b>25.06%</b>	<b>1,148.70</b>	<b>20.29%</b>	<b>846.38</b>	<b>19.44%</b>
<b>Net profit after tax attributable to non-controlling interests</b>	<b>-</b>	<b>0.00%</b>								
<b>Net profit after tax attributable to shareholders of the parent company</b>	<b>1,410.11</b>	<b>25.35%</b>	<b>1,428.42</b>	<b>25.24%</b>	<b>1,772.06</b>	<b>25.06%</b>	<b>1,148.70</b>	<b>20.29%</b>	<b>846.38</b>	<b>19.44%</b>
Basic earnings per share (VND)	8,114		8,251		9,890		6,425		5,041	

(Source: Audited Vicostone's consolidated financial statements)

In the last four years, the Company's pre-tax profit/net revenue ratio reached over 22%, the after-tax profit/net revenue ratio has always been maintained around 19% - 25%. This

demonstrates the Company's efforts to focus on optimizing profits to continue expanding business, ensuring income for employees and benefits for shareholders.

## Solvency & Equity

Cash flow from sales of goods, finished products, refunded value-added tax and short-term loans received from credit institutions are the Company's main sources of cash inflow in 2023.

The Company's main capital requirements in 2023 aimed to facilitate the working capital needs, meet loan repayment requirements, supplier payables and pay dividends to shareholders. The Company's working capital requirements are affected by several factors, mainly the need for input materials, machinery and equipment for production,

transportation services, goods and other products, other input factors.

The Company's inventory strategy is to maintain sufficient levels of finished and trading goods and raw materials to promptly meet customer demand, providing as fast as possible when receiving orders. This strategy creates a competitive advantage for the business. In 2023, the Company's

inventory was significantly affected by sales volumes in the Company's major markets.

In the coming years, the Company will continue to maintain this inventory strategy and continue to focus on meeting product quantity and quality requirements by implementing processes to improve process

efficiency, production planning and production management.

Based on current business plan, cash and cash equivalents, cash from operating activities and available loans under short-term and long-term credit agreements, the Company believes that it can meet the requirements of capital for

production and business operations for 2024 and the following years.

The table below presents the components of cash flows used and provided in operating, investing and financing activities over the periods:

Currency: VND

No.	Items	2019	2020	2021	2022	2023
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>						
01	Profit before tax	1,652,662,668,019	1,667,955,118,261	2,097,401,034,978	1,377,216,975,245	999,439,979,395
	Adjusted for:					
02	Depreciation and amortization of fixed assets (including amortization of goodwill)	103,861,827,370	119,067,378,765	128,047,268,748	129,487,612,834	135,807,177,136
03	Provisions	-	-	5,842,631,586	21,961,976,815	4,781,997,662
04	Foreign exchange (gains)/losses arisen from revaluation of monetary accounts denominated in foreign currency	28,114,223	(3,505,066,527)	10,856,954,333	24,700,782,263	2,972,492,165
05	Profits from investing activities	(2,124,441,929)	(5,642,720,046)	(14,038,583,398)	(21,545,941,417)	(25,886,870,267)
06	Loan interest expense	59,995,756,140	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942
08	Operating profit before changes in working capital	1,814,423,923,823	1,854,859,969,028	2,284,985,656,670	1,582,240,614,649	1,173,752,223,033
09	(Increase)/decrease receivables	(604,986,876,688)	(20,016,029,440)	(648,791,983,076)	808,672,783,599	437,656,155,991
10	(Increase)/decrease in inventories	88,265,536,716	(101,215,961,716)	22,499,984,941	(597,368,159,586)	(67,402,085,855)
11	Increase/(decrease) in payables	(14,169,178,938)	(105,376,842,984)	(66,633,231,842)	(189,488,443,308)	37,617,253,121
12	(Increase)/decrease in prepaid expenses	(2,004,949,282)	5,862,640,365	979,403,959	(262,475,479)	5,328,174,439
14	Loan interest paid	(55,684,099,565)	(81,061,138,974)	(56,884,970,781)	(48,515,094,701)	(57,615,551,413)
15	Corporate income tax paid	(276,235,539,417)	(198,162,331,778)	(324,841,945,403)	(250,232,121,223)	(96,085,399,056)
16	Other cash inflows from operating activities	-	-	-	-	-
17	Other cash outflows for operating activities	(64,232,613,310)	(94,437,099,499)	(116,703,598,796)	(113,240,586,975)	(103,808,815,649)
20	Net cash flows from operating activities	885,376,203,339	1,260,453,205,002	1,094,609,315,672	1,191,806,516,976	1,329,441,954,611

No.	Items	2019	2020	2021	2022	2023
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>						
21	Purchase and construction of fixed assets and other long-term assets	(50,651,275,363)	(88,395,274,034)	(41,195,138,027)	(60,932,414,789)	(31,368,122,595)
22	Proceeds from disposals of fixed assets and other long-term assets	-	-	98,000,000		111,387,500
23	Loans to other entities and payments for purchase of debt instruments of other entities	-	-	(60,000,000,000)		(47,700,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities	-	-	-	60,000,000,000	50,129,329
25	Payments for investments in other entities (net of cash hold by entity being acquired)	(49,269,557,490)	-	-		-
26	Proceeds from sale of investments in other entities (net of cash hold by entity being disposed)	-	-	-		-
27	Interest and dividends received	2,124,441,929	5,642,720,046	14,464,239,826	21,820,782,295	25,926,535,243
<b>30</b>	<b>Net cash flows used in investing activities</b>	<b>(97,796,390,924)</b>	<b>(82,752,553,988)</b>	<b>(86,632,898,201)</b>	<b>20,888,367,506</b>	<b>(52,980,070,523)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>						
31	Capital contribution and issuance of shares	252,603,810	-	527,700,000	-	-
32	Capital redemption	-	(293,331,372,873)	-	-	-
33	Drawdown of borrowings	2,092,507,128,245	2,668,622,825,548	2,826,063,241,011	2,560,367,223,816	2,015,429,362,496
34	Repayment of borrowings	(2,124,196,594,726)	(2,605,681,700,628)	(2,935,029,359,337)	(2,752,129,420,313)	(2,350,412,789,438)
35	Payment of principal of finance lease liabilities	-	-	-	-	-
36	Dividends paid/Profit distributed	(713,512,226,500)	(627,149,566,575)	(642,014,742,700)	(959,037,237,800)	(640,589,431,575)
<b>40</b>	<b>Net cash flows from financing activities</b>	<b>(744,949,089,171)</b>	<b>(857,539,814,528)</b>	<b>(750,453,161,026)</b>	<b>(1,150,799,434,297)</b>	<b>(975,572,858,517)</b>
50	Net increase/(decrease) in cash for the year (50 = 20+30+40)	42,630,723,244	320,160,836,486	257,523,256,445	61,895,450,185	300,889,025,571
<b>60</b>	<b>Cash and cash equivalent at the beginning of the year</b>	<b>427,351,751,020</b>	<b>469,919,515,100</b>	<b>790,349,857,796</b>	<b>1,045,421,628,805</b>	<b>1,101,676,090,814</b>
61	Impact of exchange rate fluctuation	(62,959,164)	269,506,210	(2,451,485,436)	(5,640,988,176)	490,784,044
<b>70</b>	<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>469,919,515,100</b>	<b>790,349,857,796</b>	<b>1,045,421,628,805</b>	<b>1,101,676,090,814</b>	<b>1,403,055,900,429</b>

(Source: Audited Vicostone's consolidated financial statements)

### Cash flows from operating activities

Cash flows from operating activities are identified by the total accounting profit before tax, which is adjusted for depreciation and amortization of fixed assets, allowances, loan interests, unrealized losses from foreign exchange, gains/losses from finance investment, liquidation of fixed assets (which are classified as non-monetary items and excluded from the operating activities). In addition, cash flows from operating activities are influenced by the change in receivables, payables, inventories and prepaid expenses, loan interests and incurred expenses.

Compared to 2022, net cash flow from operating activities increased by VND 137.64 billion due to a decrease in profit before tax after deducting non-cash items and non-business activities (VND 408.49 billion) (of which total accounting profit before tax decreased by VND 377.78 billion) and the change in working capital increased by VND 546.12 billion in 2023.

In 2023, net cash flow from operating activities was VND 1,329.44 billion, including profit before tax of VND 999.44 billion, this profit before tax after deducting non-cash items and non-business activities VND 174.31 billion, then continued to be adjusted with changes in items with a total value of VND 155.69 billion.

Changes in specific items are as follows:

- Receivables decreased by VND 437.66 billion;
- Inventory increased by VND 67.4 billion;
- Payables decreased by VND 37.62 billion;
- Prepaid expenses decreased by VND 5.33 billion;
- Interest paid VND 57.62 billion;
- Corporate income tax paid VND 96.09 billion;
- Other expenses for business activities VND 103.81 billion.

### Cash flows from investment activities

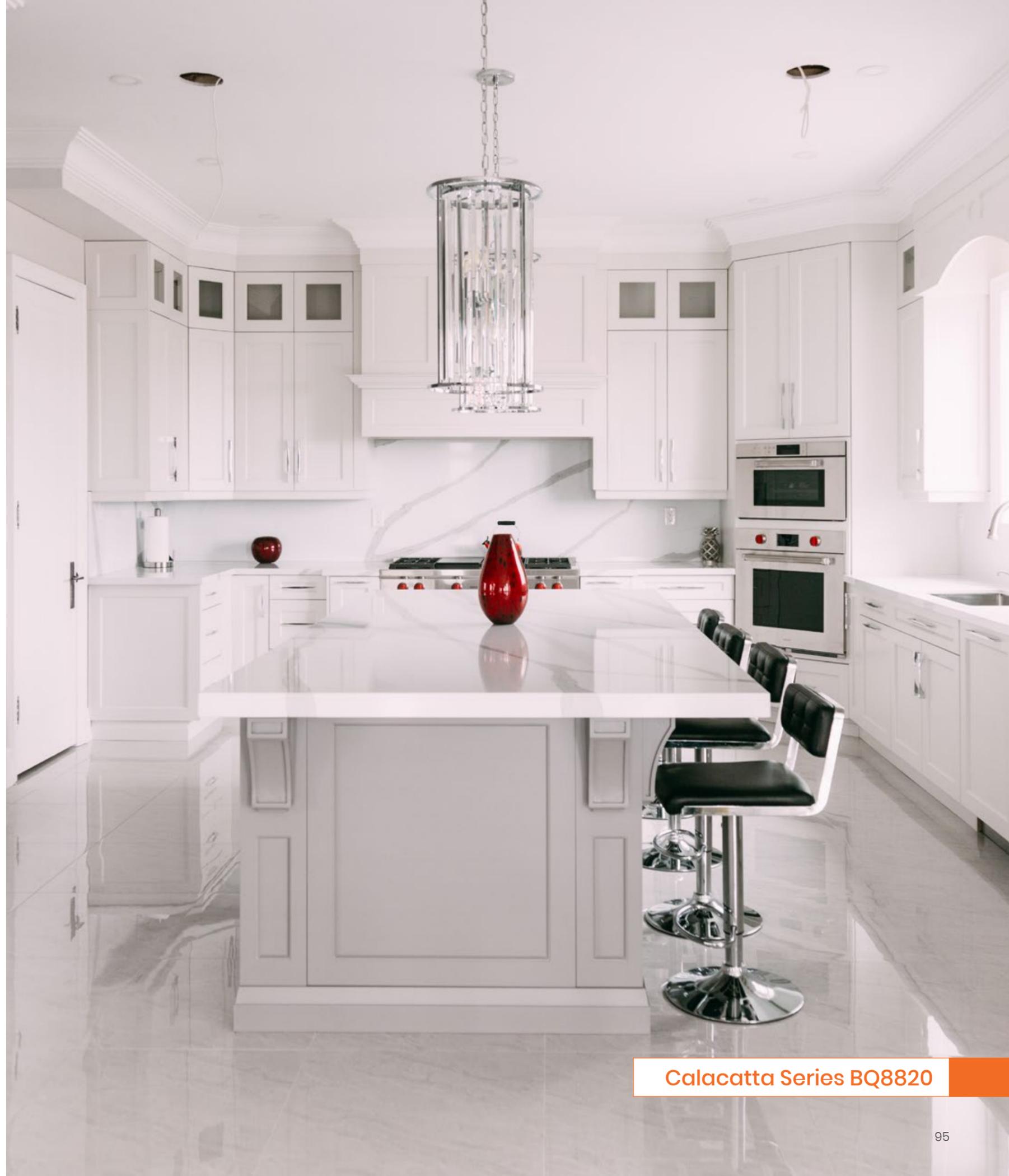
Net cash flow from investment activities in 2023 was VND 52.98 billion, specifically as follows:

- Cash spent on purchasing and constructing fixed assets and other long-term assets was VND 31.37 billion, of which mainly was renovating the Factory 1, completing the quartz milling line and equipments for other production and business services;
- Loan interest income, dividends and distributed profits were VND 25.93 billion, which was deposit and loan interest.

### Cash flows from financial activities

Net cash flow from financial activities was VND 975.57 billion in 2023, specifically as follows:

- Short-term and long-term loans received during the year were VND 2,015.43 billion, all loan amounts received were short-term working capital loans serving production and business activities with a term of less than 9 months;
- Loan principal repayment during the year was VND 2,350.41 billion;
- Dividends and profits paid to owners during the year were VND 640.59 billion. This is mainly dividends distributed from profits after tax to shareholders according to Resolution No. 07/2023 NQ/VCS-HĐQT dated June 7, 2023 and Resolution No. 15/2023 NQ/VCS-HĐQT dated November 22, 2023 of the Board of Directors.



Calacatta Series BQ8820

## Business activities in markets in 2023

In 2023, the world economy experienced many difficulties due to political instability, inflation, and worries of economic recession. Although there were some positive signs, overall the global economy could not escape from this difficult period, and there was a lot of uncertainty, complexity and rapid developments rife with short-and long-term risk exposures.

According to the IMF, world economic growth continues to be slow, uneven, and forecast to decrease from 3.5% in 2022 to 3% in 2023 and 3.1% in 2024. Meanwhile, inflation is expected to

continue to decelerate, from 9.2% in 2022 to 6.8% in 2023 and 5.8% in 2024.

The forecasts of analysts are increasingly consistent in predicting a "soft-landing" scenario that would bring inflation down while subsequently avoiding a global recession. Differences are emerging as signs of decline are more pronounced in developed countries. Part of the slowdown is the result of monetary tightening policies, aimed at bringing down inflation. Tighter credit conditions, however, are weighing on housing markets, investments, and economic activities.

This is especially seen in countries with a high proportion of variable-rate mortgages.

Observing these market conditions, Vicostone proactively offered timely, flexible and appropriate solutions to these challenges. These actions contributed to the Company's positive outcomes in the context of these difficult economic difficulties across markets: observing the Company's 2023 revenue reached VND 4,353.86 billion.

### Domestic market

In 2023, Vicostone made adjustments to navigate the evolving real estate market, especially amidst a recession that dampened demand for finishing residential construction in Vietnam. Vicostone focused on expanding their sales channels through the Vicostone Authorized Fabricators (VAF) model to ensure access to top-tier products. With diligent efforts, Vicostone has established 54 VAFs nationwide by the year's end.

In order to support and encourage consumers to use our products, Vicostone has organized several promotional activities: (1) VICOSTONE quartz flowers - Beautiful kitchens with peace of mind offered a 30% discount on the occasion March 8; (2) Beautiful bright kitchens - More luxurious homes with VICOSTONE; (3) VICOSTONE - Paintings of the Milky Way - Giving precious gifts, offered a 21% discount on the occasion of launching a new collection, and celebrating the 21<sup>st</sup> anniversary of Vicostone establishment and the year-end construction season.

For partners, distributors, and agents, Vicostone also organized engagement and technical activities such as training programs at Vicostone Showrooms, training programs at VAFs to improve manufacturing quality and labor safety, sports programs such as Vicostone Partner Cup 2023, etc.

For experts and architects, Vicostone accompanied many events targeting architects and interior experts such as sponsoring the following events: The 27<sup>th</sup> ARCHI-SLAM Tennis Tournament of the Ho Chi Minh City Association of Architects; The "Autumn Meeting 2023" of the Vietnam Association of Architects; The football tournament of the Quang Ninh Association of

Architects; The 9<sup>th</sup> National Young Architects Festival (2023); The Dong Nai Young Architecture Club Congress Term IV (2023 - 2025); becoming an official member of SACA Association; sponsoring Vietnam Architecture Week within the framework of the 75<sup>th</sup> anniversary of the Vietnam Association of Architects; attending the Wood and Furniture Export Fair - Hawa Expo 2023 and the Global Sourcing Fair Vietnam 2023.

With the above activities, despite the slightly decreased revenue in the domestic market, the product sales increased by 18% in 2023 compared to 2022.



Customers experienced VICOSTONE® products in showroom



The grand opening of Vicostone Authorized Fabricators in Nha Trang

## Export market

As an international business enterprise with revenue mainly coming from export activities, Vicostone's business results are strongly influenced by global macroeconomic factors, especially in primary markets in North America and Europe. The real estate and housing construction markets in those countries have been seriously affected by rising interest rates, inflation and material prices. High-interest rates have caused housing construction and home buying and selling activities to decline. In addition, under the impact of the economic downturn, Vicostone's distributor system in those markets had to readjust financial, sales, and inventory plans and reduce the number of orders with the Company to accommodate demand. The increasingly fierce competition between competitors in the industry, especially in the Asia-Pacific region such as India, China, Vietnam, Malaysia and Thailand, also has an impact on Vicostone's business results.

While the Company had forecasted the aforementioned factors and included them in the 2023 Risk Management List during production and business planning, the swift and unpredictable market changes, along with government policies on interest rate adjustments, have significantly impacted our business activities in key markets. Although the business results did not meet expectations, they showed that Vicostone's effective risk management system, quick and timely adaptation to threats arising in the course of business operations. Additionally the best efforts of the Company's leaders and employees have been showcased. With the support of Phenikaa Group in its market development strategy, Vicostone has had many positive results in market expansion and brand development in key markets.

- In North America, to continue its plan to develop direct distribution channels to increase product experience for customers as well as to promote the VICOSTONE® brand,

Vicostone USA opened 02 more large warehouses in St. Louis in the state of Missouri and Cincinnati city in the state of Ohio. Besides direct distribution channels, indirect distribution partners of VICOSTONE® products in North America also received active support from the Company.

- European market: In 2023, the tight monetary policy has slowed down economic activities as reflected in the continuous weakness of industry and real estate. Furthermore, the negative influence from the Russia-Ukraine political conflict continued to linger. Thanks to the support from the Company, distribution agents in the European market achieved encouraging sales levels, making an important contribution to Vicostone's export revenue in 2023.

In other markets, with the strategy of continuing to maintain an existing position in existing markets and promoting expansion and search for new markets to increase brand coverage and increase sustainable revenue, the VICOSTONE® brand distribution system expanded to new markets such as Algeria – marking

the presence of the VICOSTONE® brand in North Africa, while expanding distribution agents in existing markets. This contributed to the development of the VICOSTONE® brand worldwide.



Vicostone USA in Dallas, U.S.



Vicostone's booth at the Interior Design Show (IDS) in major cities, Toronto in January 2023 and Vancouver in September 2023

In addition to support policies in markets, the Company focused on promoting marketing and R&D activities to launch new product lines, bringing global customers many unique experiences and choices, diverse products in terms of styles and designs. The launch of new and different product lines also contributed to increasing sales. This led to reduced competitive pressure for products that are currently facing intense competition from other competitors in the market.

Taking proactiveness as a competitive advantage, Vicostone analyzed and took advantage of the market circumstances to devise financial

policies, effectively manage operating costs, strictly control production costs, and be proactive in the supply chain of production materials to stabilize selling prices to customers. Timely, flexible, and appropriate solutions to market developments have helped the Company achieve positive results in 2023. Although not as good as expected, these are still encouraging results in the context of global economic difficulties, and at the same time a driving force for Vicostone to stabilize its production and business and regain its strong growth momentum on the next journey.

# Integrated Marketing & Communication

Typical marketing activities in 2023



Customers experienced VICOSTONE® products at the IDS Vancouver exhibition in September 2023

Launching the new collection VICOSTONE® – Paintings of the Milky Way

Expanding the system in the domestic market to increase coverage and accessibility to customers

Expanding the distribution system in North America to increase coverage and accessibility to customers

The collection with 8 breakthrough products in terms of color and stone texture effects focuses on simulating the most beautiful moments of the universe from the beginning of time; thereby arousing endless inspiration, contributing to spreading positive energy, and creating an artistic living space.

Developing a total of 54 Vicostone Authorized Fabricators (VAF) and finished product agents nationwide.

VICOSTONE has continued to expand its distribution system with 2 new showrooms in St.Louis and Cincinnati, U.S.; increasing the total number of Vicostone product introduction centers/points in the U.S. to 8 and in the North America market to 16, along with tens of thousands of other retail points.

## Domestic market

Activities aimed at end consumers

In 2023, Vicostone continued to expand its distribution system, promote sales and improve customer experience through communication, agents, showrooms, websites, PR, social media, and other forms. The Company implemented many promotional programs for consumers to stimulate demand and support agents and distributors such as:

1.

VICOSTONE quartz flower – Beautiful kitchen with peace of mind—offering a 30% discount on the occasion of International Women’s Day;

2.

Beautiful bright kitchen – More luxurious home with VICOSTONE;

3.

VICOSTONE – “Paintings of the Milky Way- Giving precious gifts” offering 21% discount on the occasion of launching a new collection and celebrating the Company’s 21<sup>st</sup> anniversary;

4.

The after-sales program “Peace-of-mind warranty with VICOSTONE” took place throughout 2023. Communication campaigns were covered across all on-line and in-person channels as well as newspapers, receiving a total of nearly 2 million views.



Promotion program “VICOSTONE quartz flower – Beautiful kitchen with peace of mind” offering 30% discount on the occasion of March 8

In 2023, Vicostone launched "VICOSTONE® Collection – Paintings of the Milky Way" with 8 new products simulating the most beautiful moments of the universe from the beginning of time. The collection also marks a breakthrough in VICOSTONE®'s unlimited creativity with the application of trend-leading colors; free-moving, flexible and

deeper texture effects; continuing the creativity philosophy of "simulating the truest beauty of nature into each high-quality and safe-for-health VICOSTONE® stone product" - one of Vicostone's unique philosophies over the past 2 decades.

Vicostone constantly improves its service quality to bring customers

the best experiences at every selling point of its brand, especially when using Company's products.



"VICOSTONE® Collection – Paintings of the Milky Way" is inspired by the most beautiful moments of the universe from the beginning of time with traces remaining for thousands of years.

## Activities aimed at experts

For architects and interior experts, in 2023, VICOSTONE® engaged in many events targeting professionals such as: Vietnam Architecture week within the framework of the 75<sup>th</sup> anniversary of the Vietnam Association of Architects; the 15<sup>th</sup> National Architecture Award (2022 - 2023) organized by the Vietnam Association of Architects;

the 9<sup>th</sup> National Young Architects Festival (2023); the 27<sup>th</sup> ARCHI-SLAM Tennis Tournament of the Ho Chi Minh City Association of Architects; "Autumn Meeting 2023" of the Vietnam Association of Architects; Quang Ninh Association of Architects football tournament; Dong Nai Young Architecture Club Congress

Term IV (2023 - 2025). Vicostone has also officially become a member of the SACA Association and actively participated in construction and architecture exhibitions such as: Wood and Furniture Export Fair – Hawa Expo 2023, Global Sourcing Fair Vietnam 2023.



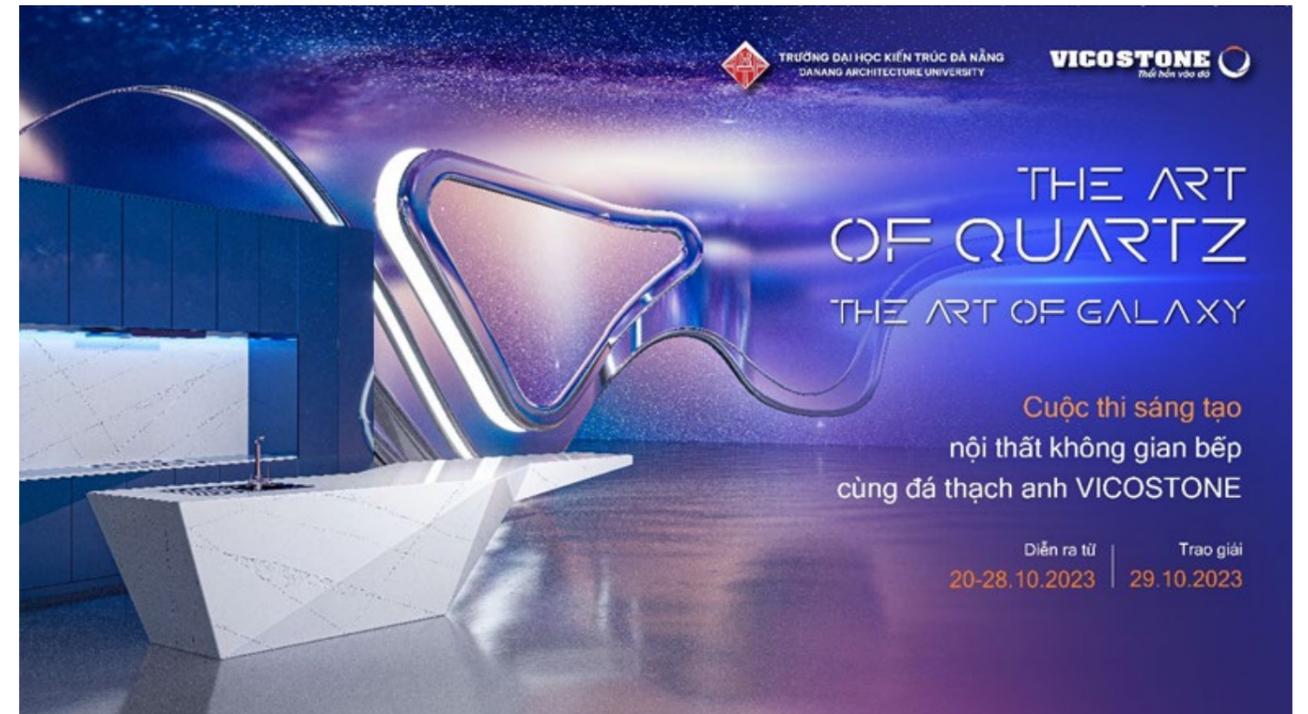
VICOSTONE® engaged in Vietnam Architecture week within the framework of the 75<sup>th</sup> anniversary of the Vietnam Association of Architects



The citizens of Hanoi admired the One Pillar Pagoda made from VICOSTONE® quartz based engineered stones



Customers being advised by Vicostone specialists to select products that fit their needs and living spaces



With the goal of creating a playground for university students to express their creativity, Vicostone cooperated with Da Nang Architecture University to organize the contest "VICOSTONE -

THE ART OF QUARTZ, THE ART OF GALAXY" in October 2023. The contest received enthusiastic participation from fourth-year students of the Faculty of Architecture - Interior Design, creating

impressive and unique design works that inspire users.



"VICOSTONE - THE ART OF QUARTZ, THE ART OF GALAXY" Award Ceremony on October, 2023

In addition, VICOSTONE® also participated in the 3<sup>rd</sup> season of the An Cuong Interior Design Award 2023 (An Cuong IDA 2023) competition; bringing quartz stone products with high durability, outstanding waterproofing and unique aesthetics, inspiring contestants to create exceptional living spaces that are safe for health and the community and providing valuable gifts for university students.

For domestic distributors and agents, VICOSTONE® continued to organize specialized training programs, honoring typical distributors, agents and sales points with excellent achievements. In 2023, the Company also successfully organized the second friendship football tournament for distributors and agents in the North to participate, creating opportunities for distributors/agents to exchange, learn, and strengthen solidarity between distributors/agents. This was also an opportunity for Vicostone to convey the development orientation and share the Company's core values.



Friendly football match between Northern Vicostone's distributors and agents in 2023



Opening ceremony of VICOSTONE Authorized Fabricator and Distributor (VAF) in Hue city and the Central region



Vicostone awarded finalists in the An Cuong Interior Design Award 2023

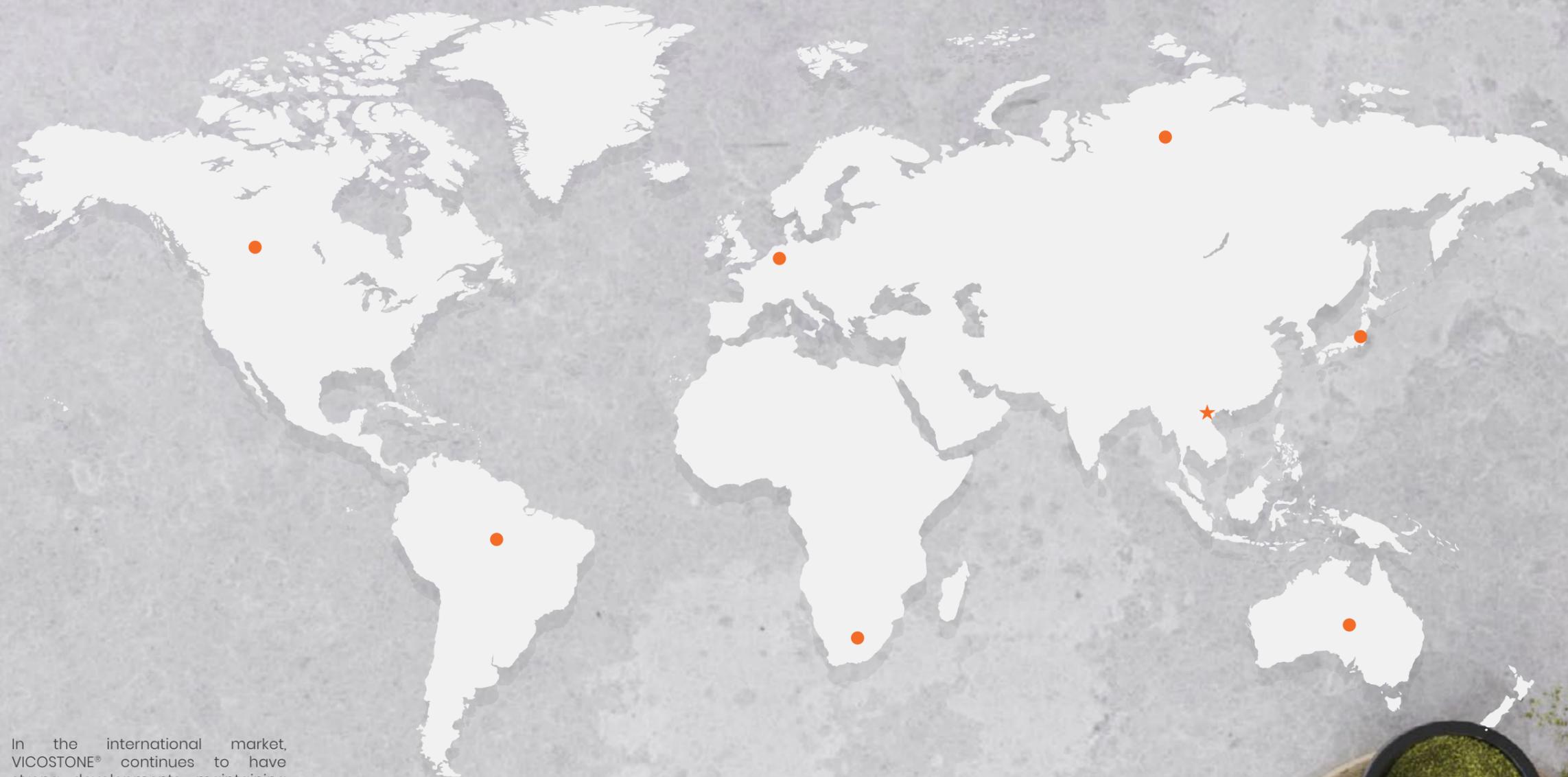
### System expansion activities in the Vietnamese market

In 2023, with the desire to bring unique, trend-leading quartz stone products with perfect quality and health safety to serve customers nationwide, helping customers save time and shipping costs, Vicostone developed a total of 54 authorized stone manufacturing dealers and finished product dealers. Among them, Vicostone Authorized Fabricators (VAF) were invested in terms of professional manufacturing factories with many modern equipment, machinery systems, and experienced workers; modern showrooms create inspirational spaces using safe and environmentally friendly VICOSTONE® stone, fully meeting the expectations of architects and consumers. In addition, the Company accompanied the An Cuong Wood Working Materials brand to launch and open dozens of finished product agents in 24 provinces and cities. Dealers

own a modern display space with a full range of interior materials from reputable, high-quality brands such as genuine VICOSTONE® stone, An Cuong industrial wood, and European high-end kitchen equipment systems, 4.0 Smart home solution as well as others. All complete interior solutions can be found in 1 showroom - an ideal destination to help customers and professionals easily choose materials for every space.

System expansion activities in the Vietnamese market in 2023 with a large network of more than 1,000 authorized distributors and manufacturing agents is an affirmation of Vicostone's strong development potential and number-1 quartz brand position in Vietnam for the past 21 years.

## International markets



In the international market, VICOSTONE® continues to have strong developments, maintaining its position in the third largest global supplier of engineered stone by regularly promoting the brand and products in media channels, prestigious magazines; participating in world prestigious furniture industry exhibitions; sponsoring furniture industry events and competitions; and organizing and engaging in business support programs.

### In the U.S. market

For the U.S. market - one of the key markets, VICOSTONE® promotes brand and product promotion activities through prestigious and influential magazines in the field of design and interior design. In addition, Vicostone also actively participated in events in the region such as the Design

Chicago 2023 (the Midwest's Largest Residential Design Conference) and the HD Expo 2023 in Las Vegas, Nevada, U.S.. The Company continued to expand its distribution system with 2 new showrooms in St.Louis and Cincinnati, bringing the total number of product introduction centers/points of the Company to 8 in the U.S. and 16 in the North American market. At the

same time, the Company continued to improve the quality of services and communication materials to meet the most demanding needs of the market, enhancing the reputation and prestige of the premium brand of VICOSTONE®.

## In the Canadian market

In Canada, VICOSTONE® continues to promote more frequent and active brand promotion activities with expert partners, architects, designers, investors, construction, etc. through its continuous and regular presence at prestigious exhibitions such as the Interior Design Show (IDS) in Toronto, and Vancouver, Canada in January and September 2023 respectively. This event is one of the most famous and important exhibitions in Canada, and is always at the forefront in world design trends.

In addition, the Company actively accompanied hot events and competitions of the Canadian interior materials industry such as the Western Living Competition for all designers in Western Canada; The Georgie Awards® 2023 competition organized by the Canadian Home Builders' Association of British Columbia (CHBA BC); podcast program "Measure Twice, Cut Once" by Homebuilders Association Vancouver (HAVAN), Canada; and VIDEX 2023 commercial exhibition of the Vancouver Society of Interior Designers. At the same time, VICOSTONE® is also regularly featured in many prestigious specialized magazines such as INTÉRIEURS, Reno Décor, Azure, House & Home, MIXTE Magazine, and Western Living Magazine. Through these types of events we bring customers and professionals ideal interior solutions to change the appearance of the living space to make it more unique, different, and filled with positive inspiration.



# Implementation of major projects

## Project on Enhancement of production capacity and improvement of transport infrastructure at Vicostone JSC

In 2023, Vicostone continued implementing the rest of the project on the Enhancement of production capacity and improvement of transport infrastructure at Vicostone JSC since 2021.

### Total Investment

VND 396.8 billion

### Source of capital

Company's own capital

### Investment objectives

Improve production capacity and quality in Factories to fulfill the Company's orders

### Duration

Quarter I/2021 – Quarter I/2024

### Location

Vicostone JSC, Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam.

### Implementation Progress

Basic construction and equipment completed;

Up to now, the disbursement value is VND 137.8 billion, with highly localized equipment to reduce investment costs. The remaining capital and upgrading works will continue to be implemented in 2024.

According to the current situation, the Company determined that certain items, such as the improvement of transport infrastructure, are not yet necessary for immediate implementation. Besides, most of the upgrades are localized, so the actual investment costs are much lower than planned.



# Assessment of the Board of Directors on the operating situation in 2023

Through the process of supervising and controlling the Company's activities in 2023, the Board of Directors evaluates that the Board of Management has successfully fulfilled its role in operating production and business, and properly implemented the direction and orientation according to the Resolutions of the General Meeting of Shareholders and the Board of

Directors. The Board of Management seriously implements programs targeting Vicostone's strategic goals according to the planned roadmap with adjustments to promptly adapt to macroeconomic conditions and competition in the domestic and international construction materials industry. The results obtained are shown on the following pages.



### Production and business activities

- Directed production and business activities, improve service quality, and manage costs effectively to increase competitiveness;
- Directed the promotion of finding new customers, developing potential markets to expand the Company's market-based revenue structure, limiting risks when main markets experience fluctuations;
- Directed the continued implementation of the strategy of localizing raw material sources according to international standards, increasing the Company's internal strength, controlling and improving product quality, ensuring continuous production, minimizing the risk of dependence on raw material suppliers, and increasing competitive advantage;
- Directed the consolidation of the Polymer Center to continue promoting scientific research and applying high technology, bringing new technology applications into production to standardize and automate all production lines, which helps bring high productivity and outstanding quality;
- Directed and promoted new product development, affirming Vicostone's pioneering spirit, continuous innovation and market leadership. Continuing its 21-year mission of finding a different artistic painting for living spaces, Vicostone officially launched a new collection for the first time inspired by the universe and the magical galaxy. The "Paintings of the Milky Way" collection has 8 products, and each product has a story containing its own inspiration and style;
- Directed the promotion of "continuous improvement" Kaizen programs to become a culture, contributing to minimizing waste in production, reducing labour time, and increasing production and business efficiency.

### Brand recognition for both domestic and international markets

- In 2023, the Board of Directors has directed to continue promoting building and developing the VICOSTONE® brand strategy in the domestic and international markets. Specifically:
  - Domestic market: Developed and implemented the 2023 Integrated Marketing Communications Plan (IMC), implemented the "VICOSTONE® Quartz Flower" promotion program with incentives up to 30%; implemented Vicostone Training Hub into operation - specialized training page for VICOSTONE® Authorized Stone Processing partners; Promotion "Bright kitchens, more luxurious homes"; accompanying with Da Nang University of Architecture to organize an interior design competition called "VICOSTONE® - The art of quartz, the art of galaxy"; Discount program up to 21% for VICOSTONE® engineered quartz stone product lines in the new collection "Paintings of the Milky Way"; etc;
  - International market: Continue to build Prosite - a specialized page for experts on the Website platform to serve the needs of

potential and current customers for information reference, documents and VICOSTONE® product consulting; along with new and useful features to enhance customer interaction with VICOSTONE® brand and products.

### Shareholders relations

- On April 12, 2023, the Board of Directors directed and organized the 2023 Annual General Meeting of Shareholders successfully, creating conditions for shareholders to participate in the meeting, contribute opinions and grasp information about the Company's operating situation and development orientation;
- Directed the Board of Investor Relations to draft and release the Company's Annual Report and Sustainable Development Report in 2022 to promptly provide information to Shareholders and Investors about the Company's operations;
- Directed the payment of two cash dividends: June 26, 2023, and December 14, 2023;
- Directed the Board of Investor Relations in disclosure of information promptly, transparently, and in accordance with current regulations.



Vicostone quartz based engineered stones are produced on the Breton production lines from Italy

### Human resource planning

- Directed planning regarding the next human resource generation, promoted training programs, and improved personnel capacity at the strategic level, to meet the requirements for implementation, production, and business goals of the Company;
- Appointed a new General Director and re-appointed Deputy General Directors based on the actual situation, in accordance with the Company's development orientation in the coming period, and in accordance with the general development strategy of the parent company - Phenikaa Group.

Concurrently met the requirements of staff rotation to carry out new tasks and new projects.

### Corporate governance

- Directed and oversaw research and development of new technologies, new products, working methods, and automation of production processes; in order to minimize costs and avoid wasting time and labour;
- Directed the promotion of technological innovation, investment and comprehensive deployment of information technology infrastructure to proactively adapt to fluctuations in the economy and market, and

improve business efficiency, increase labor productivity, and optimize business operations;

- Directed the development and implementation of plans to respond to domestic and foreign market situations, and action plans for signs of unfair competition;
- Directed to pursue the goal of reducing emissions, carbon dioxide emissions, wastewater, etc.; researched the use of solar power systems to ensure the sustainable development of the Company always goes along with environmental protection.

# Key tasks and financial targets for 2024

## Revenue growth goal

No.	Items	Unit	2023	2024 target	Growth (%)
1	Net revenue from sale of goods and services rendered	VND Billion	4,353.86	4,602.59	5.71%
2	Profit before tax	VND Billion	999.44	1,033.91	3.45%

## Key tasks in 2024

### Revenue growth target

In 2024, the world economy is considered to be more stable, although there are still forecasts of lower growth compared to 2023 but reasonable growth in 2025. Besides, the inflation rate Vicostone's main markets are forecasted to remain at a lower level than in 2023. This is also a positive sign for the Company to have strategies to adapt to new developments in the economy, continuing to promote revenue growth. Specifically, Vicostone will focus on the following activities:

- R&D and unlimited creativity are always the key to success, creating competitive advantage and differentiation, leading the market for Vicostone. In 2024, Vicostone will continue to promote this activity in combination with developing scientific and technological elements for modern production lines and machinery systems

to ensure the quality of output products that meet all requirements, the strictest requirements and regulations of each key market as well as new potential markets;

- Proactively capturing domestic and international market information to analyze, evaluate, and serve the work of building a flexible sales channel structure and sales policies in accordance with the provisions of law, needs of each market;

- Continuing to strengthen competitive position in key markets through improving product quality to fully meet legal standards and the needs of that market; proactively provide necessary solutions, information and data to customers, develop product-specific training/guidance programs so that customers have helpful information for processing, installing and using safely and effectively;

- Expansion into other potential markets: In addition to continuing to promote sales and increase market share in existing markets such as the U.S., Canada, Europe, etc.,

Vicostone will continue to invest for accessing and developing diverse and flexible sales channels markets in the Middle East, South America and some Asian Pacific countries.



## Key tasks in 2024<sub>(continued)</sub>



### Stabilize the supply chain

Vicostone maintains its strategy of localizing input material sources, aiming to enhance autonomy in input material sources. In addition, Vicostone actively seeks new suppliers in the market. This approach alleviates reliance on minor suppliers, enabling the Company to be more proactive in selecting suppliers offering better quality and more stable materials. Moreover, it ensures full compliance with legal regulations on silica dust, pneumoconiosis, and environmental permits, while maintaining reasonable prices that align with the Company's short-term and long-term business strategies.

### Improve human resource quality and increase labour productivity

Productivity and labour efficiency have always been the top concerns of the Board of Directors, throughout Vicostone's brand development process. The Board of Directors has set the following goals as a basis for implementing specific actions in 2024 as follows:

- Enhance employee training and development: promote training activities, build and develop a culture of mentoring, guidance, and transfer of experience and skills between leaders/managers and employees;
- Create a positive working environment through increased communication, coordination at work, increased cohesion and continuous learning;
- Consolidate the performance evaluation system to help evaluate work efficiency, thereby identifying problems that need to be addressed to improve and enhance labour productivity;
- Improve production processes and business processes, thereby improving labour productivity.

### Optimize costs and operational efficiency

In an increasingly competitive global market, Vicostone faces challenged to its operational efficiency due to technological advancement and participation of other players. Effective cost management will help the Company boost revenue and gain more profits and cash flow advantages to create favorable conditions for the development of the Company's long-term strategies. Some necessary measures to improve cost efficiency are as follows:

- Enhancing the operational efficiency of the Human Resources team means improving the operational efficiency of the operating and management system;
- Optimizing production processes, operations, management, raw materials, inventory... to cut down on excess costs that cause losses that affect production and business efficiency;
- Investing in and developing technology systems, and continuously improving processes and regulations to support and optimize processing time and operational efficiency of the Company;
- Researching and developing new materials and product sets that are innovative and creative, overcoming weaknesses of existing products while still ensuring output efficiency and saving input costs in the Company's production, management and operation process.

### Continue to promote risk management in the Company

In 2024 the Company will continue to integrate the risk management process into business processes, operational and management activities in the enterprise, not only in production, business, investment and business activities. Thereby, forming steps to identify, evaluate, and measure potential risks and/or risks arising at each operational step, as well as develop a risk response plan, target results as well as the process, control and evaluate the effectiveness of risk management activities in parallel with the effectiveness of production, business, investment activities, etc. and internal professional activities of the enterprise.

- At the same time, according to the risk management orientation, the Company will build and transmit a risk management culture within the Company, which must be instilled in each individual employee, through the following activities: issuing risk newsletters periodically, adhoc and thematic risk newsletters, with the purpose of raising awareness of risks, building a culture of risk management in each activity and recording emerging risks, contributing to helping individuals, unite in identifying and evaluating potential risks in each production, business, management, investment activities, etc. of the Company.

### Sustainable development Environment – Society – Governance (“ESG”)

Environmental, Social and Governance (“ESG”) is a set of practices (policies, procedures, metrics, etc.) that companies can apply to limit negative impacts, enhance positive impacts on the environment, society and governance systems.

Vicostone believes that applying ESG brings sustainable development values to the Company as well as Vicostone's responsibility to society, specifically (i) Improving risk management; (ii) Enhancing operational efficiency; (iii) Creating a positive impact on the environment; (iv) Promoting business innovation and creating greater adaptability; (v) Attracting and retaining talented people; (vi) Enhancing regulatory compliance; (vii) Contributing to global sustainability goals. Therefore, in parallel with the proposed business goals and strategies of developing revenue, profits, and scale of operations, perfecting ESG practices continues to be an essential task of Vicostone in 2024.

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# Report of the board of directors

## Members and structure of the Board of Directors

The Board of Directors (BOD) members and their ownerships at Vicostone

No.	BOD Member	Title	Time of appointment/ election	Time of dismissal	Shares held at Vicostone	Percentage of shares owned/ Total outstanding shares
1	Mr. Ho Xuan Nang	Chairman of BOD	12/04/2019		5,983,581	3.74%
2	Mr. Pham Tri Dung	Member of BOD – General Director	12/04/2023		353,391	0.22%
3	Mr. Pham Anh Tuan	Member of BOD	12/04/2019		19,913	0.01%
4	Ms. Tran Lan Phuong	Member of BOD	12/04/2019		18	-
5	Mr. Nguyen Quang Hung	Independent member of BOD	30/05/2020		-	-
6	Ms. Nguyen Dieu Thuy Ngoc	Member of BOD	12/04/2019	12/04/2023	-	-

The composition of the Company's BOD ensures diversity in many aspects: diversity in expertise; some BOD members are on the BOM and some are not.

As of December 31, 2023, the BOD of the Company had 01 independent member, thus complying with Point a, Clause 4, Article 276 of Decree No. 155/2020/NĐ-CP dated on December 31, 2020 on the ratio of independent members in a listed company.

Vicostone BOD members were all experts with years of experience and expertise in various areas, including: law, finance, accounting, international trade, business and personnel administration, R&D, production administration, etc. They were responsible for discharging BOD tasks, prioritizing the interests of the Company's shareholders, as well as closely supervising activities throughout the Company.

On April 12, 2023, the Company's 2023 GMS approved the resignation of Ms. Nguyen Dieu Thuy Ngoc as member of the BOD and elected Mr. Pham Tri Dung - General Director of the Company - to be a new member of the BOD in order to improve the performance of the BOD.

*(Details of BOD members are displayed in Governance Structure, Labor Structure and Management Apparatus)*

### List of BOD members with certificates in corporate governance

Decree 71/2017/NĐ-CP (dated June 6, 2017) of the Government guiding the corporate governance of public companies, effective from August 1, 2017, removed the regulation on participating in training courses on corporate governance for target groups. However, all members of the Company's BOD have graduated from the Master of Business Administration (MBA) training course and have in-depth professional knowledge of management, administration and supervision of business activities.

## The activities of BOD in 2023

In 2023, as an enterprise whose revenue mainly comes from export activities, Vicostone's business results were strongly affected by global macroeconomic factors such as high inflation in many countries; geopolitical conflict between Russia and Ukraine, unstable situation in many Middle Eastern countries; and gloomy real estate and construction markets, etc. In that context, Vicostone's BOD always strictly complied with the provisions of the Company's Charter, Internal Regulations on Corporate Governance,

and its Operational Regulations; always followed the contents and directions set out in the Resolution of the 2023 GMS in order to provide relevant directions, strategies, and guidance in all aspects of production and business activities of the Company, thereby helping the Company achieve positive business results while ensuring sustainable development. The results of the BOD's activities in 2023 are reflected on in the following aspects:

### Successfully organizing the 2023 GMS

On April 12, 2023, Vicostone JSC successfully organized the 2023 Annual General Meeting of Shareholders (GMS), reached an agreement on Resolution No. 01/2023 NQ/VCS-ĐHCD with the following contents:

- Adoption of the BOD's 2022 Performance Report;
- Adoption of the Audit Committee's Report on internal audit activities in 2022;
- Adoption of the 2022 production and business results and the 2023 production and business plan;
- Adoption of the 2022 audited financial statements, selecting the unit to audit the 2023 financial statements;
- Adoption of the 2022 Profit Distribution Plan, 2023 Profit Distribution and Dividend Payment Plan; Approving the BOD remuneration payment plan for 2023;
- Authorization for the BOD to approve investment projects under the GMS's decision authority, transactions and contract signed between Vicostone JSC and related parties;
- Adoption of the direction of receiving the transfer of the Project "Investment in building a factory to produce unsaturated polyester resins that can bear UV radiation and weather conditions and can be used in the production of quartz-based engineered stone and other composite materials";
- Adoption of the cancellation of the Plan to purchase own shares;
- Adoption of the dismissal and replacement of the select BOD members.

### Organizing periodic meetings of the BOD to evaluate the Company's performance and market situation to come up with appropriate development strategies and direction

In 2023, the BOD held 22 meetings to approve important decisions of the Company. Vicostone's BOD meetings are convened and conducted with specific schedules and in accordance with regulations on meeting organization. Meetings's content are fully and carefully discussed and evaluated by the BOD members to provide the best directions and solutions for the Company. For meetings that are particularly important and require discussion by the BOM, the BOD always invites the BOM to attend those meetings and provide opinions.

The BOD members are responsible for attending all BOD meetings of the Company held during the year. In case a member cannot attend a meeting, he/she must send a notice to the BOD in advance clearly stating the reason for his/her absence. In 2023, the meeting attendance rate of the BOD members is as follows:



No.	BOD member	Titles	Number of BOD meetings attend	Rate of BOD meetings attend	Reason of absence
1	Mr. Ho Xuan Nang	Chairman of the BOD	22	100%	
2	Mr. Pham Tri Dung	Member of BOD	16	100%	Attend all meetings after being appointed on April 12, 2023.
3	Mr. Pham Anh Tuan	Member of BOD	22	100%	
4	Ms. Tran Lan Phuong	Member of BOD	22	100%	
5	Mr. Nguyen Quang Hung	Independent member of BOD	22	100%	
6	Ms. Nguyen Dieu Thuy Ngoc	Member of BOD	06	100%	Attend all meetings before being dismissed on April 12, 2023.

The BOD meetings focused on resolving key issues related to directing the organization of the 2023 GSM's Resolutions; Developing and implementing production and business plans for 2023 as approved by the GSM; directing the implementation of the business plan, implementing key tasks and the Resolutions of the 2023 GSM, etc. The Resolutions agreed upon by the BOD at the meetings are the important directions to help the BOM

and relevant departments effectively carry out the Company's business tasks., stabilizing the general difficult situation given the market instability increases in many countries, the geopolitical situations become complicated, and business activities in many areas have become gloomy.

## Resolutions of the BOD issued in 2023

In 2023, the BOD approved the following resolutions:

No.	Resolution number	Date	Content
1	01/2023 NQ/VCS-HĐQT	January 11, 2023	Approval of the transactions of goods/services between the Company and related companies in 2023
2	02/2023 NQ/VCS-HĐQT	February 27, 2023	Changes in senior personnel of the Company
3	03/2023 NQ/VCS-HĐQT	February 28, 2023	Convention of the 2023 GMS
4	04/2023 NQ/VCS-HĐQT	March 13, 2023	Bonus payments to the BOM
5	05/2023 NQ/VCS-HĐQT	March 23, 2023	Approval of the time and documents for the 2023 GMS
6	05A/2023 NQ/VCS-BOD	April 13, 2023	Election of additional members for the Audit Committee
7	06/2023 NQ/VCS-HĐQT	May 11, 2023	Promulgation of the Salary Regulation of Vicostone JSC
8	07/2023 NQ/VCS-HĐQT	June 7, 2023	Advancement of the first cash dividend in 2023
9	08/2023 NQ/VCS-HĐQT	June 22, 2023	Appointment of key personnel of the Company
10	09/2023 NQ/VCS-HĐQT	June 22, 2023	Approval of the changes in the information about appointing the representative for the capital contribution and changing the legal representative at Phenikaa Hue Mineral Processing and Investment One Member Company Limited
11	10/2023 NQ/VCS-HĐQT	July 4, 2023	Selection of a auditing firm to review the semi-annual financial statements and audit the Company's 2023 financial statements
12	11/2023 NQ/VCS-HĐQT	August 3, 2023	Re-appointment of key personnel of the Company
13	11/2023 NQ/VCS-HĐQT	September 14, 2023	Collection of shareholders' opinions in writing
14	13/2023 NQ/VCS-HĐQT	September 22, 2023	Establishment of a Polymer Center
15	14/2023 NQ/VCS-HĐQT	October 13, 2023	Temporarily postponement of the collection of written opinions from shareholders
16	15/2023 NQ/VCS-HĐQT	November 22, 2023	Advancement of the second cash dividend in 2023

## Activities of BOD members

All BOD members of Vicostone prioritize responsibility, transparency, and diligence in fulfilling the functions and tasks of a BOD member, placing the interests of the Company's stakeholders at the forefront, and effectively and closely supervising the Company's operations.

### Mr. Ho Xuan Nang – Chairman of the BOD

Mr. Ho Xuan Nang is among the first people to develop fundamental strategic directions for Vicostone in the formative years of the Company, leading VICOSTONE® to become the third largest supplier of engineered stone countertops to the global market. With his insightful knowledge and significant experience, the Chairman has always been the driving force behind Vicostone's development strategy and supporting the Board of Management to operate the Company's production and sale activities, proactively respond to changes in both local and international markets in order to make accurate and timely business decisions.

### Mr. Pham Tri Dung – Member of the BOD and General Director

Mr. Pham Tri Dung is a senior member of the Company's BOD, and has participated in the management of the Company since its early days. Mr. Pham Tri Dung has many years of experience in business administration, supply chain management, market, marketing and branding. Mr. Dung has made important contributions to the Company in import-export activities, domestic business, building market development strategies, and developing new products to ensure revenue sources as well as cost savings for the Company. Based on Mr. Dung's capacity and contributions to the Company over the past 20 years, in 2023, Mr. Dung was appointed to the position of General Director of the Company.

### Ms. Tran Lan Phuong – Member of the BOD

Ms. Tran Lan Phuong has years of experience in human resources management, shareholder relations and laws. She has made great contributions to help the Company develop and implement the human resources strategy and training strategy so that Vicostone has an abundant source of high-quality employees to meet its needs of expansion and further development; as well as directing the shareholder relations and supervising the Company's Legal department.

### Mr. Nguyen Quang Hung – BOD independent member

Mr. Nguyen Quang Hung – with his expertise and experience in financial, accounting and banking – has made great contributions to the operation of BOD such as overseeing compliance with governance standards by the BOD and the BOM; monitoring auditing and financial-accounting activities; advising international governance standards to improve the Company's performance; and counseling the BOM to develop suitable marketing and business plans for the domestic market.

### Mr. Pham Anh Tuan – Member of the BOD

Mr. Pham Anh Tuan has many years of experience in the field of materials research, especially polymer composite. He has made many contributions in research and product development, and technological know-how for Vicostone's quartz based engineered.

### Ms. Nguyen Dieu Thuy Ngoc – Member of the BOD

Ms. Nguyen Dieu Thuy Ngoc has many years of experience in finance and accounting. She has been appointed the Chief Accounting in different businesses. Ms. Ngoc plays a key role in internal auditing activities and the supervision of financial-accounting activities. She also oversees and ensures the making and audit of the financial statements to be done in an accurate, transparent and timely manner. The BOD of Vicostone approved the resignation of Ms. Ngoc in April 2023.

## Activities of sub-divisions of the BOD

Sub-divisions have been established to support the BOD in implementing specific tasks and undertaking its supervision responsibilities. Activities of the sub-divisions in 2023 include:

### General affairs sub-division

In 2023, the General affairs sub-division carried out the following important tasks:

- Organized BOD and BOM meetings, consolidation of regular reports on Company's sales and production activities upon requirement;
- Monitored and analyzed market fluctuations; act as the focal point to

synthesize and provide information on the Company's production and business situation to the BOD;

- Coordinated with other departments and divisions in the provision of legal consultancy related to the corporate governance, Law on Enterprise and Law on Securities and other legal documents related to the Company's activities to the BOD and the BOM;

- Coordinated with the Board of Investor Relations and Legal Department to organize the GMS, publish information, collect investors' feedback, and produce reports according to the stock market law;
- Carried out other tasks.

## Audit Committee

The members of the Audit Committee (AC) are as follows:

No.	Member of the AC	Title	Date of membership/termination of AC membership
1	Mr. Nguyen Quang Hung	Head of the AC	Appointed on May 7, 2021
2	Ms. Tran Lan Phuong	AC member	Appointed on April 13, 2023
3	Ms. Nguyen Dieu Thuy Ngoc	AC member	Dismissed on April 13, 2023

(Details of the AC members are displayed at the Governance structure – Labor structure – Management Apparatus)

Meetings of AC and participation rate of members

No.	Member of the AC	Number of meetings attended	Rate of meetings attended	Rate of voting	Reason for absence
1	Mr. Nguyen Quang Hung	03	100%	100%	
2	Ms. Tran Lan Phuong	02	100%	100%	Appointed on April 13, 2023
3	Ms. Nguyen Dieu Thuy Ngoc	01	100%	100%	Dismissed on April 13, 2023

### Internal audit on the Board of Management:

The activities of the Audit Committee were as follows:

- Monitored the BOM in planning, management and operation of the Company;
- Directly monitored the performance of BOM through meetings, discussions;
- Monitored the BOM in compliance with the resolutions of GMS and the BOD;
- Reviewed, updated regulations on internal audit to assure the Company's compliance to Vietnamese laws and international standards and practices;

- Assessed the quality of risk management and internal audit, gave recommendations and proposals to improve risk management and internal audit;
- Conducted supervision through internal reporting and cooperation with the independent auditor.

### Cooperation between Audit Committee, BOD, BOM and other managers:

The Audit Committee remains in active and mutual cooperation with the members of the BOD, the BOM, and related managers.

### Other activities:

- Analyzed the political economy in both domestic and international

markets, to address the key risks that may threaten the operation and performance of the Company, and gave advice to the BOD and BOM in the development of business plans and proactively responded to market risks and unfavorable developments;

Evaluated independently and objectively the law compliance, cost efficiency, validity and effectiveness of internal audit and risk management activities at the Company;

Reviewed, monitored and gave advice to improve the governance, management and operation of the Company;

Assured the operations of the Company in line with the laws.



## Supervision of the BOD towards BOM's activities

Based on the Company's Charter and Management Regulations, the BOD supervised the activities of the BOM in managing production and business activities and implementing the resolutions of the General Meeting of Shareholders (GMS) and the BOD in 2023 as follows:

### About monitoring methods

The Company's BOD regularly supervised the BoM through reports at quarterly or extraordinary meetings, through email, other electronic communication methods and telephone to discuss the implementation of strategies, goals, content and production and business plans approved by the GMS on April 12, 2023 and the implementation of Resolutions of the BOD, quarterly production and business situation. The BOM also regularly exchanged and reported fully to the BOD on the progress and results of implementation of planned tasks and challenges for timely update and consultation with the BOD to get the most effective solution.

### Supervision contents

- Supervising the production and business planning in 2023 and implementation of profit targets in 2023 according to the plan approved by the GMS;
- Supervising the management activities of the BOM to improve the efficiency of production and business activities and hit targets;
- Reviewing and improving corporate governance, internal control and risk management activities;
- Supervising the preparation of the Company's separate financial statements, supervising the consolidation of financial statements of Vicostone with the financial statements of its subsidiaries for the quarters and fiscal year 2023 in accordance with the order, progress and current regulations;
- Supervising dividend payments to shareholders in June 2023 and December 2023.

### Assessment of the Board of Directors on the BOM's activities

Through the supervision and control of the Company's activities in 2023, the BOD reached a consensus that the BOM successfully fulfilled its role in operating production and business in accordance with the Resolutions of the General Meeting of Shareholders and the BOD. The BOM implemented programs targeting Vicostone's strategic goals according to the planned roadmap and made necessary adjustments to promptly adapt to macroeconomic conditions and competition in the domestic and international construction materials industry. The details of which are as follows:

### Production and business activities

- Directed to increase competitiveness by improving service quality and managing costs effectively;
- Directed the implementation of proactive, flexible, and appropriate business solutions to respond to domestic and international market fluctuations:
  - Regularly and timely collect market information to understand market conditions, analyze and evaluate to identify opportunities/risks as a basis for seizing business opportunities, risk management to be ready to respond promptly.
  - Develop and implement flexible, agile business solutions to timely adapt to market fluctuations, enhance competitive advantage in challenging markets, and increasingly fierce competition.

Evaluated the current distribution system of the Company to provide timely direction of building, expanding, optimizing, and restructuring the distribution channels; enhanced the search for new customers, develop potential markets to expand the revenue structure according to the Company's markets, and mitigate risks when the main markets experienced fluctuations;

- Directed to continue to implement the strategy of localizing raw material sources according to international standards, controlled and improved product quality, ensured continuous production, and minimized the risk of dependence on raw material suppliers, all of which increased the Company's internal strength and competitive advantage;
- Directed to establish the Polymer Center, in order to promote scientific research and apply high technology, bringing new technology applications into production to standardize and automate all production lines, which in turn increases productivity and quality;
- Directed and promoted new product development, affirming Vicostone's pioneering spirit, continuous innovation and market leadership. Continuing its 21-year mission of finding a different artistic approach to living spaces, Vicostone officially launched a new collection inspired by outer space and galaxies. The "Paintings of the Milky Way" collection has eight products, and each product has a story containing descriptions of its inspiration and style;

- Directed the promotion of "continuous improvement" Kaizen programs to become a culture, contributing to minimizing waste in production, reducing labour time, and increasing production and business efficiency.

### Brand recognition for both domestic and international markets

- In 2023, the Board of Directors has directed to continue promoting, building, and developing the VICOSTONE® brand strategy in the domestic and international markets. Specifically:
  - Domestic market: Developed and implemented the 2023 Integrated Marketing Communications Plan, implemented the "VICOSTONE® Quartz Flower" promotion program with incentives up to 30%; implemented Vicostone Training Hub - specialized training page for VICOSTONE® Authorized Stone Processing partners; promoted "Bright kitchens, more luxurious homes"; accompanied Da Nang University of Architecture to organize an interior design competition called "VICOSTONE® - The art of quartz, the art of galaxy"; discounted program up to 21% for VICOSTONE® engineered quartz stone product lines in the new collection "Paintings of the Milky Way";
  - International market: Continued to build Prosite - a specialized page for experts on the Website platform to serve the needs of potential and current customers for information reference, documents and VICOSTONE® product consulting; along with new and useful features to enhance customer interaction with VICOSTONE® products and brands;
  - Implemented flexible marketing campaigns tailored to the specific characteristics and changing dynamics of each market.

### Human resource planning

- Directed to plan the next human resource generation, promote training programs, and improve personnel capacity at the strategic level to meet requirements for implementing production and business goals of the Company;
- Appointed a new General Director and re-appointed Deputy General Directors, in accordance with the Company's development orientation in the coming period,

and in accordance with the general development strategy of the parent company - Phenikaa Group, and at the same time meeting the requirements of staff rotation to carry out new tasks and new projects.

### Corporate Governance

- Directed and oversaw research and development of new technologies, new products, working methods, and automation of production processes; in order to minimize costs and avoid wasting time and labour;
- Directed the promotion of technological innovation, investment and comprehensive deployment of information technology infrastructure to proactively adapt to fluctuations in the economy and market, and improve business efficiency, increase labor productivity, and optimize business operations;
- Directed the development and implementation of plans to respond to domestic and foreign market situations, and action plans for signs of unfair competition;
- Directed to pursue the goal of reducing emissions, carbon dioxide emissions, wastewater, etc.; researched the use of solar power systems to ensure the sustainable development of businesses always goes along with environmental protection.

### Shareholder relations

- On April 12, 2023, the Board of Directors directed and organized the 2023 Annual General Meeting of Shareholders successfully, creating conditions for shareholders to participate in the meeting, contribute opinions, and gather information about the Company's operating situation and development orientation;
- Directed the Board of Investor Relations to release the Company's Annual Report and Sustainable Development Report in 2022, which provide information to Shareholders and Investors about the Company's operations.
- Directed the payment of cash dividends for the first time on June 26, 2023 and the second time on December 14, 2023;
- Directed the Board of Investor Relations to release disclosing information promptly, transparently, and in accordance with current regulations.



## Results of implementing the Resolution of the 2023 GMS

### Implement the 2023 production and business plan

In addition to the residual effects of the COVID-19 pandemic, 2023 witnessed many major political and economic changes, especially the war between Russia and Ukraine, instability in the

Middle East, and the instability of the financial, currency, energy markets, etc. These have seriously affected all aspects of socio-economic life, production and business activities of enterprises, especially the construction sector when the demand for new construction and repair works in many countries became gloomy. In Vicostone's major

markets, some legal regimes and policies were adjusted and changed, especially related to safety issues in production, which has had a major impact on the Company's production and business results. The Company's results of implementing its 2023 production and business plan are specifically as follows:

Currency: VND Billion

Indicator	Actual in 2022	2023 Plan	Actual in 2023	Actual vs 2023 Plan	Actual in 2023 vs 2022
Net Revenue	5,660.27	4,713.00	4,353.86	92.38%	76.92%
Total profit before tax	1,377.22	1,060.00	999.44	94.29%	72.57%

### Selection of the independent auditor for 2023 financial statements reviews

Authorized by shareholders at the AGM, the BOD contracted with Ernst & Young Vietnam Limited - one of the world's four biggest and most reputable auditing firms - to review mid-year and full-year financial

statements for Vicostone alone and consolidated financial statements for Vicostone and the Company's members in 2023.

For several years, Ernst & Young Vietnam Limited has earned the trust of the BOD to take charge of reviewing Vicostone's financial statements, assuring progress and quality as contractually required at a reasonable price. The auditing firm also gives advice to help Vicostone

improve the financial management and compliance with existing regulations of the Government.

Vicostone's financial statements are consistently accurate, transparent, credible, in-line with regulations and an honest source of information. These statements provide investors and analysts with an accurate view of the Company's financial strength.

## Profit distribution in 2023

In 2023, the Company distributed profits into funds according to the Resolution of the Annual General Meeting of Shareholders dated April 12, 2023, specifically:

Currency: VND

Indicator	Realized figure	Ratio %	Note
Undistributed profits of previous years	2,817,878,181,379		
Profit before tax in 2023	904,367,142,648		
Corporate income tax (CIT)	139,697,680,391		
Current CIT	139,697,680,391		
Deferred CIT	-		
Profit after tax in 2023	764,669,462,257		
First cash dividend payment in 2023	320,000,000,000	20.00%	Of the par value of outstanding share
Second cash dividend payment in 2023	320,000,000,000	20.00%	Of the par value of outstanding share
Bonus for BOD and BOM	7,646,694,623	1.00%	Of the profit after tax
Allocation of the Awards and Welfare Fund	22,940,083,868	3.00%	Of the profit after tax
Distributed profit	670,586,778,491		
Cumulative undistributed profit	2,911,960,865,145		

In 2023, the BOD approved the following dividend payments:

- June, 2023: Paid the first cash dividend of 2023 to shareholders at the rate of 20%;
- December, 2023: Paid the second cash dividend of 2023 to shareholders at the rate of 20%.

### Authorization of the BOD to review, finalize investment projects, transactions, contracts signed between Vicostone and relevant parties

The BOD on January 11, 2023 approved merchandise and service transactions for the year between Vicostone and relevant companies.

The details of resolution were publicly posted on the Company's website at <https://vicostone.com/vi-vn/investor-news> and the portals of the Hanoi Stock Exchange and the State Securities Commission in accordance with the laws.

### Payment of remuneration for the BOD members in 2023

The payment of remuneration to the BOD members is based on the norms approved by the GMS, ensuring

compliance with the provisions of the Company's Charter on remuneration, bonuses and operating expenses for the BOD's members and relevant legal regulations.

In 2023, the Company paid remuneration to the BOD members according to

the Resolution of the 2023 GMS. The total amount of remuneration the Company paid to the BOD members in 2023 is VND 312,000,000, specifically:

No.	BOD member	Title	Months	Remuneration (VND)
1	Mr. Ho Xuan Nang	Chairman of BOD	12	72,000,000
2	Mr. Pham Tri Dung	Member of BOD – General Director	09	45,000,000
3	Mr. Pham Anh Tuan	Member of BOD	12	60,000,000
4	Mr. Nguyen Quang Hung	Member of BOD	12	60,000,000
5	Ms. Tran Lan Phuong	Member of BOD	12	60,000,000
6	Ms. Nguyen Dieu Thuy Ngoc	Member of BOD	03	15,000,000
<b>Total</b>				<b>312,000,000</b>

In addition to remuneration, BOD members that take charge of tasks at the Company also received their salaries in line with the Company's wage structure.

(Details on the income of the BOD and BOM are provided in the Report of the Audit Committee).

### General assessment of the BOD performance in 2023

Despite 2023 being a challenging year due to the resulting political and economic instability, the BOD strove to fulfill its tasks in 2023 set out under the Resolution of the AGM, abided by the Laws, overcame difficulties. The BOD supervised operations, and effectively operated administrative models, contributing to securing shareholders' interests and harmonizing interests of relevant parties, including customers, employees, and communities. Vicostone performed its corporate governance effectively, secured its organizational structure, and operated in accordance with the Law on Businesses and the Charter of the Company;

- The BOD organized and maintained quarterly meetings to review and provide timely decisions regarding production and business operations of the Company to ensure timely adaptation to unpredictable changes in the global economic and political;
- The BOD effectively directed the execution of the Resolution of the AGM, fulfilling growth targets for 2023, fully undertaking its obligations with the State budget, ensuring shareholder's interests, securing stable income, work, and health safety for employees, conducting conscious and responsible business with relevant parties;
- All BOD members were assessed to have successfully completed their tasks and actively and positively performed their assigned responsibilities. They made the best efforts to accomplish the assignments, and showed great leadership skills to drive their units to enable the Company to reach

goals and implement plans. As a result of their extraordinary endeavor, the Company was able to realize earnings targets and pursue sustainable development. With years of experience in finance, international trade, corporate governance, human resources management, production technology, laws and so forth, they were capable of delivering effective analyses and judgments, performed their roles with integrity and transparency, and assured and balanced the benefits of shareholders with those of stakeholders;

- Sub-divisions under the BOD contributed to assisting the BOD in risk management, internal audit, investment, and appointment of senior personnel.





## The BOD’s orientation and operational plan for 2024

The world economy in 2024 is forecast to continue to grow slowly due to tightened fiscal and monetary policies to control inflation in countries. Neither the International Monetary Fund (IMF) or the Organization for Economic Cooperation and Development (OECD) have had pessimistic assessments of the world’s economic growth for 2024. The construction materials industry in general and the engineered stone production industry in particular will still face many unpredictable difficulties and challenges. In that general context, Vicostone’s BOD will continue to be cautious in all production and business activity scenarios with a readiness to adapt and seek opportunities in a challenging economic context in 2024, continue to promote the values the Company has developed over the past years, and implement production and business plans, focusing on the following strategic directions:

- Expand scope for new markets; Increase revenue volume from non major markets compared to 2023; Ensure revenue growth according to plan with effective solutions in marketing, market expansion;
- Continue to develop new, unique product categories that are impressive to customers and different from competitors’ products, meeting the increasing needs of the market. This is a top priority task and is one of the factors that determine the Company’s competitive advantage; Develop and implement overall solutions to ensure product design stability, improve productivity and product quality;
- Deploy the ESG and NetZero programs to evaluate and enhance the implementation of sustainable development practices, etc. ensuring the Company’s development in a sustainable, environmentally friendly direction and bringing benefits for all parties involved;
- Continue to improve corporate governance based on the application of international practices, and to effectively use resources to create sustainable values in the long term;
- Continue to promote the integrated marketing communication (IMC) strategy to maintain and expand domestic and international markets and increase competitiveness are key tasks for Vicostone along with update features on Vicostone’s website (Prosite, VR tour, Visualizer, Vicostone 360, etc.) and maintain its brand awareness;
- Stabilize jobs and income for employees. Continue to foster training for high-quality personnel to meet present and future human resources needs; Invest in improving the skills of all employees, in order for them to possess the requisite knowledge and expertise to adapt to the Company’s phases and strategies of development; Create a progressive business culture and professional working environment.

## Profit distribution proposal in 2024

No.	Items	Unit	Excerpt/ratio	Note
1	Bonus and Welfare Fund	%	3.50	Excerpt/Profit after tax
2	Bonus Fund of the Executive Board of the Company	%	0.50	Excerpt/Profit after tax

## Activities of the Board of Directors in the term of 2019 – 2024

### Members of the BOD for the term of 2019 – 2024

Vicostone's 2019 GMS issued a resolution deciding that the Company's BOD consists of 5 members. The BOD then

met and elected Mr. Ho Xuan Nang to assume the position of Chairman of the BOD and 4 other members of the BOD.

During the 2019 – 2024 term, the BOD made appropriate adjustments to its structure with the goal of increasing the independence of the BOD from the

Board of Management (BOM), and at the same time changing the members of the BOD to ensure alignment with the change in the position of the General Director.

Year	Member of BOD	Title
2019	Mr. Ho Xuan Nang	Non-executive Chairman of BOD
	Mr. Pham Anh Tuan	Member of BOD – General Director
	Ms. Nghiem Thi Ngoc Diep	Independent member of BOD
	Ms. Nguyen Dieu Thuy Ngoc	Non-executive member of BOD
	Ms. Tran Lan Phuong	Non-executive member of BOD
2020 – 2021 – 2022	Mr. Ho Xuan Nang	Non-executive Chairman of BOD
	Mr. Pham Anh Tuan	Member of BOD – General Director
	Mr. Nguyen Quang Hung	Independent member of BOD
	Ms. Nguyen Dieu Thuy Ngoc	Non-executive member of BOD
	Ms. Tran Lan Phuong	Non-executive member of BOD
2023	Mr. Ho Xuan Nang	Non-executive Chairman of BOD
	Mr. Pham Anh Tuan	Non-executive member of BOD
	Mr. Nguyen Quang Hung	Independent member of BOD
	Mr. Pham Tri Dung	Member of BOD – General Director
	Ms. Tran Lan Phuong	Non-executive member of BOD

## Performance results of the BOD for the term of 2019 – 2024

### General global and Vietnamese context

#### Political and economic situation in the period of 2019 – 2023

Global economic and political situation in the period of 2019 – 2023

The world economic and political situation in the period of 2019 – 2023 recorded many complex fluctuations, encountered many difficulties and challenges. From the beginning of 2020, the world economy entered a period of widespread recession as a result of the outbreak of the COVID-19 pandemic and prominent political events such as the U.S. – China trade war, Japan – South Korea trade tensions, and the Brexit deadlock. The U.S. Federal Reserve continuously reducing base interest rates, fluctuating oil prices; and social distancing policies to limit the spread of COVID-19, etc. caused wide, deep and multidimensional impacts on the world economy.

In 2021 – 2022, although the world economy in 2021 recovered faster than expected and gradually returned to the pre-pandemic period, growth was uneven among countries. The year 2022 was said to be a year of "multiple crises", including the energy crisis and geopolitical crisis, especially the Russia – Ukraine conflict, causing oil and gas prices to rapidly escalate, this is associated with high levels of inflation in many countries.

Furthermore, 2023 continued to be a turbulent and difficult year for the world economy and is considered one of the bleakest periods since the world financial crisis of 2007 – 2008 when faced with a series of challenges from decline in gross domestic product (GDP) growth, increased bad debt, decreasing trade turnover, gloomy investment, and others.



#### Vietnam's economic and political situation in the period of 2019 – 2023

In a context where the world economy faced many challenges, economic growth in Vietnam also faced many fluctuations. To begin with, in 2019, Vietnam had 5 trade agreements officially signed and effective, having a great impact on the Vietnamese economy through expanding import and export markets. According to data from the Vietnam's General Statistics Office (GSO), Vietnam's GDP for the whole year 2019 increased by 7.3%, exceeding the target assigned by the National Assembly in the range of 6.6 – 6.8%. Although lower than 2018 (7.08%), it was the 2<sup>nd</sup> consecutive year Vietnam's GDP had reached over 7%.

In 2020, Vietnam's economy was somewhat better than the world's because its GDP maintained a positive growth rate, a large trade surplus, and controlled inflation. Besides, Vietnam also succeeded in controlling the COVID-19 pandemic, helping to stabilize its production and business activities. However, in 2021, the outbreak of the COVID-19 pandemic caused the entire economy to be severely affected when

prolonged social distancing had to be implemented to prevent the spread of the pandemic. The positive points in the 2 years of pandemic prevention include digital transformation, cashless transactions, and restructuring of the financial market when the stock and real estate markets increased rapidly.

In the period from 2022 – 2023, Vietnam's economy showed signs of recovery. In 2022, with the advantage of a low starting point (due to Vietnam's severe economic decline in 2021), the total value of GDP products in 2022 increased by 8.12%. In the context of a rapidly evolving, complex and unpredictable international situation, in 2022, Vietnam's total import – export turnover still reached a record of over USD 732.5 billion and Vietnam's trade surplus reached USD 11.2 billion. Positive signals in the last months of the year helped Vietnam's economic growth in 2023 reach 5.05% to become one of the fastest growing economies in the region and the world.

Construction and real estate market in the period of 2019 – 2023

International construction and real estate market

The economic situation in the period of 2019 – 2023 with many negative fluctuations had a significant impact on the global construction and real estate market. The decline in the construction market of major economies and the low growth compared to expectations of emerging countries such as the Middle East, Southeast Asia, and others, reduced the growth of the global construction market to 2.7% in 2019. This was the lowest level in the previous decade, according to GlobalData<sup>1</sup>.

In 2019 – 2020, the global construction industry fell into a state of paralysis and stagnation due to restrictions related to the COVID-19 pandemic. According to GlobalData, in 2020, global construction output was estimated to grow only by 2.0%.

In 2021 – 2022, the global construction industry faced other serious difficulties related to the war between Russia and Ukraine. The conflict caused fluctuations in the global economy, purportedly disrupting supply chains and putting pressure on prices. Energy prices skyrocketed, pushing raw material prices up.

The growth of the global construction industry in 2023 was estimated to increase by only 0.8% compared to 2022<sup>2</sup>. This figure reflects the challenging context in most markets around the world as well as the tightening of monetary policy that has reduced investment and increased inflation.

Vietnam construction and real estate market

The construction and real estate market in Vietnam in the period of 2019 – 2023 faced many difficulties. In the first two years of 2019 – 2020, the construction and real estate market had many positive signs when policies for this market were more clearly planned in each segment and FDI capital for this market was quite big. Yet, in 2021, the COVID-19 pandemic broke out strongly and its complicated developments negatively affected general economic activities and construction and real estate activities in particular. Prolonged social distancing made it difficult for businesses to find new construction contracts. The price of some construction materials increased sharply, slowing down the progress of current and upcoming projects.

In 2023, the construction market in Vietnam had some positive points from infrastructure and industrial construction, partly compensating for the weakness of the residential real estate sector. However, there were still big challenges for most companies in the construction and materials sectors due to great financial pressure<sup>3</sup>.



<sup>1</sup> <http://www.globaldata.com/global-construction-output-growth-will-decline-to-2-7-in-2019/>

<sup>2</sup> <https://www.globaldata.com/media/construction/global-construction-industry-growth-will-remain-sluggish-2023-forecasts-globaldata/>

<sup>3</sup> <https://baodauthau.vn/trien-vong-nganh-xay-dung-nam-2023-diem-sang-tu-khu-vuc-ha-tang-va-cong-nghiep-post136482.html>



Report on the performance of the BOD for the term 2019 – 2024

During the 2019 – 2024 term, Vicostone's BOD was directed to maintain the strategic goals set out at the beginning of the term while closely monitoring market developments to make timely adjustments. With the motto "Comprehensively proactive – Conquering goals", the Company's BOD has effectively communicated its leading role in directing the development of goals, strategies and business plans in the face of difficult economic conditions, specifically in the stone industry. This task was especially important during the complicated period of the COVID-19 pandemic. The Company has

achieved some outstanding results in the period of 2019 – 2023 as follows:

- Regarding the size of assets and capital: In 2023, total assets reached VND 6,468.25 billion, which is 1.16 times higher than in 2019, with the average growth in the period of 2019 – 2023 reaching 4.01%. Equity reached VND 4,985.82 billion, which is 1.45 times higher than in 2019, with the average growth in the period of 2019 – 2023 reaching 10.13%;
- Regarding revenue and profit: The total revenue in 2023 reached VND 4,353.86 billion, reaching 78.27% compared to 2019. Pre-tax profit in 2023 reached VND 999.44 billion, reaching 60.47% compared to 2019;
- Profit after tax in 2023 reached VND 846.38 billion, reaching 60.02% compared to 2019. These indicators

were all down compared to 2019. The main reason is that the Company's main export markets were affected by the COVID-19 pandemic in the period of 2020 – 2022;

- Regarding dividends: Although production and business results (revenue, profit) in the period of 2019 – 2023 did not meet expectations, the Company still maintained dividend payment level from 40% to 60% in the period of 2019 – 2023. This is a high dividend payment level compared to the average company in the Vietnamese stock market, and particularly notable in the construction materials industry. This achievement was especially positive in the context that the economic situation remained difficult after the COVID-19 pandemic.

### Evaluating the BOD's implementation of tasks for the 2019 - 2024 term

#### Investment Projects:

Implementation of key projects in the period of 2019 - 2023

	Project: Renovating and upgrading the polishing line No.1	Project Line 2 Vibro-compression line of Factory 1	Project to improve production capacity and improve traffic infrastructure of Vicostone JSC
Total investment	VND 49 billion	VND 248.8 billion	VND 396.8 billion
Investment goals	To increase the capacity of the current polishing line, increasing about 200,000 m <sup>2</sup> of products/year; to be able to polish difficult products, improve product quality and production capacity, helping to increase revenues, especially revenue from new high-value products, meeting the Company's needs for sustainable development.	Put Vibro-compression Line No. 2 of Factory 1 into operation in parallel with the current line, using the most advanced technology provided by Breton (Italy); Be able to produce jumbo size and new products.	Improve production capacity and product quality at factories to meet the Company's product orders.
Implementation	Completed the renovation and upgrading of polishing line No.1 in 2019 with the final settlement value of completed investment capital: VND 32.7 billion	Completed the installation of the line and put it into operation in 2021 with the final settlement value of completed investment capital: VND 134 billion, increasing the vibrating press capacity by 500,000 m <sup>2</sup> /year.	By the end of 2023, the project had basically completed construction items and equipment items. Total value paid until the end of December 2023: VND 137.8 billion; the equipment was highly localized to reduce investment costs.

Vicostone's staffs explaining product warranty policies to customers



#### Corporate governance

- Making changes to the personnel structure of the BOM based on the actual situation and in accordance with the Company's development orientation in the coming period, and in accordance with the general development strategy of the parent company, i.e., Phenikaa Group, and meeting the requirements of staff rotation to carry out new tasks and new projects;
- Planning the near-future human resources, enhancing training programs, and improving the capacity of strategic-level personnel to meet the requirements for implementing the Company's production and business goals;
- Strengthening R&D of new technologies, new products, and automation of production processes; innovating working methods to reduce costs and avoid wasting time and labor;

- Promoting technological innovation, investment and comprehensive deployment of information technology infrastructure to proactively adapt to fluctuations in the economy and market, improve business efficiency and increase labor productivity and optimize business operations;
- Directing the development and implementation of plans to respond to domestic and foreign market situations, and taking actions for signs of unfair competition;
- Directing the promotion of carbon dioxide emission reduction towards the Net Zero goal, wastewater treatment and circulation, etc., ensuring that sustainable business development always goes hand in hand with environmental protection;
- Strengthening risk management activities by reviewing the risk management structure, documentation system for risk management and risk management

training, applying the risk management system throughout all production and business activities to ensure proactiveness in risk management at each management level;

• In addition, Vicostone also reviewed and completed regulations related to the BOD's performance; Completing internal governance regulations such as: Company's charter, regulations on the Company's representatives managing capital contribution, training regulations, risk management regulations, investment regulations; creating a legal framework for the most unified, timely and effective direction and management of the Company.

#### Restructuring senior personnel

For the 2019 - 2024 term, Vicostone's BOD has implemented the restructuring of the Company's senior personnel to improve the efficiency of production and business operations, specifically:

- Audit Committee: Strengthening the personnel of the Audit Committee under the BOD, i.e., the 2 members:
  - Mr. Nguyen Quang Hung - Independent member of the BOD holding the position of Chairman of the Audit Committee;
  - Ms. Tran Lan Phuong - Non-executive member of the BOD holding the position of Member of the Audit Committee.
- General Director: On February 27, 2023, the BOD of Vicostone JSC appointed Mr. Pham Tri Dung to the position of

General Director of the Company replacing Mr. Pham Anh Tuan.

- Deputy General Director
  - On May 7, 2020, the BOD appointed Mr. Dong Quang Thuc to the position of Deputy General Director of the Company in charge of R&D to enhance strategic-level resources to develop the Company's R&D, improving competitiveness efficiency through differentiation based on science and technology.
  - On June 22, 2023, the BOD appointed Mr. Nguyen Quang Anh to the position of Deputy General Director of the Company. He was also assigned to hold the position of Chairman of the Board of Members of Phenikaa Hue Mineral Processing and Investment One Member Co.Ltd (a subsidiary of Vicostone).

- Chief accountant: On August 30, 2022, the BOD appointed Ms. Nguyen Phuong Anh to the position of Chief Accountant to replace Ms. Nguyen Thi Nga.



### Summary of meetings, resolutions and decisions of the BOD

For the 2019 - 2024 term, in addition to regular meetings, the BOD also regularly organized extraordinary meetings to promptly resolve arising problems. The content of the meetings was discussed and fully and carefully evaluated by the members of the BOD to provide the best directions and solutions for the Company with high consensus.

Minutes, Resolutions and Decisions of the BOD are fully prepared with signatures of members attending the meeting, ensuring compliance with the law and the Company's Charter, and all documents are sent adequately to all members of the BOD, Supervisory Board/Audit Committee, General Director and relevant departments.

### Compliance with the law and ensuring the benefits of employees

The Company always fulfills its tax payment obligations to the State budget in accordance with regulations; fully pays social insurance, health insurance, and unemployment insurance for employees in accordance with the law, promptly resolves benefits for employees according to the labor agreement.

In the period of 2019 - 2023, the world economy faced many crises from the COVID-19 pandemic to geopolitical crises and wars between countries. These events directly affected Vicostone's business and production, and indirectly affected the jobs and income of the Company's employees.

However, Vicostone still ensured job stability for employees; no employees had to leave the Company due to lack of work. Workers' income is always high and competitive compared to other manufacturing companies in the same area.

Statistics on the income of Vicostone's employees from 2019 to 2023 (consolidated data):

Unit	Year					Income growth rate in 2023 compared to 2022
	2019	2020	2021	2022	2023	
VND Million	21.07	17.67	19.49	18.17	19.34	6.4%

### Implementation of Resolutions of the GSM

The results of implementing the GSM's Resolution have been specifically reported during the annual GSM and voted for approval by the GSM.

The BOD has directed the full and timely implementation of all resolutions passed by the Company's GSM.

### Remuneration for the BOD

Every year, the Company pays remuneration to the BOD as approved by the annual GSM with specific levels as follows:

- Chairman of the BOD: VND 6.0 million/month;
- Members of the BOD: VND 5.0 million /person/month.

During the past term, in the context of the global economy experiencing continuous fluctuations and difficulties from the impact of the COVID-19 pandemic and geopolitical crises breaking out in many regions, the BOD made efforts to direct and successfully complete the tasks assigned by the GSM. The Company's reputation and brand have been

enhanced, which is an important factor for the Company to overcome difficult times and continue its development momentum in the coming years.

Like other businesses, the Company is facing unpredictable challenges and difficulties. In addition to responding to external impacts, the Company needs to better its upcoming human

resource strategies, improve human resource capacity at all levels, innovate and update technology and management systems to help the Company to develop sustainably. This not only requires efforts from the BOD and Vicostone's staff, but also depends on cooperation, understanding, and sharing from the Company's shareholders.

# Report of the Audit Committee



450

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210

175

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## Operation of the Audit Committee

Annually, the Audit Committee of the Vicostone JSC conducts meetings to report on the operations and implement works within its authorities and obligations in accordance with the Committee's rules of procedures. In 2023, the meeting of the Audit Committee included the following members:

No.	Member	Title	No. of meetings	Attendance rate	Reason for absence
1	Mr. Nguyen Quang Hung	Independent BOD member cum Head of Audit Committee	3/3	100%	
2	Ms. Tran Lan Phuong	Non-executive BOD member cum Audit Committee member	2/3	100%	Appointed on April 13, 2023
3	Ms. Nguyen Dieu Thuy Ngoc	Non-executive BOD member cum Audit Committee member	1/3	100%	Resigned on April 13, 2023

Throughout the monitoring and auditing process, the Audit Committee also held working sessions with the participation of relevant departments/members of the Company for validation of information. Following is the performance of the Audit Committee in 2023:



## Supervision of the BOD

- The actions of the BOD complied with the laws, the Company's Charter and the Internal regulation on corporate governance. Resolutions and decisions made by the BOD were issued in a timely, orderly and competent manner;
- All BOD members performed their assigned tasks in accordance with the provisions of the Company's Charter;
- The BOD fully analyzed and evaluated the market context, the domestic and international economic and political situations, (taking into account global fluctuations such as high inflation in many countries), and geo-political tensions such as the Russia - Ukraine conflict, etc. and promptly provided solutions and strategic directions to help the Company continue to achieve its business goals;
- There were neither conflicts of interest among BOD members nor conflicts between BOD and the Company;
- Salaries and bonuses paid to executive BOD members were in line with their contracts and wage structure of the Company; their remunerations were at the levels approved by the AGM;
- Remunerations for non-executive BOD members were at the levels approved by the AGM.

## Supervision of the BOM

- The BOM attached great importance to the management and operation of the Company, and flexibly adjusted production and business activities with strategic direction responding to the condition of each specific market;
- The BOM strictly followed existing laws of the Government, the Corporate Charter and the Internal regulation on corporate governance;
- There were neither conflicts of interest between the BOM and the BOD nor conflicts between the BOM and the Company;
- The salaries and bonuses for the BOM members complied with the labor contracts and regulations of the Company.

The details of salaries and bonuses for the BOD and BOM members in 2023 are as below:

Currency: VND

No.	Full name	Position	Income
1	Mr. Ho Xuan Nang	Chairman of the BOD	72,000,000
2	Ms. Nguyen Dieu Thuy Ngoc	<ul style="list-style-type: none"> <li>Member of the BOD (Resigned on Apr 2023)</li> <li>Member of AC (Resigned on Apr 2023)</li> </ul>	70,000,000
3	Ms. Tran Lan Phuong	<ul style="list-style-type: none"> <li>Member of the BOD</li> <li>Member of AC (From Apr 2023)</li> </ul>	60,000,000
4	Mr. Nguyen Quang Hung	<ul style="list-style-type: none"> <li>Member of the BOD</li> <li>Chairman of AC</li> </ul>	60,000,000
5	Mr. Pham Anh Tuan	<ul style="list-style-type: none"> <li>Member of the BOD</li> <li>General Director (Until February, 2023)</li> </ul>	1,035,772,810
6	Mr. Pham Tri Dung	<ul style="list-style-type: none"> <li>Member of the BOD (From April, 2023)</li> <li>General Director (From February, 2023)</li> </ul>	3,083,583,038
7	Mr. Nguyen Quang Anh	<ul style="list-style-type: none"> <li>Vice General Director (Elected on Jun 2023)</li> </ul>	1,120,435,989
8	Mr. Luu Cong An	<ul style="list-style-type: none"> <li>Vice General Director</li> </ul>	2,870,116,035
9	Mr. Nguyen Chi Cong	<ul style="list-style-type: none"> <li>Vice General Director</li> </ul>	2,671,789,630
10	Mr. Dong Quang Thuc	<ul style="list-style-type: none"> <li>Vice General Director</li> </ul>	1,904,741,128
<b>Total</b>			<b>12,948,438,630</b>

The income is the consolidated income for management positions of members of the BOD and the BOM in 2023.

## Results of supervising the Company's financial statements, operations and financial situation

### Financial statements

The AC reviewed the Company's quarterly financial statements before publication, and in coordination with the independent auditor reviewed the semi-annual financial statements as well as audited the Company's 2023 financial statements. The results show that:

- The AC did not discover any signs of violation with the principles of independence and confidentiality by the auditor – the Ernst & Young Vietnam Co. Ltd. and members of the audit team;
- Financial transactions in the year were fully recorded and these records accurately reflected the actual operations of the Company in 2023. The auditor found no significant errors that could deflect the financial statements;

- The AC found no significant misstatements in the accounting estimates used to prepare and present the financial statements for the year 2023;
- The financial statements were honestly and accurately developed to reflect the Company's key financial indicators, business results and cash flow as of December 31, 2023, while meeting Vietnamese accounting standards and regulations on financial reporting;
- The AC found no extraordinary and noteworthy issues regarding the transactions of the related parties. In addition, trading prices were comparable with the market prices at the time of transactions and were not different from other independent transactions;
- Quarterly, semi-annual and annual financial statements were compiled,

audited and published in accordance with the regulations of the State Securities Commission and the Hanoi Stock Exchange, and other existing rules.

### About the Company's business operation

In 2023, the BOD and BOM of the Company put tremendous effort in managing and operating production and business activities. However, due to the global economic challenges after the COVID-19 pandemic, the Company's production and business performance did not reach the target set by the General Meeting of Shareholders. For details, please see page 136 – Results of Implementing the Resolution of the 2023 General Meeting of Shareholders.

## Internal control and risk management systems

The Company's internal control and risk management systems were reinforced and maintained their effectiveness. The results show that:

- The internal control and risk management systems were maintained with higher efficiency;
- The AC found no breaches in the Company's internal control system;
- The Company's units and departments highly and strictly complied with regulations and procedures and no failures and violations were found;
- Operational procedures were continuously adjusted and updated to meet the conditions of the business;
- The AC regularly conducted internal assessments and accredited the quality control standards of ISO 9001:2015, ISO 14001, etc.

## The compliance of the Company with the law

The operations of the Company consistently and fully complied with laws in the following areas: Tax management; Environment; Resource and minerals management; etc. without the occurrence of outstanding tax debts.

## Coordination between the AC and the BOD and BOM

- In the course of conducting audits, the BOD and BOM always facilitated, supported, and closely coordinated with the AC by fully and promptly providing processes, documents, and reports relevant to the corporate governance and operation of the Company;
- The AC participated in all major meetings of the BOD and BOM. Hence, the Audit Committee was able to consult the BOD and BOM

on the adjustment of strategic objectives and implementation of plans;

- Moreover, in 2023, the Audit Committee members also conducted auditing on the 2022 Sustainable Development Report and re-evaluated the Company's documents before their publication.

### About the Company's financial situation

- In 2023, the Company's financial situation remained stable with high payment ratio due to effective operations and sensible capital structuring:

Target	Unit	31/12/2022	31/12/2023	Increase/Decrease
Total asset (1)	VND Billion	6,589,904,840,964	6,468,248,784,341	(121,656,056,623)
Total asset (2)	VND Billion	5,541,110,081,466	5,515,837,061,167	(25,273,020,299)
Total capital (3)	VND Billion	6,589,904,840,964	6,468,248,784,341	(121,656,056,623)
Liabilities (4)	VND Billion	1,721,167,194,707	1,482,430,376,070	(238,736,818,637)
Short-term loan payables (5)	VND Billion	1,628,068,914,249	1,440,717,987,416	(187,350,926,833)
Payment ratio				
Current ratio (6) = (1)/(4)	Times	3.83	4.36	0.53
Liquidity ratio (7) = (2)/(5)	Times	3.40	3.83	0.43

- The Company did not accrue capital mobilization via bonds. Instead they appropriately utilized bank loans, and subsequently paid those loans, and the accrued interests on time.

## Recommendations of the Audit Committee (AC)

To improve the apparatus and enhance effectiveness of the management, operation, and production and sales of the Company, the AC recommends the BOD and BOM:

- Continue to strengthen risk management works with an aim to incorporate risk management into all of the Company's activities;
- Continue to rigorously deploy comprehensive and extensive risk management measures in all areas of the Company in order to build an effective risk management system, and to identify and respond to emerging risks.

## Major plans and activities for 2024

- Supervise and evaluate the performance of the BOD, BOM and their respective members with the management and operation of the Company;
- Supervise the operation and implementation of strategic goals, production and sales targets set for 2024;
- Support departments in implementing risk management processes in 2024;
- Evaluate the compliance, frugality, enforceability and effectiveness in risk management and other operational processes;
- Conduct quarterly financial statements reviews, coordinate with the independent auditor in reviewing

semi-annual financial statements and audit the 2024 annual financial statements;

- Inspect and supervise the compliance of the Company with the laws.

# The Report of the Board of Investor Relations



# Shareholder Information



## General Information

### VICOSTONE JOINT STOCK COMPANY

Address: Hoa Lac Hi-Tech Park, Thạch Hoa Commune, Thạch Thất District, Hanoi, Vietnam.

Tel: +84 24 3368 5826

Fax: +84 24 3368 6652

Email: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)

Investor relation portal: <https://vicostone.com/vi-vn/investor-news>

## Information on stock

(As at December 14, 2023)

Registered charter capital:  
**VND 1,600,000,000**

Total amount of issued and listed shares:  
**160,000,000 shares**

Stock code: **VCS**, Listed on the Hanoi Stock Exchange (HNX) and officially launched the first transaction on December 17, 2007.

Total amount of outstanding shares:  
**160,000,000 shares**

Type of stock:  
**Common stock**

Total amount of free float shares:  
**160,000,000 shares**

Total amount of over-the-counter shares:  
**0**

Total amount of treasury shares:  
**0**

Par value:  
**VND 10,000**

Fiscal year-end on:  
**December 31**

Independent auditing unit:  
**Ernst & Young Vietnam Ltd. Co.**

## Shareholder structure

(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 04, 2023)

No.	Shareholder	Number of shareholders	Number of shares	Ownership (%)	Structure	
					Individual	Institutional
1	State ownership	0	0	0	0	0
2	Major shareholders (owning 5% stock capital or more)	1	134,647,082	84.154%	0	1
3	The Company's Labor Union	1	6,000	0.004%	0	1
4	Treasury shares	0	0	0	0	0
5	Other shareholders	4,757	25,346,918	15.842%	4,702	55
<b>Total</b>		<b>4,759</b>	<b>160,000,000</b>	<b>100%</b>	<b>4,702</b>	<b>57</b>
Including:						
Domestic		4,602	155,613,399	97.258%	4,573	29
Foreign		157	4,386,601	2.742%	129	28

## Ownership of major shareholder

(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 04, 2023)

(owning 5% stock capital or more)

No.	Name of individual/ institution (representative)	Category of shareholder		ID Number/ Business registration certificate	Date of issue	Amount of owned shares	Owned shares/ Outstanding shares ratio (%)
		State share- holder	Major share- holder				
1	A&A Green Phoenix Group JSC		X	0104961939	20/10/2010	134,647,082	84.154%

## Ownership of insiders

(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 04, 2023)

(members of BOD, BOM and AC)

No.	Name	Title and position	Amount of owned shares at the end of the year	Owned shares/ Outstanding shares ratio (%)
1	Mr. Ho Xuan Nang	• BOD Chairman	5,983,581	3.74
2	Mr. Nguyen Quang Hung	• BOD Member – Head of the Audit Committee	0	0
3	Ms. Nguyen Dieu Thuy Ngoc	• BOD Member (Dismissed on April 12, 2023) • Member of the AC (Dismissed on April 13, 2023)	0	0
4	Mr. Pham Anh Tuan	• BOD Member • General Director (Dismissed on February 27, 2023)	19,913	0.01
5	Ms. Tran Lan Phuong	• BOD Member • Member of the AC (Appointed on April 13, 2023)	18	0
6	Mr. Pham Tri Dung	• BOD Member (Appointed on April 12, 2023) • General Director (Appointed on February 27, 2023)	353,391	0.22
7	Mr. Luu Cong An	• Vice General Director	206,261	0.13
8	Mr. Nguyen Chi Cong	• Vice General Director	10,975	0.01
9	Mr. Dong Quang Thuc	• Vice General Director	10	0
10	Mr. Nguyen Quang Anh	• Vice General Director (Appointed on June 22, 2023)	51	0
11	Ms. Nguyen Phuong Anh	• Chief Accountant	0	0
<b>Total</b>			<b>6,574,200</b>	<b>4.11%</b>



## Shares transaction of insiders and related persons

In 2023, there were no transactions by members of the BOD, BOM and Audit Committee, Chief Accountant, major shareholders and those related to the persons above.

## Transaction of Treasury shares

In 2023, there were no transactions of treasury shares.

## Investor relations policies

### Ensure rights and equality between shareholders and investors

From the early dates of establishment, interests and equality among shareholders and investors remain one of Vicostone's highest corporate governance priorities. The rights of shareholders are clearly stipulated in the Company Charter and are protected by the laws of Vietnam. Vicostone always attaches great importance to the development and implementation of policies to protect the rights and ensure fairness for shareholders, investors with no discrimination between major and minor shareholders, or between domestic and foreign shareholders. Vicostone through the accurate, transparent, and timely disclosure of information to all shareholders; ensures that shareholders/investors are all provided with full information, including information related to the time and rate of dividend

payment, invitation to Annual General Meeting of Shareholders (AGM) and extraordinary meetings of shareholders; facilitate voting rights of shareholders at the AGM or through authorized persons provide written opinions with respect to issues that the Company seeks approval or other issues related to interests of shareholders, etc. Vicostone's Shareholder Relations website is served as a bridge, enabling shareholders and investors to access information about the Company quickly, visually, and in a user-friendly manner. Additionally, the Board of Investor Relations also actively responds to inquiries and fulfills the demand of shareholders and investors for information disclosure through indirect channels such as email, phone, and the Investor Relations portal on Vicostone's website etc.

### Transparency and reliability of information

The Company strictly complies with regulations on information disclosure in accordance with Circular 96/2020/TT-BTC, regulations of the Hanoi Stock Exchange and those of the State Securities Commission.

Shareholders' interests, including the rights to receive dividend payments, to vote, to nominate members for the BOD, to approve annual financial statements and annual business plans, to comment on key issues, and to access the business and production information are always adequately satisfied in a timely and transparent manner. via different type of communication, such as website, media/ press, meetings with shareholders, investors, journalists and other relevant parties. These communications are delivered through updates in line with standards and procedures on information disclosure, meeting organization, voting and commenting to assist shareholders in the execution of their rights.

At the Annual General Meeting of Shareholders, the BOD Chairman and members ensure presence

and readiness for questions and full information provided as requested by shareholders. Furthermore, Vicostone also invites representatives from its independent auditor, i.e., Ernst & Young Vietnam Ltd., to promptly address requests and questions from shareholders related to the financial statements and the independent audit report.

The Minute of the Annual General Meeting of Shareholders records the full content of the meeting and questions of shareholders in accordance with the law and is published along with the Resolution of the Annual General Meeting of Shareholders to the Hanoi Stock Exchange, the State Securities Commission, and on the Vicostone's website within 24 hours after the meeting, helping shareholders, investors, and relevant parties proactively gather the information.

All information, before being announced to the public, shall be reported by the Board of Investor Relations to members of the BOD, BOM, Public Relations Department and other relevant functional units so that they can monitor the disclosure of this information as well as ensure the information accuracy, transparency and completeness.

Aiming at providing information and data consistency, transparency and honestly, Vicostone continues to produce its financial reports in accordance with Vietnamese accounting standards, with the coordination of reputable audit agencies and Vicostone's Audit Committee to participate in its annual financial statements. To ensure data reliability, Vicostone conducts reviews and internal audits on its quarterly financial statements. All published information had undergone multiple step validation and verification according to the Company's internal processes to ensure accuracy and credibility. Moreover, on the basis of international practices application, Vicostone regularly updates international knowledge and practices on domestic and international corporate governance, as well as provides corporate governance and structural organization strategy to major shareholders for better corporate governance according to the international governance standards.



### Implementation of multiple channels of communication for shareholders and investors

In addition to the timely, accurate, and transparent publication of information, Vicostone also implements and improves the quality of multiple and diverse channels of communication for shareholders and investors. Thus, the Company's development and strategic guidelines, production and business outcomes, governance, and so forth, are provided to this audience in a timely manner.

In addition to complying with the provisions on information publication stipulated under Circular No. 96/2020/TT-BTC in Vietnamese and English, Vicostone also promptly provides information concerning shareholders and investors, including: estimated quarterly production and business outcomes; information on new products, et cetera.

Quality improvement of shareholder relations is an important part of Vicostone's strategic direction in order to build governance system in accordance with international standards and for effective communication to shareholders and investors.

## Dividend policy and payment ratio

### Implementation of fair and consistent dividend policy

Dividends are paid after the Company completes profit distribution to specific funds. The ratio and form of dividend payment are decided and executed in line with the Resolution of the AGM, the proposal of BOD and following principles:

- Dividends are paid only when the Company is profitable, after the Company completes profit distribution to specific funds and accomplishes tax and financial duties in accordance with the law;

- The Company must assure due debts and liabilities are resolvable after the dividend payments are completed;
- The dividend payments are made on two conditions: The interests of shareholders are secure and the need of capital for business expansion is met;
- The dividend payment is subject to each shareholder's ownership.

Vicostone's 2023 rate of dividend payment is as follows:

Year	Dividend ratio	Provisioned value of the dividend (VND)	Settled value of the dividend (VND)	Note
2007	14%	3,354,483,463	3,284,483,463	From after-tax profit in 2006
2008	20%	14,717,824,240	14,787,824,240	From after-tax profit in 2007
2009	-	1,497,600,000	1,497,600,000	From after-tax profit in 2008
2010	35%	53,625,000,000	53,625,000,000	20% of after-tax profit in 2009 15% of after-tax profit in 2010
2011	5%	9,942,391,000	10,533,300,000	From after-tax profit in 2010
2012	20%	105,998,502,000	106,427,397,000	From after-tax profit in 2011
2013	-	-	124,536,000	-
2014	25%	111,298,527,500	26,495,156,100	5% of after-tax profit in 2013 20% of after-tax profit in 2014
2015	40%	169,597,804,000	169,571,493,275	From after-tax profit in 2015
2016	40.00%	190,797,404,000	275,186,472,700	From after-tax profit in 2016
	~ 13.21%	70,007,490,000	-	Issued bonus shares
2017	20.00%	120,000,000,000	120,012,199,500	From after-tax profit in 2017
	~ 33.33%	200,000,000,000	-	Issued bonus shares
2018	40%	476,800,000,000	388,181,228,100	20% of after-tax profit in 2017 20% of after-tax profit in 2018
	100%	800,000,000,000	-	Issued bonus shares



2019	40%	627,200,000,000	713,512,226,500	40% of after-tax profit in 2019
	2.04%	240,247,311,882	-	Distribution of bonus shares for shareholders using treasury shares
2020	40%	630,400,000,000	630,400,000,000	20% of after-tax profit in 2019 20% of after-tax profit in 2020
2021	40%	640,000,000,000	640,000,000,000	40% of after-tax profit in 2021
	3.09%	292,964,708,657	-	Distribution of bonus shares for shareholders using treasury shares
2022	60%	960,000,000,000	960,000,000,000	60% of after-tax profit in 2022
2023	40%	640,000,000,000	640,000,000,000	40% of after-tax profit in 2023

In 2023, Vicostone made advance dividend payments to shareholders according to the dividend payment policy approved by the 2022 General Meeting of Shareholders, specifically as follows:

- 1<sup>st</sup> cash advance in 2023: VND 2,000/share and paid on June 26, 2023;

- 2<sup>nd</sup> cash advance in 2023: VND 2,000/share and paid on December 14, 2023.

## Investor relations activities in 2023

Vicostone always ensures consistency, transparency and honesty in providing information and answering questions to shareholders, investors, analysts and stakeholders in the form of face-to-face meetings, via email of the Investor Relations Department ([quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)), and via the Company's official website ([www.vicostone.com](http://www.vicostone.com)), ensuring all shareholders are treated equally (regardless if they are large or small; individual or organizational; or domestic or foreign shareholders).

In 2023, the Board of Investor Relations performed its foreign affairs work and information disclosure in compliance with regulations on information disclosure according to Circular 96/2020/TTBTC (dated November 16, 2020) of the Ministry of Finance guiding the information disclosure on the stock market, regulations of the State Securities Commission and Hanoi Stock Exchange. In 2023, Vicostone did not violate legal regulations on information disclosure.

Vicostone's Board of Investor Relations and Public Relations Department are responsible for updating complete, accurate, timely information and monitoring external communications for shareholders and investors. As one of Top 50 Vietnam's Listed Companies (according to Forbes Vietnam), Vicostone always orients shareholder relations activities towards information transparency in compliance with legal regulations, ensuring the rights of shareholders and investors. Information related to the Company's management, business operations, and ad hoc information and events are all disclosed by the Company on time, ensuring information transparency and accuracy, integrity, completeness and timeliness. The Company's Investor Relations page (<https://vicostone.com/vi-vn/investor-news>) provides information and documents about Vicostone,

including publicized information and data on finance, annual reports, GMS documents, corporate governance reports, etc.

Vicostone's Investor Relations in 2023 achieved the following main results:

- In 2023, Vicostone continued to be ranked by Forbes Vietnam Magazine in the Top 50 Vietnam's Listed Companies. 09 consecutive years of achieving placement on the "Top 50 Listed Companies" is evidence for Vicostone's commitment to shareholders, investors and stakeholders regarding its business efficiency, stability and sustainable development;
- This was the third consecutive year that Vicostone was ranked in the Top Listed Companies on Hanoi Stock Exchange (HNX) with the best corporate governance in 2022-2023 at the 2023 Annual Business Conference organized by HNX. This proves that the Company has an effective corporate governance system, a good risk management system, a stable operating system, transparent and timely information disclosure, etc. This award recognizes Vicostone's role and contribution to the development and transparency of the Vietnamese stock market in general, and enhances the confidence of shareholders and investors in the Company's sustainable development strategy in particular;
- The Company ensured equal treatment among every shareholder and investor through timely, transparent and accurate information disclosure. Vicostone always focuses on completeness and accuracy in information disclosure so that shareholders and investors can make the right decisions at the General Meeting of Shareholders (GMS) such as voting and expressing opinions at the GMS based on complete, transparent and accurate information provided. Ensuring equal treatment among shareholders is a principle the Company has always implemented since its establishment, demonstrated through the fact that shareholders are provided with the same information, creating favorable conditions for shareholders (especially foreign shareholders) to vote through

the mechanism of authorizing representatives to attend the GMS;

- Disclosed information on the website of the Company, the CIMS system of the Hanoi Stock Exchange and the IDS system of the State Securities Commission in a strict, transparent and legal manner in accordance with Circular 96/2020/TT-BTC. Information on business performance, financial status, corporate governance and other issues that might affect the rights and interests of shareholders were consistently, accurately, fully and regularly updated on the Company's website and fanpage with user friendly interface designs;
- In 2023, Vicostone's Board of Investor Relations handled questions from shareholders effectively and timely through various channels, including at the GMS, via phone, email express delivery, etc. and important information which may directly affect the rights and interests of shareholders.



*The Chairman of the Board of Directors presided over Vicostone's 2023 Annual General Meeting of Shareholders*

## Plans for investor relations in 2024

Vicostone's Board of Investor Relations is committed to effectively managing investor and shareholder relations to ensure transparency, accuracy, honesty, completeness, and timeliness of information regarding the Company's business operations, demonstrating the Company's responsibility to investors and shareholders. In line with this spirit, the Board of Investor Relations

has outlined the following key tasks in 2024 shareholder relations work plan:

- Provide to shareholders and investors prompt and truthful information on the Company's operational situation via its website, not limiting to mandatory information according to the law;
- Maintain and enhance quality of information publication, strengthen normativity, transparency, timeliness, truthfulness, and reliability of information, contribute to the stable and sustainable development of Vicostone on the stock market;
- Maintain and diversify multiple communication channels for investors and shareholders such as in-person meetings, phone, email, et cetera, while ensuring timeliness, comprehensiveness, and clarity in

publishing information and investor and shareholders relations;

- Attend training courses on corporate governance organized by the State Securities Commission and Hanoi Stock Exchange.
- Shareholders and investors can contact Vicostone's Board of Investor Relations via email at [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com).



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# SUSTAINABLE DEVELOPMENT

*In this section, Vicostone only reported on a few key points highlighting the Company's role and responsibility in environmental protection, community development, and social progress, as guided by Appendix 4 of Circular 96/2020/TT-BTC on information disclosure in the securities market. Detailed content will be presented in the Company's separate 2023 Sustainable Development Report, which fully covers ESG aspects and is reported according to GRI Standards.*

# Sustainable development commitment and orientation



## Our commitment to sustainable development

Vicostone always regards "sustainable development" as the compass that guides Vicostone through all activities, including production, sales, corporate governance, research and development, and human resources development. The conscious business and benefit of humanity and society is the fundamental principle for each of the Company's actions. The sustainable development of Vicostone is attached to customers' satisfaction, environmental protection, occupational health and safety, and social security and stability.



## Incorporating the sustainable development strategy with 17 sustainable development goals (SDGs)

Vicostone's sustainable development strategy is based on the principle of respecting its commitment to stakeholders - which closely links with 17 sustainable development goals of the United Nations - while maintaining a successful operation that delivers good values to the society.

- Creating harmonious values with stakeholders by a long-term vision;
- Developing on the foundation of ecological and social sustainability;
- Constantly striving to uphold the philosophy of "living is giving";
- Contributing to and influencing a conscious business community and a civilized, knowledge-based, sharing society for a better life.



### Economics

- SDG 8: Decent work and Economic growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production

### Environment

- SDG 6: Clean water and Sanitation
- SDG 7: Affordable and clean energy
- SDG 12: Responsible consumption and production
- SDG 13: Climate action
- SDG 14: Life below water

### Society

- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production
- SDG 16: Peace, justice and strong institutions
- SDG 17: Partnerships for the goals

### Corporate Governance

- SDG 8: Decent work and economic growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 17: Partnerships for the goals

# Stakeholder engagement

Vicostone believes the shareholders, partners, employees, community, and society share mutual interests based on law abidance and an understanding, respectful, side-to-side partnership. In order to maintain the balance among all stakeholders, Vicostone is fully aware of their concerns and the Company always seeks the most appropriate approaches to resolve the problems while assuring the stability of the business operation and accomplishment of targets. The stakeholders of Vicostone are as follows:



**Shareholders & Investors**



**Employees**



**Customers**



**Partners & Suppliers**



**Community & Society**



**State Agencies**



**Media/ Press**

## Vicostone's actions towards stakeholders

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
<b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>Efficiency of business operation;</li> <li>Accurate, transparent, prompt information disclosure;</li> <li>Fair treatment and right among shareholders and investors;</li> <li>Quality of corporate governance; improvement of corporate governance in accordance with global standards;</li> <li>Two-way communication between shareholders, investors, and the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance and development of relationship with investors and shareholders;</li> <li>Compliance with transparency and information disclosure rules;</li> <li>Guarantee of the rights and benefits of shareholders and investors.</li> </ul>	<ul style="list-style-type: none"> <li>Organizing of Annual/Extraordinary General Meetings of Shareholders; Collection of written feedback;</li> <li>Email address (quanhecodong@vicostone.com) and hotline – directly contact with members of the Board of Investor Relations;</li> <li>Company social networking sites.</li> </ul>	<ul style="list-style-type: none"> <li>Organizing of the Annual General Meeting (AGM) of Shareholders to review business result of the past year, in addition to discussing and consolidating action plans for the future. The 2023 Vicostone AGM of Shareholders was held on April 12, 2023, with the participation of shareholders and shareholder representatives, representing more than 143.6 million shares and accounting for 89.78% of total voting shares;</li> <li>Collection of written feedback among shareholders;</li> <li>Ensuring that all shareholders could exercise their rights according to the law and company's regulations;</li> <li>Providing of full, transparent, and prompt information on production and sales to shareholders and investors;</li> <li>Ensuring of fair treatment among shareholders;</li> <li>As a listed company, Vicostone implemented and fully observed the obligations and responsibilities in accordance with the laws of securities, and promoted the brand of VICOSTONE® to the investors.</li> <li>In 2023, Vicostone approved the payment of the dividends twice, 1st time in June 2023 - rate 20%; 2nd time in December 2023 - rate 20%.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Safe, friendly, and discrimination-free working environment;</li> <li>Fair, attractive salary and bonus policies; competitive, diverse welfare regime;</li> <li>Opportunities to join training programs and develop professional competencies;</li> <li>Recognition of individual achievements and contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Cultivation of teamwork spirit and discipline for all employees;</li> <li>Enhancement of loyalty among employees towards the Company; encourage them to prolong their careers;</li> <li>Evaluation and improvement of welfare policies for the labor;</li> <li>Fostering the desire for community contribution among employees.</li> </ul>	<ul style="list-style-type: none"> <li>Labor Union Conference held annually;</li> <li>Suggestion mailboxes located at communal zones in the Company;</li> <li>Direct conversation through the Company's Human Resources Department;</li> <li>Communication with line managers;</li> <li>The Company's internal communication channels and social networking sites;</li> <li>Company email address and phone number.</li> </ul>	<ul style="list-style-type: none"> <li>Vicostone launches measures to protect employment and income of employees. No employee was discharged due to shortage of work during the year;</li> <li>Continuous improvement of the working environment, upheld solidarity, coordination via social and sports activities;</li> <li>Participate in domestic and international exhibitions to promote products to customers. In 2023, Vicostone participated in several exhibitions such as: HAWAEXPO at the Saigon Exhibition and Convention Center (SECC); Global Sourcing Fair Vietnam 2023</li> <li>Providing education-related opportunities for employees. 100% of the Company's employees were subject to regular performance reviews so that recommendations could be made to the Boards of Directors and Management on skill and professional improvement programs and the next generation of managers and leaders can be identified and trained;</li> <li>Conduct surveys to measure the happiness levels of all employees in the Company, process on feedback, and offer timely and appropriate solutions to improve the effectiveness of the administrative and sales activities of the Company.</li> </ul>
<b>Partners &amp; Suppliers</b>	<ul style="list-style-type: none"> <li>Guarantee of fair treatment among suppliers;</li> <li>Guarantee of fair, transparent cooperation based on a win-win principle;</li> <li>Confidentiality of partners' information preserved from their competitors.</li> </ul>	<ul style="list-style-type: none"> <li>Assurance of cooperation on mutual respect and win-win principles;</li> <li>Assurance of all stakeholders' compliance with mutual agreements and obligations;</li> <li>Assurance of information confidentiality for partners.</li> </ul>	<ul style="list-style-type: none"> <li>Periodical meetings and evaluation with partners</li> <li>Feedback reception through departments handling conversation and direct work with partners and suppliers;</li> <li>Company email address and phone number.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent exchange of information during partner evaluation and contract negotiations;</li> <li>Update partner and supplier evaluation process regularly, focusing on aspects of safe production, environmental protection, and fulfilling commitments to relevant parties;</li> <li>Participate in workshops and seminars to share experiences with partners in the industry, enhance the search for new cooperation opportunities;</li> <li>Receive feedback through hotlines, email, direct communication, and provide timely responses.</li> </ul>
<b>Media/ Press</b>	<ul style="list-style-type: none"> <li>Prompt release of accurate information for the press.</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings with the press;</li> <li>Via direct conversation in press conferences, congresses, press-invited programs organized annually by the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Via direct conversation in press conferences, congresses, press invited programs organized annually by the Company;</li> <li>Regular meetings with the press;</li> <li>Company email address and phone number.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of contact with press agencies and organized press conferences for significant events as needed;</li> <li>Providing of accurate, regular, timely information on the Company's production and sales activities while ensuring transparency and cooperation;</li> <li>Establish and maintain a sharing culture to ensure equal right of access to information among press agencies.</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
<b>Customers</b>	<ul style="list-style-type: none"> <li>Guaranteed quality of products and services;</li> <li>Investment worth every dime through returned quality;</li> <li>Accessibility to the information of products and services;</li> <li>Providing of prompt, accurate, direct information to make decisions about purchasing the products;</li> <li>High quality of customer services; prompt response and support to customers' complaints on clear agreement terms;</li> <li>Build a sustainable strategy to protect the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of customers' satisfaction with the products and services provided by Vicostone;</li> <li>Enhancement of the popularity for VICOSTONE® brands on the market.</li> </ul>	<ul style="list-style-type: none"> <li>Surveys, interviews about service quality, product quality, consumption trends...;</li> <li>Direct conversation through the Customer Service Department at the showroom and online;</li> <li>Company email address and phone number;</li> <li>Company social networking sites.</li> </ul>	<ul style="list-style-type: none"> <li>Frequent conducting of market surveys to understand and predict consumer trends and thus develop product lines that satisfy the tastes and needs of customers;</li> <li>Expansion of the distributors' network and agencies to increase market coverage and serve customers in all regions in the fastest manner possible;</li> <li>Participate in domestic and international exhibitions to introduce and promote products to customers. In 2023, Vicostone participates in a number of major exhibitions such as: IDS Exhibition Toronto, Canada; IDS exhibition Vancouver, Canada; HAWAEXPO exhibition at Saigon Exhibition and Convention Center (SECC); Vietnam International Sourcing Fair (Global Sourcing Fair Vietnam 2023)...</li> <li>Training and development of customer services teams and professionally and diligently resolved complaints;</li> <li>Frequent procedures review and improvement for receiving and handling customers' complaints to increase service quality and customers' satisfaction;</li> <li>Expansion of customers' feedback channels: the Customer Services Department, through emails, 24/7 hotlines, etc;</li> <li>Establishment of an online sales system and implementation of demand boosting programs in the form of promotions and helping customers easily access Vicostone's products and services;</li> <li>Frequent surveys of customers' levels of satisfaction to foster strengths and improve shortcomings, aiming to provide the best quality services that meet the expectations of customers.</li> </ul>
<b>Community &amp; Society</b>	<ul style="list-style-type: none"> <li>No negative impact of the production on the local environment and community;</li> <li>Local employment conditions;</li> <li>Development of economy and infrastructure for the local community, charity and voluntary activities to benefit the society such as taking care of Vietnam's heroic mothers, supporting families hit by poverty and natural disasters...</li> </ul>	<ul style="list-style-type: none"> <li>Assistance to the local socio-economic development and environmental protection;</li> <li>Support to the local community to achieve sustainable development;</li> <li>Promotion of corporate social responsibility, especially in dealing with the issues on environmental protection and social sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Via the Office of the Labor Union - the representative unit working regularly with the locality and community and social organizations;</li> <li>Email address, phone number of the Company;</li> <li>Company social networking sites.</li> </ul>	<ul style="list-style-type: none"> <li>Hiring policies suitable with local employees, contributed to the stable livelihood of people in the area, with local employees accounting for 80% of the total workforce;</li> <li>Response to hunger eradication, poverty reduction and education development, support policy beneficiaries, environmental protection in the local areas...such as building houses of gratitude, coordinating with Thach That district hospital to organize free medical examination and distribution of drugs for veterans on July 27, donating tables and chairs/ learning equipment/scholarships to schools in Thach That district;</li> <li>Constant improvement of the environmental protection systems at the Company, contributed to the maintenance of a green-clean-beautiful and sustainable environment.</li> </ul>
<b>State Agencies</b>	<ul style="list-style-type: none"> <li>Compliance to the laws and rules issued by both central and local governments;</li> <li>Accomplishment of the obligations and duties regulated by the State;</li> <li>Participate in activities launched by State agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation to further improve the laws and regulations on the Company's activities;</li> <li>Fulfillment of the obligations and duties required by the State;</li> <li>Active and effective performance in the campaigns launched by the State agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Direct conversation through business meetings, seminars, economic forums and sustainable development programs...;</li> <li>Training programs, with updating of new legal documents and regulations organized by competent agencies;</li> <li>Via units and departments handling direct work with State agencies;</li> <li>Email address, Company phone number.</li> </ul>	<ul style="list-style-type: none"> <li>Updating of legal documents relevant to the Company's areas of operation;</li> <li>Comprehensive and strict implementation of the Company's obligations and responsibilities towards the State;</li> <li>Strictly abide by the regulations on tax obligations. In 2023, Vicostone contributes VND 163.91 billion to the State budget;</li> <li>Participate in programs to raise public awareness of sustainable development and environmental protection, and cooperate with the Government in activities to improve livelihood for Vietnamese people. Vicostone with its parent company Phenikaa has participated in multiple social programs such as supporting areas affected by natural disasters, building charity houses, and supporting families in need, fighting the pandemics, etc.</li> </ul>

## Vicostone's code of conduct towards relevant parties



### Vicostone Culture – The Conscious Business Culture

Since its very first day, the sustainability of business development and the balance of interests among stakeholders (Partners, Customers, Employees, Shareholders, Community and Society...) are the decisive factors for all decisions and actions of the Company. Vicostone sees corporate social responsibilities as the core of the business that helps create, foster better values for the community today and the future generations. Vicostone's system of three core values and seven cultural characteristics is at the heart of the Vicostone Culture – the culture of the conscious business.

### Core Values



#### Credibility

Dare to think – dare to act, integrity, sincerity and commitment to the interests of all stakeholders;



#### Pioneership

Never stop learning, be innovative and lead the market trend;



#### Inspiration

Commit to making products of best quality and design, meeting the demand of customers and the market.

### Cultural qualities



**Trust:** Trust built within Vicostone as well as between Vicostone and its stakeholders



**Accountability:** Clear, transparent, well-communicated about all aspects and among all stakeholders; Care Cautious and honest conduct in the spirit of sympathy, sharing and recognition



**Care:** Cautious and honest conduct in the spirit of sympathy, sharing and recognition



**Transparency:** Clarity and accuracy of information, policies, plans, targets...



**Integrity:** Honest, straightforward, serious, and committed to humanity



**Loyalty:** Commitment, dedication, and effort; Equality Encouragement of free and open expression and two-way feedback (between employees and managers)



**Equality:** Encouragement of free and open expression and two-way feedback (between employees and managers)

## Code of Conduct towards relevant parties



### To the Employees

Vicostone believes the value and success of the enterprise are built on the creativity, passion and discipline of each company member. Therefore, the Company has developed a happy, professional, friendly working environment that upholds constructive criticism and encourages individuals to freely demonstrate creativity and reach their full potential, thus making differences and contributions to the growth of the Company. In the spirit of understanding, caring and sharing, Vicostone is home to those whose dreams are nurtured and aspirations are awakened, developed and realized.



### To Shareholders and Investors

Transparency, respect, equality and cooperation form the foundation in Vicostone's relationship with investors and shareholders. The Company commits to bringing sustainable benefits to shareholders and investors through efficient business and investment activities, law abidance, and honest, prompt information disclosure to publicly report the results of corporate governance and business.



### To Customers and Partners

Customers, partners and agencies are the centers for Vicostone's decision making, assets and member, assisting the Company to realize its strategies and achieve its targets.



### To Suppliers

Vicostone commits to complying with relevant laws and regulations, meanwhile adheres to the principles of fairness, objectivity, and harmonization of the interests of all parties. Vicostone always supports suppliers in fair competition and firmly opposes illegal or unethical practices in competition.



### To Competitors

Every competitor is a teacher and a friend for Vicostone to learn from and compete equally as the Company wants to keep improving its products and services, thus pushing the overall socio-economic development of the country.



### To State Agencies

Vicostone pledges to honor and abide the laws on competition, environmental protection, labor, intellectual property and securities market. The Company also fulfills its obligations and duties asked by the State, stays righteous in the relationship with the State agencies, forbids any illegal and unethical actions even though they benefit the Company, and is willing to work with the regulatory bodies if needed.



### To Community and Society

As a member of the community and a cell of the society, Vicostone acknowledges its key role in environmental protection. The Company is willing to partner with the State and agencies to improve the living conditions for Vietnamese people and enhance the country's socio-economic development through smart technologies and production methods as well as scientific research.

# Environmental responsibilities



# Greenhouse gas emissions

To ensure compliance with the Government's laws and regulations, Vicostone always adheres to regulations related to greenhouse gas inventories, contributing to Vietnam's obligation to the United Nations Framework Convention on Climate Change (UNFCCC).

Vicostone has conducted inventories of its energy consumption, which include:

- **Direct greenhouse gas emissions:**
  - Emissions due to combustion of fuels in static sources such as gas furnaces that provide thermal energy for the curing process; industrial gas ovens in the cafeteria; backup electricity generator for use during blackouts;
  - Emissions from fuel combustion in mobile combustion sources such as the use of forklifts and trucks to transport materials and internal products, select stones, package goods; use of wheel loaders in managing materials and waste.
- **Indirect greenhouse gas emissions:** from indirect sources, mainly from the use of the national grid for production purposes and a small portion for living, cafeteria...



## Direct greenhouse gas emission

No.	Type of Energy	Consumption (TJ) <sup>1</sup>	Type of greenhouse gas	Greenhouse gas <sup>2</sup>	Greenhouse gas emission (kg)	Greenhouse gas conversion rate (WAP) <sup>3</sup>	CO <sub>2</sub> -eq emission (kg)
1	Gas	7.1	CO <sub>2</sub>	63,100	449,938.6	1.0	449,938.6
			CH <sub>4</sub>	1	7.1	82.5	588.3
			N <sub>2</sub> O	0.1	0.7	273.0	194.7
2	Diesel	5.3	CO <sub>2</sub>	74,100	394,617.6	1.0	394,617.6
			CH <sub>4</sub>	3	16.0	82.5	1,318.1
			N <sub>2</sub> O	0.6	3.2	273.0	872.3
Total direct greenhouse gas emissions (kg)							847,529.5

Greenhouse gas (GHG) emissions in 2023

	2021	2022	2023
Total CO <sub>2</sub> -eq emissions (kg)	1,397,875.1	1,064,347.3	847,529.5

Total CO<sub>2</sub>-eq emissions (kg)

Total direct greenhouse gas emissions by Vicostone in 2023 decreased by 20.4% from 2022.

<sup>1</sup> TOE rates were in reference to official document to No. 3505/BCT-KHCN, 19/04/2011. Energy conversion rates were calculated based on the conversion value of 1TOE = 41,870 MJ by IPCC.

<sup>2</sup> Annex I on emission rates in service of inventory of greenhouse gas in the energy sector (Promulgated with Decision No. 2626/QĐ-BTNMT on October 2022)

<sup>3</sup> Global warming potential (GWP) in 20-year life cycle of GHG (CO<sub>2</sub> conversion rate) was adjusted in IPCC Sixth Assessment Report

### Indirect greenhouse gas emissions

No.	Greenhouse gas indirectly emitted from energy consumption	Total greenhouse gas (kg) <sup>4</sup>		
		2021	2022	2023
1	CO <sub>2</sub>	14,924,739.3	11,390,156.9	8,726,922.1

Indirect greenhouse gas emissions in the 2021-2023 period

### Total greenhouse emissions in the 2021 - 2023 period

No.	Greenhouse emission	2021	2022	2023
1	Direct emission (tons of CO <sub>2</sub> -eq)	1,397.88	1,064.35	847.53
2	Indirect emission from electricity consumption (tons of CO <sub>2</sub> -eq)	14,924.74	11,390.16	8,726.92
Total greenhouse gas emissions in CO <sub>2</sub> -eq (tons of CO <sub>2</sub> -eq)		16,322.62	12,454.51	9,574.45

Total greenhouse emissions from 2021-2023

Due to the comprehensive application of energy consumption reduction methods and improving the efficiency of production lines and equipment, the total greenhouse gas emissions of Vicostone in 2023 decreased by 11.45% from 2022 and 32.43% from 2021.

<sup>4</sup> Grid emissions factor margin 2022 in Vietnam according to Official Letter No. 327/BDKH-PTC/T 19/03/2024

### Thunder Series BQ8915 và Nero Marquina BQ8740



# Material



*Cristobalite's system control engineering - Phenikaa Hue*

## Material

### Main material

Vicostone determines that the proactiveness of input materials is an urgent need of a production business and the premise for continuous production processes, availability of products, and competitive advantages in markets. With the aspiration to create purely Vietnamese products that meet international standards, with its internal strengths and the support from the parent company - Phenikaa Group, Vicostone has fostered investment, research, and development of domestically produced raw materials with priority in 3 main types of raw materials in the production of VICOSTONE® stones, namely: Cristobalite, Quartz, and Polyester Resin.

- Quartz is the main material of the VICOSTONE® quartz stone composition. With the strategy to localize raw materials, Vicostone's input Quartz sources are gradually being replaced by Cristobalite, which is produced by Phenikaa Hue Minerals Investment and Production One Member Ltd. Company - a member unit of Vicostone. To improve the quality of the exploitation and production of raw quartz from mines, Vicostone has proactively searched for and cooperated with domestic quartz production companies. At the same time, the Company also proactively invested in modern production lines to optimize its domestic raw material supply sources and elevate domestic quartz material sources to new heights. The world-leading crushing and screening chain and equipment imported from Europe have helped Vicostone to utilize domestic raw quartz and become fully proactive with respect to raw materials for the production of slab stones. Production strategy, product quality and increased ownership of material input set a leverage for Vicostone's sustainable development. In 2023, Vicostone directed its research efforts toward grind chain solutions to optimize product offerings according to the needs of the Company, and reduced the price of furnished quartz price by 15-20%, while simultaneously enhancing product quality;

- Cristobalite is a high-quality material that comprises the uniqueness of VICOSTONE® engineered stones.

In recent years, the VICOSTONE® new and unique product lines with Cristobalite helping to create their natural whiteness have set a trend into the world - engineered stone market. Customers' preferences and positive signals from the market towards products using Cristobalite have affirmed the potential of this material in product design. Currently, Phenikaa Hue Factory (Cristobalite manufacturer) is in stable operation and fully meets the internal needs for Cristobalite, enhancing proactive management of input materials, cost-effectiveness, and competitive advantage for Vicostone;

- In Vicostone's high-quality engineered stone production technologies, Quartz and Cristobalite act as aggregate materials, while Polyester Resin is the binding catalyst. Despite accounting for only 10% of the finished product, Polyester Resin takes up from 40- 50% of production material costs. After years of having to entirely import Polyester Resin from abroad (Singapore, Indonesia, Taiwan, UAE), Phenikaa Group (Vicostone's parent company) has demanded that this material be mastered and has invested in the construction of a factory that specializes in Resin production on the foundation of developing in harmony the three economic - environmental - social aspects. Currently, Phenikaa Chemical Plant (manufacturer of unsaturated Polyester plastics) has entered stable operation and helps the nearly complete proactiveness of input material - the most important factor in the production technology of VICOSTONE® stones. The factory was built based on research conducted entirely by Vietnamese wisdom, which comprised of Phenikaa's own experts and R&D staff. This was a proud achievement that contributed significantly to the optimization of production costs, reduction of product prices, and creation of sustainable profit and differentiated advantage for the VICOSTONE® high-quality quartz stones.

So far, Vicostone has secured a closed-loop supply chain of over 95% input materials in the production of quartz stones and thereby minimizing the risks from dependency on raw material inputs and currency fluctuations and optimizing prices.

## Eco-friendly recycled materials

Grounded in a smart production and ecological material production strategy, Vicostone always aims for environment-friendly products, especially it also employs recycled material as input resources for the production of unique products.

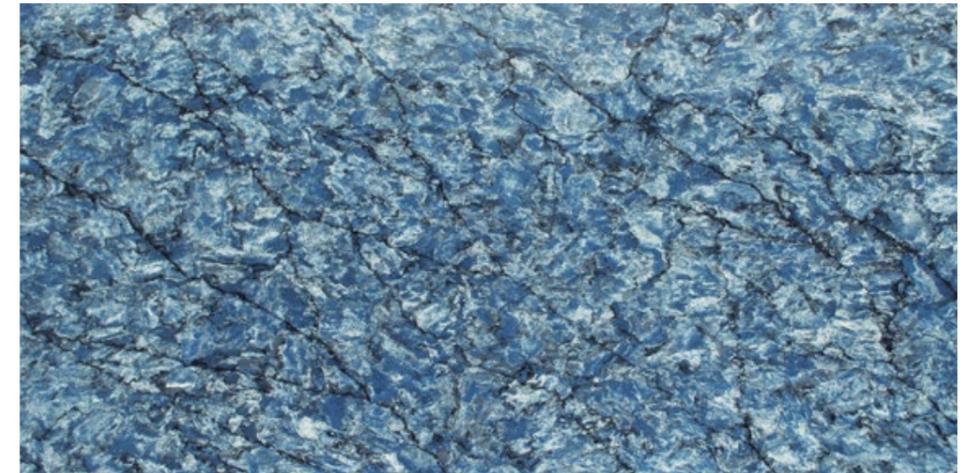
Material	2021	2022	2023
Recycled raw materials (kg)	248,500	230,730	118,750

Some Vicostone products using recycled materials:

### BQ0370 WHITE SHELLS



### BQ8786 THUNDER BLUE



### BQ8614 ALTISSIMO



### BQ8788 DIAMANTE



### BQ7704 VERDELIA



# Recycling, reuse of solid waste

## Recycling and reuse projects

The creation of eco-friendly advanced engineered-stone products has always been the ultimate target that Vicostone and its employees strive for. The Company in recent years has studied possible solutions to restrain the impact of its manufacturing

activities on the environment, including the reuse of solid wastes disposed from the making of eco-friendly outputs. Some outstanding scientific project are as follows:

### Project: “Research on reusing waste stone powder to produce unburnt bricks with Geopolymer technologies”

The production process of quartz-based engineered stones creates a by-product, i.e., waste stone powder during the product polishing phase. The Company has researched technological solutions to reuse this stone powder to produce environment-friendly products to reduce emissions and impacts on the environment. The project is titled “Research on reusing waste stone powder to produce unburnt bricks with Geopolymer technologies”. Unburnt bricks from the project meet the technical requirements according to the TCVN 6477:2016 standard. The success of the project contributes to closing the technological processes of quartz-based engineered stone production, bringing about both environmental and economic effectiveness. The Company has been awarded a patent of useful solution No. VN 2739 by the Ministry of Science and Technology’s Department of Intellectual Properties on October 22, 2021 for the protection of the product: “Unburnt bricks using waste stone powder from the production of engineered stones and aluminum silicate in organic polymer binding agent”.

### Project: “Synthesis of amorphous silicon dioxide from waste stone powder generated from the production of quartz-based engineered stones”

In addition to the research on reusing waste stone powder for production with Geopolymer technologies, the Company also initiated a research project on synthesizing amorphous silicon dioxide ( $\text{SiO}_2$ ) from stone powder waste. Amorphous  $\text{SiO}_2$  in the form of fine powder is a high quality refined  $\text{SiO}_2$  with a large specific surface area and thus can be used in other industries, including rubber and paint. The success of the research project has helped Phenikaa identify the optimal technology for stone powder waste treatment to create amorphous silicon dioxide with technical features meeting the requirements for input materials for other industrial products. The Company has been awarded patent number VN63527 on 26 June 2023 by the Department of Intellectual Properties of the Ministry of Science and Technology to protect its rights to the “Process of synthesizing amorphous silicon dioxide powder from waste stone powder in the production process of quartz-based engineered stone”.

### Project: “Synthesis of liquid glass ( $\text{Na}_2\text{SiO}_3 \cdot n\text{H}_2\text{O}$ ) from stone powder waste in the production of quartz-based engineered stones.”

In addition to the research on synthesizing amorphous silicon dioxide from stone powder waste generated from the production of quartz-based engineered stones, the Company also initiated research on synthesizing liquid glass ( $\text{Na}_2\text{SiO}_3 \cdot n\text{H}_2\text{O}$ ) from stone powder waste. Liquid glass (also known as sodium silicate) is a chemical widely used in various industries, especially

paper and paper powder, cleanser, porcelain, water-resistant paint production, etc. The research project’s success has enabled the Company to discover the optimal stone powder waste treatment and produce liquid glass with technical attributes that satisfy input materials requirements for other industrial products.

### Project: “Research on reusing waste stone powder in the production of quartz-based engineered stones to produce glass, filler agent, etc.”

In addition to the project on synthesizing liquid glass for use as input materials for other industries, the Company also successfully conducted research on stone powder waste treatment in the production of quartz-based engineered stones into materials for such industries as: construction glass, filler agent, etc. Stone powder waste in the production of quartz-based engineered stones after treatment is comprised largely >85% of  $\text{SiO}_2$  and is used for producing construction glass or as filler agent for other industries such as cladding materials, paint, composite, etc.

In addition to research projects on the reuse of stone powder, in 2023, the Company continued to extend its research into new territories to expand the ability to reuse waste stone powder as material for other fields. In particular:

### Project: “Research on reusing waste stone powder from the production of quartz-based engineered stones to produce kaolin – a material for the production of ceramics for the construction sector, tiles, and ceramic sanitary ware.”

Currently, the Vietnamese ceramics industry is experiencing robust growth. In 2020, its production capacity reached 24 million ceramic sanitary ware products, with revenues nearing VND 10,000 billion. In 2021, the output of sanitary ware production reached 13 million units, with export value of USD 174.7 million and import value of USD 59.8 million. In 2022, production reached 13.5 million products, with export value of USD 202 million and import value of USD 47.5 million.

In recent years, along with the country’s development, a significant amount of waste has been generated, including ash from thermal power plants and slag from steel production facilities. Research has been conducted to reuse this waste in various construction material production sectors, including cement, concrete, bricks, and ceramics.

For those reasons, in 2023, Phenikaa implemented the Project titled “Research on reusing waste stone powder from the production of quartz-based engineered stones to produce kaolin – a material for the production of constructional ceramics, tiles, and sanitary ware”. The research outcome showed waste stone powder from the production of quartz-based engineered stones may be used in the production of kaolin filters in accordance with the TCVN 6301:1997 national standard.

Phenikaa’s kaolin products that use waste stone powder from the production of quartz-based engineered stones have been assessed as compliant with the TCVN 6301:1997 national standard.

## Research direction in 2024

In 2024, in response to economic fluctuations, Vietnam will intensify public investments in infrastructure construction to stabilize the national economy and promote sustainable growth. It’s also a period of time

### Project: “Research on reusing waste stone powder in the production of quartz-based engineered stones to produce cement clinker.”

In parallel with the research on reusing waste stone powder in the production of kaolin filters, the Company cooperated with the Institute of Building Materials to research reusing waste stone powder in the production of quartz-based engineered stones to produce cement clinkers. The research results indicated that waste stone powder from the output of quartz-based engineered stones can fully replace calcium silicate components in the clinker material. Furthermore, the utilization of waste stone powder in the production of clinkers is the most comprehensive solution among the various applications for waste stone powder for the following reasons: Cement production facilities have permits for waste treatment; the technological process aligns perfectly with the attributes of waste stone powder; large production capacity allows for utilization of 100% of waste stone powder of the entire Company; and the production line includes an exhaust gas treatment system that complies with standards.

### Project: “Research on the use of waste stone powder from the production of quartz-based artificial stones to produce fire clay bricks (tunnel kiln bricks).”

In 2023, the Company successfully implemented the project on reusing waste stone powder generated from the production of quartz-based engineered stones to produce fire clay bricks. The fire clay brick production technology was deemed suitable for using waste stone powder to as raw material due to its superior characteristics, i.e., reduction of hillside land ratio; direct utilization without incurring additional steps in production; ensuring of product quality; complete incineration of organic impurities in the firing process with the capability to use 100% of the Company’s waste stone powder.

Phenikaa’s fire clay bricks that use waste stone powder from the production of quartz-based engineered stones have been deemed compliant with the QCVN 16:2019/BXD national standard.



Non-fired bricks made from recycled Vicostone waste stone powder

when all capital under the Economic Recovery and Social Development Program is due for disbursement. In light of pressures of public investment, the demand for land/sand for key projects has surged. However, the supply in this respect remains limited, leading to potential delays in the project process. In 2024, the Company will continue its research

direction: reusing waste stone powder to produce backfill materials, thus contributing to solving societal problems while also closing the loop in the technological process of creating quartz-based engineered stones, resulting in positive environmental, economic, and societal outcomes.

# Energy



Vicostone, fully aware that the economical and effective use of energy is one of the key factors in the Net Zero and sustainable development strategies, consistently sets goals for economical energy usage and environmental emissions control. Since the founding of its factory, the Company has introduced advanced production lines which were transferred from Breton, Italy, combined with groundbreaking innovations by the technology engineering team, resulting in the entire production process of the high-quality VICOSTONE® quart based engineered stones being carried out

in a closed an environmentally friendly manner. The production process does not involve any firing stages, so it does not produce emissions in the curing stage like other tile materials using different technologies. This is an initial outstanding feature that helps Vicostone to minimize environmental emissions, demonstrating the Company's long-term sustainable mindset under the leadership of the Board of Management.

Vicostone has been using 3 types of energy: Electricity, Gas and Diesel. In order to effectively utilize energy resources, the whole processes of

electricity, gas, diesel and clean water use are subjected to clear and specific benchmarks expressed in the Company's regulations and instructions. Furthermore, Vicostone has established a specialized body to monitor, supervise, and analyze energy data to provide timely warnings and solutions on the effective use of energy and ensuring production.

No.	Energy	Consumption
1	Electricity	12,898,200 (kwh)
2	Gas	156,241 (kg)
3	Diesel	124,697 (L)

Total energy consumption in 2023

## Gas

Year	Gas consumption for production (kg)
2021	313,112
2022	212,481
2023	156,241

Gas consumption from 2021 - 2023

In 2023, the Company continues to perform gas utilization solutions at its factories, namely:

- Performed equipment inspection and maintenance, kept the system operating in a robust state;
- Strengthen the control and monitoring of compliance with gas consumption limits for areas and devices within the Company, ensuring they do not exceed prescribed limits;

- Encourage self-awareness among employees in energy-saving efforts, offering initiatives and ideas for the efficient use of gas in the Company.



## Electricity

Year	Consumption (kWh)
2021	18,560,800
2022	14,165,100
2023	12,898,200

Electricity consumption from 2021 - 2023

In continuation of its grand maintenance program from 2022, in 2023, Vicostone replaced aging equipment in old production lines, synchronized devices with control systems, and conducted non-load test runs to verify the entire production system, etc. Alongside the production processes, this activity contributes significantly to the Company's overall electricity consumption. The Company also maintains regular device maintenance at various levels.

To reduce electricity consumption, along with the solar energy system still in operation for the Company's two premises that serve the tasks of more than 200 employees, in

2023, Vicostone installed additional solar panels for lighting in the stone selection and packaging area. The Company plans to expand solar panels to cover all factory roofs in the coming years, increasing the proportion of clean energy used for production and sales. The solar panels are regularly cleaned and checked by technical staff to ensure proper function. In 2023, the Company consumed 97,066 kWh of electricity generated from the solar energy system. While modest in size, this is an important activity that contributes to raising awareness among employees about energy-saving and efficient electricity use.

Besides, Vicostone designs light-catching panels on factory walls to optimize natural light in the production area. Solar water heaters are installed in all communal restrooms, bathrooms, and cafeterias to help reduce gas usage for cooking and electricity for water heating, etc. Through these efforts, the Company's total electricity consumption in 2023 fell by 10.62% compared to 2022 and 31.78% compared to 2021.

## Diesel

Year	Diesel consumption for production (L)
2021	133,460
2022	123,935
2023	124,697

Diesel consumption from 2021 - 2023

Vicostone optimizes the usage of diesel, reducing the use of non-recyclable resources via the following solutions:

- Regular maintenance of equipment and reduction of fuel consumption rate;
- Organizing warehouse to reduce transport;
- Regular inspection, supervision, and management of moving vehicles by specialized engineers to maintain technical performance;
- Provide training to enhance the operational capacity and

responsibility of drivers in saving diesel;

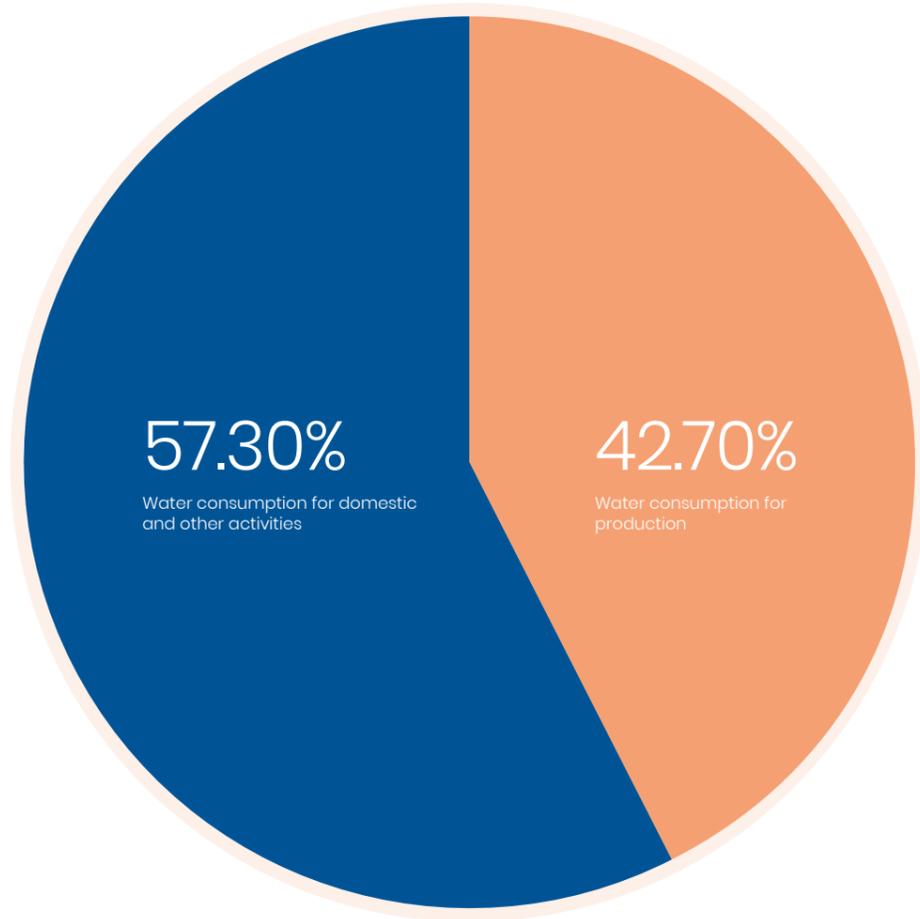
Install automatic transportation equipment into production lines to minimize the use of forklifts and reduce diesel consumption.

In 2023, diesel consumption increased by 16.2% compared to 2022 due to the nationwide peak electricity shortage. The Company had to operate generators to maintain production, resulting in higher diesel consumption than in 2022.



Solar panel systems of the Company

# Water



The proportion of clean water usage demand of the Company in 2023

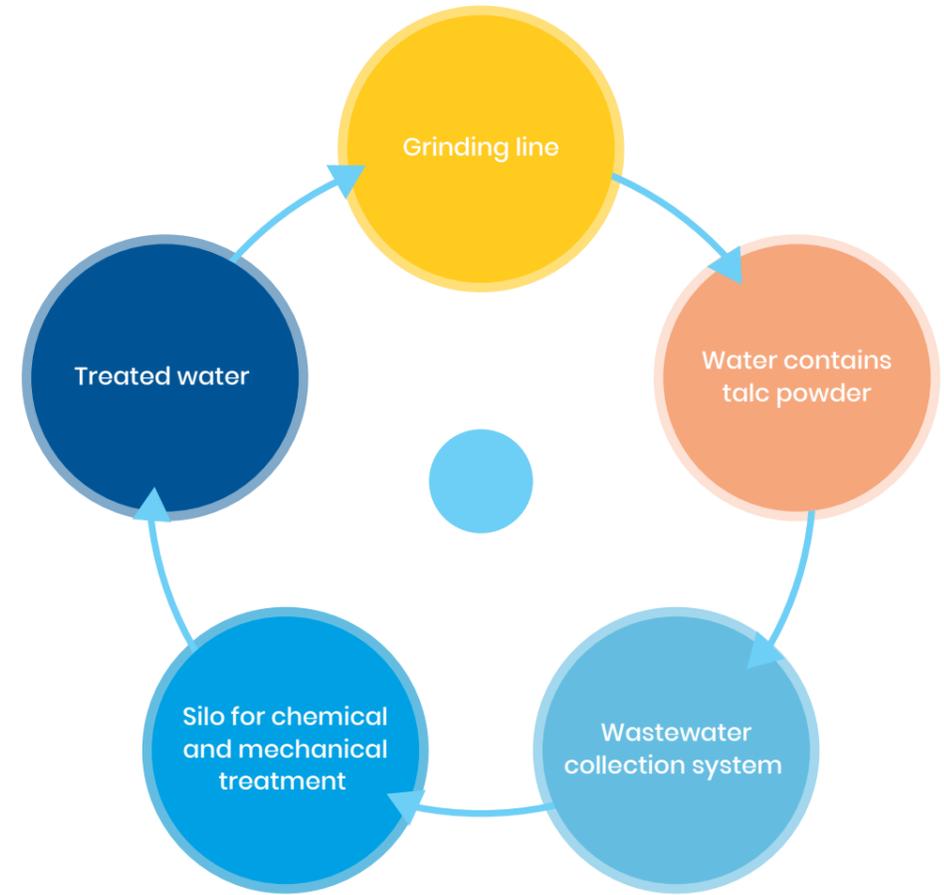


Diagram of the circulation system for reusing production water

## Efficient use of water

At Vicostone, water is used for industrial production activities (grinding stage) and for daily use by employees:

Total water consumption at Vicostone: 35,196 m<sup>3</sup>

- Total industrial water consumption for production: 15,029 m<sup>3</sup>
- Total water consumption for domestic and other activities: 20,167 m<sup>3</sup>

Clean water for production is the small amount of supplementary water used for the grinding line to compensate for the loss caused by water absorption in mud after pressing to ensure stable system operations.

Year	Total industrial water consumption for production (m <sup>3</sup> )
2021	14,180
2022	13,150
2023	15,029

Industrial water consumption at Vicostone in 2021 - 2023

The amount of clean water used for general activities and other operations at Vicostone was 20,167 m<sup>3</sup>, accounting for 57.30% of total clean water usage. Some specific activities include: cooking, daily life, street cleaning, irrigation, cooling gas tanks, cooling packaging areas, etc.

## Solutions for efficient use of water

To enhance the efficiency of the use of clean water, Vicostone has invested in and implemented a cyclone system for chemical treatment and a closed-loop recycling system for the entire volume of wastewater generated during production. The wastewater treatment method for recycling employed by the Company combines coagulation with sedimentation. This technology is a process that combines two methods: mechanical and chemical.

- The mechanical method allows for the removal of large-sized solid waste;
- The chemical method facilitates the settling and precipitation of suspended components in water by adding PAA and PAC flocculants.

In 2023, Vicostone implemented various solutions to reduce water consumption:

- Regularly inspect water pipes installed at all units to prevent leakage and loss of water;

- Install smart solutions and devices in all bathrooms;
- Control the duration of spraying of clean water onto cooling systems in factories;
- Communicate to all employees on the awareness of the use and conservation of water resources.

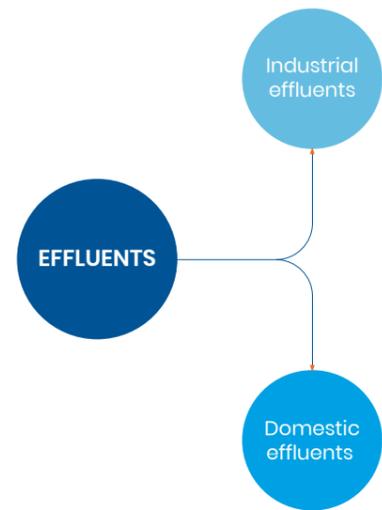
# Effluents, emissions & waste

Vicostone, firmly committed to its sustainable development strategy and environmental protection, recognizes that corporate responsibilities extend beyond complying with legal environmental regulations to the proactive establishment and application of environmental protection programs

and fostering of self-awareness among employees. Among its tasks, the management of effluents, emissions and waste plays a significant role in Vicostone's efforts to build a circular economic model within the Company and minimize environmental impacts.

## Effluents

### Source



The effluent is discharged from the grinding stage.

100% recirculated through the water recirculation system, back to the production line, without discharging to the environment.

Discharged from kitchens, employee's sanitary areas, and undergo preliminary treatment in septic tanks and grease traps then delivered to the effluent treatment station using microbiological technology combined with MBR filtration membranes.



*The circulating water silo system helps to reuse ~100% of the Company's production water*



## Outcomes

- In 2023, the Company's wastewater treatment system operated stably without incidents related to flow rate and quality of domestic wastewater during operation. The volume of domestic wastewater generated was recorded and monitored daily, as shown in the table below:

Time	Average waste discharge flow (m <sup>3</sup> / day)	Permitted waste discharge flow (m <sup>3</sup> /day)	Number of days	Total waste discharge flow (m <sup>3</sup> )
January	24.5	50	31	758
February	28.8	50	28	807
March	28.7	50	31	891
April	29.1	50	30	872
May	20.2	50	31	625
June	20.3	50	30	610
July	23.9	50	31	741
August	27.0	50	31	838
September	28.7	50	30	861
October	27.0	50	31	836
November	28.3	50	30	849
December	28.1	50	31	870
Monthly average waste discharge flows in 2023	26.1	50	30	797
<b>Total waste discharge flows in 2023</b>	-	<b>18,250</b>	<b>365</b>	<b>9,558</b>

Post-treatment domestic wastewater flow statistics

- Pursuant to the wastewater quality monitoring program under the Environmental license no. 130/GPMT-UBND approved by the Hanoi People's Committee on August 14 2023. The Company conducted comprehensive monitoring in accordance with the required frequency (every three months).

- The monitoring results were delivered by the Environmental Analysis and Technology Company (EATC) – an independent and capable firm as required by law. All monitored parameters were within permissible values according to the National technical regulations

on domestic wastewater quality QCVN 14:2008 /BTNMT, column A.

- The monitoring and analysis results as confirmed by the monitoring firm are fully documented for future reference and cross-checking when necessary. The monitoring data is presented in the following table:

No.	Indicator	Unit	2023				QCVN 14:2008/ BTNMT Column A <sup>2</sup> (K=1)
			Q1	Q2	Q4	Q4	
1	pH	-	5.7	6.8	7.2	6.75	5÷9
2	BOD <sub>5</sub>	mg/L	8.1	7.1	8.8	<3.0	30
3	COD	mg/L	17.3	16	19.2	14.9	-
4	TSS	mg/L	10.3	21.8	12.4	9	50
5	TDS	mg/L	260	260	200	192	500
6	Animal fat and vegetable grease	mg/L	<0.3	<0.3	<0.3	<0.3	10
7	PO <sub>4</sub> <sup>3-</sup>	mg/L	3.145	0.357	2.89	2.52	6
8	S <sup>2-</sup>	mg/L	<0.064	0.22	<0.064	<0.022	1
9	NH <sub>4</sub> <sup>+</sup>	mg/L	0.582	2.87	0.615	<0.05	5
10	NO <sub>3</sub> <sup>-</sup>	mg/L	22.56	20.5	20.4	20.8	30
11	Total surface-active substances	mg/L	<0.05	<0.05	<0.05	<0.06	5
12	Coliform	mg/L	380	250	260	49	3.000

Table shows test results on post-treatment domestic effluents prior to disposal

<sup>1</sup> The National technical regulation on domestic wastewater quality

<sup>2</sup> Column A; Regulates C value of pollution parameters that are used as bases for the calculation of maximum permissible value of domestic wastewater when discharged into water sources for domestic uses (has the values identical to columns A1 and A2 of the National technical regulation on surface water quality)

# Emissions

## Emissions and dust

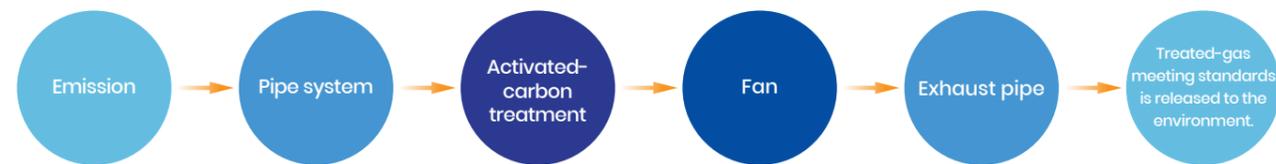
### Source

Aerial emissions are mainly generated from the quartz-based engineered VICOSTONE® production, including:

- Organic gas exhausts in spreading stage;
- Dust exhausts in material imports.

### Control measures

To treat and control emissions generated from production, the Company has installed the treatment system as below:



Emissions treatment process

Vicostone identifies and partitions areas where organic vapors may be generated, constructs enclosed facilities to limit vapor dispersion into shared spaces, and at the same time places extraction points to connect to the common duct system. The organic vapor, once extracted through the negative pressure exhaust fan system, passes through activated carbon treatment before being discharged through a

20-meter-high exhaust pipe, returning fresh air into the factory.

The Company's occupational health and safety staff participate directly in the production process, regularly supervise the operation and maintenance of the exhaust gas treatment system, fresh air supply system, and ventilation system within the factory area to improve the quality of the working environment.

Based on the outcomes of waste observation conducted by competent units in accordance with current regulations, the results of post-treatment exhaust analyses all meet or fall far below National Technical Standard QCVN20:2009 on industrial exhaust related to certain organic substances.

No.	Indicator	Unit	2023				QCVN 20:2009/ BTNMT <sup>3</sup>
			Q1	Q2	Q3	Q4	
<b>I Post-treatment emissions at Factory No. 1</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	18,810	19,714	19,172	20,547	-
2	Benzene	mg/Nm <sup>3</sup>	<0.003	<0.003	0.46	<0.05	5
3	Toluene	mg/Nm <sup>3</sup>	<0.003	<0.003	0.57	<0.06	750
<b>II Post-treatment emissions at Factory No. 2</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	13,226	20,079	15,522	12,797	-
2	Benzene	mg/Nm <sup>3</sup>	<0.003	<0.003	0.37	<0.05	5
3	Toluene	mg/Nm <sup>3</sup>	<0.003	<0.003	0.62	0.41	750

Test results for the quality of post-treatment emissions at Vicostone

<sup>3</sup> QCVN 20:2009/ BTNMT: National technical regulation on the industrial waste related certain organic matters

## Monitoring dust

To minimize and control dust discharged in factories, Vicostone has invested significantly in modern equipment, implemented synchronized monitoring and periodic testing programs to ensure a safe and clean working environment for employees, and prevent dust dispersion in the workplace. Specific measures implemented by the Company include:

- Invest the dust treatment systems using water-resistant and oil-resistant Polyester filter bags. All dust-generating areas in the factory are equipped with suction heads and dust is delivered to the treatment system, with the total initial investment reaching VND 2.5 billion;

- Coordinate with the Institute for Occupational Health and Environment to conduct regular measurement of dust volume and concentration in the 8-hour shift in the working environment in 2023;
- Provide face masks made for dust protection that meet qualified for QCVN08/2012/BLĐTBXH and references from National Institute of Occupational Safety and Health, such as: SP52 masks, Korea dust filtering masks 225V, and 3M masks for employees working in areas where dust arise; Set regulations on and exercise strict control of employees' use of personal protective equipment;
- Each month, the Health-Safety-Environment team of the General Affairs Department evaluates the current state of the production

line, especially the places and processes that discharge dust, finds and implements measures to reduce dust in each factory; Using specialized dust suction machines to clean the workshop floor, cleaning with a wet mop to reduce dust generated by employees' activities;

- Train and communicate to employees on the awareness of environmental protection, implementation of the 5S tasks and how to ensure occupational safety and sanitary while working in environments where dust may be dispersed.

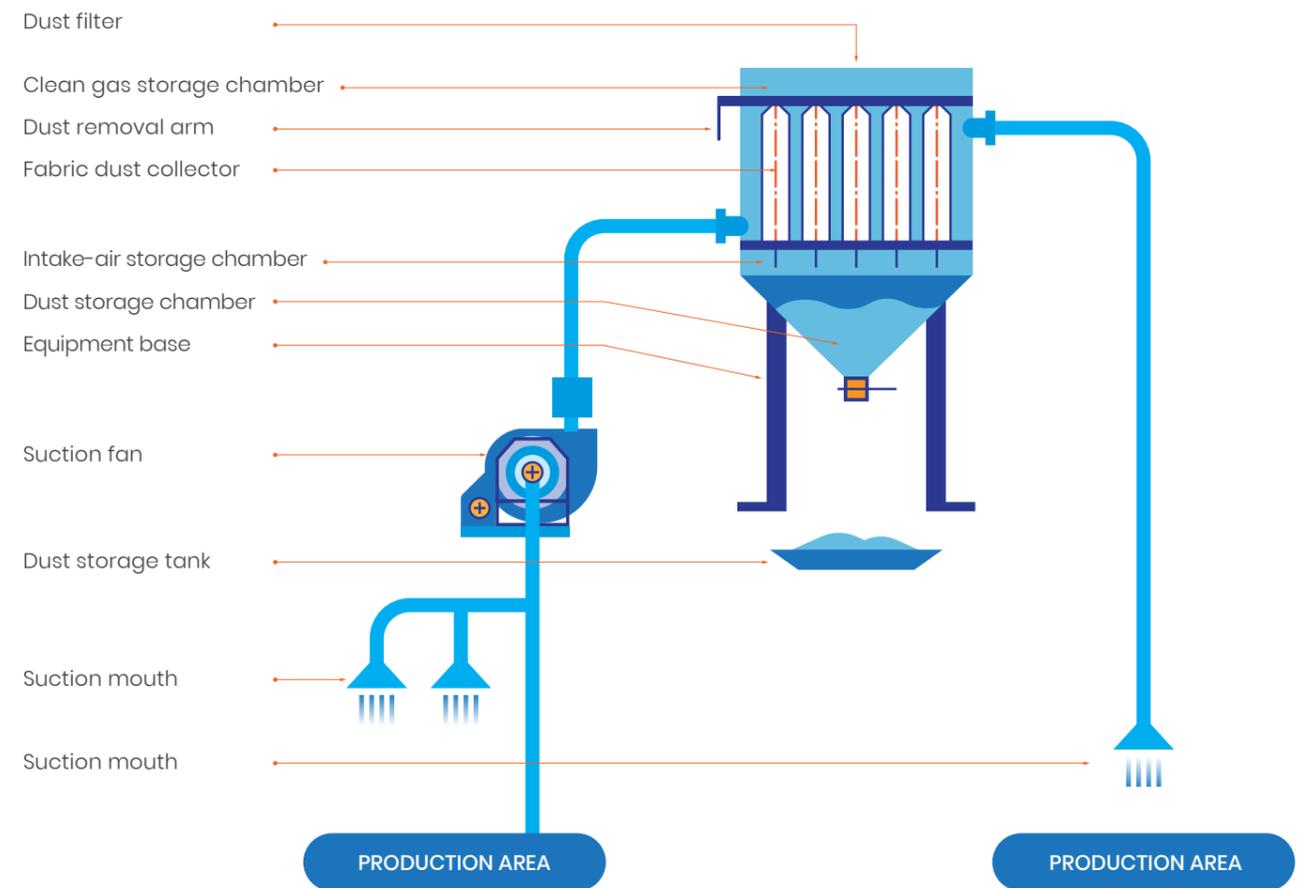


Figure of the Company's dust filter system

Based on the outcomes of waste observation conducted by competent units in accordance with current regulations, the results of post-treatment exhaust analyses all meet or fall far below Technical

Standard QCTĐHN 01:2014/ BTNMT on industrial wastes related to dust and inorganic substances in Hanoi.

No.	Indicator	Unit	2023				QCTĐHN 01:2014/ BTNMT	Note
			Q1	Q2	Q3	Q4		
<b>I Post-dust-treatment emissions at Factory No.1</b>								
1	Flow rate of emissions	m <sup>3</sup> /h	15,464	15,464	15,464	16,494	-	
2	Total particulate matter	mg/Nm <sup>3</sup>	<0.05	28.7	24.1	<0.36	162	Kp = 0.9; Kv = 0.9
3	CO	mg/Nm <sup>3</sup>	<1.14	<1.14	0	<2.62	900	Kp = 0.9; Kv = 1
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	<2.62	<2.62	0	<1.14	405	Kp = 0.9; Kv = 0.9
5	NO <sub>x</sub>	mg/Nm <sup>3</sup>	<0.188	<0.188	0.13	<0.19	765	Kp = 0.9; Kv = 1
<b>II Post-dust-treatment emissions at Factory No. 2</b>								
1	Flow rate of emissions	m <sup>3</sup> /h	40,977	37,614	41,260	25,551	-	
2	Total particulate matter	mg/Nm <sup>3</sup>	<0.05	24.3	26.3	0.61	162	Kp = 0.9; Kv = 0.9
3	CO	mg/Nm <sup>3</sup>	<1.14	<1.14	0	<2.62	900	Kp = 0.9; Kv = 1
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	<2.62	<2.62	0	<1.14	405	Kp = 0.9; Kv = 0.9
5	NO <sub>x</sub>	mg/Nm <sup>3</sup>	<0.188	<0.188	0.11	<0.19	765	Kp = 0.9; Kv = 1
<b>III Emission at the crushing dust treatment system – Position 1</b>								
1	Flow rate of emissions	m <sup>3</sup> /h	13,429	15,362	13,734	11,429	-	
2	Total particulate matter	mg/Nm <sup>3</sup>	<0.05	36.8	34.1	2.23	180	Kp = 1; Kv = 0.9
3	CO	mg/Nm <sup>3</sup>	<1.14	<1.14	0	<2.62	900	Kp = 1; Kv = 1
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	<2.62	<2.62	0	<1.14	450	Kp = 1; Kv = 0.9
5	NO <sub>x</sub>	mg/Nm <sup>3</sup>	<0.188	<0.188	0	<0.19	850	Kp = 1; Kv = 1

No.	Indicator	Unit	2023				QCTĐHN 01:2014/ BTNMT	Note
			Q1	Q2	Q3	Q4		
<b>IV Emission at the crushing dust treatment system – Position 2</b>								
1	Flow rate of emissions	m <sup>3</sup> /h	13,226	16,481	13,429	11,531	-	
2	Total particulate matter	mg/Nm <sup>3</sup>	<0.05	30.4	31.8	1.50	180	Kp = 1; Kv = 0.9
3	CO	mg/Nm <sup>3</sup>	<1.14	<1.14	0	<2.62	900	Kp = 1; Kv = 1
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	<2.62	<2.62	0	<1.14	450	Kp = 1; Kv = 0.9
5	NO <sub>x</sub>	mg/Nm <sup>3</sup>	<0.188	<0.188	0	<0.19	850	Kp = 1; Kv = 1
<b>V Emission at the crushing dust treatment system – Position 3</b>								
1	Flow rate of emissions	m <sup>3</sup> /h	14,040	14,650	14,141	13,371	-	
2	Total particulate matter	mg/Nm <sup>3</sup>	<0.05	44.6	42.4	3.55	180	Kp = 1; Kv = 0.9
3	CO	mg/Nm <sup>3</sup>	<1.14	<1.14	0	<2.62	900	Kp = 1; Kv = 1
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	<2.62	<2.62	0	<1.14	450	Kp = 1; Kv = 0.9
5	NO <sub>x</sub>	mg/Nm <sup>3</sup>	<0.188	<0.188	0	<0.19	850	Kp = 1; Kv = 1

Test result for the quality of post-treatment emissions after using dust filter system

Note:

(-): Kp = 1.0 (for P ≤ 20.000 m<sup>3</sup>/h); Kp = 0.9 (for P ≥ 20.000 m<sup>3</sup>/h);

(-): Kv = 1.0 (for dust containing silica; Amonia and its compounds; Antimony and compounds; Arsenic and its compounds; lead and compounds; CO; Cl<sub>2</sub>; Copper and compounds; Zinc and compounds; F<sub>2</sub>, HF, or inorganic Fluorine compounds; H<sub>2</sub>S; NO<sub>x</sub> and HNO<sub>3</sub> vapor). Kv = 0.9 (for total dust; Cadmium and compounds; HCl; SO<sub>2</sub> and H<sub>2</sub>SO<sub>4</sub> vapor);

(-): not specified;

(-): At the dust treatment system in Factory 1 – Position 2 where monitoring was not possible. The department issued report no. 84B/BC-VICOSTONE dated 01 December 2023 addressed to the Hanoi Department of Resources and Environment regarding the temporary suspension of monitoring of one dust treatment system due to the maintenance plan for a part of the production line of factory of the "Vinaconex high-quality stone tile factory"

<sup>2</sup> Technical Standard on industrial wastes related to dust and inorganic substances within the vicinity of Hanoi

## Waste

### Common industrial wastes

Common industrial wastes at Vicostone includes:

- Stone chips, swarf and burr from production stages;
- Dried sludge from the water treatment system;
- Clump of materials, powder of vacuum cleaner in the production formation process;
- Nylon, carton, gold foil, etc., from the product formation process.

To manage in full compliance with State regulations related

conventional solid waste, the Company exercised strict control and clear categorization, particularly:

- Gather and build temporary solid waste storage, meeting the requirements of common waste storage under the provisions of Decree 08/2022/NĐ-CP; TT 02/2022/TT-BTNMT on the management of wastes and craps;
- Develop and apply regulations on waste gathering, classification and management;
- Maintain daily inspection of sorting and gathering of waste at units of the Company.

Conventional and non-hazardous solid waste is collected and stored by the Company before being transferred to a competent environmental company for treatment in accordance with regulations stated in Circular TT02/2022/TT-BTNMT. The Company also conducted annual analysis on required waste such as powder and stone chips. The most recent analysis was documented in result report no. 02843/2023/PKQ (23/05.07-1716-BT) dated October 30, 2023, carried out by the Working Environment Monitoring Station of the Institute of Occupational Safety and Health Sciences.

### Solid domestic waste

Solid domestic wastes are primarily discharged from cafeterias, offices and operating rooms, and gathered by industrial cleaning staff on a daily basis.

Control and treatment solutions:

- Develop and apply regulations on waste management;

- Classify the wastes at source into 120-liter plastic barrels with lids;
- On a daily basis, solid wastes are transferred to the Industrial and Urban Environment JSC No 11 - Urenco 11 according to contract 02/2023/HĐCN/URENCO11-VICOSTONE signed between the two parties. The transfer of solid wastes for the purpose of treatment is

undertaken and managed by the two parties in accordance with Decree No. 02/2022/T T-BTNMT on the management of wastes and craps.

Solid domestic waste	2022	2023
Mass (tons)	22.9	18.7

Total domestic waste from 2022-2023

### Hazardous waste

Hazardous wastes primarily originate from the maintenance and repair of equipment cleaning and maintenance of production lines, while some are from office work. Hazardous wastes at Vicostone are sorted at source and categorized into six main types: residual oil, metal packages, fluorescence light bulbs, filters and stained drags, printer's cartridges, lead batteries.

Control and treatment solutions:

- Develop and apply regulations on waste management;

- To ensure conformity with legal regulations, Vicostone JSC registered its list of regularly generated hazardous wastes and was accorded with a Environment license No. 130/GMPT-UBND by the Hanoi People's Committee on August 14, 2023;
- Hazardous wastes are gathered, categorized and placed in the Company's hazardous waste storehouse. The storehouse is constructed in accordance with standards set out under Circular No. 02/2022/TT-BTNMT on the management of hazardous wastes.

In addition, the hazardous storehouse is equipped with devices to respond to incidents and drainage systems to collect and prevent leakage;

- The Company transferred hazardous waste to an environmental company to transport and treat according to the law.

No.	Conventional solid waste	2022 Volume (kg)	2023 Volume (kg)	Treatment method after being transferred to environmental company
1	<ul style="list-style-type: none"> <li>• Stone chips, swarf and burr from production stages;</li> <li>• Dried sludge from the water treatment system;</li> <li>• Clump of materials, powder of vacuum cleaner in the production formation process;</li> <li>• Unused stone powder.</li> </ul>	20,802,500	11,913,500	Burial in accordance with the law
2	Nylon, Carton, gold foil, etc.. from the product formation process.	173,317	151,104	Incinerated with advanced technology. Generated ash then used to produce adobe bricks
<b>Total</b>		<b>20,975,817</b>	<b>12,064,604</b>	

Statistics of the volumes of conventional solid wastes collected and transferred for treatment

Vicostone consistently maintained and implemented Kaizen programs with outstanding results. Notably in 2023, Vicostone introduced the continuous improvement program – CI (critical improvement projects) to push Kaizen programs towards specific goals, resulting in the reduction in the volume of conventional industrial waste (including stone powder and stone chips) compared to 2022, from 27.01 Kg/m<sup>2</sup> of products to 21.96 Kg/m<sup>2</sup> of products.

Waste Type	2022 Volume (kg)	2023 Volume (kg)	Treatment Method After Transfer to Environmental Company
Used oil	4,785	3,850	Incineration
Metal rigid packaging waste	3,189	2,195	Washing
Plastic rigid packaging waste	300	135	Washing
Fluorescent lamp waste	28	6	Crushing, solidification
Filter materials, oil and grease-soaked wipes waste	2,863	3,360	Incineration
Printer ink cartridge waste	8	2	Incineration
Lead-acid battery waste	25	50	Disassembly, recovery, chemical treatment
Welding rod waste	0	120	Solidification
Welding rod waste	3,394	6,640	Incineration
<b>Total quantity</b>	<b>14,592</b>	<b>16,358</b>	

Volume of hazardous waste collected and transferred for treatment by the environmental company

# Environmental responsibilities



As an international business that has established broad market presence in more than 50 countries across five continents, Vicostone places the highest priority on strict compliance with both domestic and international laws and standards, particularly those related to the environment. The Company consistently updates and consults with environmental experts to make appropriate adjustments and improvements throughout its operations. Vicostone adopts, communicates, and

offers training of processes/rules to all its employees. Moreover, Vicostone has made environmental protection part of its business culture. Vicostone also implements the Kaizen – 5S program with numerous environmental activities that involve the participation of all employees, from production to office staff, embedding sustainable thinking into all aspects of the Company's operations.

## Compliance with legal regulations

Since its early days of preparation for investment and construction, Vicostone has conducted environmental impact assessments which have been reviewed and approved by relevant state authorities, including certificates of completion for environmental protection projects, discharge licenses, and registration certificates for hazardous waste sources, etc. On August 14, 2023, the Company was granted a renewed Environment license no. 130/GPMT-UBND by the Hanoi People's Committee which is valid for 10 years and replaces all regulations stated in previously issued licenses.

Regarding environmental legal compliance, the Vicostone JSC commits to:

- Full compliance with local environmental legal records:
  - Environmental impact assessment reports of projects established, appraised and approved in accordance with Decision No. 1299/QĐ-UBND of the Hanoi People's Committee on March 23, 2010;
  - Environmental license no. 130/GPMT-UBND issued by the Hanoi People's Committee on 14 August 2023.
- Full implementation of obligation to declare and pay environmental protection fees relating to industrial

wastewater stipulated under Decree No. 53/2020/NĐ-CP on environmental protection fees regarding wastewater;

- Conducting full environmental supervision actions stated in the operational phase of the Certification of Completion Of Projects and Measures for Environmental Protection;
- Conducting and submitting regular environmental reports to State agencies such as: Plan for regular environmental inspection; Report on outcome of regular environmental inspection, Report on environmental protection actions, Report on waste discharge into the water source.

In 2023, there is no environmental law violations at Vicostone. In addition to in-house activities, Vicostone worked with external service providers to implement environmental protection measures. In 2023, the Company signed contracts of observation, collection, transport, and treatment of waste and other contracts related to environmental protection.

## Promote Environmental Awareness Among Employees

### Compliance with HSEQ Handbook

Since 2014, Vicostone has compiled, issued, and amended the Environment Handbook to instruct its functional departments to comply with and remain aware of environmental protection.

#### Principles of establishment, application, and improvement of environment management systems:

- Identify the demands of customers, legal authorities and other relevant parties;
  - Establish clear and consistent environment policies, and on such basis, establish quantifiable environmental goals for the Company's activities;
  - Prepare necessary resources for environment protection effectiveness;

- Identify criteria, methods for measurement and evaluation of each process. Analyze activities to remove causes of inconsistencies in organization;
- Continuously improve environment management and fulfill targets set by the Company.

#### Main content:

- Analyze context of organization and expectations of relevant parties;
- Leadership's commitment in implementing environment protection activities, roles and responsibilities of relevant departments;
- Plan environment aspects according to ISO 14001;
- Manage resources, prepare for emergency situations;
- Evaluate the effectiveness of activities; suggestions for improvement.

The HSEQ Handbook is communicated to all departments in the Company and stored in the general portal for easy access and compliance. In addition, the Company continues to review, amend, and upgrade the Handbook to best satisfy ISO standards as well as adjust to changes in the organizational structure and the market situation.



### Kaizen – 5S activities

Besides environmental legislation compliance, Vicostone also deploys activities to encourage employees in regards to environmental protection, contributing to a green, clean, and beautiful environment, improving working conditions and labor productivity. The Kaizen – 5S program is a fundamental activity, imposing positive impacts on the living and working environment, strengthening the ownership and responsibility of workers, and eliminating waste, and providing added value to the Company's activities.

Launched in 2015, Vicostone's Kaizen – 5S program with the slogan of "continuous improvement, lean working position, and fresh air" has been greatly supported and engaged with by all workers. Following the strategic direction of economic growth associated with green production and environmental protection, the program aims to improve working environment quality, raise the awareness of employees in energy saving, recycling, reuse, etc. at each position, including direct and indirect production divisions. The Kaizen-5S Steering Committee was established with the close supervision and direction of the Board of Management and the participation of managers of functional departments. These ideas not only bring about economic value but also contribute considerably to the Company's environment protection. To enhance its effectiveness, in the near future, the Kaizen – 5S program will be carried out with some guidelines, including: safety improvement in

production; productivity and product quality enhancement; integration into Company's major programs and projects, and others. Regularly, the secretary of the Vicostone Kaizen-5S Steering Committee will contact other Kaizen – 5S boards in the Phenikaa Group to conduct research, learn, and exchange on significant Kaizens that have been implemented.

Kaizen – 5S activities set the base for an innovative, progressive workplace environment and team spirit among employees and leadership among managers through practical activities, and form the basis to incorporate into improvement techniques. Kaizen – 5S has become part of the Company's culture and contributed significantly to the production and environment.

#### 5S activities

At Vicostone, based on the general instructions and standards of the Kaizen-5S Steering Committee, departments have customized 5S standards for each position and area of work with clear recognition and division of responsibilities. These standards are regularly reviewed and upgraded when changes take place with a maximum duration of 6 months per change at each position and area. At the same time, this is also the criterion for the Kaizen-5S Steering Committee to conduct periodic assessments of the 5S performance at each department. Evaluations are conducted on Friday afternoons of each month's second and fourth week. All units and working spaces are well arranged; file cabinets are classified by each different item, convenient for information search. In

many departments, green trees have been placed to purify the air, as well as increase the comfort and creative inspiration of employees.

#### Kaizen activities

In parallel with 5S activities, the Kaizen program has been implemented at Vicostone since its early days. Following Kaizen's spirit of "Change for the better", Vicostone encourages employees to contribute ideas for improvement even with the smallest actions. Pursuant to monthly and quarterly reviews, the Kaizen-5S Steering Committee has rewarded employees for outstanding innovation initiatives, bringing value to the Company in terms of economy, productivity, time and effort. The success of the Kaizen program at Vicostone stems from small but cumulative changes over time and creates great value for the Company and workers. In 2022, thanks to the policies of the Board of Management, the Kaizen activities continued to attract the interest and contribution of ideas in production and business from the employees.

The Kaizen numbers in 2023 are as follows:

Number of Kaizen recognized	Number of Kaizen finished	Value of implementation effectiveness (VND million)
628	602	2,801

The Kaizen works are evidence of the employees' spirits of "continuous improvement", innovation, self-realization of issues and improvement for the better. It is the sense of responsibility and ceaseless efforts

of the Board of Directors and workers that have elevated Kaizen – 5S from a movement to a daily activity, a signature cultural aspect in life at Vicostone.

## Responsibilities Towards Customers

### Constantly control and improve product quality

#### Comprehensive quality management excellence

- The quality of our products is aligned with customers expectations. Our products and services should meet customers's needs and expectations at costs appropriate to usage;
- Comprehensive quality excellence can be best achieved through risk prevention rather than repair;
- Employees deliver insights and necessary actions to make continuous improvements;
- Products and services are delivered through employees' efficiency. Each employee is another employee's "customer"; each step is the "customer" of the previous step. All of these will affect customer satisfaction; Each employee is responsible for helping others improve their job quality;
- Comprehensive quality excellence requires continuous improvement in every process. Every employee is encouraged to evaluate their current performance and to find ways to improve;
- Optimal enterprise resource planning and modern technology-based enterprise governance are critical to sustainable development and professionalism.

*An engineer checking the surface gloss of  
VICOSTONE® products*

## Material assessment process

The political instability, economic recession, and global enterprises facing a range of difficulties due to reduced consumer demand, disrupted supply chains leading to price hikes, large investments with low output, and low-quality goods penetrating aggressively into markets, resulting in noncompetitive advantage in the low-end segment, etc.

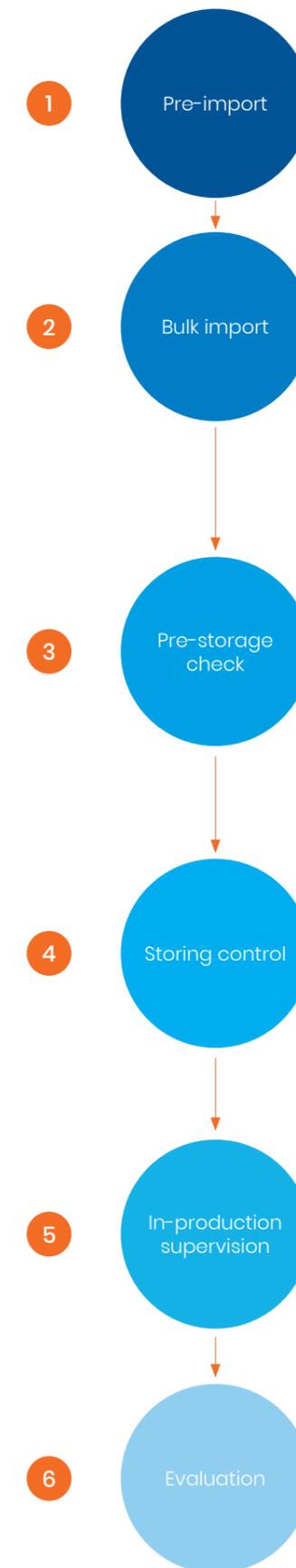
In that context, Vicostone has been ceaselessly improving its production technology and management system to utilize its resources, cut production costs, and stabilize the price of furnished products. Vicostone has taken control of nearly all of the input materials for the production of quartz stones, controlling the quality of main materials, while other supplementary materials have been securely supplied

by reputable partners, both domestic and international. The control of input materials is strictly implemented with the following processes:

Raw materials in the warehouse are regularly inspected before being put into production



## Material inspection processes



- A sample of material is tested in the lab and production before the importation;
- The supplier is examined regarding the production capabilities and management competencies;
- The supplier is assessed regarding the ability to sustain and stabilize.

- Raw materials imported in bulk must meet quality standards following bulk testing on the production line;
- Vicostone may implement a field trip to inspect the supplier and production facilities before deciding whether materials should be imported in bulk.

- 100% of material packages are checked before being stored in accordance with existing regulations and standards;
- If one package of materials is not qualified, it will be put aside and Vicostone will work with the supplier to fix the problem and prevent similar cases in the future. The package should not be used in the production to secure the quality standards;
- The Company studies all potential problems with the materials to address the risks and develops action plans to respond to similar cases in the future.

- All materials are secured in standardized storehouses. The Company regularly conducts checks and assessments of the quality of both materials and storehouses to assure materials at the best condition.

- The materials are kept in standardized storehouses and assessed regularly by the Company's quality control staff. If there are doubts about the quality of the materials, the Quality Control Department and the R&D Department examine the materials and deliver recommendations/warnings about the conditions of the materials;
- During production, if any problems regarding the quality of materials are found, the line will be stopped and separated, then a specialized team will study and handle the problem.

- 100% products are assessed upon existing quality standards.

### Material control processes

Prior to storage, the materials are tested by the Input Quality Control (IQC) team to ensure equivalence with national/ international measurement standards. The materials must meet Vicostone's strict requirements on environmental protection and be compatible with the Company's technology. After being imported, the materials are stored in standardized facilities to maintain quality. Before production, the materials are assessed the second time regarding their qualities and environmental safety measurements.

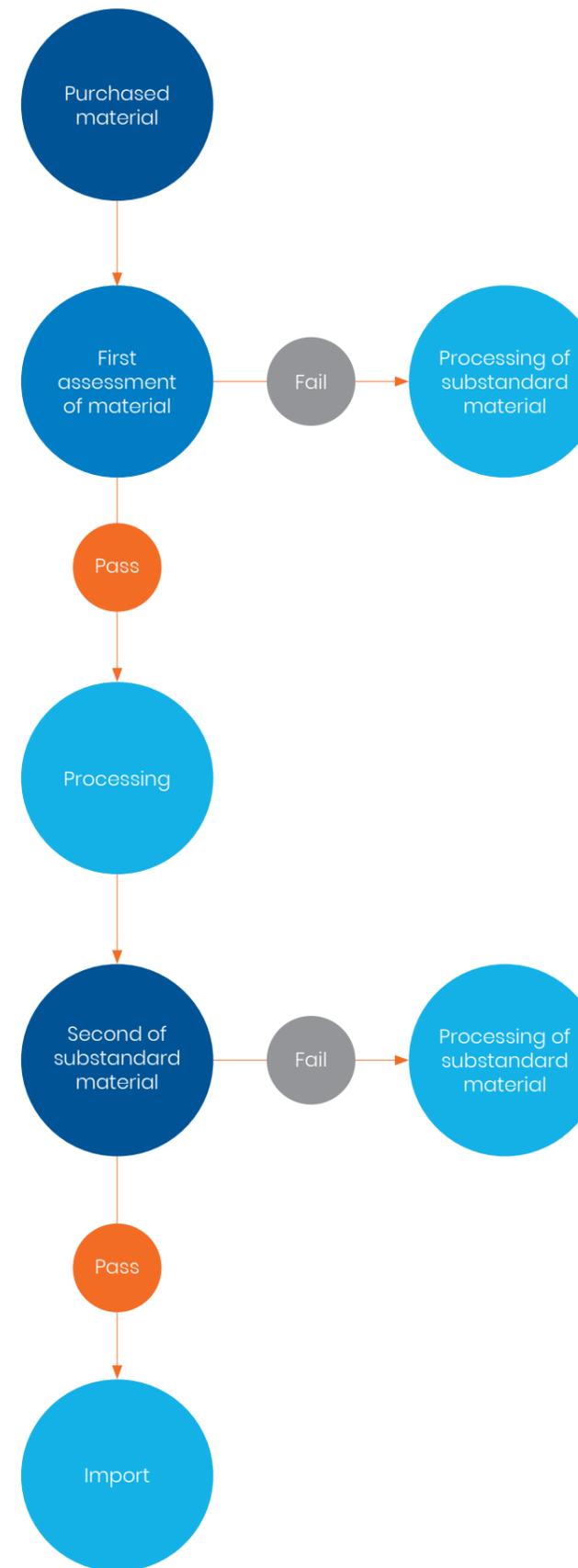
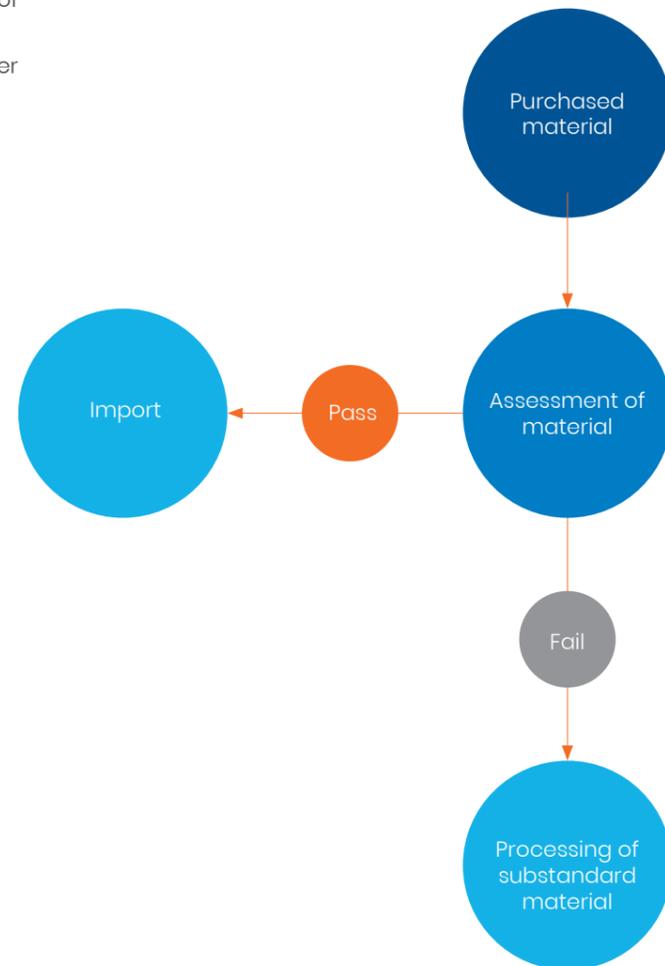
#### Assessment of imported material

The purchases of overseas-imported materials must comply with the "Procurement Procedure" developed by the Purchasing Department. Relevant offices will be informed about the purchases and prepare to receive the packages.

The Materials and Quality Control work to examine the materials as planned. The Quality Control Department's IQC staff evaluates all materials the first time (first check) following the guidelines approved by the BOD. If the materials:

**Pass:** The Input Quality Control decides to import 100% of materials.

**Fail:** The Input Quality Control requests for remedies as per regulations.



#### Assessment of domestically-made material

The purchases of domestically made materials must comply with the "Procurement Procedure" developed by the Purchasing Department. Relevant offices will be informed about the purchases and prepare to receive the packages.

The Department of Materials and Equipment and Quality Control work to examine the materials as planned. The Input Quality Control follows the guidelines approved by the BOD to inspect 100% of the materials for the first time (first check). If the materials:

**Pass:** The materials are imported and stored in standardized facilities.

**Fail:** The Input Control Quality requests for remedies as per regulations.

Materials after having been inspected and deemed qualified by the PQC employees of the Quality Control Department are then transferred to the Materials and Equipment department for warehousing and storage according to standards and to prevent decline in quality and quantity of materials during storage pending production.

The staff of the Crushing and Screening Workshop follow the "Crushing and Screening Control Standard" to process raw materials into pure materials for production.

The Quality Control Department's PQC staff assesses the quality of materials during production. After being processed, 100% of the materials are tested and assessed for the second time following guidelines and standards. If the materials:

**Pass:** The materials are stored and kept at standardized houses.

**Fail:** The Input Quality Control requests for remedies as per regulations.

Thanks to the integrated system application that incorporated human proactiveness and creativity in quality control, 100% of raw materials purchased by Vicostone are evaluated and ensured of top quality before entering production. The operation of Phenikaa Hue Factory to produce Cristobalite according to international standards since 2019 has become an important link that helped Vicostone stabilize input material sources and reduce product costs. The mastery of raw materials brought considerable advantages to Vicostone in the quartz market in particular. After materials are stored, authorized departments continued monitoring the production lines and made sure the production strongly complies with the standards. The standards are publicly and consistently available at all factories.

Vicostone's work-flow on a production line



An engineer operating the production line in the factory

Control	Guideline	Frequency	Brief description
1. Inspect quality of raw material samples in labs and conduct trial production of small batches	"Mass production processes" QT-09	100% of suppliers' samples	Raw material samples are tested to assure 100% compliance with standard laboratory conditions and subject to small-scale production before mass purchase.
2. Evaluation • Evaluate suppliers' production competency; • Evaluate suppliers' managerial competency; • Evaluate suppliers' sustainability and stability.	"Procurement process" QT-13 "Supplier evaluation process" QT-14	100% of suppliers of main raw materials comprising products	Prior to the official bulk import (frequent import) of raw materials, 100% of suppliers of raw materials that constitute the product are subject to inspection by the Company's team with respect to their current state at the site of production and exploitation.
3. Check on input materials	"Input material control process" QT-30	100% of material package units	Purchased materials are tested before being stored.
4. Production line control	"Product quality control process" QT-32	100% of working shifts	Each stage of production is examined by the Product Quality Control to match the Company's technical requirements.
5. Product origin traceability	"Product origin traceability and recognition process" QT-07	100% of slabs	The Company equips the machinery and solutions for product identification; makes sure the production is monitored and regularly measured.

6. Product quality control	"Product quality control process" QT-32	100% of production packages	Corresponding products are tested at least once against strict criteria to meet quality standards.
7. Mechanic, physical and chemical test	"Product quality control process" QT-32	100% of production packages	All packages of product have to take the mechanical, physical and chemical test to meet consumers' requirements.
8. Check of safety qualities	New product development, manufacturing and sale process" QT-08	100% of production packages	All features regarding user safety such as slip-resistance, flame resistance, etc. are checked regularly from the first stage of development.
9. Environmental protection features	"New product development, manufacturing and sale process" QT-08	In accordance with the rules by certifying agencies	Each year, Vicostone sends product samples to GreenGuard to examine the characteristics regarding its environmental impact at UL Environment Lab in the U.S.
10. Check of safety qualities	"New product development, manufacturing and sale process" QT-08	In accordance with the rules by certifying agencies	Food safety information such as the percentage of heavy metals must be examined and confirmed by NSF International in the U.S.
11. Packaging control	"Packaging processes" QT-28	100% container	The Quality Control Department's KCS staff inspect 100% of containers regarding the quality of packages and packaging.

### Constantly improving product quality through the HSEQ management system

Recognizing that product quality is a prerequisite factor determining customer loyalty to the brand, Vicostone continuously researches and applies measures, initiatives for improvement to constantly improve quality, bringing customers products that are not only aesthetically valuable, durable but also safe for their health.

Vicostone strives for an effective, international-standard management system, via consistent updates and

application of supporting tools to improve product quality, utilize cost and competitive advantage. The HSEQ (Health-Safety-Environment - Quality Management) system has been one of the initial tools that Vicostone applied to control the risks of occupational health and safety, prevent the possibility of diseases and accidents while assuring the Company complies with legal requirements, reduce environmental risks, pollution, and energy use, improve quality control system and productivity, and expand the brand recognition on the market.

HSEQ Management System is established and kept updating based on the following sub-systems:

- Quality Control System ISO 9001:2015;
- Health and Safety Management System ISO 45001:2018;
- Environmental Management System ISO 14001:2015;
- Social Accountability System SA 8000:2014.

Standard	Date of Registration	Date of Latest Update	Date of Validity	Certification Number	Certification Agency
ISO 9001:2015	05/11/2005	07/11/2022	07/11/2022	VN009639	BVC
ISO 14001:2015	25/10/2006	07/11/2022	07/11/2022	VN009640	BVC
ISO 45001:2018 (previously OHSAS 18001:2007)	20/10/2015	18/11/2022	18/11/2022	VN009641	BVC
SA 8000:2014	21/12/2010	20/12/2022	20/12/2022	VN009660	BVC

### Product Quality Control standard ISO 9001:2015

Vicostone, having acknowledged the importance of quality control, in 2005 had successfully applied the Quality Control System based on the standard ISO 9001:2000 in order to achieve sustainable success and increase the Company's credibility on the market. Since then, Vicostone has kept the system updated with the latest international practices to optimize work process.

Vicostone is now adopting the latest version of standard ISO 9001:2015. ISO 9001 helps Vicostone establish standards to build a scientific quality management system, control risks, and prevent errors in the production process, thereby providing products and services with stable quality that meet customer requirements and expectations. According to Vicostone's comprehensive quality direction, every step affects the quality of the output products. The implementation of the ISO 9001:2015 system helps Vicostone clearly define the responsibilities and authorities of quality management within the organization, establish suitable processes to implement and control each stage of the production process, thereby improving efficiency. The Company's quality management documents are also stored, classified, serving as training materials and sharing knowledge and experience, helping to continuously improve the quality of processes, products, and services, creating a solid foundation for building quality plans for the Company.

### Occupational Health and Safety Standard ISO 45001:2018

Occupational health and safety are extremely vital for both employees and customers. Having acknowledged the issue, Vicostone has changed the occupational

health and safety standard version to ISO 45001:2018 from OHSAS 18001:2007. In addition to similar changes in comparison with standard ISO 9001 and ISO 14001 regarding circumstance, leadership, and risk management, the standard ISO 45001:2018 enables the participation of employees in the process. That helps increase the relationship between the Company and employees when developing a framework to resolve occupational health and safety issues. As employees are subject to the regulations, they benefit and suffer from the working environment. Therefore, employees have the legitimate right to join the development and implementation of occupational health and safety management system. Their participation in every decision of the Company will assure the feasibility and validity of the decision as well as the benefit of employees.

### Environmental Management standard ISO 14001:2015

Along with the upgrade of the quality control system, Vicostone has also changed the standard of environmental management to ISO 14001:2015 from ISO 14001:2004. The new standard has assisted the Company to keep up with changes in the legal framework, strictly abide by legal requirements and restrain the risks of environmental issues. The continuous development of environmental management upon standard 14001 also helps Vicostone cut costs through cost-efficient use of materials, energy and resources. Besides, the environmental management standard enables better and more precise data collection, less environmental impact, saving of time and resources, thus allowing smooth, quick renovations. A constantly improved working environment also helps improve the trust and loyalty of employees toward the Company.

### Social Responsibility Standard SA 8000:2014

In the global economy, companies are encouraged to pay attention to the comprehensive impacts that their operation and production have on ethics and society. A company will gain higher trust from customers, partners, and social communities with high standards of corporate social responsibility. Being aware of its social responsibilities, Vicostone has adopted the Social Accountability System using standard SA 8000 from the very first days of foundation. The standard focuses on eight issues: Child labor; Forced labor; Health and safety; Freedom of association and collective bargaining; Discrimination; Disciplinary practices; Working hours; and Remuneration. The ninth issue, relating to the Management system, contains necessary criteria that assure the Company's compliance to the standard.

The use of standard SA 8000 has brought many benefits as follows:

- Improve market competitiveness of the Company, attract more customers and explore new markets;
- Build trust among target audiences about products and services being made in a completely safe and fair environment;
- Develop the brand/image of the Company as a good, conscious business.



### International production standards and criteria

In addition to meticulous design and outstanding features such as scratch and stain-resistant and high durability, user's health and safety are top priorities for Vicostone. With the advantage of having a professional workforce and extensive experience in the industry, as well as many years of cooperation with demanding export markets (such as the U.S., Europe, etc.), Vicostone creates high-quality products with strong competitiveness, meeting international standards and being recognized by prestigious organizations around the world:

On the basis of standards of product quality control and the desire to diversify its products for customers, Vicostone has evaluated the quality outcome of each product, controlled and enhanced product quality, eliminated sources of hazard or detriment to product quality. Quality control has been exercised thoroughly and uniformly in all

production management and quality inspection processes. Below is a table on the technical statistics of VICOSTONE® quartz stones accredited in accordance with international standards:

Certifying Organization	Quality	Effect
 NSF International (Public Health and Safety Organization)	NSF Certificate certifies the safety of the product for use at laboratories, healthcare facilities and food producers.	2008
 Greenguard Environmental Institute	GreenGuard and GreenGuard Gold certificates recognize the product is safe for in-door environments such as houses, schools and totally safe for kids.	2009
 SGS United Kingdom Ltd	CE certificates (EN 15285: 2008 and EN 15286:2013) acknowledge the product qualifies European standards on size, durability, water-resistance, scratch-resistance.	2009
 Greenguard Environmental Institute	Microbial Resistant Certificate proves the product is bacteria-free and safe for users and the environment.	Maintained annually
 Vietnam Institute for Building Materials	The institute certifies the engineered countertop product qualifies the standard QCVN16:2019/BXD or bricks and tiles.	Re-certified on July 13, 2023

Attribute	Test Method	Outcome
Water Absorption (% mass)	ASTM C97/C97M-09:2009	≤ 0,05%
EN 14617-1:2013	≤ 0,06%	
Apparent density	ASTM C97/C97M-09:2009	2.2-2.4 g/cm <sup>3</sup>
EN 14617-1:2013		
Flexural strength	ASTM C880/C880M-09:2009	> 40 MPa
EN 14617-2:2008		
Dimensional stability	EN 14617-12:2012	Grade A
Electrical stability	EN 14617-13:2013	Resistor (Rv) = 0.9 x 10 <sup>14</sup> Ω Electrical Resistivity (ρv) = 4.88 x 10 <sup>14</sup> Ωm
Impact resistance	ASTM D1709:2015	≥ 3.0 J
EN 14617-9:2005		
Compressive strength	ASTM C170/C170M-09:2009	≥ 155 Mpa
EN 14617-15:2005		
Mohs scale hardness	EN101	6.0 – 7.0
Resistance to deep abrasion	ASTM C1243:2009	Abrasion volume: V ≤ 195 mm <sup>3</sup>
EN 14617-5:2012		
Freeze-thaw resistance	ASTM C1026:2013	No changes after 15 cycles
EN 14617-5:2012	No changes after 25 cycles	
Slip resistance at Honed 400	DIN 51130:2004	R9 – R10
Microbial resistance	ASTM D 6329:2015	Level 3 resistance: No microbial growth
Chemical resistance to acids	EN 14617-10:2012	Grade C4
Thermal shock resistance	EN 14617-6:2012	No observable changes after 20 cycles
Determination of resistance to immersion in boiling water	AS 2924.2-7: 1998 (EQUI. TO ISO 4586.2-8: 1997)	Effect on surface (rating): 5 - (No observable changes)
Determination of resistance to dry heat	AS 2924.2-8: 1998 (EQUI. TO ISO 4586.2-8: 1997)	Effect on surface (rating): 5 - (No observable changes)
Determination of resistance to staining	AS 2924.2-15: 1998 (EQUI. TO ISO 4586.2-15: 1997)	Effect on surface (rating): 5 - (No observable changes)

## Intellectual property rights

Intellectual property (IP) is regarded as one of the most significant intangible assets of any company and served as a measurement of the effectiveness and future development of businesses. Therefore, protection and management measures are vital to the protection of the Company's intellectual property, contributing to optimal business outcomes and sustainable development.

At Vicostone, the protection of intellectual property rights has always been a top priority since its early days. Especially in the face of legal risks regarding unauthorized use of intellectual property rights, the Company has increasingly emphasized synchronization, systematization, and proactive anticipation of opportunities and challenges to protect the VICOSTONE® brand's intellectual property assets in the market.

### Protection of intellectual property rights domestically and internationally

VICOSTONE® quartz products are the crystallization of technology, intellect, experience, know-how, and ceaseless creative efforts from product researchers and developers. Unfortunately, the imitation and modification of stone designs by competitors is a common occurrence. To pursue a legal complaint, a company must spend large amounts of time and money as well as navigate a lengthy procedural process. Therefore, Vicostone consistently prioritizes and actively protects its intellectual properties and brand to avoid possible risks.

- With respect to the VICOSTONE® brand: The Company has registered its trademark in 66 countries, including in its major markets such as the U.S., Canada, Australia, New Zealand, and the EU (27 countries). Regarding the branding of its major products: the Company has registered for trademark protection of 135 trademark names in Vietnam, 70 in the United States, 30 in Australia, 06 in Canada and 02 in EU.
- With respect to the protection of industrial design of products: the Company has been awarded exclusive industrial design protection certificate for 27 product designs (BQ8925, BQ8915, BQ8800, BQ7701, BQ7702, BQ7704, BQ9802, BQ9700, etc.) in Vietnam and 7 industrial designs (BQ8915, BQ9701, BQ8883, BQ9700, BQ8925, BQ8800, BQ2902) in the U.S. Vicostone is in progress of registering for industrial design protection for other products in Vietnam, U.S., and Canada.

### Use of technical solutions

In addition to patent registration, the Company has enhanced the registration and protection of its brand on the internet to avoid disputes and takeovers of domain names and intellectual property theft. Specifically, the Company has used a domain name identical to its brand (<https://vicostone.com/>) and invested in website domains of the Company in more than 50 countries. Vicostone's major markets such as North America (U.S. - [vicostoneus.com](https://vicostoneus.com), Canada - [vicostone.ca](https://vicostone.ca)) and other markets such as Europe ([vicostone.co.uk](https://vicostone.co.uk); [vicostone.fr](https://vicostone.fr)) are provided with complete information on the products, brand, and official sales location on the

respective websites of the Company. In 2023, the Company also renewed 22 of its domains, including: [vicostone.com](https://vicostone.com), [vicostone.ca](https://vicostone.ca), [vicostone.net](https://vicostone.net), [vicostone.eu](https://vicostone.eu), [vicostone.mx](https://vicostone.mx), [vicostone.ae](https://vicostone.ae), etc.

The record of the characters ® and TM was to confirm Vicostone's rights to its trademarks. At the same time, Vicostone discloses its trademarks on all documents, websites, and so forth. Thereby, the Company could limit infringing behaviors, enhancing the effectiveness of IP rights protection and create a solid basis to handle any violations.

### Anti-counterfeit tools

Vicostone runs a barcode system to manage all information about the products, known as product ID. The product ID is created by the central server, transformed into a two-way barcode then labeled on the product by two methods:

- Labeling: All related information and the barcode of the product are printed and stamped on the product;
- Print directly onto the product surface: The trademark VICOSTONE® is printed on the back of the slab with the information of the product, including the ID, date of production, number and color code. The print will remain endlessly consistent on the product.

Thus, each product is labeled with a specific barcode to ensure its traceability is responsive and accurate, making the warranty easier for customers and helping them distinguish between the genuine and the counterfeit.

### Additional protective measures

In 2023, the Company implemented further measures concerning its protection of intellectual property rights, including:

- Application of technological measures in creating a database and managing IP rights;
- Establishment and application of IP strategies and IP management policies at the Company;
- Operation of a specialized department on IP management at the Company that included members of the Legal, Brand, and R&D departments;
- Development of a specialized and intensively trained team on IP to holistically, uniformly, and systematically implement IP activities at the Company;
- Additionally, Vicostone continued to implement further internal measures to strictly protect secrets in technologies, machinery, production lines, etc., at the Company;

- Prohibition of photography/filming of production areas related to technological know-how and elements subject to confidentiality; strict control of Company entry and exit of employees/partners/customers;
- Signature of commitment to confidentiality by all employees in which the undersigned pledged not to leak any information or documents throughout and after their term of employment at the Company;
- Requirement that partners committed to respecting the Company's intellectual rights to its brands; in transactions with foreign partners and procurement contracts, customers must commit to refrain from brand property rights infringements, and be liable for compensation in accordance with applicable laws in cases where damages were caused;
- Vicostone provided full services to its customers, including

measurement, design, price offer, installation, warranty, online warranty registration, etc., in Vietnam market, thus significantly reducing the risks of counterfeit products and those that mimic the VICOSTONE® quartz stones brand;

- Vicostone provides articles advising on counterfeit products to help consumers choose to purchase genuine VICOSTONE® quartz stone with clear origins, avoiding counterfeit and low-quality products. Additionally, in 2023, Vicostone also implemented the "Peace of Mind Warranty with Vicostone" program to encourage consumers to register for warranty.

Barcodes are stamped to VICOSTONE® products



# Corporate Social Responsibilities

## Sustainable human resources development

In 2023, the world economy faced major challenges from geopolitical conflicts, high inflation, and declining purchasing power, etc., significantly impacting Vicostone's production and business activities. In that context, Vicostone determined that, in addition to economic growth, an important requirement was to stabilize jobs and income for current workers to prepare resources for the coming years upon the economic recovery, in addition to developing the sales and business team to expand opportunities in new markets.

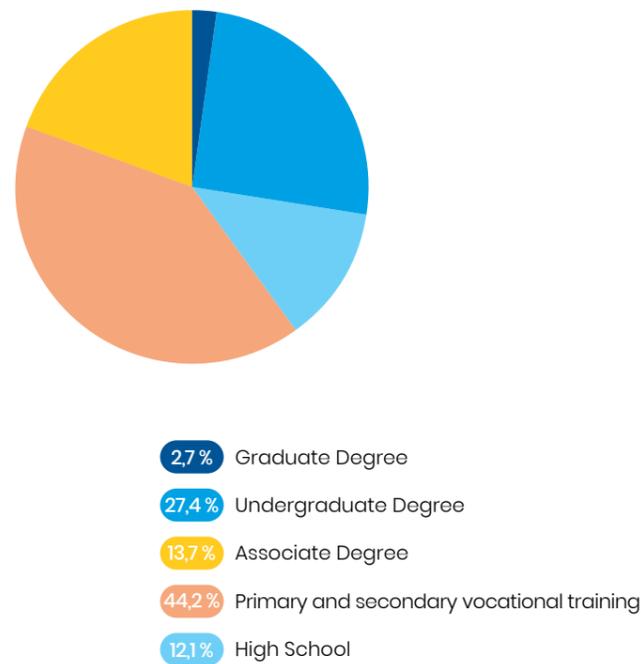
Vicostone's total number of employees as of December 31, 2023 was 672. The proportion of young workers under 35 years old accounted for 46.1% with dynamism, enthusiasm and creativity in work. As a company operating in the field of industrial production, the number of employees directly involved in the Company's production line is quite large, accounting for ~54% of the total number of employees in the Company. The male workforce also accounted for the majority (82.3%). In addition, 87.9% of the Company's employees have undergone vocational training.

With 30% of workers having university degrees or higher, and 57.8% of workers having college, intermediate, elementary, and technician degrees, Vicostone's workers have good quality and suitable backgrounds for advanced training to meet the Company's requirements and goals.

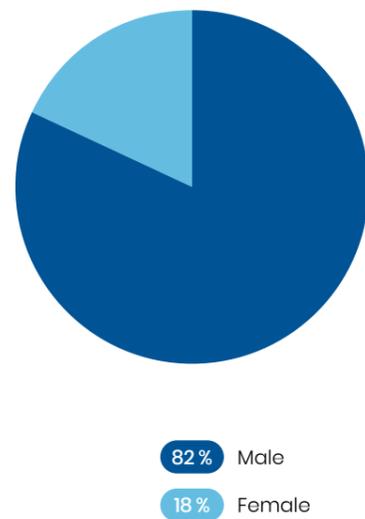


## Labor structure 2023

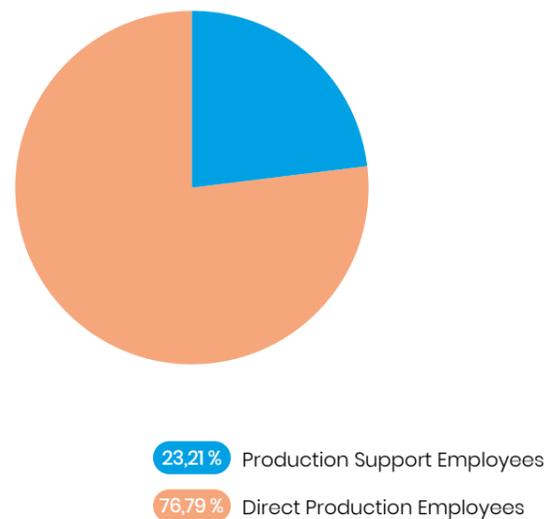
Qualification



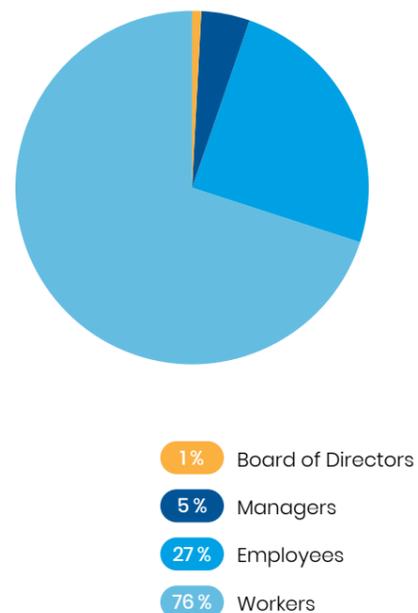
Gender



Nature of work



Job level



## Career development

### Capacity building and training

In a competitive business context, the advent of AI tools is a big challenge for workers, requiring them to constantly learn and hone their skills to adapt and be flexible in their work and advance their careers. Vicostone has focused on training activities and building a learning culture in the organization to support employees in promptly improving their professional expertise and skills at work.

In 2023, Vicostone continued to develop an online training system (E-learning) with diverse training materials and practical knowledge for each working position, helping workers arrange their study time appropriately. Every year, the Company works with its parent company - Phenikaa Group to review and update training content according to trends and needs of employees.

At the same time, Vicostone conducted a survey of skills training needs by target groups and organized classes with leading experts for workers, including: motivational and inspirational skills training to the BOM, and management staff; training on teamwork and conflict resolution skills to engineers, operations, and production team leaders, along with several training courses planned to continue in 2024.

In 2023, Vicostone's training activities focused on the following areas:

- Orientation and integration training for new employees of the Company;
- Training on occupational sanitary, fire hazards, and mandatory courses in accordance with the laws ;
- Specialized training, particularly internal courses on production technologies, operations, and systemic training (ISO, Kaizen-5S) to update knowledge and skills for production staffs;
- Position-based skill training courses on sales and communications, search for information and identification of product trends, learning and development, etc;
- Master of Business Administration courses in English (E-MBA) for members of the boards of Directors and Management, key managerial staff, and prospective executives to enhance the capacities of the next

generation of leaders and make available human resources that were ready for strategic positions.

The total number of training courses conducted in 2023 was 85 with 4,524 trainees equating to 20,255 hours of training.

### Planning and Appointment

In 2023, Vicostone continued to implement a plan to train and develop personal capacity for the successor staff for 2021 - 2025. Succession team planning helped Vicostone promptly appoint 03 management staff from internal sources when the Company needed to develop its business in 2023.

Vicostone still periodically evaluated the progress of the successor staff, and at the same time reviewed and added new members to the list of successors to motivate employees to actively engage in this process.

### Attracting and recruiting talents

Recruitment in 2023 did not increase in quantity compared to previous years. However, recruitment quality was clearly improved, increasing the need for highly qualified personnel in R&D and sales (including domestic and international sales). With the sales team considered as a core and highly competitive human resource in the labor market, Vicostone has focused on diversifying recruitment methods to attract and recruit talented people to join the Company. By building unique job descriptions, posting recruitment ads in many places, and flexibly combining online interviews and face-to-face interviews, the Company has completed its sales staff recruitment targets in provinces and cities as well as international market development staff, ensuring the ability to exploit potential markets.

*Employees are trained through the E-Learning system of the Company*





Employees frequently exchange and collaborate effectively to improve work quality

### Fair Compensation

The Company's salary policy is based on job positions and the labor market trends. The details of this are as follows:

- For positions involved in direct production, salary is paid according to labor productivity;
- For production - supporting/office work positions, salary is paid based on job position, capacity and work efficiency of each individual and competitively with the market;
- For business and sales positions, salary is paid based on the sales of products/services.

The salary policy applied according to job position, capacity and work results has contributed to increasing motivation, encouraging employees to learn and develop themselves, and improving labor productivity. In 2023, the Company continued to improve and develop the salary policy based on the principle of fairness and reasonableness between positions in the Company, ensuring timely and fair salary payment for all employees. Salary payment time is guaranteed in accordance with the Collective Labor Agreement to prevent salary arrears.

To motivate employees to increase their productivity and quality of work, the Company offers various bonus

policies such as: periodic bonuses (on Tet holiday and other holidays) and rewards (rewards for initiatives/innovations successfully applied in production, etc.) for individuals and groups. Bonuses and rewards are also based on the results of production and business activities of the Company.

The year 2023 is a big challenge for Vietnam and the world's economies due to the prolonged military conflict between Russia and Ukraine, high inflation, and contractionary monetary policy in many countries. Despite the challenges in the economic and export market, the Company still managed to ensure

salary payment for the employees during their working time at the Company and not downsize the labor scope. The average income per employee in 2023 reached VND 19.34/ per month. (According to the Consolidated financial statement).

### Welfare policies

Vicostone implements welfare policies for employees in accordance with Vietnam Labor Code and the Company's Labor Regulations and Labor Agreements, ensuring all employees with social insurance and health insurance. The Company cooperates with unions to design and

implement various programs to take care of and improve the spiritual and material life of employees. Employees in difficult circumstances, for example those themselves or those with family members with severe diseases are provided with prompt financial living and treatment support. Below are some key activities:

- General welfare: Gifts to employees on: birthday, lunar new year, getting married with colleagues, Vietnamese Family Day (June 28);
- Gifts to female employees: International Women's Day (March 8), Vietnamese Women's Day (October 20);

- Gifts on traditional days: Vietnamese Doctor's Day (February 27), Vietnamese Teacher's Day (November 20), Vietnam's War Invalids and Martyrs Day (July 27) and National Defense Day (December 22);
- Welfare for employees' children:
  - Gifts to employees' children on International Children's Day (June 1), Mid-Autumn Festival;
  - Gifts to employees' children who gain high academic achievements;
  - Supporting the fee of children's daycare or preschool for employees with children in the appropriate age range.
- Annual vacations for employees;
- Periodical health checks for employees;
- Condolences and congratulations to employees on family occasions;
- Health care insurance and 24/24 accident insurance for 100% of employees;
- Contributing to the fee of health insurance for 01 employees' family member. This insurance package with its expanded benefits and terms has helped employees and their families access better healthcare services.

## Community activities

Actively participating in community programs is an annual activity in Vicostone's sustainable development strategy. In 2023, the Company worked with many domestic and international organizations to develop and implement community support programs on the basis of the Company's Conscious Business Culture with the focus on the following:

- Engaging with the Government and relevant Departments/Ministries in enhancing education, promoting entrepreneurship and innovation among students and pupils;

- Improving the life of poor and disadvantaged children with the desire to bring a brighter future to them through appropriate education and care;
- Investing in infrastructure and supporting economic development in areas where the Group's headquarters and operations are located.

The Company believes that businesses can only develop in a sustainable community. Therefore, with support from the parent company - Phenikaa Group - and other subsidiaries in the

Group ecosystem, Vicostone is always ready to share values, act in the spirit of humanity and give more for a happier and more beautiful Vietnam.



Vicostone and other subsidiaries of the Phenikaa Group participated in the SV-STARTUP 2023 in Thua Thien Hue



Vicostone accompanied with the Phenikaa Group in the "Lighting Up the Future" program - donating health-friendly light bulbs to highschools in Northern Vietnam

### Actively engaging with the Government and the Ministry of Education & Training in strengthening facilities, promoting the entrepreneurship and innovation among students and developing the education

- **Enhancing facilities:** In response to policy No.1436/QĐ-TTg signed by the Prime Minister approving the Project of ensuring facilities for preschool and general education programs in the period of 2017 - 2025 to support localities to better teaching and learning facilities and equipment to meet the requirements of reforming the general education program, contributing to improving education quality, Phenikaa Group and Vicostone donated nearly 7,000 LED light bulbs for healthy school environment of more than 20 high schools in 05 provinces: Yen Bai, Hung Yen, Hai Duong, Nam Dinh and Thai Binh with a total value of more than VND 2.0 billion.

The nearly 7,000 light bulbs donated in the program using natural lighting technology for human health - Phenikaa Natural TrueCircadian - are researched, developed and exclusively owned by scientists and experts of Phenikaa Group and are produced on a smart electronic factory line with strict quality

control processes according to international standards. With this technology, the light will have a light spectrum closest to sunlight and the biological light spectrum area is enhanced, optimal for absorption by the human eye, helping the eyes relax and be healthy, contributing to improving the effectiveness of learning and teaching for teachers and students. After receiving light bulbs from the Company, the schools installed new bulbs/replaced old bulbs in classrooms, functional classrooms and school staff rooms, providing a bright and energy-saving space.

- **Promoting entrepreneurship and innovation** is an important driving force and resource in the development of each country, especially in the era of globalization and international integration. In recent years, the Party and State have issued and implemented many guidelines and policies to support and encourage startups and innovation. The entrepreneurial spirit and startup desire are beginning to flourish in most classes and generations of people, especially among young people, pupils and students. Based on the existing ecosystem platform in education, Phenikaa Group and Vicostone have actively engaged with the Government and the Ministry of Education and Training (MOET) to share values and create a favorable environment to support students in forming and realizing startup ideas and projects.

Spreading entrepreneurial aspirations to students nationwide: Phenikaa Group and Vicostone cooperated with MOET, the Central Committee of Ho Chi Minh Communist Youth Union and Thua Thien Hue Provincial People's Committee to organize the 5<sup>th</sup> National Startup Festival for Students (SV\_STARTUP) on March 25 and 26, 2023 at Hue University, Thua Thien Hue province. This is the second year that the Group and its member companies have participated in this meaningful event, and is also the first year in three consecutive years of cooperation (2022 - 2025) with MOET in Project 1665, i.e., "Supporting students' start-up until 2025" (Decision No. 1665/QĐ-TTg dated October 30, 2017 of the Prime Minister). In addition to participating in organizing a series of activities in 2023 under project 1665, Phenikaa Group, Vicostone and other subsidiaries also held many important events, contributing to achieving the comprehensive education goal: Launching ceremony of the Movement "The whole country builds a learning society, promoting lifelong learning in the period of 2023 - 2030", Robotacon-Wro 2023 Competition Final Round; National Student Futsal Championship 2023; STEAMese Festival 2023, the Final of the 15<sup>th</sup> National Student Singing Competition.



Every year, Vicostone accompanies with the Phenikaa Group in donating warm clothes and meaningful gifts to children in highland areas through the "Warm Spring in the border area" program

### Contributing to improvement of medical quality and community health care

Wishing to support medical facilities in improving community health care facilities, in 2023, with financial support from Phenikaa Group, the Company provided medical treatment and care equipment for Hanoi Obstetrics Hospital and Quoc Oai District General Hospital.

- Donating 01 infant transport incubator with integrated ventilator

to Hanoi Obstetrics Hospital worth nearly VND 01 billion: According to UNICEF statistics in Vietnam, an estimated 103,500 babies are born preterm and 17,000 children die within their first 28 days every year. Therefore, medical care for newborns needs great attention. The donation of incubators is both the Group and Vicostone's desire to support special care for premature babies and to encourage doctors and nurses to continue their noble work for children's health in particular and the community's health in

general. An infant incubator is the special care equipment installed with integrated ventilators to help create a controlled environment for newborns, protect and best support infants' development after their birth.

- Providing 02 hemodialysis machines for Quoc Oai District General Hospital: With more and more patients in Quoc Oai district needing machinery intervention in kidney treatment while the District General Hospital's medical facilities and equipment cannot meet their need, Phenikaa Group and Vicostone

provided 02 hemodialysis machines to support patients and doctors. This timely provision of the machines enabled Quoc Oai District General Hospital to accommodate patients in need of treatment in the district so they do not have to spend a lot of time traveling to other hospitals in Hanoi with rising treatment costs. This is also the Company's desire to join hands with localities to share difficulties with dialysis patients, helping them access better quality medical services, contributing to a better life for the community and society.

### "Together with Phenikaa to nurture disadvantaged children" program to improve the life quality of children in difficult circumstances

Despite poverty reduction achievements, Vietnam still faces many challenges such as disparities in living standards between population groups, urbanization, climate change and, most recently, the COVID-19 pandemic. Children are a vulnerable group and strongly affected by poverty. Lack of nutrition, education, and access to clean water and sanitation harms children's health and education throughout their lives. Understanding this and aiming to realize the United Nations' Sustainable Development Goals (SDG), Phenikaa Group, Vicostone and other subsidiaries have implemented the program "Together with Phenikaa to nurture disadvantaged children" to provide support for children living in difficult circumstances, improve their lives, and bring a brighter future to them through appropriate education and care.

- "Warm spring in the border area" for children and families in the mountainous and remote areas of Ha Giang province: In 2023, continuing to respond to the program, the Trade Union of Vicostone and Phenikaa Group in coordination with the Border Guard Command of Ha Giang province visited and gave 400 gifts to some disadvantaged households and preschool students in Chien Pho commune and Ban May commune, Hoang Su Phi district, Ha Giang province. The gifts included warm clothes, rice, spices, and confectionery with a total value of nearly VND 150 million.

This is an annual activity the Company has carried out in recent years with the desire to contribute to bringing a meaningful Tet and a spring of love to people living in the mountainous and remote border areas; to promote the compassion traditions and spirit of "good leaves protecting torn leaves" of Vietnam as well as the conscious business culture of Vicostone people;

- Awarding scholarships to students in difficult circumstances in Y Yen district, Nam Dinh province: On the occasion of the 15<sup>th</sup> anniversary of Vietnam Education Promotion Day in 2023, Vicostone and Phenikaa Group



The Company cooperated with Room to Read Vietnam to donate books and library equipment to highland primary schools

awarded nearly 40 scholarships to students living in extremely difficult circumstances and orphaned children at schools in Y Yen district, Nam Dinh province with the hope that these scholarships will be meaningful gifts, motivating children to overcome difficulties in life and strive for a better future;

- Collaborating with Room to Read to improve children's reading skills and culture: Room to Read's child-friendly school library program aims to help children develop reading habits to become independent readers. Room to Read works with localities and businesses to build and renovate classrooms into libraries; then provide safe, friendly equipment suitable for primary school students such as desks, carpets, open bookshelves, and educational materials. The reading environment aims to ensure both physical factors and attitudes to serve all students, helping them feel safe and comfortable in the library. 2023 is the second year that Phenikaa Group and Vicostone collaborated with Room to Read in supporting renovation, providing equipment and reading materials for schools in remote areas. Up to now, Phenikaa Group and Vicostone have sponsored a total of 6 libraries in 4 provinces: Cao Bang, Ha Giang, Lai Chau and Nghe An.



The Company, along with the Phenikaa Group, granted scholarships to underprivileged students in Y Yen, Nam Dinh

### Promoting the sustainable development of local communities

Along with production and business development activities, Vicostone is committed to participating in socially responsible projects to create inspirational values for the local community; promoting social impact activities and sustainable development efforts; and increasing overall support for various communities. In many different forms and scales, the Company's corporate social responsibility activities have contributed to promoting socio-economic development and improving the life quality of local communities.

- Donating more than 2,000 fire extinguishers to poor households in Quoc Oai district, Hanoi: In 2023, as fire prevention and fighting received a lot of attention from the community and society; and the authorities prioritized safety

and security for people, Vicostone in collaboration with Phenikaa Group donated more than 2,000 fire extinguishers to poor and near-poor families and families in difficult circumstances in Quoc Oai district through the People's Committee of Quoc Oai district. This is a program with practical significance, contributing to raising awareness and responsibility in ensuring fire safety for households, and at the same time, educating and mobilizing people to comply with laws on fire prevention and fighting, promptly detect and handle effectively from the moment a fire arises, preventing the fire from spreading or leading to large fires that cause damage to people and property;

- Visiting and giving gifts to Vietnamese Heroic Mothers: To mark the 76<sup>th</sup> anniversary of Vietnam War Invalids and Martyrs Day on July 27, 2023, Vicostone Trade Union visited and gave gifts to Mother Nguyen Thi Nam - the

Heroic Vietnamese Mother that the Group had been supporting in Vong Xuyen commune, Phuc Tho district, Hanoi. This is one of the Company's gratitude activities for policy beneficiaries who contributed to the revolution in Thach That district, Hanoi, where the Company's headquarters is located. The work of caring for and nurturing Vietnamese Heroic Mothers is a regular activity in the Company's social work, demonstrating the deep affection and sharing of Vicostone's staff in line with the Vietnamese gratitude tradition of "when drinking water, remember its source", fostering revolutionary traditions and together spreading good values with a conscious business culture;

- Giving mid-autumn festival gifts to children in Thach Hoa commune, Thach That district, Hanoi: In the joyful atmosphere of welcoming the full moon throughout the country, Vicostone Trade Union in collaboration with Phenikaa Group's

Trade Union attended, sent wishes and brought meaningful gifts to children in Thach Hoa commune, Thach That district, Hanoi, where the Company's headquarters is located. Joining fun with children through cultural activities, lantern parades, and feasts, the Company hopes the gifts on this special occasion would help the children to have more joy, childhood memories, and motivation to continue their efforts on the journey of learning and growing up.

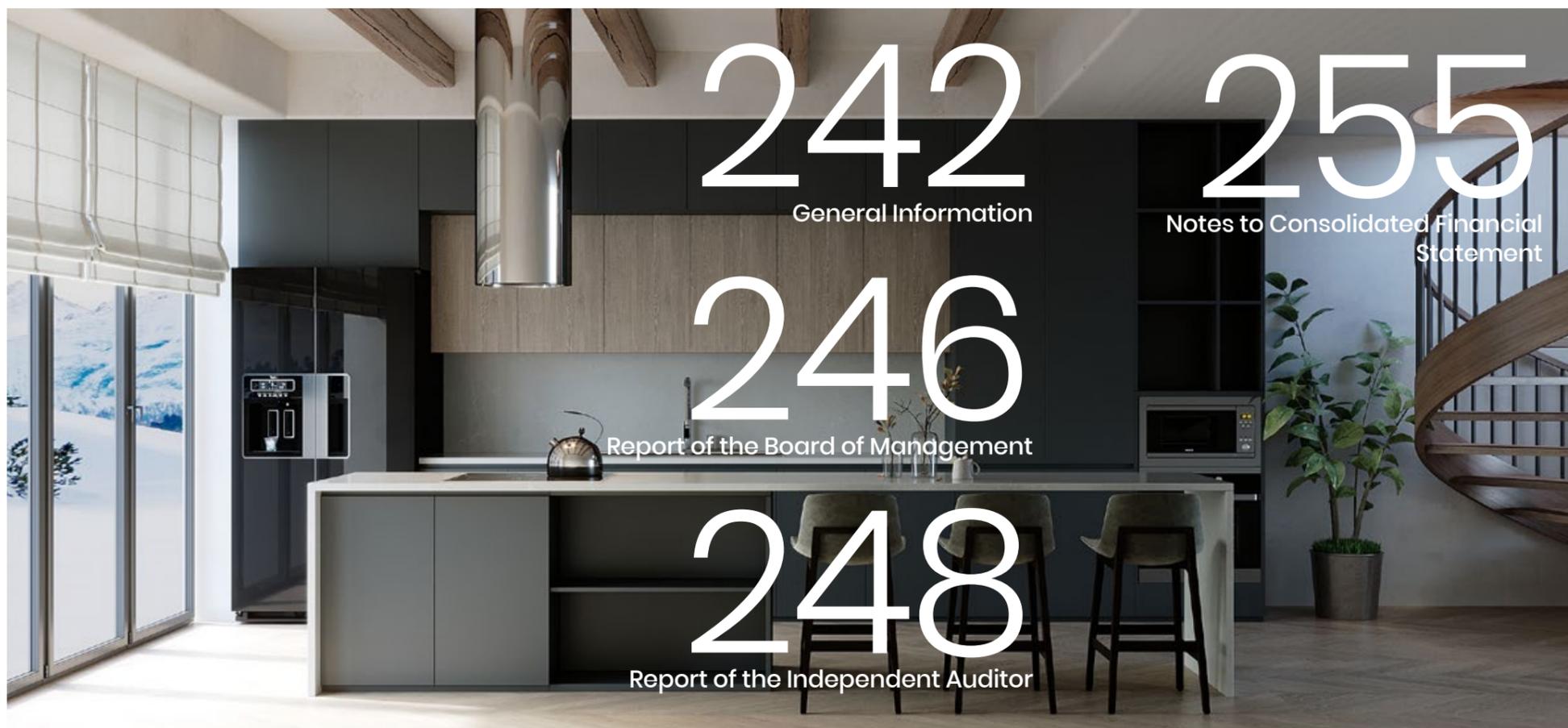
In addition to the above activities, the Company also carried out many other meaningful activities for the localities where the Company's factories are located, such as: organizing free medical examinations and medicine distribution for policy beneficiaries in the district, helping families of employees in difficult circumstances.



The Company partnered with the Phenikaa Group to donate 02 dialysis machines to the General Hospital in Quoc Oai district, Hanoi

In response to the local community program, the Company and the Phenikaa Group donate 2,000 fire extinguishers to poor households in Quoc Oai district, Hanoi





# CONSOLIDATED FINANCIAL STATEMENTS

# General information

## The Company

Vicostone Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate for joint stock company No. 0500469512 issued by the Department of Planning and Investment of Ha Tay province (now known as Hanoi city) on 2 June 2005 and its subsequent amendments with the latest being the 19th amendment dated 25 August 2022.

On 5 December 2007, the Company's shares were listed at the Hanoi Stock Exchange (now known as HNX) with the stock code VCS according to the Listing Decision No. 670/QĐ-TTGDHN with permission of the Hanoi Stock Exchange Center.

The current principal activities of the Company are to manufacture and distribute quartz-based compound stone related products.

The Company's head office is located at Hoa Lac Hi-Tech Park, Thach Hoa commune, Thach That district, Hanoi city, Vietnam.



## Board of Directors

Members of the Board of Directors during the year and at the date of this report are:

Mr Ho Xuan Nang	Chairman	
Mr Pham Tri Dung	Member	Appointed on 12 April 2023
Mr Pham Anh Tuan	Member	
Ms Nguyen Dieu Thuy Ngoc	Member	Resigned on 12 April 2023
Ms Tran Lan Phuong	Member	
Mr Nguyen Quang Hung	Member	

## Audit Committee

Member of Audit committee during the year and at the date of this report are:

Mr Nguyen Quang Hung	Head of Audit committee	
Ms Tran Lan Phuong	Member	Appointed on 13 April 2023
Ms Nguyen Dieu Thuy Ngoc	Member	Resigned on 13 April 2023

## Management

Members of the management during the year and at the date of this report are:

Mr Pham Tri Dung	General Director	Appointed on 27 February 2023
Mr Pham Anh Tuan	General Director	Resigned on 27 February 2023
Mr Nguyen Quang Anh	Deputy General Director	Appointed on 22 June 2023
Mr Luu Cong An	Deputy General Director	
Mr Nguyen Chi Cong	Deputy General Director	
Mr Dong Quang Thuc	Deputy General Director	

## Legal Representative

The legal representative of the Company during the year and at the date of this report is Mr Ho Xuan Nang, Chairman. Mr Pham Tri Dung is authorised by Mr Ho Xuan Nang to sign the accompanying consolidated financial statements for the year ended 31 December 2023 in accordance with the Letter of Authorisation No. 2702/2023/UQ/VCS-CTHDQT dated 27 February 2023.

## Auditor

The auditor of the Company is Ernst & Young Vietnam Limited - Hanoi Branch.

# Report of Management

Management of Vicostone Joint Stock Company (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiary (collectively referred to as the “Company and its subsidiary”) for the year ended 31 December 2023.

## Management’s responsibility in respect of the consolidated financial statements

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Company and its subsidiary and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and

- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiary will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and its subsidiary and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiary and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statement.

## Statement by management

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiary as at 31 December 2023 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



**PHAM TRI DUNG**  
General Director  
Hanoi, Vietnam  
22 March 2024



Calacatta Series BQ8270

# Independent auditors' report

Reference: 11658249/22965388-HN

To: The Shareholders and Board of Directors of Vicostone Joint Stock Company

We have audited the accompanying consolidated financial statements of Vicostone Joint Stock Company ("the Company") and its subsidiary (collectively referred to as "the Company and its subsidiary"), as prepared on 22 March 2024 and set out on page 5 to 40 which comprise of the consolidated balance sheet as at 31 December 2023, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

## Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company and its subsidiary's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiary's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiary as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited – Hanoi Branch



**PHUNG MANH PHU**  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2598-2023-004-1

Hanoi, Vietnam  
26 March 2024

**LE THI THU**  
Auditor  
Audit Practising Registration  
Certificate No. 5606-2020-004-1

## Consolidated balance sheet

as at 31 December 2023

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>5,515,837,061,167</b>	<b>5,541,110,081,466</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>1,403,055,900,429</b>	<b>1,101,676,090,814</b>
111	1. Cash		348,555,900,429	215,476,090,814
112	2. Cash equivalents		1,054,500,000,000	886,200,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>47,700,000,000</b>	<b>-</b>
123	1. Held-to-maturity investments		47,700,000,000	-
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,217,001,138,364</b>	<b>1,750,028,465,700</b>
131	1. Short-term trade receivables	6	1,223,292,160,866	1,754,675,793,052
132	2. Short-term advances to suppliers		9,103,586,823	8,377,198,328
135	3. Short-term loan receivables		-	50,129,329
136	4. Other short-term receivables		3,074,253,102	3,464,876,522
137	5. Provision for doubtful short-term receivables	7	(18,468,862,427)	(16,539,531,531)
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>2,644,021,541,821</b>	<b>2,577,658,997,132</b>
141	1. Inventories		2,662,013,547,007	2,594,611,461,152
149	2. Provision for obsolete inventories		(17,992,005,186)	(16,952,464,020)
<b>150</b>	<b>V. Other current assets</b>		<b>204,058,480,553</b>	<b>111,746,527,820</b>
151	1. Short-term prepaid expenses		3,680,963,024	6,145,496,832
152	2. Value-added tax deductible	14	200,377,517,529	105,487,647,713
153	3. Tax and other receivables from the State	14	-	113,383,275
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>952,411,723,174</b>	<b>1,048,794,759,498</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>-</b>	<b>30,000,000</b>
216	Other long-term receivables		-	30,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>867,639,822,196</b>	<b>975,280,835,505</b>
221	1. Tangible fixed assets	9	865,635,384,164	972,138,363,967
222	Cost		2,192,866,677,165	2,169,276,071,120
223	Accumulated depreciation		(1,327,231,293,001)	(1,197,137,707,153)
227	2. Intangible fixed assets	10	2,004,438,032	3,142,471,538
228	Cost		30,228,958,497	28,466,568,497
229	Accumulated amortisation		(28,224,520,465)	(25,324,096,959)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>67,337,480,379</b>	<b>54,250,937,168</b>
242	1. Construction in progress	11	67,337,480,379	54,250,937,168
<b>260</b>	<b>IV. Other long-term assets</b>		<b>17,434,420,599</b>	<b>19,232,986,825</b>
261	1. Long-term prepaid expenses	12	13,967,967,410	16,831,608,041
262	2. Deferred tax assets	24.3	3,466,453,189	2,401,378,784
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,468,248,784,341</b>	<b>6,589,904,840,964</b>

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,482,430,376,070</b>	<b>1,721,167,194,707</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,440,717,987,416</b>	<b>1,628,068,914,249</b>
311	1. Short-term trade payables	13	118,290,143,449	80,317,405,465
312	2. Short-term advances from customers		15,139,506,800	7,003,689,632
313	3. Statutory obligations	14	114,372,971,569	55,599,343,517
314	4. Payables to employees		11,074,723,345	8,331,696,224
315	5. Short-term accrued expenses		1,651,512,402	2,224,770,026
319	6. Other short-term payables		4,861,752,844	7,911,154,252
320	7. Short-term loans	15	1,064,487,093,976	1,341,331,424,122
322	8. Bonus and welfare fund	16	110,840,283,031	125,349,431,011
<b>330</b>	<b>II. Non-current liabilities</b>		<b>41,712,388,654</b>	<b>93,098,280,458</b>
338	1. Long-term loans	15	39,899,263,054	93,098,280,458
342	2. Long-term provisions		1,813,125,600	-
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>4,985,818,408,271</b>	<b>4,868,737,646,257</b>
<b>410</b>	<b>I. Capital</b>	<b>17</b>	<b>4,985,818,408,271</b>	<b>4,868,737,646,257</b>
411	1. Issued share capital		1,600,000,000,000	1,600,000,000,000
411a	Ordinary shares with voting rights		1,600,000,000,000	1,600,000,000,000
412	2. Share premium		290,584,886	290,584,886
418	3. Investment and development fund		88,958,137,122	88,958,137,122
420	4. Other funds belonging to owners' equity		18,551,233,538	18,551,233,538
421	5. Undistributed earnings		3,278,018,452,725	3,160,937,690,711
421a	Undistributed earnings by the end of prior year		3,096,462,138,386	2,976,676,519,568
421b	Undistributed earnings of current year		181,556,314,339	184,261,171,143
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,468,248,784,341</b>	<b>6,589,904,840,964</b>

TRAN THI HUONG THU  
Preparer  
Hanoi, Vietnam  
22 March 2024

NGUYEN PHUONG ANH  
Chief Accountant



PHAM TRI DUNG  
General Director

## Consolidated income statement

for the year ended 31 December 2023

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	19.1	4,363,038,846,159	5,679,350,995,019
02	2. Deductions	19.1	9,177,702,587	19,085,550,827
10	3. Net revenue from sale of goods (10 = 01 - 02)	19.1	4,353,861,143,572	5,660,265,444,192
11	4. Cost of goods sold	20	3,132,968,514,512	3,917,293,715,601
20	5. Gross profit from sale of goods (20 = 10 - 11)		1,220,892,629,060	1,742,971,728,591
21	6. Finance income	19.2	102,570,373,296	98,155,802,144
22	7. Finance expenses	21	101,362,107,133	137,491,570,611
23	In which: Interest expense		56,637,446,942	50,419,208,909
25	8. Selling expenses	22	156,494,238,157	254,616,726,453
26	9. General and administrative expenses	22	58,714,711,756	66,807,125,334
30	10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}		1,006,891,945,310	1,382,212,108,337
31	11. Other income		738,337,805	3,533,428,873
32	12. Other expenses		8,190,303,720	8,528,561,965
40	13. Other loss (40 = 31 - 32)		(7,451,965,915)	(4,995,133,092)
50	14. Accounting profit before tax (50 = 30 + 40)		999,439,979,395	1,377,216,975,245
51	15. Current corporate income tax expenses	24.1	154,124,624,117	228,508,335,765
52	16. Deferred tax (income)/expense	24.3	(1,065,074,405)	6,334,929
60	17. Net profit after tax (60 = 50 - 51 - 52)		846,380,429,683	1,148,702,304,551
70	18. Basic earnings per share	27	5,041	6,749
71	19. Diluted earnings per share	27	5,041	6,749

TRAN THI HUONG THU  
Preparer  
Hanoi, Vietnam  
22 March 2024

NGUYEN PHUONG ANH  
Chief Accountant



PHAM TRI DUNG  
General Director

## Consolidated cash flow statement

for the year ended 31 December 2023

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (Restated)
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	Profit before tax		999,439,979,395	1,377,216,975,245
Adjustments for:				
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets		135,807,177,136	129,487,612,834
03	Provisions		4,781,997,662	21,961,976,815
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		2,972,492,165	24,700,782,263
05	Profits from investing activities		(25,886,870,267)	(21,545,941,417)
06	Interest expenses	21	56,637,446,942	50,419,208,909
08	Operating profit before changes in working capital		1,173,752,223,033	1,582,240,614,649
09	Decrease in receivables		437,656,155,991	808,672,783,599
10	Increase in inventories		(67,402,085,855)	(597,368,159,586)
11	Increase/(decrease) in payables		37,617,253,121	(189,488,443,308)
12	Decrease/(increase) in prepaid expenses		5,328,174,439	(262,475,479)
14	Interest paid		(57,615,551,413)	(48,515,094,701)
15	Corporate income tax paid	14	(96,085,399,056)	(250,232,121,223)
17	Other cash outflows for operating activities		(103,808,815,649)	(113,240,586,975)
20	Net cash flows from operating activities		1,329,441,954,611	1,191,806,516,976

## Consolidated cash flow statement (continue)

for the year ended 31 December 2023

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
<b>II. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
21	Purchase and construction of fixed assets		(31,368,122,595)	(60,932,414,789)
22	Proceeds from disposals of fixed assets		111,387,500	-
23	Loans to other entities and payments for purchase of debt instruments of other entities		(47,700,000,000)	-
24	Loans to other entities and proceeds from sale of debt instruments of other entities		50,129,329	60,000,000,000
27	Interest received		25,926,535,243	21,820,782,295
30	Net cash flows (used in)/from investing activities		(52,980,070,523)	20,888,367,506
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
33	Drawdown of borrowings	15	2,015,429,362,496	2,560,367,223,816
34	Repayment of borrowings	15	(2,350,412,789,438)	(2,752,129,420,313)
36	Dividends paid to shareholders		(640,589,431,575)	(959,037,237,800)
40	Net cash flows used in financing activities		(975,572,858,517)	(1,150,799,434,297)
50	Net increase in cash for the year		300,889,025,571	61,895,450,185
60	Cash and cash equivalents at beginning of year		1,101,676,090,814	1,045,421,628,805
61	Impact of exchange rate fluctuation		490,784,044	(5,640,988,176)
70	Cash and cash equivalents at end of year	4	1,403,055,900,429	1,101,676,090,814

TRAN THI HUONG THU  
Preparer  
Hanoi, Vietnam  
22 March 2024

NGUYEN PHUONG ANH  
Chief Accountant

PHAM TRI DUNG  
General Director

## Notes to the consolidated financial statements

as at 31 December 2023 and for the year then ended

## I. Corporate Information

Vicostone Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate for joint stock company No. 0500469512 issued by the Department of Planning and Investment of Ha Tay Province (now known as Hanoi City) on 2 June 2005 and its subsequent amendments with the latest being the 19<sup>th</sup> amendment dated 25 August 2022.

On 5 December 2007, the Company's shares were listed at the Hanoi Stock Exchange (now known as HNX) with the stock code VCS according to the Listing Decision No. 670/QĐ-TTGDHN with permission of the Hanoi Stock Exchange Center.

The current principal activities of the Company are to manufacture and distribute quartz-based compound stone related products.

The Company and its subsidiary's normal course of business cycle is 12 months.

The Company's head office is located at Hoa Lac Hi-Tech Park, Thach Hoa commune, Thach That district, Hanoi city, Vietnam.

The Company's total number of employees as at 31 December 2023 is 842 (31 December 2022: 957)

## Corporate structure

As at 31 December 2023, the Company has a subsidiary which is Phenikaa Hue Investment and Processing Mineral One Member Company Limited ("Phenikaa Hue Company") (31 December 2022: 1).

Phenikaa Hue Company is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No.

3301601070 issued by the Department of Planning and Investment of Thua Thien Hue province on 21 December 2016 and the amended Business Registration Certificates with the latest being the 7<sup>th</sup> amendment dated 4 July 2023. The head office of Phenikaa Hue Company is located at Lot CN15 Zone B, Phong Dien Industry Park, Phong Hoa commune, Phong Dien district, Thua Thien Hue province. The principal activities of Phenikaa Hue Company are to invest and process minerals.

As at 31 December 2023, the Company holds 100% equity in this subsidiary.

## 2. Basis of preparation

### 2.1. Accounting standards and system

The consolidated financial statements of the Company and its subsidiary, which are expressed in Vietnam Dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 2.2. Fiscal year

The Company and its subsidiary's fiscal year applicable for the preparation of its consolidated financial statements start on 1 January and ends on 31 December.

### 2.3. Accounting currency

The consolidated financial statements are prepared in VND, which is also the Company's accounting currency.

### 2.4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2023.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and its subsidiary are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

## 3. Summary of significant accounting policies

### 3.1. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term investments with an original maturity of less than three months that are readily convertible into known amounts of cash and

that are subject to an insignificant risk of change in value.

### 3.2. Inventories

Inventories are measured at their historical costs. The cost of inventories comprises costs of purchase, costs of conversion (including raw materials, direct labor cost, other directly related cost, manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

In case the net realizable value is lower than the original price, it must be calculated according to the net realizable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials and merchandise goods

Finished goods and work-in process

- Cost of purchase on a weighted average basis.
- Cost of finished goods and work-in-process on a weighted average basis.

### Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company and its subsidiary, based on appropriate evidence of impairment available at the consolidated balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the consolidated income statement.

### 3.3. Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the consolidated balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement. When bad debts are determined as unrecoverable and accountant written off those bad debts, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the consolidated income statement.

### 3.4. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

### 3.5. Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

### Where the Company is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

### 3.6. Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

### 3.7. Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	4 - 25 years
Machinery and equipment	3 - 20 years
Means of transportation	4 - 10 years
Office equipment	3 - 8 years
Other tangible fixed assets	5 - 9 years
Computer software	3 - 12 years
Other intangible fixed assets	5 years

### 3.8. Borrowing costs

Borrowing costs consist of interest and other costs that the Company and its subsidiary incur in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

***Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.***

### 3.9. Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the consolidated income statement:

- Tools and consumables with large value issued into production;
- Substantial expenditures on fixed asset overhauls incurred one time;
- Other prepaid expenses.

#### Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Bac Phu Cat Industrial Zone on 30 May 2008 for a period of 48 years 7 months 19 days and with Phong Dien Industrial Zone, Thua Thien Hue province on 24 March 2017 for a period of 39 years 9 months 8 days. According to Circular 45/2013/TT-BTC on 25 April 2013, such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining period of the lease contract.

### 3.10. Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Company and its subsidiary's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

### 3.11. Investments

#### Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

### 3.12. Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company and its subsidiary.

### 3.13. Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for employees who have been worked for more than 12 months at the Company and its subsidiary. The accrued amount is calculated at the rate of one-half of the average monthly salary for each year of service qualified for severance pay in accordance with the Labor Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labor contract following Article 46 of the Labor Code.

### 3.14. Foreign currency transactions

Transactions in currencies other than the Company and its subsidiary's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks where the Company and its subsidiary designated for collection;
- Transactions resulting in payables are recorded at the selling

exchange rates of the commercial banks where the Company and its subsidiary designated for payment; and

- Transactions for purchasing assets or expenses which were immediately settled (not recorded via liabilities) are recorded at the buying exchange rates of the commercial banks destined for payments.

At the end of the year, monetary items denominated in foreign currencies are re-translated at the actual transaction exchange rates at the balance sheet date which are determined as follows:

- Monetary items which are classified as assets are translated at buying exchange rate of the commercial bank where the Company and its subsidiary conduct regular transactions; and
- Monetary items which are classified as liabilities are translated at selling exchange rate of the commercial bank where the Company and its subsidiary conduct regular transactions.

All foreign exchange differences incurred during the year are taken to the consolidated income statement.

### 3.15. Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

#### Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

#### Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and presented as a liability on the consolidated balance sheet.

### 3.16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and its subsidiary and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

#### Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

### 3.17. Taxation

#### Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiary to set off current tax assets against current tax liabilities and when the Company and its subsidiary intends to settle its current tax assets and liabilities on a net basis.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for the consolidated financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of

the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which is deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporarily differences associated with investments in subsidiary, associate, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at the consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax

laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on

- Either the same taxable entity; or
- When the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.18. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company and its subsidiary (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company and its subsidiary (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### 3.19. Segment information

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

Company's business segment is derived mainly from manufacturing and distributing quartz-based compound stone related products. Management defines the Company's geographical segments to be based on the location where the company sells its products.

### 3.20. Related parties

Parties are considered to be related parties of the Company and its subsidiary if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiary and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.



Pele Hawaii Series BQ8885

## 4. Cash and cash equivalents

Currency: VND

	Ending balance	Beginning balance
Cash on hand	1,773,970,179	6,397,931,841
Cash at banks	346,781,930,250	209,078,158,973
Cash equivalents (*)	1,054,500,000,000	886,200,000,000
<b>TOTAL</b>	<b>1,403,055,900,429</b>	<b>1,101,676,090,814</b>

(\*) Cash equivalents as at 31 December 2023 include deposits in VND at commercial banks with one-month term and interest rates ranging from 2% to 4.2% per annum (31 December 2022: 6% per annum).

## 5. Held-To-Maturity investments

Held-to-maturity investments as at 31 December 2023 include deposits in VND at banks with term of 6 months and earn interest of 4.8% per annum (31 December 2022: nil).

## 6. Short-Term trade receivables

Currency: VND

	Ending balance	Beginning balance
Trade receivables from customers	448,693,509,946	614,612,983,299
Vicostone Canada Inc	174,152,486,941	202,386,199,697
Other customers	274,541,023,005	412,226,783,602
Trade receivables from related (Note 26)	774,598,650,920	1,140,062,809,753
<b>TOTAL</b>	<b>1,223,292,160,866</b>	<b>1,754,675,793,052</b>
<i>Provision for short-term doubtful trade receivables</i>	<i>(18,468,862,427)</i>	<i>(16,539,531,531)</i>

## 7. Provision for doubtful short-term receivables

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Customer 1	8,100,644,422	3,225,041,112	12,018,434,311	6,722,776,833
Customer 2	2,504,732,282	-	2,504,732,282	235,517,085
Customer 3	5,531,307,473	1,659,392,242	5,531,307,473	2,765,653,736
Other customers	9,447,058,950	2,230,447,346	15,219,957,960	9,010,952,841
<b>TOTAL</b>	<b>25,583,743,127</b>	<b>7,114,880,700</b>	<b>35,274,432,026</b>	<b>18,734,900,495</b>

(\*) The Company determines recoverable amount by original amount of receivables minus provisions.

## 8. Inventories

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Goods in transit	19,169,093,749	-	168,845,760	-
Raw materials	159,948,823,810	-	195,522,460,766	-
Tools and supplies	80,299,128,106	-	115,368,884,645	-
Work in process	25,124,948,522	-	48,956,930,856	-
Finished goods	420,447,125,599	(1,869,227,390)	492,943,183,375	(1,072,732,302)
Merchandise goods	1,957,024,427,221	(16,122,777,796)	1,741,651,155,750	(15,879,731,718)
<b>TOTAL</b>	<b>2,662,013,547,007</b>	<b>(17,992,005,186)</b>	<b>2,594,611,461,152</b>	<b>(16,952,464,020)</b>

Detail of movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	(16,952,464,020)	(7,177,528,850)
Add: Provision created during the year	(1,039,541,166)	(10,200,347,484)
Less: Utilisation and reversal of provision during the year	-	425,412,314
Ending balance	(17,992,005,186)	(16,952,464,020)

## 9. Tangible fixed assets

Currency: VND

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other fixed assets	Total
<b>Cost:</b>						
Beginning balance	297,238,280,139	1,807,298,531,116	44,651,460,451	19,094,653,306	993,146,108	2,169,276,071,120
New purchase for the year	-	25,578,066,966	612,453,125	182,874,045	-	26,373,394,136
Transfer from construction in progress	171,306,031	-	-	-	-	171,306,031
Disposal	-	(413,765,530)	(2,495,628,592)	(44,700,000)	-	(2,954,094,122)
Ending balance	297,409,586,170	1,832,462,832,552	42,768,284,984	19,232,827,351	993,146,108	2,192,866,677,165
<b>In which:</b>						
Fully depreciated	61,613,908,050	331,520,838,391	26,677,851,889	14,806,348,447	-	434,618,946,777
<b>Accumulated depreciation:</b>						
Beginning balance	167,289,253,544	977,213,631,403	34,711,735,490	17,447,204,204	475,882,512	1,197,137,707,153
Depreciation for the year	16,644,697,822	112,944,080,624	2,436,550,044	757,281,876	124,143,264	132,906,753,630
Disposal	-	(274,329,190)	(2,495,628,592)	(43,210,000)	-	(2,813,167,782)
Ending balance	183,933,951,366	1,089,883,382,837	34,652,656,942	18,161,276,080	600,025,776	1,327,231,293,001
<b>Net carrying amount:</b>						
Beginning balance	129,949,026,595	830,084,899,713	9,939,724,961	1,647,449,102	517,263,596	972,138,363,967
Ending balance	113,475,634,804	742,579,449,715	8,115,628,042	1,071,551,271	393,120,332	865,635,384,164

As at 31 December 2023, Phenikaa Hue Company mortgaged all machineries, equipment and buildings and structures under the investment project "Cristobalite material factory" located at Lot CN15 Block B, Phong Dien Industrial Park,

Phong Hoa Commune, Phong Dien District, Thua Thien - Hue Province, Vietnam which are owned by this company with a net carrying amount of VND 417 billion (31 December 2022: VND 449 billion) for long-term bank loans as presented in Note 15.

## 10. Intangible fixed assets

Currency: VND

	Computer software	Others	Total
<b>Cost:</b>			
Beginning balance	28,428,568,497	38,000,000	28,466,568,497
- New purchase for the year	1,762,390,000	-	1,762,390,000
Ending balance	30,190,958,497	38,000,000	30,228,958,497
<b>In which:</b>			
Fully amortised	1,923,150,635	38,000,000	1,961,150,635
<b>Accumulated amortisation:</b>			
Beginning balance	25,286,096,959	38,000,000	25,324,096,959
- Amortisation for the year	2,900,423,506	-	2,900,423,506
Ending balance	28,186,520,465	38,000,000	28,224,520,465
<b>Net carrying amount:</b>			
Beginning balance	3,142,471,538	-	3,142,471,538
Ending balance	2,004,438,032	-	2,004,438,032

## 11. Construction in progress

Currency: VND

	Ending balance	Beginning balance
Purchase	65,406,198,477	53,522,616,720
Construction in progress	1,822,937,508	728,320,448
Repair	108,344,394	-
<b>TOTAL</b>	<b>67,337,480,379</b>	<b>54,250,937,168</b>

## 12. Long-term prepaid expenses

Currency: VND

	Số cuối năm	Số đầu năm
Prepaid land rental fee	5,288,598,721	5,563,331,122
Tools and supplies	4,201,670,850	6,296,207,133
Overhaul cost of fixed assets	630,443,279	1,433,434,195
Others	3,847,254,560	3,538,635,591
<b>TOTAL</b>	<b>13,967,967,410</b>	<b>16,831,608,041</b>

## 13. Short-Term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Payables to other suppliers	99,499,575,671	99,499,575,671	73,638,946,744	73,638,946,744
Trade payables to related parties (Note 26)	18,790,567,778	18,790,567,778	6,678,458,721	6,678,458,721
<b>TOTAL</b>	<b>118,290,143,449</b>	<b>118,290,143,449</b>	<b>80,317,405,465</b>	<b>80,317,405,465</b>

## 14. Statutory obligations

Currency: VND

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Receivables/Net-off				
Value added tax	105,487,647,713	295,133,634,136	(200,243,764,320)	200,377,517,529
Personal income tax	113,383,275		(113,383,275)	-
<b>TOTAL</b>	<b>105,601,030,988</b>	<b>295,133,634,136</b>	<b>(200,357,147,595)</b>	<b>200,377,517,529</b>

	Beginning balance	Payable for the year	Payment made in the year	Ending balance
Payables				
Corporate income tax	52,342,633,004	154,124,624,117	(96,085,399,056)	110,381,858,065
Value added tax	3,211,269,046	52,329,685,319	(52,344,614,429)	3,196,339,936
Import, export duties	9,115,506	7,613,150,973	(7,619,399,605)	2,866,874
Personal income tax	36,325,961	10,134,229,598	(9,378,648,865)	791,906,694
Other taxes	-	256,342,945	(256,342,945)	-
<b>TOTAL</b>	<b>55,599,343,517</b>	<b>224,458,032,952</b>	<b>(165,684,404,900)</b>	<b>114,372,971,569</b>

## 15. Loans

Currency: VND

	Beginning balance	Movement during the year		Ending balance
	Amount and amount payable	Increase	Decrease	Amount and amount payable
Short-term loans				
Loans from banks (Note 15.1)	1,288,132,406,718	2,020,369,441,888	(2,297,213,772,034)	1,011,288,076,572
Current portion of long-term loans (Note 15.2)	53,199,017,404	53,199,017,404	(53,199,017,404)	53,199,017,404
	1,341,331,424,122	2,073,568,459,292	(2,350,412,789,438)	1,064,487,093,976
Long-term loans				
Loans from banks (Note 15.2)	93,098,280,458	-	(53,199,017,404)	39,899,263,054
	93,098,280,458	-	(53,199,017,404)	39,899,263,054
<b>TOTAL</b>	<b>1,434,429,704,580</b>	<b>2,073,568,459,292</b>	<b>(2,403,611,806,842)</b>	<b>1,104,386,357,030</b>

## 15.1. Short-term loans from banks

Detail of short-term loans under currency USD is as follow:

Bank	Ending balance (VND)	Original amount (USD)
Asia Commercial Joint Stock Bank – Ha Thanh branch	145,182,523,381	5,942,796.70
Vietnam International Commercial Joint Stock Bank – Transaction office	53,718,777,150	2,197,087.00
Vietnam Joint Stock Commercial Bank of Industry and Trade – Hanoi branch	49,037,762,891	2,006,865.68
Indovina Bank Ltd. – Thien Long branch	7,529,428,419	305,391.54
Malayan Banking Berhad – Hanoi branch	5,625,800,000	230,000.00
Vietnam Joint Stock Commercial Bank of Industry and Trade – West Thang Long branch	4,022,868,687	164,635.51
<b>TOTAL</b>	<b>265,117,160,528</b>	<b>10,846,776.43</b>

Detail of short-term loans under currency VND is as follow:

Bank	Ending balance (VND)
Joint Stock Commercial Bank for Investment and Development of Vietnam – Van Phuc Hanoi branch	238,633,075,676
HSBC Bank Vietnam Ltd	177,729,580,988
Military Commercial Joint Stock Bank – Hoang Quoc Viet branch	112,375,617,423
Vietnam International Commercial Joint Stock Bank – Transaction office	111,499,619,163
United Overseas Bank Limited – Hanoi branch	105,933,022,794
<b>TOTAL</b>	<b>746,170,916,044</b>

As at 31 December 2023, loans of the Company and its subsidiary are with interest rates ranging from 3.5% to 4.5% per annum for USD and from 3.0% to 5.0% per annum for VND. Interest is paid monthly.

## 15.2. Long-term loans from banks

Details of the long-term loans from banks are as follows:

Bank	Ending balance (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Cong Branch	93,098,280,458	Principal is payable on 15 December 2025. Interest is paid monthly	9.5%	All factory machineries and equipment under the investment project "Cristobalite material factory" located at Lot CN15 Block B, Phong Dien Industrial Park, Phong Hoa Commune, Phong Dien District, Thua Thien – Hue Province
<b>TOTAL</b>	<b>93,098,280,458</b>			
In which:				
Current portion of long-term loans	53,199,017,404			
Long-term loans	39,899,263,054			

## 16. Bonus and welfare funds

Currency: VND

	Current year	Previous year
Beginning balance	125,349,431,011	44,428,342,984
Appropriated during the year (Note 17.1)	89,299,667,669	194,161,675,002
Utilised during the year	(103,808,815,649)	(113,240,586,975)
Ending balance	110,840,283,031	125,349,431,011

## 17. Owners' equity

## 17.1. Increase and decrease in owners' equity

Currency: VND

	Issued share capital	Share premium	Investment and development fund	Other funds belonging to owners' equity	Undistributed earnings	Total
<b>Previous year</b>						
Beginning balance	1,600,000,000,000	290,584,886	88,958,137,122	18,551,233,538	3,166,397,061,162	4,874,197,016,708
Bonus and welfare funds appropriation	-	-	-	-	(194,161,675,002)	(194,161,675,002)
Dividend advanced for the year 2022	-	-	-	-	(960,000,000,000)	(960,000,000,000)
Net profit for the year	-	-	-	-	1,148,702,304,551	1,148,702,304,551
Ending balance	1,600,000,000,000	290,584,886	88,958,137,122	18,551,233,538	3,160,937,690,711	4,868,737,646,257
<b>Current year</b>						
Beginning balance	1,600,000,000,000	290,584,886	88,958,137,122	18,551,233,538	3,160,937,690,711	4,868,737,646,257
Bonus and welfare funds appropriation (*)	-	-	-	-	89,299,667,669	(89,299,667,669)
Dividend advanced for the year 2023 (**)	-	-	-	-	(640,000,000,000)	(640,000,000,000)
Net profit for the year	-	-	-	-	846,380,429,683	846,380,429,683
Ending balance	1,600,000,000,000	290,584,886	88,958,137,122	18,551,233,538	3,278,018,452,725	4,985,818,408,271

(\*) During the year, the Company appropriated the bonus and welfare funds from the profit after tax of the year 2022 according to the Resolution No.01/2023 NQ/VCS-DHDCD dated 12 April 2023 of the 2023 Annual General Shareholders' Meeting. The Company's subsidiary also appropriated bonus and welfare funds from profit after tax of the year 2022 according to the Resolution No. 01A/2023/NQ-HĐTV of this subsidiary's Members' Council dated 11 January 2023.

(\*\*) During the year, the Company also paid the 1st cash dividend of the year 2023, ratio of 20%/1 share with the total amount of VND 640 billion according to the Resolution No. 07/2023/NQ/VCS-HĐQT dated 7 June 2023 and Resolution No. 15/2023/NQ/VCS-HĐQT dated 22 November 2023 of the Board of Directors.

## 17.2. Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
<b>Capital contributed by owners</b>		
Beginning balance	1,600,000,000,000	1,600,000,000,000
Ending balance	1,600,000,000,000	1,600,000,000,000

## 17.3. Dividends

Currency: VND

	Current year	Previous year
<b>Dividends declared during the year</b>	<b>640,000,000,000</b>	<b>960,000,000,000</b>
Dividends on ordinary shares	640,000,000,000	960,000,000,000
1st advance cash dividends for 2023 (VND 2,000 per share)	320,000,000,000	-
2nd advance cash dividends for 2023 (VND 2,000 per share)	320,000,000,000	-
1st advance cash dividends for 2022 (VND 3,000 per share)	-	480,000,000,000
2nd advance cash dividends for 2022 (VND 3,000 per share)	-	480,000,000,000
<b>Dividends paid during the year</b>	<b>640,589,431,575</b>	<b>959,037,237,800</b>
<b>Dividends declared after closing date of financial year and not yet recognised as liability</b>	<b>-</b>	<b>-</b>

## 17.4. Shares

	Ending balance	Beginning balance
	Quantity	Quantity
<b>Authorized shares</b>	<b>160,000,000</b>	<b>160,000,000</b>
<b>Issued shares</b>	<b>160,000,000</b>	<b>160,000,000</b>
Ordinary shares	160,000,000	160,000,000
Preference shares	-	-
<b>Treasury shares</b>	<b>-</b>	<b>-</b>
Ordinary shares	-	-
Preferred shares	-	-
<b>Shares in circulation</b>	<b>160,000,000</b>	<b>160,000,000</b>
Ordinary shares	160,000,000	160,000,000
Preference shares	-	-

Par value of outstanding share: VND 10,000 per share (31 December 2022: VND 10,000 per share).

## 18. Off consolidated balance sheet items

ITEM	Ending balance	Beginning balance
Foreign currencies		
• US Dollar (USD)	7,493,693	5,801,817
• Euro (EUR)	197,622	229,467
• Canadian Dollar (CAD)	1,742,129	1,974,252

## 19. Revenue

### 19.1. Revenue from sale of goods

Currency: VND

	Current year	Previous year
<b>Gross revenue</b>	<b>4,363,038,846,159</b>	<b>5,679,350,995,019</b>
Sale of finished goods and merchandises	4,363,038,846,159	5,679,350,995,019
<b>Sales deductions</b>	<b>9,177,702,587</b>	<b>19,085,550,827</b>
Trade discount	9,177,702,587	19,085,550,827
<b>Net revenue</b>	<b>4,353,861,143,572</b>	<b>5,660,265,444,192</b>
In which:		
Sale to related parties (Note 26)	1,684,453,184,405	2,804,026,506,344

### 19.2. Finance income

Currency: VND

	Current year	Previous year
Foreign exchange gain	76,643,838,053	76,335,019,849
Interest income from bank deposits and loan receivables	25,926,535,243	21,820,782,295
<b>TOTAL</b>	<b>102,570,373,296</b>	<b>98,155,802,144</b>

## 20. Cost of goods sold

Currency: VND

	Current year	Previous year
Cost of finished goods, merchandises sold	3,131,928,973,346	3,907,518,780,431
Provision for obsolete devaluation of inventories	1,039,541,166	9,774,935,170
<b>TOTAL</b>	<b>3,132,968,514,512</b>	<b>3,917,293,715,601</b>

## 21. Finance expenses

Currency: VND

	Current year	Previous year
Interest expenses	56,637,446,942	50,419,208,909
Foreign exchange losses	44,724,660,191	87,072,361,702
<b>TOTAL</b>	<b>101,362,107,133</b>	<b>137,491,570,611</b>

## 22. Selling expenses and general and administrative expenses

Currency: VND

	Current year	Previous year
<b>Selling expenses</b>		
• Loading and delivery costs	93,935,568,484	184,891,208,777
• Packaging costs	17,846,780,863	21,179,094,809
• Labour costs	11,677,488,036	9,933,537,894
• Others	33,034,400,774	38,612,884,973
<b>TOTAL</b>	<b>156,494,238,157</b>	<b>254,616,726,453</b>
<b>General and administrative expenses</b>		
• Labour costs	23,649,696,197	23,683,233,040
• Provision for doubtful debts	1,929,330,896	12,187,041,645
• Depreciation	7,627,308,715	7,453,030,051
• Others	25,508,375,948	23,483,820,598
<b>TOTAL</b>	<b>58,714,711,756</b>	<b>66,807,125,334</b>

## 23. Production and operating costs

Currency: VND

	Current year	Previous year
Raw materials and merchandises (*)	2,849,447,931,599	3,702,013,086,055
Labour costs	99,490,855,222	104,344,092,308
Depreciation and amortisation of fixed assets	135,807,177,136	129,487,612,834
Expenses for external services	153,683,725,097	340,450,846,974
Other expenses	25,792,551,167	39,060,556,993
<b>TOTAL</b>	<b>3,264,222,240,221</b>	<b>4,315,356,195,164</b>

(\*) This cost includes cost of commercial goods.

## 24. Corporate income tax

The Company and its subsidiary have corporate income tax ("CIT") obligation as follows:

### Vicostone Joint Stock Company

For sale of finished goods of Factory No.1 as the initial investment project:

The CIT rate applied for income of this year is 20% of taxable profit.

### For sale of finished goods of Factory No.2 as the investment expansion project:

The Factory No.2 project meet the conditions as business expansion as circulated in Circular 96/2015/TT-BTC issued by the Ministry of Finance on 22 June 2015 ("Circular 96"). Accordingly, the Company is entitled to CIT exemption, reduction as the same as a new project located in the same area, which is exemption from CIT for 4 years commencing from the first year of earning taxable profits and a 50% CIT reduction in the following 9 years. The first year of earning taxable profits of the Factory No. 2 is 2014. However, Circular 96 is only applied to the CIT tax year 2015 onwards, thus, the Company is entitled to an exemption from CIT from 2015 to 2017 and a 50% CIT reduction in the following 9 years (from 2018 to 2026). Accordingly, CIT rate applicable for income of this activity during the current year is 10% of taxable profit.

### For sale of merchandise:

CIT rate applicable for income earned from this activity is 20% of taxable profit.

### Phenikaa Hue Company, subsidiary

CIT rate applied for Phenikaa Hue Company is 17% of taxable profit in 10 years commencing from the first year in which this company has revenue from its investment project. Phenikaa Hue Company is entitled to an exemption from CIT for 2 years from the first year of earning taxable income (2019 to 2020) and 50% CIT reduction in the following 4 years (from 2021 to 2024). Accordingly, the CIT applicable to Phenikaa Hue Company during the current year is 8.5% of taxable profit.

The tax returns filed by the Company and its subsidiary are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

## 24.1. CIT expenses

Currency: VND

	Current year	Previous year
Current CIT expenses	153,227,173,807	228,444,523,330
Adjustment for under accruals of CIT in prior years	897,450,310	63,812,435
Deferred tax (income)/expense	(1,065,074,405)	6,334,929
<b>TOTAL</b>	<b>153,059,549,712</b>	<b>228,514,670,694</b>

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

Currency: VND

	Current year	Previous year
Accounting profit before tax	999,439,979,395	1,377,216,975,245
At CIT rate of 20%	209,366,647,770	271,770,375,505
Adjustments:		
Unrealised foreign exchange (gain)/loss in the current year	(393,971,320)	4,880,715,562
Non-deductible expenses	6,269,443,865	4,540,149,946
Provision for devaluation of inventories and doubtful receivables during the year	411,234,336	1,884,074,559
Adjustment for under accrual of tax from prior year	897,450,310	30,868,490
Penalty for late payment	313,115	3,207,934
Adjustment for business consolidation	(1,065,074,405)	6,334,929
Unrealised foreign exchange of previous year realized in the current year	(4,777,917,027)	(1,777,785,124)
Reversal of provision in previous year	(23,231,265)	(68,433,878)
Tax exemption, reduction	(57,625,345,667)	(52,754,837,229)
CIT expense	153,059,549,712	228,514,670,694

## 24.2. Current CIT expense

The current CIT payable is based on the estimated taxable profit for the current year. The taxable profit of the Company and its subsidiary for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years

and it further excludes items that are not taxable or deductible. The Company and its subsidiary's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

## 24.3. Deferred tax

Currency: VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Deferred income tax assets are recognized for unrealized profit	3,466,453,189	2,401,378,784	(1,065,074,405)	6,334,929
	3,466,453,189	2,401,378,784		
<b>Net deferred tax (credit)/charge to consolidated income statement</b>			<b>(1,065,074,405)</b>	<b>6,334,929</b>



Acqua Series BQ7701

## 25. Segment Information

The primary segment reporting format is determined to be geographical segments as the Company and its subsidiary's risks and rates of return are affected predominantly by differences in the locations where the Company and its subsidiary sell their products.

The operating businesses are organised and managed separately according to the locations where the Company and its subsidiary operate, with each segment representing a strategic business unit that offers different products.

### Geographical segment

The following table presents revenue, expenditure and certain asset information regarding to

the Company and its subsidiary's geographical segments:

Currency: VND

	Domestic activities	Export activities	Total
<b>As at 31 December 2023 and for the year then ended</b>			
<b>Net revenue</b>			
Sales to external customers	1,151,278,530,076	3,202,582,613,496	4,353,861,143,572
Inter-segment sales	-	-	-
<b>Total net revenue</b>	<b>1,151,278,530,076</b>	<b>3,202,582,613,496</b>	<b>4,353,861,143,572</b>
<b>Results</b>			
Segment gross profit	254,317,992,657	995,827,165,098	250,145,157,755
Unallocated cost of sale	-	-	(29,252,528,695)
Gross profit	-	-	1,220,892,629,060
Unallocated income, expense	-	-	(221,452,649,665)
Net profit before corporate income tax	-	-	999,439,979,395
Corporate income tax expense	-	-	(153,059,549,712)
Net profit for the year	-	-	846,380,429,683
<b>Assets and liabilities</b>			
Segment assets	633,683,553,134	571,139,745,305	1,204,823,298,439
Unallocated assets	-	-	5,263,425,485,902
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>6,468,248,784,341</b>
Unallocated liabilities	-	-	1,482,430,376,070
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,482,430,376,070</b>
<b>Other segment information</b>			
Capital expenditure of fixed assets	-	-	28,135,784,136
Depreciation	-	-	135,807,177,136

The following table presents revenue, expenditure and certain asset information regarding to the Company and its subsidiary's geographical segments (continued):

Currency: VND

	Domestic activities	Export activities	Total
<b>As at 31 December 2022 and for the year then ended</b>			
<b>Net revenue</b>			
Sales to external customers	2,140,793,644,462	3,519,471,799,730	5,660,265,444,192
Inter-segment sales	-	-	-
<b>Total net revenue</b>	<b>2,140,793,644,462</b>	<b>3,519,471,799,730</b>	<b>5,660,265,444,192</b>
<b>Results</b>			
Segment gross profit	480,920,493,764	1,296,394,525,268	1,777,315,019,032
Unallocated cost of sale	-	-	(34,343,290,441)
Gross profit	-	-	1,742,971,728,591
Unallocated income, expense	-	-	(365,754,753,346)
Net profit before corporate income tax	-	-	1,377,216,975,245
Corporate income tax expense	-	-	(228,514,670,694)
Net profit for the year	-	-	1,148,702,304,551
<b>Assets and liabilities</b>			
Segment assets	985,871,242,986	752,265,018,535	1,738,136,261,521
Unallocated assets	-	-	4,946,407,405,255
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>6,589,904,840,964</b>
Unallocated liabilities	-	-	1,721,167,194,707
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,721,167,194,707</b>
<b>Other segment information</b>			
Capital expenditure of fixed assets	-	-	68,362,836,283
Depreciation	-	-	129,395,553,055

The unallocated cost of goods sold includes the provision/reversal of provisions for devaluation of inventories and a number of other unallocated cost of goods by

geographic area.

Income and expenses except for cost of goods sold, assets except for trade receivables and provision for those

trade receivables, and payables, are not allocated into geographical segment as they are not clearly identified for each segment.

## 26. Transactions with related parties

The list of related parties of the Company and its subsidiary as at 31 December 2023 is presented in Appendix 2 of the Management Status Report No. 09/2024 BC/VCS-QHCD in accordance with the statutory requirements according to legal regulations and has been made public disclosure on 30 January 2024.

Significant transactions of the Company and its subsidiary with related parties during the year were as follows:

Currency: VND

Related parties	Relationship	Transactions	Current year	Previous year
A&A Green Phoenix Group Joint Stock Company	Parent company	Sales of materials, consumables	539,091,949,735	846,622,213,058
		Purchase of merchandises, services	1,037,553,189,663	1,502,248,969,168
		Dividend payable	538,588,328,000	807,882,492,000
		Dividend paid	538,588,328,000	807,882,492,000
Style Stone Joint Stock Company	Fellow subsidiary	Sales of materials, consumables	139,831,837,373	168,352,212,739
		Purchase of merchandises, services	709,459,603,360	846,697,345,811
Stylenquaza LLC	Associate of parent company	Sales of finished goods, consumables	764,311,528,658	982,677,166,859
Vietnam Stone Work - Top Fabrication Joint Stock Company	Fellow subsidiary	Sales of finished goods, consumables	144,605,456,165	571,119,177,136
		Purchase of merchandise, services	346,078,034,502	436,128,715,684

Related parties	Relationship	Transactions	Current year	Previous year
Tran Long Industry Joint Stock Company	Fellow subsidiary	Sales of finished goods, consumables	77,870,850,475	66,107,493,744
		Purchase of merchandise, services	95,489,063,801	153,001,991,306
Sec G3 Center Joint Stock Company	Fellow subsidiary	Purchase of merchandise, services	7,735,143,929	11,350,134,154
Vinh Thien Medical Joint Stock Company	Fellow subsidiary	Sales of finished goods	16,080,281,502	74,615,339,391
Phenikaa University	Fellow subsidiary	Sales of finished goods	2,661,280,497	32,665,400,570
Nam Hung Joint Stock Company	Fellow subsidiary	Sales of finished goods	-	58,334,719,513
Le Quy Don - Tay Do Secondary School	Fellow subsidiary	Sales of finished goods	-	3,532,783,334

Terms and conditions of transactions with related parties

The sales to and purchases of goods, services with related parties are made at the contractual agreed price in the contract.

Except for receivables from related parties that were guaranteed by

A&A Green Phoenix Group Joint Stock Company, other receivables and payables due from/to related parties as at the balance sheet are unsecured, interest free and will be settled in cash or offsetting balances.

For the year ended 31 December 2023, the Company and its subsidiary have not made any provision for doubtful

debts relating to amounts owed by related parties (31 December 2022: nil).

As at 31 December 2023, amounts due to and due from related parties were as follows:

Currency: VND

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6)				
Vietnam Stone Work - Top Fabrication Joint Stock Company (*)	Fellow subsidiary	Receivables from sales of finished goods, consumables	448,612,004,739	609,638,281,144
Stylenquaza LLC	Associate of parent company	Receivables from sales of finished goods, consumables	206,340,781,936	286,780,915,193
Tran Long Industry Joint Stock Company (*)	Fellow subsidiary	Receivables from sales of finished goods, consumables	80,550,224,024	63,574,017,804
Vinh Thien Medical Joint Stock Company	Fellow subsidiary	Receivables from sales of finished goods	17,366,704,022	80,584,566,542
A&A Green Phoenix Group Joint Stock Company	Parent company	Receivables from sales of materials, consumables	15,106,340,370	-
Style Stone Joint Stock Company	Fellow subsidiary	Receivables from sales of materials, consumables	6,165,098,280	1,162,161,000
Phenikaa University	Fellow subsidiary	Receivables from sales of finished goods	457,497,549	35,321,370,996
Nam Hung Joint Stock Company	Fellow subsidiary	Receivables from sales of finished goods	-	63,001,497,074
			<b>774,598,650,920</b>	<b>1,140,062,809,753</b>

(\*) Receivables from these related parties are guaranteed by A&A Green Phoenix Group Joint Stock Company.

Other short-term trade receivables (Code 136)				
Bao Toan A Joint Stock Company	Fellow subsidiary	Other receivables	228,000,000	228,000,000
			<b>228,000,000</b>	<b>228,000,000</b>

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade payables (Note 13)				
A&A Green Phoenix Group Joint Stock Company	Parent company	Purchase of merchandises, services	14,771,349,327	3,199,093,038
Sec G3 Center Joint Stock Company	Fellow subsidiary	Purchase of merchandises, services	1,875,433,651	2,071,246,295
Style Stone Joint Stock Company	Fellow subsidiary	Purchase of merchandises, services	2,143,784,800	1,408,119,388
			<b>18,790,567,778</b>	<b>6,678,458,721</b>

As at 31 December 2023, amounts due to and due from related parties were as follows (continued):

Currency: VND

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term trade payables (Code 319)				
A&A Green Phoenix Group Joint Stock Company	Parent company	Other short-term trade payables	-	1,762,390,000
			-	1,762,390,000

### Transactions with other related parties

Remuneration to members of the Board of Directors and Management:

Currency: VND

Name	Position	Remuneration	
		Current year	Previous year
Mr Ho Xuan Nang	Chairman	72,000,000	3,922,901,283
Mr Pham Tri Dung	General Director (From 27 February 2023) Member of Board of Directors (From 12 April 2023)	3,083,583,038	3,010,919,767
Mr Pham Anh Tuan	General Director (Up to 27 February 2023) Member of Board of Directors	1,035,772,810	2,985,868,571
Mr Nguyen Quang Hung	Member of the Board of Directors, Head of Audit Committee	60,000,000	170,000,000
Ms Nguyen Dieu Thuy Ngoc	Member of Board of Directors (Up to 12 April 2023) Member of Audit Committee (Up to 13 April 2023)	70,000,000	120,100,000
Ms Tran Lan Phuong	Member of Board of Directors Member of Audit Committee (From 13 April 2023)	60,000,000	60,000,000
Mr Luu Cong An	Deputy General Director	2,870,116,035	2,953,179,767
Mr Nguyen Chi Cong	Deputy General Director	2,671,789,630	2,739,710,000
Mr Dong Quang Thuc	Deputy General Director	1,904,741,128	1,609,341,207
Mr Nguyen Quang Anh	Deputy General Director (From 22 June 2023)	1,120,435,989	-
		<b>12,948,438,630</b>	<b>17,572,020,595</b>

## 27. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company used the following information to compute basic and diluted earnings per share:

Currency: VND

	Current year	Previous year (Restated)
Net profit after tax	846.380.429.683	(Restated)
Estimated appropriation in bonus and welfare funds (*)	(39.777.592.187)	(68.916.685.733)
<b>Net profit attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>806.602.837.496</b>	<b>1.079.785.618.818</b>
<b>Weighted average number of ordinary shares adjusted for basis earnings per share</b>	<b>160.000.000</b>	<b>160.000.000</b>
<b>Earnings per share</b>		
• Basic earning per share	5,041	6,749
• Diluted earning per share	5,041	6,749

(\*) Profits used to compute earnings per share for the year ended 31 December 2022 was adjusted for the appropriation of bonus and welfare fund from 2022 profit following the approval under the resolutions of the shareholders meetings of the Company and its subsidiary.

and welfare fund for the year ended 31 December 2023 in accordance with Resolution No. 01/2023 NQ/VCS-DHDCD of the Company's General Meeting of Shareholders dated 12 April 2023 and the appropriation of bonus and welfare fund of the subsidiary.

Profits used to calculate earnings per share for the year ended 31 December 2023 have been adjusted for the bonus

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the consolidated financial statements.

## 28. Commitments and contingencies

The Company and its subsidiary lease land under operating lease arrangements. As at 31 December 2023, payables for rental fee in the future under the operating lease agreements is as follows:

### Operating lease commitments

Currency: VND

	Ending balance	Beginning balance
Less than 1 year	937,335,450	937,335,450
From 1-5 years	3,749,341,800	3,749,341,800
More than 5 years	20,945,681,100	21,883,016,550
<b>TOTAL</b>	<b>25,632,358,350</b>	<b>26,569,693,800</b>

In addition, the Company also leases 27,451 m2 land area at Plot 2A, Bac Phu Cat Industrial Zone under the operating lease contract No. 10/VC/HDKT-TLTKCNBPC dated 30 May 2008 with the lease term of 48 years, 7 months and 19 days commencing from the contract date. The fees of land rental are VND 10,000/m2 per annum and management service charge is VND 3,500/m2 per annum. The land rental price for the remaining year (from 2043 until the end of the lease term) can be adjusted depending on agreement between the Company and the Industrial Zone management in subsequent discussions.

Phenikaa Hue Company leases 37,300 m2 land area lot CNI5 Zone B, Phong Dien Industry Park, Phong

Hoa Commune, Phong Dien District, Thua Thien Hue Province under the operating lease contract No. 2403/2017/HĐTĐ/PHXH-TP dated 24 March 2017 with the lease term of 39 years, 9 months and 8 days commencing from the contract date. The fees of land rental are VND 15,015/m2 per annum and management service charge of VND 4,050/m2 per annum (Land rent and management fee above do not include VAT). Land rental and management fee is paid annually as specified under this contract.

### Commitment relating to operating lease contracts

The Company and subsidiary

lease land under the operating lease contracts. According to the signed land lease contracts, the Company is obliged to remove all construction works, architectural objects, equipment, materials on the leased land and restore the site to its original conditions as at the time of receiving the land at the end of the lease period. The Company's management believes that the effect of this obligation on the current year financial statements is immaterial. Accordingly, no provision for site restoration obligation has been made in the financial statements.

## 29. Events after the balance sheet date

There is no other matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiary.

**TRAN THI HUONG THU**  
Preparer  
Hanoi, Vietnam  
22 March 2024

**NGUYEN PHUONG ANH**  
Chief Accountant



**PHAM TRI DUNG**  
General Director



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