

REPORT
ON 2024 PRODUCTION AND BUSINESS PERFORMANCE RESULTS
AND OPERATIONAL PLAN FOR 2025

To: The 2025 Annual General Meeting of Shareholders (GM)

The Company's Execution Board respectfully reports to the GM on the production and business performance results of the year 2024 and operational plan for 2025, with the following contents:

SECTION 1. BUSINESS PERFORMANCE RESULTS IN 2024

I. Assessment of the situation in 2024

1. Advantages:

The Company continued to receive closely instructions and effective support from the leadership of Vietnam Electricity (EVN) regarding mechanisms, policies, market development, acceptance, and final payment settlement for projects. Thanks to that, the Company has successfully recovered numerous long-standing bad debts from projects in previous years.

Favorable hydrological conditions in the Song Bung 5 hydropower plant area resulted in electricity generation output exceeding the plan.

The leadership and employees of the Company were united in overcoming the company's difficulties.

2. Disadvantages:

Global conflicts, instability, and Western sanctions against Russia led to increased global inflation and high prices for fossil fuels, affecting investment and construction of power plants (coal-fired thermal power, LNG power, nuclear power, etc.).

The traditional investigation and design market has decreased gradually. Almost there is no new projects for domestic hydropower sector meanwhile expansion projects have not yet been considered. Coal and gas thermal power projects also faced significant difficulties due to environmental issues, fuel supply, etc. Although there are still considerable potential zooms for power grid projects, many are hindered by planning issues or land passing through forests, leading to significant schedule delays in many grid projects, which in turn greatly

impacted consulting work. Concurrently, competition among consulting firms intensified.

II. Production and Business Performance Results in 2024

1. Marketing Development Activities

Facing numerous difficulties in 2024, especially the government's delay in issuing the second revision of Power Development Plan VIII, although the Company's leadership implemented decisive measures in seeking new business, the value of newly signed contracts in hydropower sector still saw a significant decrease compared to 2023. To compensate, the Company strived to develop thermal power and power grid markets. In 2024, the Company signed new contracts with a total value of VND 422.6 billion (equivalent to 94% of 2023):

Table 1- Marketing Development Results

Unit: billion VND

Nº.	Content	2024	2023	Ratio (%)
	Total Contract Value	422.6	450,6	94%
I	Classified by Company's Units and Departments			
1	- Parent Company	400.3	412.9	97%
2	- 04 One-member Limited Companies	22.3	37.7	59%
II	Classified by Sectors			
1	- Hydropower-Irrigation (Water Resources)	69.6	84.7	82%
2	- Thermal Power	103.9	123.7	84%
3	- Power Grids	218.1	221.7	98%
4	- Wind Power, Solar Power	15.0	14.2	106%
5	- EPC of Power Projects	16.0		
6	- O&M of Power Projects	0.0	6.3	0%
III	Classified by Clients			
1	- Clients belonging to EVN	257.7	252.6	102%
2	- Non- EVN clients	164.9	198.0	83%

2. Results of Production and Business Performance

Besides favorable hydrological conditions for electricity generation at Song Bung 5 HPP, the Company implemented a series of adjustments in governance and operational management at Song Bung 5 HPP, resulting in electricity sales revenue in 2024 reaching VND 215.1 billion. Consequently, the Company's total revenue in 2024 reached VND 567.7 billion, achieving 105.7% of the annual plan, as detailed below:

Table 1- Business Performance Results in 2024

Unit: billion VND

Nº.	Content	2024	2024		
			Planned	Performed	Ratio %
1	Total Revenue (Consolidated)	534.674	537.0	567.7	105.7%
	- From investigation, design, construction + others	318.677	350.0	351.8	100.5%
	- From Song Bung 5 electricity sales	214.594	187.0	215.9	115.5%
2	Total Expenses	438.995		458.5	
3	Total Profit Before Tax (PBT)	95.679	108.5	109.2	100.6%
4	Corporate Income Tax (CIT)	26.923		21.7	
5	Profit After Tax (PAT)	68.756	84.8	87.5	103.2%

Revenue in 2024 had virtually no overdue debts, and debt collection was highly effective. This result helped the Company secure funds for business operations, loan repayments, and settlement of numerous outstanding debts, gradually improving the Company's financial health.

Table 3 - Key Financial Indicators

Nº.	Indicator	Performed in 2024
1	Total Revenue	567.700
2	Profit Before Tax (PBT)	109.200
3	Profit After Tax (PAT)	87.500
4	Work in Progress (WIP)	
	<i>Parent Company</i>	<i>112.600</i>
	<i>Consolidated</i>	<i>150.000</i>
5	Outstanding Salaries of Employees (converted to loans)	93.003
6	Outstanding Loans of Personal	127.582
7	Outstanding Investment Loan for Song Bung 5 HPP	26.504
8	Debt-to-Equity Ratio	1.64
9	Liquidity Ratios	
	<i>Current Ratio (times)</i>	<i>0.87</i>
	<i>Quick Ratio (times)</i>	<i>0.68</i>

By 31st March 2025, the Company had fully settled the loan for the Song Bung 5 Hydropower Plant.

3. Typical Projects

In 2024, the Company focused resources on implementing key consulting projects such as:

- Hydropower Projects (HPP): Hoa Binh Expansion HPP, Ialy Expansion HPP, Tanahu HPP in Nepal, etc.

- Power Grid Projects: 500kV Quang Trach - Pho Noi transmission line (Circuit 3), 220kV Phu Binh 2 Substation and connecting lines; 500kV Lao Cai - Vinh Yen transmission line and expansion of the 500kV Thanh My substation, etc.

- Thermal power Projects: Assist the Project Owner in managing the Quang Trach I TPP contract; Center for Nuclear Science and Technology Research, Tuyen Quang and Yen Bai Biomass Power Plants.

- The Company piloted an EPC (Engineering, Procurement, and Construction) project where PECC1 is the Main Contractor. The scope of work includes survey, detailed design for construction drawings, material supply, and construction of reinforcement and support for the culvert section of A Lin B1 Hydropower Plant.

4. Corporate Governance Activities

In 2024, the Execution Board effectively implemented several groups of solutions to enhance corporate governance capacity, such as:

4.1. Planning and Finance

- Focused on reviewing, reconciling debts, and actively recovering debts, especially remarkable-value bad debts.

- Controlled costs and work-in-progress (WIP) output; accelerated the acceptance, payment, final settlement, and liquidation of completed contracts; managed work-in-progress costs for contracts with no remaining revenue; and controlled costs as per contractual agreements for effective cost utilization.

- Prioritized arranging cash flow to repay high-interest loans; reduced expenses; did not mobilize personal loans.

- Reduced expenses such as limiting procurement of assets and equipment.

4.2. Organization, Labor, and Salaries

- By the end of 2024, the number of employees in the Parent Company was 502, compared to 521 in 2023.

- The Company prioritized salary payments to employees. Currently, the Company still owes a salary portion from 2018-2020.

- The average income per capita for employees at the Parent Company reached VND 22.453 million/month (it was VND 19.579 million/month in 2023).

4.3. Other Administrative and Governance Activities

- On 30th September 2024, the EVN Board of Members issued Decision No. 118/QĐ-HĐTV on ending special financial supervision of the Company.

- In 2024, the Company completed its merger of units to centralize work management; established the Investigation & Laboratory Testing Center from 04 units: Geological Department (P8), Topographical Department (P10), Power Project Investigation Division (DKS), and Laboratory Testing Center (TTTN); established the Hydropower & Renewable Energy Consulting Center from 02 units: Power Plant Equipment Department (P22) and Hydropower Consultancy Center (TTTD).

- The Company has substantially completed establishing a framework of internal management regulations to orient and adjust all aspects of operations in the coming period. The Company is gradually researching and completing development of regulations and rules.

- The Company completed its establishment of a Development and Restructuring Plan for the entire Company (including a restructuring plan for One-member Limited Companies) until the end of 2025, with orientation to 2030. The Company is implementing the established roadmap while awaiting EVN's approval of the Plan.

- Aiming to accelerate the adoption of technology in production, the Company has formulated a plan, which was approved by the Management Board, to develop and apply BIM into the field of investigation and design for the 2022-2025 period. To date, implementation of the plan is ongoing and is being flexibly adjusted by the Company to achieve maximum effectiveness.

5. Difficulties and outstandings in 2024

- Has not yet participated in major overhaul programs (including preparing assessments and technical solutions) for hydropower and thermal power plants of EVN and its Gencos.

- Has not yet engaged in providing O&M (Operations & Maintenance) services for thermal and renewable energy (RE) power plants (excluding hydropower).

- Has not yet undertaken EPC (Engineering, Procurement, and Construction) projects for power grids.

- Has not yet participated in design consultancy services for fuel conversion of coal-fired thermal power projects.

- New overseas business/projects remain limited.

- Several Company's internal management regulations have not yet been finalized according to the plan approved by the Management Board (MB)

SECTION 2. TASKS AND IMPLEMENTATION SOLUTIONS FOR 2025

1. Assessment of the 2025 Situation

1.1. Advantages

- With the result of production and business performance achieved in 2024, such as substantially solving prior years' losses, significantly reducing in bank loans and employee salary debts, and timely salary payments, it has created motivation and confidence among employees, providing a foundation for successfully achieving the 2025 business plan.

- The Company continues to receive support from EVN regarding policies and mechanisms, job creation/business development, acceptance, payment, and final settlement for completed projects, and the recovery of bad debts.

- Due to high growth in load demand, a series of new power projects are being decisively implemented, such as the 500kV Lao Cai-Vinh Yen transmission line; 220-500kV transmission line projects; 500kV substations; Quang Trach 2 Thermal power Plant; nuclear power plants; Offshore wind power; and Hydropower expansion and pumped-storage hydropower projects.

1.2. Disadvantages

- Marketing and Business:

Global conflicts, instability, and Western sanctions against Russia show no signs of ending.

Securing new business is becoming increasingly difficult, and competition among consulting firms is intensifying. Costs associated with securing agreements are rising, and production costs are also escalating, while bid-awarded prices are decreasing due to the need to offer lower prices to secure contracts (to award the bids).

The business and production situation of One-member Limited Liability Companies (LLCs) continues to face many difficulties. As their main business area is surveying power source projects, these LLCs have not yet developed the capabilities to enter new fields, making it very challenging to find new business/works.

- Finance

In 2025, due to the obligation to repay principal and interest on investment loans for the SB5 Hydropower Plant, the Company is still suffering to face pressure from cash flow shortages for its business operations at each stage. Interest expenses are high, particularly as principal and interest on personal loans and pre-2021 salary debts still need to be paid monthly/quarterly/annually.

Accounts receivable from clients remain high, negatively impacting the Company's cash flow and its capacity for investment and development.

The Company must continue to make provisions for overdue receivables according to regulations to improve and stabilize its financial health.

- Legal Issues

Unresolved employee salary debts lead to potential legal risks, although significantly much less than before.

Stricter regulations on intellectual property related to software mean the Company could inadvertently face legal risks.

Legal issues have been arising from a lawsuit currently being handled by the Thanh Xuan District People's Court regarding personal loan debts, incurred during the 2013-2016 period between the Company and related parties of Mr. Le Minh Ha – former Chairman of the MB. In this case, loan agreements made during Mr. Le Minh Ha's tenure as Chairman of the MB are assessed by the Company's legal counsel as having been executed without proper authority under the Law on Enterprises and the Company's Charter at the time of signing.

2. Targets of Production and Business Plan for 2025

Based on the analyzed favorable conditions (advantages) and difficulties (disadvantages), the Company projects the following business plan for 2025:

Table 4 – Production and Business Plan for 2025

Unit: billion VND

Nº.	Content	Unit	Value
1	Total Revenue	Billion VND	550.0
	<i>Of which:</i>		
	<i>Revenue from Consulting, Design & Other</i>	<i>billion VND</i>	<i>350.0</i>
	<i>Revenue from Electricity Sales</i>	<i>billion VND</i>	<i>200.0</i>
2	Total Profit Before Tax (PBT)	Billion VND	121.8
3	Total Profit After Tax (PAT)	Billion VND	95.4
4	Dividend Rate	%	6

3. Solutions

To effectively achieve the above-mentioned business objectives and targets, the Company will implement synchronously following groups of solutions:

3.1 Business Development

In addition to existing signed and ongoing contracts, the Company will strive to seek, gather information, and proactively pursue the following business opportunities:

Design consulting at various stages for transmission grid projects connecting Vietnam's power grid with neighboring countries' power grids as well as for grid projects to evacuate capacity from hydropower, solar, and wind power sources; upgrading load capacity of transmission line projects.

Inspection consulting, ensuring operational safety for structures and equipment of large hydropower projects such as: Son La, Lai Chau, Hoa Binh, Ialy, Tri An, Thac Ba, Thac Mo, etc.,

Major overhaul programs (preparation of assessment, technical solutions) for hydropower plants and thermal power plants of EVN and Gencos;

In-depth research on HPP expansion projects that EVNPECC1 is implementing to ensure investment efficiency.

Design consulting, project management consulting for thermal power plants.

Floating solar power projects on reservoirs under EVN and Gencos;

Gradual participation in offshore wind power sector.

Gradual participation in renewable energy project management.

Commencement in implementation of EPC for hydropower, supervision consulting for power grid projects.

Design consulting for fuel conversion of coal-fired thermal power projects.

Mechanical design and manufacturing for hydropower and thermal power projects.

Especially, researching and proposing investment in a Solar Power Project on the reservoir and at the left bank of Song Bung 5 Hydropower Plant.

3.2 Governance

Besides leveraging successfully implemented governance solutions from the past period, the Company will continue to:

a) Review, amend, and supplement internal management regulations and processes to align with legal documents and EVN regulations, as well as amend and supplement production processes, HR management mechanisms and policies, and competitive remuneration to develop a team of experts and engineers. Pilot in application of new methods of work assignment and performance-based management.

b) Equip and apply science and technology in management and production

- Organize an assessment of the efficiency/effectiveness of licensed specialized computation software to propose solutions for human resource development training and licensing issues, specifically for software like: Ansys, Tekla, Trimble, PLS-CADD, Windpro, etc.

- Apply science and technology in production management and operation, invest in IT infrastructure, establish information management solutions, and some management software to save human resources and increase management efficiency.

c) Financial and Cost Management

- Manage and supervise finance and cash flow based on detailed cost plans per contract, monthly cash flow plans, striving for capital recovery targets.

- Continue to promote the review, reconciliation, and confirmation of all types of debts (receivables, payables, personal advances, etc.). Classify customer

receivables, calculate values, and assess risks as a basis for making provisions according to regulations.

d) Training

- Organize training and request issuance of construction practice certificates for individuals. Review and apply for missing competency certificates according to business plan/development strategy for supplementary issuance.

- Implement BIM software training for design and production departments.
- Develop a training program plan for digital technology era, focusing on internal training.

- Develop practical internal training programs, including field trips to completed and ongoing construction sites to enhance knowledge for young engineers.

e) Organization

- Study and reorganize departments/units within the Company.
- Gradually eliminate unnecessary positions and under-performing employees

- Supplement personnel for the Board of General Director's advisory team on finance

f) For One-member LLCs (Subsidiaries)

- In 2025, the Company will continue to conduct financial supervision of its one-member LLCs according to the approved plan, gradually improving their financial health and improving operational efficiency of each One member LLC.

- Concurrently, the Company will study and propose a comprehensive restructuring plan for these One member LLCs, submitting it to competent authorities for approval and implementation.

This is the report of the Execution Board on operational results in 2024 and the plan and tasks for 2025. The Execution Board respectfully submits this to the Annual General Meeting of Shareholders for approval and hopes for constructive feedback from the GM to help the Execution Board successfully implement GM's Resolution for development of the Company. / *lma*

Recipients:

- As above.
- MB's members, Supervisory Board.
- P7 (for web posting);
- Filed at: Admin Office, MB.

GENERAL DIRECTOR

**CÔNG TY
CỔ PHẦN
TƯ VẤN XÂY DỰNG
ĐIỆN 1**

Nguyen Huu Chinh

