

No.: 01/2025/BC-BKS

Hanoi, April 2nd, 2025

REPORT OF THE SUPERVISORY BOARD

AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2025

To: The General Meeting of Shareholders of ELCOM Technology Communications Corporation,

- *Pursuant to the Law on Enterprises, the Charter on the organization and operations of ELCOM Technology Communications Corporation;*
- *Pursuant to the Operating Regulations of the Supervisory Board;*
- *Based on the Resolutions of the General Meeting of Shareholders, the Resolutions of the Board of Directors, and the business operations of the Company in 2024;*
- *Based on the financial statements audited by UHY Audit and Consulting Company Limited..*

The Supervisory Board of ELCOM Technology Communications Corporation would like to report to the General Meeting of Shareholders on the following matters:

I. Activities of the Supervisory Board

1. In 2024, the members of the Supervisory Board carried out their tasks as assigned as follow:
 - Ms. Ngo Kieu Anh - Head of the Supervisory Board: Responsible for overall supervision and overseeing financial matters, accounting, and internal auditing;
 - Ms. Vu Thi Ngan Ha - Member of the Supervisory Board: Responsible for supervision of legal affairs, compliance, and risk management;
 - Ms. Hoang Thi Phuong Thuy - Member of the Supervisory Board: Responsible for supervision of management, executive operations, and employee compensation policies
2. In 2024, the Supervisory Board carried out its tasks as per regulations and held 3 meetings with the full attendance of the Board members. The details of the meetings are as follows

Meeting	Participants	Meeting Content
1st Meeting March 28, 2024	3/3	<ul style="list-style-type: none"> - Discussed and assessed the Company's operations in the second half of 2023, including governance activities (Board of Directors, Executive Board, and implementation of General Meeting of Shareholders' Resolutions) - Reviewed the implementation of the 2023 business plan - Reviewed the standalone and consolidated financial statements for 2023 - Highlighted key issues and made recommendations to the Company's Management and relevant

		departments.
2nd Meeting April 3, 2024	3/3	<ul style="list-style-type: none"> - Evaluated the performance of the Board of Directors and the Executive Board - Assessed the Supervisory Board's performance in 2023 - Agreed on the Supervisory Board's work plan for 2024 - Finalized the contents to be included in the report submitted to the 2024 Annual General Meeting of Shareholders
3rd Meeting September 12, 2024	3/3	<ul style="list-style-type: none"> - Assessed the management, executive performance, and compliance of the Company in the first half of 2024 (including the activities of the Board of Directors, Executive Board, and implementation of General Meeting of Shareholders' Resolutions) - Evaluated the progress of the 2024 business plan and financial performance for the first half of the year - Reviewed the standalone and consolidated financial statements for the first six months of 2024 - Highlighted key issues and made recommendations to the Company's Management and relevant departments based on the review of business performance and financial statements.

The Supervisory Board did not receive any requests to conduct exceptional audits on the Company's activities in 2024.

II. Supervision of Legal Compliance, Adherence to the Company's Charter, and Implementation of General Meeting of Shareholders' Resolutions

- The Company has timely disclosed information in accordance with the regulations of the Securities Law and related provisions:
 - + Transactions of ELC shares by internal shareholders, managers, and related parties;
 - + Quarterly, semi-annual, and annual financial statements;
 - + Corporate governance reports for the first half and annually as scheduled;
 - + Reports on the implementation of share issuance for capital increase.
 - + Resolutions and decisions of the Board of Directors regarding the Company's activities.
- Based on Resolution No. 02/2024/NQ-DHĐCĐ dated April 25, 2024, the Company has carried out the following actions:
 - + Selected the auditing firm for the 2024 financial statements as per Resolution No. 02/2024/NQ-DHĐCĐ dated April 25, 2024;
 - + Established a reward and welfare fund according to the 2023 profit distribution plan;
 - + Paid income to the Board of Directors and Supervisory Board in accordance with the plan approved at the 2024 Annual General Meeting of Shareholders;

- + Completed the issuance of shares under the employee stock option program approved in Resolution No. 01/2023/NQ-ĐHĐCĐ dated April 26, 2023;
- + Implemented the plan for offering additional shares to the public for existing shareholders and issuing shares to increase capital from retained earnings (share dividends) for existing shareholders, as per Appendix 01 and 02 of Proposal 05/2024, which was approved by the General Meeting of Shareholders;
- + The Company has not yet implemented the issuance of shares under the employee stock option program as per Proposal No. 06/2024/TT-HĐQT dated April 3, 2024

II. Evaluation of the Performance of the Board of Directors and Executive Board in 2024

- In 2024, the global economy continued to face significant fluctuations due to the impact of economic recessions in some regions, geopolitical conflicts, and prolonged inflation. Vietnam was also not immune to this trend, as economic growth showed signs of slowing down due to the influence of external factors such as reduced export demand, higher production costs due to fluctuating raw material prices, and interest rates.

1. Activities of the Board of Directors (BOD)

In 2024, the Board of Directors (BOD) of ELCOM Company fully fulfilled its responsibilities of oversight and strategic direction in accordance with the provisions of the Law on Enterprises, the Company's Charter, and the BOD's Operating Regulations, specifically:

- **Corporate Governance and Strategic Direction**
 - + The BOD approved the plan for organizing the 2024 Annual General Meeting of Shareholders (AGM), ensuring transparent and efficient governance.
 - + Provided important directions in selecting and developing products, expanding markets by leveraging the Government's policies to promote innovation and digital transformation.
 - + Approved transactions with related parties of the Company.
- **Financial Management and Capital Mobilization**
 - + The BOD approved the share issuance plan under the Employee Stock Ownership Program (ESOP) and adjusted the ESOP regulations, including the list of employees eligible to purchase ESOP shares, aiming to attract and develop key personnel.
 - + Approved the investment budget for the research and development of the Company's technology products.
 - + Approved the implementation of the share issuance plan for existing shareholders and addressed related matters.
 - + Approved the adjustment of the plan for using the funds raised from the public share offering.
 - + The BOD approved credit limits with MB Bank and Tien Phong Commercial Joint Stock Bank to ensure funding for operations and long-term investment.
- **Investment Portfolio Management**
 - Approved the transfer of shares in the following companies: Multimedia Communication Solutions Joint Stock Company, Ataniholdings Joint Stock Company, and Telecommunications Infrastructure Development Investment Consulting Joint Stock

Company; simultaneously, the BOD approved the acquisition of shares in Smart Energy Management Joint Stock Company.

- Approved the partial acquisition of the H1CC1 lot project in the West Lake Urban Center project.
- Approved the termination of investment in the mixed residential relocation project.

The meetings were conducted in accordance with the provisions of the Law on Enterprises, the Company's Charter, and the Operating Regulations of the Board of Directors.

1. Evaluation of the Executive Board's Activities

In the context of both opportunities and challenges in the economy, and with the timely direction and correct strategies of the Board of Directors, the Executive Board has implemented flexible management solutions, quickly adapting to market fluctuations to maintain stable business operations, ensuring growth, optimizing resources, and enhancing the Company's competitiveness. The Executive Board has adhered to the goal of sustainable development, ensuring shareholders' interests and maintaining ELCOM's position in the market.

○ Research and Development (R&D) Activities

- + R&D activities have been placed at the core of the Company, aiming to create "Made by ELCOM" products with superior quality, affirming the Company's position in the market and mastering advanced technologies.
- + Focused on improving and upgrading solutions in smart transportation (surveillance and enforcement, automatic toll collection, weight control), digital transformation (Big Data, IOC, etc.), telecommunications (DWDM optical transmission, 5G network synchronization, etc.), and national defense and security (SkyEye, EyeSea, communication transmission, MetaInt, etc.). These innovations help meet the flexible and specialized needs of domestic and international customers.

○ Business Activities and Contract Implementation

- + Built a target customer base and sustainable annual strategy, while classifying projects/customers from the presale stage based on feasibility to allocate resources effectively;
- + Identified key business sectors (B1, B4) to focus resources on;
- + Increased participation in tenders and partnerships with strategic partners to offer advanced technology and telecommunications solutions in order to win high-value contracts from large smart city development and digital government projects;
- + Identified large contracts and projects to prioritize progress and quality. Key contracts in the year included the DWDM/ microwave transmission equipment supply contract, the installation of the intelligent transportation system (ITS) for the Diễn Châu – Bãi Vọt section, and the construction of the Nha Trang – Cam Lâm section project, all of which were successfully completed, accepted, and highly praised by customers for product quality and service.

○ Financial Management and Debt Collection

- + The Executive Board actively handled ineffective investment projects, seeking solutions for asset transfer or capital recovery;
- + Strengthened legal work, hired lawyers to resolve long-standing contracts, leading to significant improvements in debt collection;
- + Implemented a financial risk management plan, especially exchange rate risks, by using forward contracts and options, and established monthly/quarterly budget plans to meet

business needs, aiming to maintain a healthy cash flow, which is the "lifeblood" for all of the Company's activities.

- Corporate Governance and Human Resource Development

- + Increased training and self-training efforts to enhance the entire staff's capabilities in thinking, management, and effective coordination of tasks. Focused on training management levels to lead, build, and take responsibility in their assigned areas, fostering individuals with good management skills, a proactive and independent working spirit, and high efficiency;
- + Business processes and workflows were gradually integrated into the software system in line with the goal of "digitizing all data and processes, applying modern tools to improve work, minimizing simple, repetitive tasks, and accelerating management and operations";
- + Reviewed and issued amendments to regulations regarding planning, implementation forecasts, and efficient business management, while identifying policy regulations that need to be adjusted to match new circumstances, such as employee evaluation regulations, salary, and bonus policies;
- + Implemented organizational restructuring towards "streamlining and efficiency": Adjusted departments, organizational structures, focused on building a young successor team, and reduced some ineffective positions.

III. Supervision of the Company's Financial and Accounting Operations

1. The Supervisory Board conducts periodic checks on the internal control system, business data, and financial records of the Company twice a year, in conjunction with regular reviews and discussions regarding the implementation of internal audits. The Supervisory Board's opinions and recommendations concerning business operations and management practices are compiled into reports and sent to the Company's Management.
2. The financial statements for 2024 have been audited by UHY Audit and Consulting Company Limited, which provided an opinion confirming that the data is fair and reasonable on key aspects. The main indicators presented in the consolidated financial statements are as follows:

- Business Performance

No.	Indicator	2024 Plan (VND Billion)	2024 Actual (VND Billion)	Percentage
1.	Net Revenue	1100	800.1	73%
2.	Net Profit After Tax (Corporate Income Tax)	108	99.3	92%

In 2024, the Company did not achieve its planned targets for revenue and profit, due to several reasons:

- + The value of signed contracts was partly affected by the slowdown in economic growth and fierce competition among technology and telecommunications enterprises, driven by customers' increasing focus on cost optimization;
- + The signing progress of several project contracts was delayed, which impacted the timely completion and delivery of services, resulting in revenue recognition falling short of the planned schedule;

- + Although revenue did not meet expectations, profit remained at a relatively high level, indicating that the Company implemented effective cost control and optimization measures, with a focus on products and services with higher profit margins.

- **Assets and Capital Structure:**

No.	Indicator	Year 2024		Year 2023	
		Balance at 31/12 (VND Billion)	Percentage	Balance at 31/12 (VND Billion)	Percentage
I.	Total Assets	1.990,0	100,00%	1.821,1	100,00%
1.	Current Assets	1.184,5	59,52%	1.214,1	66,67%
2.	Non-current Assets	805,5	40,48%	607,0	33,33%
II.	Total Liabilities	1.990,0	100,00%	1.821,1	100,00%
1.	Short-term Liabilities	650,90	32,71%	584,58	32,10%
2.	Long-term Loans and Liabilities	90,44	4,54%	84,38	4,63%
3.	Equity	1.248,68	62,75%	1.152,16	63,27%
	<i>Including: Non-controlling Interests</i>	<i>191,54</i>	<i>9,63%</i>	<i>190,25</i>	<i>10,45%</i>

- In 2024, the asset structure is primarily concentrated in current assets (59.52%), which mainly consist of accounts receivable, cash and cash equivalents, and time deposits. Non-current assets grew by 32.7% compared to 2023, with the increase mainly coming from long-term unfinished assets (such as construction-in-progress costs for investment projects). Investment and capital contributions are gradually being restructured to focus on effective projects with potential.
- Short-term liabilities and long-term borrowings have seen insignificant increases compared to 2023, while equity still makes up a high proportion (over 60% of total capital) in 2024.
- Some key financial indicators:

TT	Indicator	Unit	Year 2024	Year 2023
I	LIQUIDITY RATIOS			
1	General liquidity ratio	times	2,68	2,72
2	Short-term liquidity ratio	times	1,82	2,08
3	Quick liquidity ratio	times	1,7	1,89
II	CAPITAL STRUCTURE AND SELF-FINANCING ABILITY			
1	Debt ratio to total assets	%	37,25	36,73
2	Short-term and long-term debt to total assets	%	1,81	2,33

3	Short-term and long-term debt to equity	%	2,89	3,68
II	PROFITABILITY RATIOS			
1	Net profit margin (Net Profit / Revenue)	%	12,4	8,6
2	ROE	%	8,27	8,17
3	ROA	%	5,21	5,69
4	EPS	VND/CP	1.150	1.244

- + The indicators show that the quick and short-term liquidity remain strong, although there was a slight decline compared to 2023. The debt ratio is within a safe range, with payables primarily from accounts payable and advances from customers, and short-term and long-term borrowings are not significant.
- + The net profit margin in 2024 increased compared to 2023 due to a focus on high-margin products, an increase in export contracts, and a slight rise in the return on equity. However, it still falls short of the expected profitability ratios for the technology sector. The average return on assets slightly decreased because the capital invested in long-term assets has not yet generated immediate profits

3. Other Activities:

- The Company has prepared and disclosed periodic financial statements in accordance with the provisions of the Accounting Law, the Securities Law, and related regulations.
- The Company has declared related parties and related transactions in compliance with regulations.
- Contracts and transactions with related parties within the approval authority of the Board of Directors or the General Meeting of Shareholders, as well as transactions between the Company, its subsidiaries, and other companies controlled by the Company (with ownership of 50% or more), involving members of the Board of Directors, the CEO, and their related parties, have been reviewed to ensure that material transactions are approved and presented in accordance with regulations on disclosing related party interests.

IV. Remuneration and Operating Expenses of the Supervisory Board

- The Company paid remuneration to the Supervisory Board in 2024 in accordance with the resolution of the General Meeting of Shareholders. The total remuneration paid to Supervisory Board members during the year was VND 132 million, in which the Head of the Supervisory Board received VND 60 million and each member received VND 36 million.
- Other expenses included training costs for the Supervisory Board to update their professional knowledge

V. Assessment of Coordination Between the Supervisory Board, the Board of Directors, and the Executive Board

- During its operations, the Supervisory Board received active cooperation from the Board of Directors, the Executive Board, and various departments within the Company. All necessary information for review and inspection was adequately provided.
- Through periodic reviews and regular monitoring activities, the Supervisory Board provided recommendations on internal control and risk management systems to the Board of Directors and Executive Board, thereby contributing to improving the effectiveness of corporate governance.

VI. Recommendations and Conclusion

Vietnam's economic outlook for 2025, with its goal of high growth and emphasis on digital transformation, presents many opportunities for ELCOM to develop new products and services. However, the Company's leadership must also closely monitor macroeconomic factors and proactively address challenges arising from new policies and global economic volatility. Therefore, the Supervisory Board respectfully recommends that the Company's leadership continue to:

- Prioritize research and development, especially in the fields of AI, digital transformation, and sustainable technology. Further promote digitalization in corporate governance to improve operational efficiency.
- Restructure investments to concentrate resources on projects that are effective and have high potential.
- Maintain strong financial governance, actively implement debt recovery measures, make provisions for overdue and doubtful debts, and mitigate foreign exchange risks.
- Focus on human resource development and specialized training to ensure the Company's sustainable growth and competitiveness, enabling timely adaptation to market changes.

The above is the Supervisory Board's report on the Company's operations in 2024, respectfully submitted to the General Meeting of Shareholders for consideration and approval.

We sincerely thank our valued shareholders and wish the General Meeting great success

Recipients:

- *General Meeting of Shareholders of the Company,*
- *Board of Directors, Executive Board of the Company*
- *Members of the Supervisory Board*

**On behalf of the Supervisory Board
Head of the Supervisory Board**



Ngo Kieu Anh