

# **GREEN TRANSFORMATION**

## **CONSCIOUS BUSINESS**



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## FORWARD-LOOKING STATEMENTS

Vicostone's Annual Report 2024 ("the Report") is developed in accordance with Appendix IV of Circular 96/2020/TT-BTC dated November 16, 2020, issued by the Ministry of Finance guiding the disclosure of information on the securities market and references to corporate sustainability governance standards including GRI, CSI100, etc.

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 2024 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 & Vietnam's 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 2025, 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 2025 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.

**MESSAGE FROM THE CHAIRMAN OF THE BOARD**

*Dear Shareholders, Customers and Partners,*

Fierce competition; strategic and technological divides between developed nations; ongoing geopolitical tensions in Ukraine and the Middle East; surging prices of gas, oil, essential goods, and shipping; declining global demand and investment; along with volatile exchange and interest rates—all posed significant barriers to economic growth. The escalating effects of climate change have not only resulted in significant losses and hindered socioeconomic progress but have also placed substantial pressure on enterprises to adapt and transform their operational paradigms.

Within this context, Vicostone remains resolute in pursuing its established strategic objectives for sustainable development, maintaining stable production and business operations, solidifying its position as the Top three largest suppliers of engineered stone countertops to the global market and the leading brand in Vietnam. Furthermore, the Company has leveraged its core competencies and innovative capabilities in line with the principles of **GREEN TRANSFORMATION – CONSCIOUS BUSINESS**.

"**Green transformation**" has become an imperative business strategy for achieving comprehensive organizational growth and fostering long-term national prosperity. Vicostone is firmly committed to becoming a sustainable enterprise, driven by our mission to promote and create modern, humane, and intelligent lifestyles, foster community development, and to protect the environment following global sustainability standards. In 2025, Vicostone will undergo a comprehensive transformation to achieve our ESG objectives and firmly step into the transformation journey. The realization of this journey will necessitate substantial commitments in financial resources, human capital, technological advancement, and, above all, steadfast adherence to our green and sustainable development strategy. Vicostone is confident in its ability to achieve transformative growth in the next phase.

On behalf of the Board of Directors and all personnel of the Company, I extend my sincere gratitude to our Shareholders, Clients, and Partners for their unwavering commitment and support over the past 22 years. The achievements we have accomplished together with your support will be a powerful driving force for our vision of a greener, more sustainable, and prosperous future.

*We wish you continued health, success, and prosperity.*

**CHAIRMAN OF THE BOARD**



**HO XUAN NANG**

## A. OVERVIEW OF VICOSTONE

### I. OVERVIEW

*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 almost 70 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 20th amendment on Jan 16, 2025.

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 3368 5826

Fax: +84 3368 6652

Email: quanhecodong@vicostone.com

Website: <https://vicostone.com>

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

Stock code: **VCS**

Par value: **10,000 dong**

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:** 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

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

Tel: +84 24 3831 5100

Address: 8th Floor, Cornerstone Building, 16 Phan Chu Trinh, Hoan Kiem District, Hanoi, Vietnam.

Audited VICOSTONE's separated financial statements and consolidated financial statements for 13 consecutive years from 2012 to 2024.



## II. 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.



### III. 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;

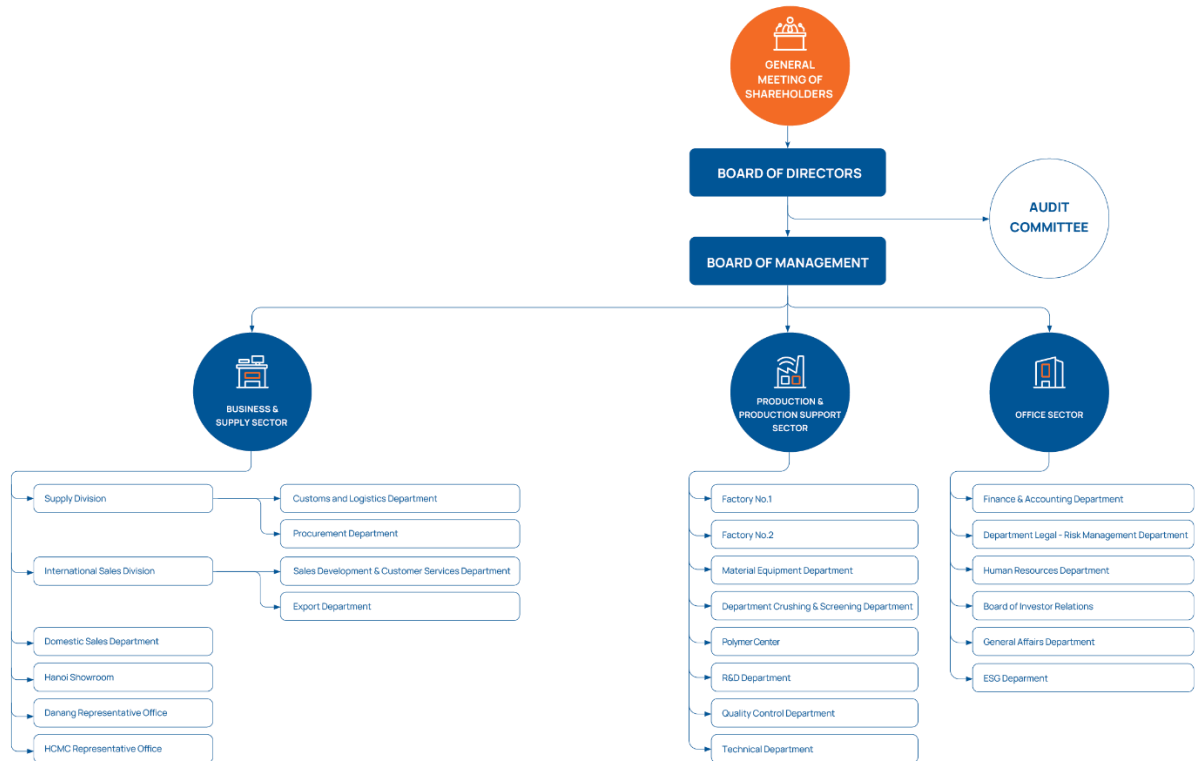
**2022:** VICOSTONE® brand received the Vietnam Value Award for the 3rd consecutive season.

**2023:** VICOSTONE® brand has been recognized as one of Top 100 Most Valuable Brands in Vietnam for the 7th consecutive year by Brand Finance (UK). Also, 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.

**2024:** VICOSTONE® brand received the Vietnam Value Award for the 4th consecutive season. Launched NetZero campaign - promoting green, clean production, reducing greenhouse gas emissions for sustainable development goals.

## IV. GOVERNANCE STRUCTURE, SUSTAINABLE CORPORATE GOVERNANCE AND MANAGEMENT APPARATUS

### 1. Governance structure



### 2. Sustainable structure and corporate governance - ESG

#### 2.1. Principles of governance

##### Commitment

Vicostone acted in compliance with the laws and practices on corporate governance both domestically and internationally, with reference to the Corporate Sustainability Index (CSI) developed by the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Business Council for Sustainable Development (VBCSD) and experts from various State agencies, and independent organizations; as well as latest version of GRI Standards.

##### Coordination

From Boards of Directors and Management to employees, commit to seriously participate in and perform tasks assigned to them in the organizational structure to successfully implement the sustainable development strategy, as well as promote the role of the boards of Directors and Management in performing strategic supervision and adjustments according to the realities of the business environment.

### **Transparency**

Ensure information transparency in all financial and non-financial disclosures, honestly and promptly report on significant events and information that affect the strategy's implementation and stated targets to enact timely, appropriate necessary adjustments and responses.

### **Risk management**

Develop an accurate, adequate, and effective system of risk management and internal auditing to monitor and manage tangible and intangible assets, as well as ensure that production and sales targets, authenticity of reports, compliance with relevant policies, processes, legal requirements, etc., are monitored and in compliance with guiding principles and regulations.

### **Harmonization of interest**

Prioritize the harmonization of stakeholders' interests above all else in all actions: Each of functional units and departments shall exercise the principle of equitable treatment, secure the roles and interests of all stakeholders, including shareholders, customers, partners, and workers, refrain from bias or wrongdoing in contravention of the Company's Code of Conduct for personal gains.

## **2.2. The roles and functions of departments and divisions in sustainable development**

<b>BOARD OF DIRECTORS</b>	<b>BOARD OF MANAGEMENT</b>	<b>FUNCTIONAL DEPARTMENTS</b>
<ul style="list-style-type: none"> <li>Develop strategic planning, provide general guidance on the Company's strategic issues related to sustainable development;</li> <li>Direct and approve the development of ESG statements and strategies</li> </ul>	<ul style="list-style-type: none"> <li>Assign the responsibilities and roles of members of the BOM in managing sustainable development activities; appoint leaders to be in charge of the Company's sustainable development and directly responsible to the BOD for the results of implementing the</li> </ul>	<ul style="list-style-type: none"> <li>Implement and realize sustainable development plans in accordance with the guidance of the Board of Management;</li> <li>Monitor the progress, evaluate the effectiveness and report</li> </ul>

**BOARD OF DIRECTORS**

- with specific goals and action plans on environmental, social, and governance (including key topics of the year/period);
- Direct and monitor the performance of the Board of Management (BOM) in implementing strategies, make strategic decisions and provide orientation over necessary adjustments to achieve the proposed ESG strategic goals;
  - Approve to issue the announcement of information related to sustainable development, which includes Sustainable Development Report of the Company;
  - During the preliminary and final review meetings of the Company, the BOD self-assesses the effectiveness and discusses and agrees on appropriate adjustments based on the report on the implementation of the

**BOARD OF MANAGEMENT**

- sustainable development strategy;
- The General Director directly and comprehensively manages the Company's activities, is responsible to the BOD for directing and managing the Company's activities according to assigned tasks, charter...; Deputy General Directors, under the direction of the General Director, implement and are responsible for sustainable development aspects according to their assigned tasks; The responsibilities of the BOD members are specified into KPIs and directly linked to each member's remuneration, demonstrating commitment to realizing the set goals;
  - Direct the implementation of the Sustainable Development Strategy as approved by the BOD on the following aspects of the Company: Environmental - Social - Governance;
  - Direct and approve the communication plans so that strategic goals and ESG spirit are spread to all employees of the Company;

**FUNCTIONAL DEPARTMENTS**

- on the detailed implementation results to the BOM according to assigned responsibilities; Detect and report as soon as possible to the BOM the risks/concerns about ESG issues that may occur or affect the results of implementing set goals in order to have an effective response plan;
- Vicostone does not have a specialized sub-committee on sustainable development. Instead, the Company tasks functional units with incorporating sustainable development goals into each of the Company's professional activities and implementing activities to realize the sustainable development strategies set by the BOD and BOM.

**BOARD OF DIRECTORS****BOARD OF MANAGEMENT****FUNCTIONAL  
DEPARTMENTS**

sustainable development strategy.

- Conduct regularly supervision and provide timely orientation based on implementation reports from relevant functional departments to ensure the sustainable development plan achieves the set goals; detect and promptly report to the BOD the risks/concerns about ESG issues that may occur or affect the implementation of set goals to have effective response;
- Report and update implementation results through stages to the BOD at a certain frequency depending on the project and specific stage.

**3. Management Apparatus****3.1. Board of Directors**

– Mr. Ho Xuan Nang	Chairman of the Board of Directors
– Ms. Le Thi Minh Thao	Member of the Board of Directors
– Mr. Pham Tri Dung	Member of the Board of Directors
– Ms. Tran Lan Phuong	Member of the Board of Directors
– Mr. Nguyen Quang Hung	Member of the Board of Directors

In which: Mr. Ho Xuan Nang, Ms. Le Thi Minh Thao and Ms. Tran Lan Phuong are non-executive members, Mr. Nguyen Quang Hung is an independent member.

### **Mr. Ho Xuan Nang – Chairman of the Board of Directors**

- *Year of birth:* 1964

- *Professional qualifications:*

Associate Professor, Doctorate of Mechanical Engineering;

Master of Business Administration

- *Titles at other companies:*

Chairman of the Board of Directors 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 Board of Trustees of Phenikaa University.

- *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 1993 – March 1996: Institute of Vietnam Agricultural Electromechanics;

From 1986 – 1993: Researcher and lecturer of Hanoi University of Science and Technology.

**Ms. Le Thi Minh Thao: Member of the Board of Directors**

- *Year of birth:* 1972
- *Professional qualifications:* Master of Business Administration
- *Titles at other companies:*

General Director of A&A Green Phoenix Group JSC;

Chairman of the Board of Trustees of Phenikaa Secondary and High School;

Chairman of the Board of Trustees of Phenikaa Elementary School;

Member of the Board of Trustees of Phenikaa University;

Member of the Board of Directors of Vinh Thien Medical JSC;

Member of the Board of Directors of Phenikaa Education Investment JSC

- *Professional experience:*

From February 2023 – present: General Director of A&A Green Phoenix Group JSC;

From December 2018 – February 2023: Vice General Director of A&A Green Phoenix Group JSC;

From June 2018 – December 2018: Head of Marketing Division of A&A Green Phoenix Group JSC;

From 2009 - 2018: Marketing Specialist– Banks and Real Estate Enterprises;

From 2007 - 2009: Marketing Specialist– T&C Investment Holding JSC;

From 1997 – 2007: Marketing Specialist in Fast-Moving Consumer Goods Companies;

From 1993 – 2003: Sales Officer –Dai Hoang Gia Company.

**Mr. Pham Tri Dung: Member of the Board of Directors**

- *Year of birth:* 1971

- *Professional qualification:* Master of Science, Master of Business Administration, Bachelor of Mechanical Engineering

- *Titles at other companies:*

Vice General Director – Member of the Board of Directors – A&A Green Phoenix Group JSC;

Member of the Board of Members of Phenikaa Hue Mineral Processing & Investment One Member Co. Ltd;

Member of the Board of Directors of Bao Toan A JSC.

- *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
- *Professional qualification:* 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 Board of Trustees of Phenikaa Secondary and High School;

Member of the Board of Trustees of Phenikaa Elementary School;

Member of the Board of Trustees of Phenikaa University;

Member of the Board of Directors of Phenikaa MaaS Technology JSC;

Member of the Board of Directors of Nam Hung JSC;

Member of the Board of Directors of Vinh Thien Medical 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).

**Mr. Nguyen Quang Hung: Member of the Board of Directors**

- *Year of birth:* 1970

- *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: Officer of Global Petroleum Bank (GPBank);

From 2006 – 2008: Officer of Hai Duong Ship Building Company;

From 2002 – 2005: Officer of Tradevico Co. under the Ministry of Transport;

From 1998 – 2001: Officer of Vietnam Coffee Corporation.

### 3.2. The Audit Committee consists of 02 members:

- |                         |                           |
|-------------------------|---------------------------|
| - Mr. Nguyen Quang Hung | Head of Audit Committee   |
| - Ms. Tran Lan Phuong   | Member of Audit Committee |

**Mr. Nguyen Quang Hung: Head of Audit Committee**

*(See Members of the Board of Directors)*

***Ms. Tran Lan Phuong: Member of Audit Committee***

*(See Members of the Board of Directors)*

### 3.3. Board of Management, Chief Accountant

Mr. Pham Tri Dung	General Director
Mr. Luu Cong An	Vice General Director
Mr. Nguyen Chi Cong	Vice General Director
Mr. Dong Quang Thuc	Vice General Director
Mr. Nguyen Quang Anh	Vice General Director
Ms. Tran Thi Thu Huong	Vice General Director
Ms. Nguyen Phuong Anh	Chief Accountant

**Mr. Pham Tri Dung: General Director**

*(See Members of the Board of Directors)*

**Mr. Luu Cong An: Vice General Director**

- *Year of birth:* 1965
- *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;  
Member of the Board of Directors of Vinh Thien Medical 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 2004: Manager of Technical Department of Vinaconex Advanced Compound Stone JSC;

From 2000 – October 2004: Vice Manager of Design Department of Song Cong Diesel Company.

***Mr. Nguyen Chi Cong: Vice General Director***

- *Year of birth:* 1981

- *Professional qualification:* 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.

***Mr. Dong Quang Thuc: Vice General Director***

- *Year of birth:* 1985
- *Qualification experience:* 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 qualification:* 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 JSC.

- *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 Factory of Vicostone JSC;

From January 2004 – July 2005: Engineer of Crushing & Screening Factory of Vicostone JSC.

***Ms. Tran Thi Thu Huong: Vice General Director***

- *Year of birth:* 1990
- *Professional qualification:* Master of Business Administration
- *Titles at other companies:*

Head of Market Research Division – A&A Green Phoenix Group JSC

- *Professional experience:*

From September 25, 2024 - present: Vice General Director of Vicostone JSC;

From June 2023 – September 2024: Head of Market Research Division of A&A Green Phoenix Group JSC;

From January 2022 – June 2023: Vice Head of Market Research and Product Marketing Strategy Management Division of A&A Green Phoenix Group JSC;

From September 2015 – June 2017: Executive of Marketing Division of A&A Green Phoenix Group JSC;

From June 2012 – September 2015: Executive of Sales Division of Vicostone JSC

***Ms. Nguyen Phuong Anh: Chief Accountant***

- *Year of birth:* 1986
- *Professional qualification:* 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.

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

##### **Board of Directors**

On April 12, 2024, Vicostone conducted the election of members to the Board of Directors for the 2025–2029 term. As a result, Ms. Le Thi Minh Thao was elected to the Board of Directors, in replacement of Mr. Pham Anh Tuan for the 2025–2029 term.

##### **Audit Committee**

Mr. Nguyen Quang Hung and Ms. Tran Lan Phuong continued to hold the positions of Head and Member of Audit Committee of Vicostone JSC.

##### **Board of Management**

On September 25, 2024 the Board of Directors of Vicostone JSC promoted Ms. Tran Thi Thu Huong as Vice General Director of Vicostone JSC.

##### **Chief Accountant**

In 2024, there was no change in the position of the Chief Accountant.

## V. RELEVANT COMPANIES

### 1. PARENT COMPANY - A&A GREEN PHOENIX GROUP JOINT STOCK COMPANY (PHENIKAA)

- 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
- Technology
- Scientific research
- Education and Training
- Healthcare and Medical science
- Distribution, Trade and Services

#### Members of Phenikaa Group:

##### Industrial production

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

##### Technology

- Phenikaa MaaS Technology JSC
- Phenikaa Technology Transfer and Trading JSC
- Phenikaa Semiconductor JSC

##### Scientific Research

- Phenikaa Research and Technology Institute

##### Education and Training

- Phenikaa University
- Phenikaa Elementary School
- Phenikaa Secondary and High School

##### Healthcare and Medical science

- Vinh Thien Medical JSC
- AQP Research and Control Pharmaceuticals JSC
- Rang Dong Medical JSC

##### Trade and Services

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

## 2. Subsidiaries and dependents

### 2.1. Subsidiaries

#### **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 CN15 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
- (\*) The registered head office address has been updated in accordance with Business Registration Certificate No. 3301601070, initially issued on December 21, 2016, and amended for the 8th time on January 6, 2025.

### 2.2. Dependents

- Representative office of Vicostone JSC in Ho Chi Minh City  
Address: 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
- Representative office of Vicostone JSC in Da Nang  
Address: No. 502-504, Nguyen Huu Tho Road, Khue Trung Ward, Cam Le District, Da Nang, Vietnam.
- Hanoi showroom  
Address: No. 51 – 53 Mac Thai To Street, Yen Hoa Ward, Cau Giay District, Hanoi, Vietnam.

## VI. PRODUCTS, TECHNOLOGY

### 1. Products

Vicostone's 22-year journey is an inspiring testament to a Vietnamese brand with global aspirations, one that dared to dream and remained steadfast in the Company's pursuit. At the inception, Vicostone chose a different path - where creativity and innovation have become part of the characteristic DNA, firmly standing in the Top 3 largest suppliers of engineered stone countertops brands. At Vicostone, "Succeed by Being Different" represents not a mere slogan, but a consistent philosophy that is integral to the design and creation of each product.

Each Vicostone slab is a story of art and technology. Proudly offering more than hundreds of pioneering products, each design bears a unique mark, leading the trend and becoming an endless source of inspiration in interior decoration. From the pure white shades favored across three continents to the widely embraced Grey, Black, and Beige tones, and the striking designs of Mono Color, Marble Effect, and Calacatta – all embody the sophistication and excellence of a brand that continues to expand the presence in global.

In 2024, Vicostone Global introduced 10 **new products** that have been well-received by the market:

- BQ6880 - Nuvolato
- BQ6901 - Emanato
- BQ3603 - Sinaipearl
- BQ6881 - Adamello
- BQ6848 - Javablue
- BQ6718 - Nashville
- BQ8636 - Vittoria Lux
- BQ6882 - Esmeralda
- BQ6803 - Lacus
- BQ501 - Bianca Sparkling



*BQ 6880 – Nuvolato (one of Vicostone's unique products in 2024)*

The unique hybrid of art and technology in each product yields works that transcend time. “Differentiation” is the cornerstone of our approach, fueled by unwavering investment in technology, relentless research and development, and the discerning selection of materials. This is the aspiration of a Vietnamese brand to pursue new heights, steadfast in Vicostone’s mission to craft elegant living spaces that reflect each customer’s style.



*BQ 6901 – Emanato in application (one of Vicostone's unique products in 2024)*

Looking ahead to 2025, Vicostone continues to write the success story, guided by a broader, long-term vision. In addition to developing new designs to meet customer tastes, Vicostone also boldly invests in new trends and groundbreaking ideas with the expectation of shaping future market trends.

In particular, the development of environmentally friendly materials not only affirms our vision but also demonstrates the responsibility of a pioneering brand in the market.

## 2. Technology

Vicostone's superior technological advantages and sustainable development strategy are testament to the vision and aspiration of a Vietnamese brand in its journey to conquer the global market.

From its inception, Vicostone has embraced the world's most advanced technologies, transferred from Breton (Italy). The hot curing process at 125°C effectively eliminates volatile organic compounds (VOCs < 6 ppm) during production, ensuring compliance with the highest European safety standards. Additionally, Vicostone's closed-loop, eco-friendly manufacturing process is powered by cutting-edge technology and engineering innovation. Unlike conventional tiling materials, it generates no emissions from the curing process and leaves no residual volatile compounds. Moreover, the absence of a high-temperature sintering step significantly enhances energy efficiency.

In the market, Vicostone is proud to be one of the few companies that completely controls and proactively sources input materials. In particular, we incorporate the ability to self-produce unsaturated polyester resin and cristobalite with the unique technologies. In addition to meeting internal needs, Vicostone's cristobalite is also exported to many countries, contributing to "greening" the global quartz stone industry.

Through a closed-loop and environmentally friendly production process that does not use high temperature sintering, Vicostone achieves outstanding energy saving efficiency. In particular, mastering the latest Bio quartz technology and the strategy of localizing raw materials to reduce the carbon footprint, has affirmed Vicostone's commitment to sustainable development. The results of these efforts are demonstrated through prestigious international certificates such as Declare, NSF, Green Guard, Microbial Resistant, EPD and HPD. These certifications enable Vicostone to participate in green buildings according to the LEED standards of the USGBC (the U.S.).

The year 2024 marked an important milestone for Vicostone's technological advancement, bringing to market quartz stone products with uniqueness, modern technology and a focus on sustainability. Nearly 33% of Vicostone products contain recycled materials, contributing to over 15% of annual revenues. This is also considered a step forward for Vicostone on the green journey with environmentally friendly products.

## VII. OUTSTANDING ACHIEVEMENTS IN 2024

### 1. Key financial indicators

Item	Unit	2020	2021	2022	2023	2024
<b>1. BUSINESS PERFORMANCE</b>						
Net Revenue	VND billion	5,659.59	7,070.13	5,660.27	4,353.86	4,322.07
Cost of goods sold	VND billion	3,695.77	4,607.62	3,917.29	3,132.97	3,143.98
<b>Gross profit</b>	VND billion	<b>1,963.83</b>	<b>2,462.50</b>	<b>1,742.97</b>	<b>1,220.89</b>	<b>1,178.09</b>
Finance income	VND billion	40.07	62.08	98.16	102.57	102.49
Finance expenses	VND billion	92.88	89.49	137.49	101.36	62.37
Selling expenses	VND billion	160.51	272.15	254.62	156.49	191.65
General and administrative expenses	VND billion	71.48	47.35	66.81	58.71	65.92
Other income	VND billion	1.55	4.43	3.53	0.74	0.85
Other expenses	VND billion	12.63	22.64	8.53	8.19	8.16
<b>Total profit before tax</b>	VND billion	<b>1,667.96</b>	<b>2,097.40</b>	<b>1,377.22</b>	<b>999.44</b>	<b>953.34</b>
Current and deferred corporate income tax expenses	VND billion	239.54	325.34	228.51	153.06	146.22
<b>Net profit after tax</b>	VND billion	<b>1,428.42</b>	<b>1,772.06</b>	<b>1,148.70</b>	<b>846.38</b>	<b>807.12</b>
Basic earnings per share	Dong	8,251	9,890	6,425	5,041	4,824



Item	Unit	2020	2021	2022	2023	2024
<b>2. ASSETS AND RESOURCES</b>						
<b>Total assets</b>	VND billion	<b>6,055.33</b>	<b>6,892.91</b>	<b>6,589.90</b>	<b>6,468.25</b>	<b>6,466.97</b>
- Current assets	VND billion	4,900.51	5,829.10	5,541.11	5,515.84	5,473.45
<i>In which: Cash and cash equivalents</i>	VND billion	790.35	1,045.42	1,101.68	1,403.06	1,583.19
- Non-current assets	VND billion	1,154.82	1,063.81	1,048.79	952.41	993.52
<b>Total liabilities and owners' equity</b>	<b>VND billion</b>	<b>6,055.33</b>	<b>6,892.91</b>	<b>6,589.90</b>	<b>6,468.25</b>	<b>6,466.97</b>
- Liabilities	VND billion	2,197.51	2,018.72	1,721.17	1,482.43	1,357.35
- Owner's equity	VND billion	3,857.82	4,874.20	4,868.74	4,985.82	5,109.62
<b>3. OTHER FINANCIAL DATA</b>						
Capital construction investment	VND billion	88.40	41.20	60.93	31.37	159.99
Depreciation and amortization of fixed assets	VND billion	119.18	128.14	129.49	135.81	131.81
Adjusted EBITDA	VND billion	1,839.94	2,252.95	1,546.04	1,134.04	1,045.03
EBITDA Margin (%)	%	32.51%	31.87%	27.31%	26.05%	24.18%

(Source: VICOSTONE's audited consolidated financial statements)

## 2. Awards

- 4 consecutive years VICOSTONE® is honoured in **Vietnam Value** - a unique, long-term trade promotion initiative of the Government, thereby reaffirming Vicostone's reputation as a leading brand in the quartz stone manufacturing and trading sector as well as in the construction materials industry in Vietnam and internationally.
- **National Quality Gold Award** for the second time granted by the Prime Minister
- This award is part of an annual program that evaluates and honors enterprises with outstanding achievements in quality improvement, operational efficiency, and significant contributions to Vietnam's productivity and quality movement;
- **Top 10 Key Industrial Products of Hanoi** for the third time.
- Recognized by the People's Committee of Hanoi;
- **Top 100 Sustainable Development Enterprises** - CSI 100 for the eighth time
- This recognition is organized by the Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with the Central Economic Commission, the Ministry of Labor, Invalids and Social Affairs, the Ministry of Natural Resources and Environment, and the Vietnam General Confederation of Labor;
- 8 consecutive years in **Top 100 Most Valuable Brands in Vietnam**.
- Ranked by Brand Finance (UK);
- 10 consecutive years in **Top 500 Biggest Enterprises in Vietnam (VNR500)**.
- Based on independent research and evaluation results according to international standards of Vietnam Report;
- 8 consecutive years in **Top 500 Most Profitable in Vietnam (PROFIT500)**;
- Based on independent research and evaluation results according to international standards of Vietnam Report;
- 4 consecutive years recognition as one of the **Top 10 Best Corporate Governance in 2023–2024**
- Awarded by the Hanoi Stock Exchange;
- 11 consecutive years inclusion in the **Top 20 Best Annual Reports** in the Non-Financial Sector
- Organized by the Ho Chi Minh City Stock Exchange (HOSE), the Hanoi Stock Exchange (HNX), and Investment Newspaper.
- 9 consecutive years in **Vietnam's Top 10 Most Reputable Building Material Companies**
- Based on independent research and evaluation results according to international standards of Vietnam Report;
- First time recognition in **Top 10 Private Enterprises in the Consumer Goods - Household Sector with the Largest Tax Contributions** in Vietnam  
Announced by CafeF;
- **3rd consecutive years in the Top 500 Leading Employers in Vietnam (VBE500)**  
Published by Viet Research in collaboration with *Báo Đầu tư* (Investment Newspaper).

## **B. DEVELOPMENT STRATEGY**

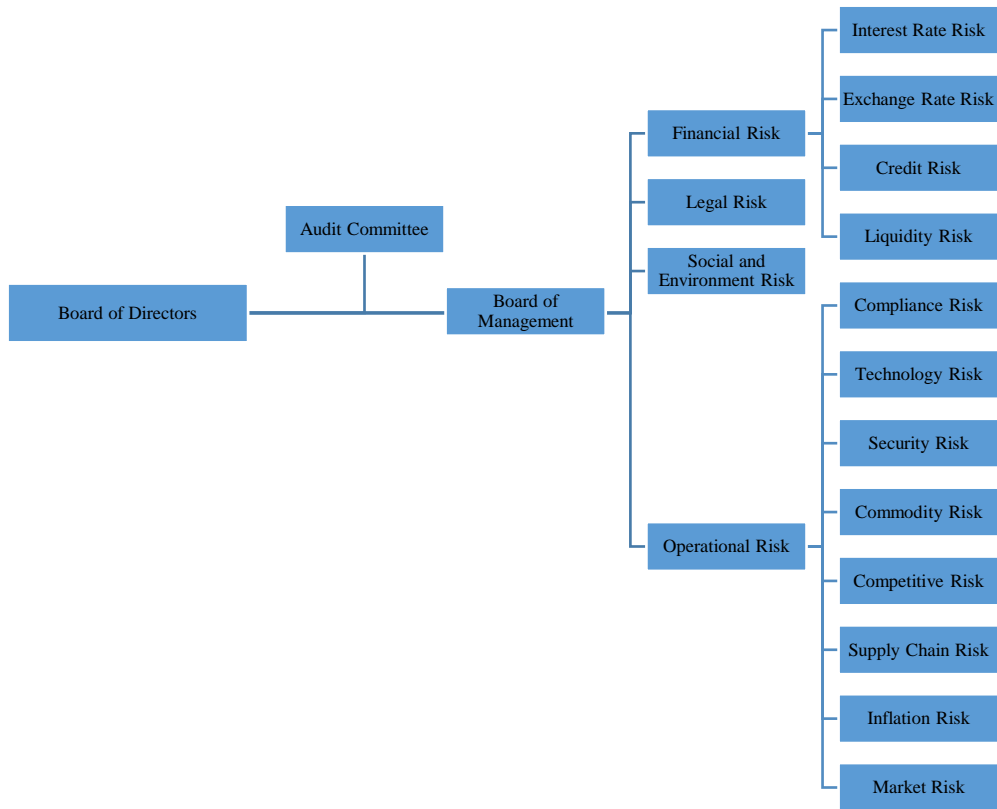
### **I. RISK MANAGEMENT**

#### **1. Risk management objectives**

Vicostone identifies risk management as a fundamental governance principle that aligns with the company's strategy and sustainable development plans at all stages. The Executive Board prioritizes the implementation of various management and control measures to minimize the negative impact of both internal and external risks on Vicostone's business operations. The company's risk management efforts focus on the following objectives:

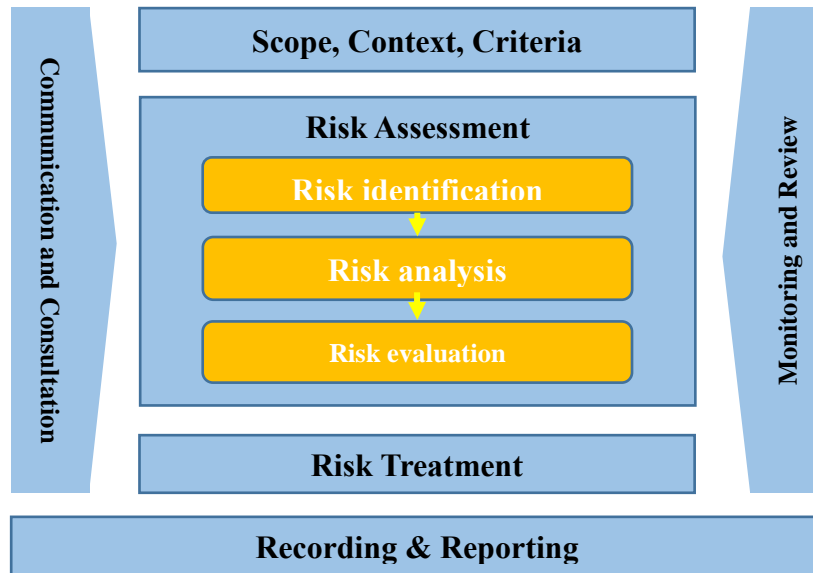
- Safeguarding Vicostone from, or mitigating the impact of, adverse economic, environmental, and social fluctuations, while proactively preventing potential risks and minimizing losses at all times;
- Ensuring compliance with regulatory requirements. As the legal environment grows increasingly complex, both in Vietnam and in Vicostone's key markets, effective risk management mechanisms facilitate regulatory adherence and enhance compliance monitoring;
- 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.

## 2. Risk management structure



## 3. Risk management process

The risk management process at Vicostone is structured based on the flexible application of ISO 31000 standards and the COSO ERM framework. This approach ensures the effectiveness of the cyclical loop of risk management system establishment, operation, integration, and continuous improvement.



#### 4. Key risk categories for 2025

##### 4.1. Risk of unpredictable global economic fluctuations

According to the latest forecast from the Organization for Economic Cooperation and Development (OECD) in March 2025, global GDP growth is expected to slow down from 3.2% in 2024 to 3.1% in 2025 and further decline to 3.0% in 2026. The real GDP growth of the United States is also projected to decelerate compared to the recent strong expansion, from 2.8% in 2024 to 2.2% in 2025 and 1.6% in 2026<sup>1</sup>.

In the Eurozone, real GDP growth is projected to be 0.7% in 2024, 1.0% in 2025, and 1.2% in 2026 amid heightened uncertainty<sup>2</sup>.

Building on the positive economic growth achieved in 2024, the National Assembly has issued a resolution on the socio-economic development plan for 2025, setting a GDP growth target of 6.5% to 7%. In a more ambitious directive, the Prime Minister has called for stronger efforts and breakthroughs, aiming to raise GDP growth to approximately 8% in 2025<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

<sup>1</sup> [https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025\\_89af4857-en.html](https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025_89af4857-en.html)

<sup>2</sup> [https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025\\_89af4857-en.html](https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025_89af4857-en.html)

<sup>3</sup> <https://xaydungchinhsach.chinhphu.vn/kinh-te-viet-nam-2024-tang-toc-thanh-cong-tao-da-cho-nam-2025-ve-dich-119250106100813238.html>

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.

## **4.2. Risk of increased competition pressure**

### *4.2.1. Competition from Industry Rivals*

In the U.S. market, one of Vicostone's largest export markets, there has been a significant increase in the number of quartz-based engineered stone production lines. A total of 17 production lines have been established by seven manufacturers. The number of production lines is expected to increase significantly in the near future. According to statistics from the United States International Trade Commission (USITC), top countries by the value of exports (in m2 volume) to the U.S. include India, Vietnam, Spain, Thailand, and Turkey.

In the domestic market, Vietnam's engineered stone manufacturing industry has experienced significant growth, attracting numerous enterprises. Most of these companies utilize Chinese production lines, resulting in mid-range product quality. Only a few domestic manufacturers have invested in advanced technology to produce highly competitive products. Local competitors often adopt price-cutting strategies to attract customers, especially as consumers increasingly prioritize affordability. This presents a challenge for Vicostone in maintaining the premium market positioning while ensuring competitiveness.

In response to the intensifying competition, Vicostone has implemented strategic initiatives to strengthen the position and sustain long-term growth. The Company remains committed to enhancing product quality through continuous research and development while expanding distribution channels in key markets to improve customer experience. Vicostone adopts a flexible pricing policy, offering after-sales services and promotions to increase product value. Additionally, the Company reinforces collaboration with construction industry partners and leverages incentive policies to optimize costs. By streamlining production processes and maintaining sound financial management, Vicostone ensures profitability and agility in a fluctuating market. Furthermore, the Company is focused on building a strong brand presence and expanding its global footprint to drive sustainable growth.

### *4.2.2. Competition from substitute products*

Recently, 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.

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>4</sup>.

To maintain and enhance the 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, and difficult to replicate, and have superior advantages to lead the global quartz stone market trend.

#### *4.2.3. Risk of Trade Defense Measures Investigations by the U.S.*

At the end of 2023, the Trade Remedies Authority of the Ministry of Industry and Trade of Vietnam assessed that Vietnam faced potential risks of being investigated for trade remedy circumvention regarding engineered stone exports to the U.S. This concern arises if Vietnamese products are suspected of incorporating raw materials or similar products originating from countries already subject to anti-dumping and countervailing duties, such as China, India, and Turkey.

In reality, the import volume of engineered stone from Vietnam to the U.S. has steadily increased since 2019. Notably, following the imposition of anti-dumping and countervailing duties on Chinese products in June 2019, Vietnamese engineered stone exports to the U.S. surged significantly between 2020 and 2023, despite the challenges posed by the COVID-19 pandemic. The market share of Vietnamese engineered stone imports has continued to rise, reached 23.9% by the end of 2024<sup>5</sup>.

Notably, most engineered stone manufacturing facilities in Vietnam utilize low-cost Chinese technology. Given the substantial growth in Vietnam's engineered quartz imports to the U.S. since 2019, there is a tangible risk that the U.S. may impose additional tariffs on these products, potentially affecting the competitiveness of Vietnamese exports in this market<sup>6</sup>.

<sup>4</sup> <https://www.freedoniagroup.com/industry-study/global-countertops-3836.htm>

<sup>5</sup> <https://tapchicongthuong.vn/australia-cam-da-nhan-tao--rui-ro-bi-my-ap-thue-kho-chong-kho-cho-vicostone--vcs-123614.htm>

<sup>6</sup> <https://tapchicongthuong.vn/australia-cam-da-nhan-tao--rui-ro-bi-my-ap-thue-kho-chong-kho-cho-vicostone--vcs-123614.htm>

### *a. 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>7</sup>. In 2024, although the DOC has not yet made any specific decisions about Vietnam's engineered stone exports, but on March 15, 2024, the Ministry of Industry and Trade announced a list of 24 products at risk of being investigated for trade remedies, origin fraud, and illegal transshipment. Notably, quartz-based engineered stone ranked 6<sup>th</sup> out of the 24 flagged<sup>8</sup>.

According to the Trade Remedies Authority of the Ministry of Industry and Trade, as of the end of 2024, Vietnamese goods had been subject to approximately 273 trade remedy investigations across 25 markets. These include key export markets, even those with Free Trade Agreements (FTAs) with Vietnam.

The year 2024 saw a significant increase in trade remedy investigations, with 29 new cases—double the number recorded in 2023 and only slightly below the peak of 39 cases in 2020. Notably, not only major export items such as steel, aluminum, seafood, and wood were investigated, but even smaller products like paper plates—worth only around \$9 million—also came under scrutiny. In addition to tariffs, the U.S. may further strengthen its trade remedy measures. During Donald Trump's first term, the number of trade remedy cases increased by approximately 40%<sup>9</sup>.

### *b. Anti-Circumvention*

As of the end of October 2024, a total of 267 trade remedy investigations had been initiated by 25 markets and territories against Vietnamese exports. Among these, anti-dumping investigations accounted for the largest share (146 cases), followed by safeguard measures (54 cases), anti-circumvention of trade remedies (38 cases), and countervailing duties (29 cases). According to the Trade Remedies Authority of the Ministry of Industry and Trade, trade remedy investigations targeting Vietnamese exports have been increasing rapidly, particularly in anti-circumvention cases. While there were only 50 cases between 2001 and 2011, the number surged to 214 cases from 2012 to 2024—more than a fourfold increase. Investigations into the circumvention of trade remedy measures against Vietnam are on the rise, with the United States being a key initiator. To date, the U.S. has launched 38 anti-circumvention investigations against Vietnamese exports<sup>10</sup>.

The primary latent risk will focus mainly on anti-dumping and countervailing investigations. With

<sup>7</sup> <https://m.vcci.com.vn/nguy-co-dieu-tra-phong-ve-thuong-mai-voi-san-pham-lien-quan-mat-da-thach-anh>

<sup>8</sup> <https://thongtinconghuong.vn/danh-sach-canh-bao-mat-hang-co-nguy-co-bi-dieu-tra-ap-dung-bien-phap-phong-ve-thuong-mai-va-lan-tranh-bien-phap-phong-ve-thuong-mai/>

<sup>9</sup> <https://vnbusiness.vn/viet-nam/xuat-khau-truoc-ap-luc-phong-ve-thuong-mai-bien-nguy-thanh-co-1104435.html>

<sup>10</sup> <https://chongbanphagia.vn/267-vu-viec-dieu-tra-phong-ve-thuong-mai-doi-voi-hang-xuat-khau-cua-viet-nam-n28685.html>



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.

#### *4.2.4. Risks of trade protection policies from international markets*

With a distribution network in more than 50 countries and territories, Vicostone is gradually expanding its global business operations. However, one of the major risks that the Company regularly faces is the increasing trend of trade protection policies in many importing countries, especially in key markets such as the U.S., Canada, the EU and Australia. These policies will cause an increase on importing taxes on stone products in order to protect domestic manufactures and creating pressures for Vietnam to adjust its trade policies towards balancing the bilateral import and export scale.

Fully aware that when these risks occur, they could have impacts on export revenue, profit margins and Vicostone's competitiveness in core markets, the Company has proactively developed emergency response scenarios and implemented solutions to ensure rapid response and effective control:

- Proactively maintain connections with regulatory agencies, industry associations and diplomatic agencies, and regularly update, monitor and analyze scenarios for trade policy adjustments in strategic markets such as the US and EU, thereby ensuring that Vicostone has a timely and appropriate response in related issues;
- Entering new markets or markets less affected by trade protection barriers, in order to reduce dependence on a number of traditional markets and diversify outputs in the long term;
- Develop flexible financial and operational plans, including optimizing costs, enhancing operation efficiency, and maintaining a lean organization to adapt to adverse impacts from changes in tax rates, rules of origin, or new technical barriers in host countries.

With proactive, systematic and flexible preparation, Vicostone aims to minimize the impact of global trade protection policies, maintain competitiveness in the international market, and ensure a long-term sustainable development strategy.

#### **4.3. Risk of persistently high inflation and interest rates**

Although price stabilization fluctuations may still occur, global inflation is expected to continue declining, from an average of 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025 under the baseline scenario. The pace of inflation decline is expected to be faster in developed economies—dropping by 2 percentage points from 2023 to 2024 and stabilizing around 2% by 2025—compared to emerging markets and developing economies, where inflation is projected to decrease from 8.1% in 2023 to 7.9% in 2024 before declining more rapidly to 5.9% in 2025.

There are significant differences among emerging market economies. In emerging Asia, inflation is expected to be on par with developed economies, at 2.1% in 2024 and 2.7% in 2025, partly due to early monetary tightening and price controls in many countries across the region. In contrast, inflation

forecasts for emerging and developing Europe, the Middle East and North Africa, and Sub-Saharan Africa remain in double digits. In most Latin American and Caribbean countries, inflation rates have significantly declined from their peaks and continue to trend downward.

The global inflation decline in 2024 and 2025 reflects a drop in core inflation, unlike in 2023, when inflation mainly fell due to lower fuel prices. Core inflation is expected to decrease by 1.3 percentage points in 2024, following a slight 0.1 percentage point decline in 2023, with developed economies leading this trend. Contributing factors include the delayed effects of tight monetary policies and the gradual dissipation of price transmission effects from previous declines, particularly in energy prices.

Overall, inflation is expected to return to target levels by 2025 in most cases. Although the median economy's inflation decline has been faster than projected in October 2023, divergence among economies is now expected to be wider. Comparing official inflation targets with the latest forecasts for a representative group of developed and emerging market economies with inflation targets indicates that annual average inflation will exceed targets in more than three-quarters of these economies by 2025. Inflation is predicted to decline steadily on a monthly basis, and by the end of 2025, most economies are expected to be at or near their targets<sup>11</sup>.

On December 19, 2024, the U.S. Federal Reserve (Fed) cut interest rates for the third consecutive time. In a widely anticipated move, the Federal Open Market Committee (FOMC) reduced the benchmark rate by 25 basis points to a range of 4.25%–4.5%, returning to December 2022 levels. Following the cut, the Fed signaled two additional 0.25 percentage point reductions, bringing the benchmark rate to a range of 3.75%–4.0% by the end of 2025<sup>12</sup>.

In Vietnam, lending rates fell to record lows in Quarter 3/2024. According to aggregated data from the financial reports of 27 listed banks, average lending rates declined by approximately 2.7% from their peak in Q1 2023. Lending rates remained stable in Q4 2024, and forecasts suggest that borrowing costs will increase in 2025, though at a moderate pace rather than the sharp rise seen in late 2024.

VCBS predicts that lending rates will rise by 0.5%–0.7% in 2025 amid economic recovery and stronger credit demand. The State Bank of Vietnam has affirmed its commitment to directing banks to cut operating costs to maintain stable or slightly lower lending rates, supporting businesses and the economy<sup>13</sup>.

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

<sup>11</sup><https://kinhtevadubao.vn/du-bao-lam-phat-nam-2025-se-duoc-kiem-soat-o-muc-hop-ly-dat-muc-tieu-quoc-hoi-de-ra-30779.html>

<sup>12</sup><https://thoibaotaichinhvietnam.vn/fed-tiep-tuc-ha-lai-suat-them-025-bao-hieu-se-giam-it-hon-trong-nam-2025-166693.html>

<sup>13</sup><https://baodautu.vn/lai-suat-du-bao-di-ngang-trong-nam-2025-d238322.html>

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.

#### **4.4. Risk of revenue concentration in key markets**

With over 22 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.

#### **4.5. Legal and regulatory risks in international business operations**

##### *4.5.1. Risk of changes in Silica dust regulations and 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>14</sup>.

In Australia, the use of engineered stone products (regardless of silica content) will be prohibited from July 2024<sup>15</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

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<sup>14</sup> <https://www.dir.ca.gov/DIRNews/2023/2023-93.html>

<sup>15</sup> <https://www.dezeen.com/2023/12/14/australia-bans-engineered-stone-silicosis-risk-news/>

tiles; plaster; or any products containing less than 1% silica<sup>16</sup>.

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 (twice a year) 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.

#### *4.5.2. Risk of changes in legal and regulatory requirements*

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

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<sup>16</sup> [Department of Employment and Workplace Relations](#)

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.

#### *4.5.3. 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.

## II. ECONOMIC SITUATION IN 2024 AND MARKET PROSPECTS IN 2025

### 1. Market outlook 2024

#### 1.1. Global market<sup>17</sup>

The year 2024 marks a volatile period for the global economy with mixed challenges and opportunities. Inflation continues to be a top concern for major economies, although it has shown signs of cooling compared to 2023, forcing central banks to maintain tight monetary policies in the first half of the year before considering cutting interest rates later in the year. Global economic growth is slowing, with a forecasted rate of 3.2%, according to the latest IMF report from January 2025<sup>18</sup>, reflecting an uneven recovery across regions. International trade has been affected by geopolitical tensions, especially conflicts in the Middle East and the Russia-Ukraine war, disrupting energy supplies and pushing oil prices to fluctuate sharply.

Green transformation and the digital economy continue to be prominent trends, with many countries increasing investment in renewable energy and high technology, especially artificial intelligence, driving a wave of innovation in many industries. Emerging and developing economies face pressure from a strong US dollar and high interest expenses, but some countries have shown resilience through structural reforms and economic diversification. Despite the challenges, the global economy in 2024 shows a high level of resilience, with governments and businesses increasingly focused on sustainable development, technological innovation, and international cooperation to address global issues.

#### 1.2. Vietnam market<sup>19</sup>

In 2024, many positive signals for the Vietnamese economy were observed. Despite challenges from the international situation, Vietnam still achieved many remarkable achievements. According to the General Statistics Office (GSO), GDP growth for the whole year is estimated at 7.09%, with gradual improvement each quarter: the first quarter increased by 5.98%, the second quarter increased by 7.25%, the third quarter increased by 7.43% and the fourth quarter reached 7.55%; GDP scale at current prices reached nearly VND 11,511.9 trillion which is equivalent to USD 476.3 billion. Vietnam is among the countries with the highest growth in the world. The macro economy is stable, inflation is controlled to be lower than the set target, the state budget, public debt and trade balance are all balanced and under control. This is a testament to the strong and stable recovery of the domestic economy after consecutive difficulties caused by the COVID-19 pandemic and general global economic fluctuations.

### Bright spots of Vietnam's economy in 2024: Import, export and industry

<sup>17</sup> <https://vneconomy.vn/10-van-de-noi-bat-cua-kinh-te-the-gioi-nam-2024.htm>

<sup>18</sup> <https://thitruongtaichinhthiente.vn/imf-du-bao-kinh-te-toan-cau-tang-truong-3-3-trong-nam-2025-2026-65310.html>

<sup>19</sup> <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2024/10/thong-cao-bao-chi-tinh-hinh-kinh-te-xa-hoi-quy-iii-va-9-thang-nam-2024/>

Import and export continued to be an important driving force for Vietnam's economic growth in 2024. The total import and export turnover of goods in 2024 reached USD 786.29 billion, a 15.4% increase over the previous year. Exports grew by 14.3% and imports by 16.7%, demonstrating a strong recovery of the supply chain and international demand.

The industry also recorded positive growth with the industrial production index increasing by 8.4%, the highest since 2020. These results not only exceeded the target but also contributed significantly to the overall growth of Vietnam's industry sector.

### **Domestic construction and real estate market in 2024<sup>20</sup>**

In 2024, the construction industry also had positive changes, with the added value in the fourth quarter and the whole year of 2024 increasing by 8.33% and 7.87% respectively (an increase of 0.6 percentage points compared to 2023). The acceleration of public investment disbursement helped to boost production activities of enterprises and infrastructure construction contractors; lower bank interest rates led to reduced businesses' input costs.

Construction activities in the fourth quarter of 2024 increased in localities affected by storms and floods to overcome the damage of typhoon No.3 (Yagi) and post-typhoon circulation in 26 Northern provinces and storm No. 4 in the central provinces in September 2024.

The real estate market also gradually recovered from its difficulties, showing positive changes from the beginning of the year. The gradual removal of legal bottlenecks has created favorable conditions for construction activities to develop.

Vietnam's real estate market has also shown a positive recovery after a difficult period thanks to the stability of the economy and the Government's support policies. In particular, the Housing Law 2023, the Real Estate Business Law 2023 and the Land Law 2024 officially took effect from August 1, 2024, five months earlier than the previous regulations, contributing to the completion of the legal framework for the real estate market, and opening a new cycle for the market in a safer, healthier, and more sustainable direction. All real estate segments, from housing and commercial to industrial, showed positive growth with many new projects underway.

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<sup>20</sup> <https://nilead.com/vi/article/nganh-xay-dung-xu-huong-va-thach-thuc>

[https://baoxaydung.com.vn/nganh-xay-dung-quyet-tam-tang-toc-hoan-thanh-tot-chi-tieu-nhiem-vu-nam-2025-390792.html?utm\\_source=chatgpt.com](https://baoxaydung.com.vn/nganh-xay-dung-quyet-tam-tang-toc-hoan-thanh-tot-chi-tieu-nhiem-vu-nam-2025-390792.html?utm_source=chatgpt.com)

<https://vars.com.vn/tin-tuc/thong-cao-bao-chi-cong-bo-bao-cao-thi-truong-bat-dong-san-viet-nam-quy-3-2024-tang-nhiet-hay-tao-nhiet-n1732>



## Challenges and prospects

While Vietnam's economy achieved considerable success in 2024, it also faced headwinds, notably high input material prices and declining domestic and international consumer demand. In September 2024, industrial output decreased by 1.2% compared to the previous month, reflecting the pressure businesses were facing. In addition, instability in international financial markets, and climate change contributed to long-term challenges to the economy.

However, with the strong recovery of the service sector, processing and manufacturing industry, and support policies from the Government, Vietnam could maintain its position as a bright spot for growth in the region. According to the World Bank, the Asian Development Bank (ADB), the International Monetary Fund (IMF), Vietnam was among the few countries with high growth in the region and the world, and is highly appreciated by many other international organizations.

## 2. Market prospect 2025

### 2.1. Global and Vietnamese market

The IMF, in its 2025 World Economic Outlook, warns of numerous uncertainties facing the global economy, including potential trade conflicts, geopolitical tensions, a strong US dollar, and a weakening Chinese economy. This, combined with a tougher stance by the U.S. towards China and its major trading partners, could impact international trade flows as supply chains and the transportation of goods become more expensive, substantially affecting global interest rates and inflation.

For the global economy in 2025, the IMF's January 2025 report forecasts a growth rate of 3.3%, showing a slight increase compared to 2024<sup>21</sup>. The dimming outlook for China and Europe will be offset by solid growth in the U.S. and other emerging economies such as India.<sup>22</sup>

**In Vietnam, strong growth momentum is expected to continue into 2025<sup>23</sup>.** On November 12, 2024, the National Assembly officially passed the Resolution on the Socio-Economic Development Plan for 2025. This plan sets the following goals: GDP growth of 6.5 to 7.0%, with a target of 7.0 - 7.5%; a GDP per capita of approximately 4,900 USD; the processing and manufacturing industry to account for about 24.1% of GDP; and an average consumer price index (CPI) growth rate of around 4.5%.

Observing the bright spots of the economy in 2024, analysts from UOB Bank (Singapore) have raised their forecast for Vietnam's GDP growth—from 6.6% previously—to 7% in 2025; however, the economy

<sup>21</sup> <https://thitruongtaichinhthiente.vn/imfdu-bao-kinh-te-toan-cau-tang-truong-3-3-trong-nam-2025-2026-65310.html>

<sup>22</sup> <https://kinhtetrunguoc.vn/web/guest/thong-tin-quoc-te/imf-duy-tri-du-bao-tang-truong-kinh-te-toan-cau-o-muc-3-2-trong-nam-nay.html>

<sup>23</sup> <https://vneconomy.vn/quoc-hoi-chot-tang-truong-gdp-nam-2025-khoang-6-5-7.htm>  
<https://tuoitre.vn/uob-du-bao-kinh-te-viet-nam-tang-7-trong-nam-2025-2025011220344243.htm>



is not immune to major challenges that still exist and are latent. Inflationary pressure, although controlled at 3.5 to 4.0%, still poses a problem for monetary and fiscal policies. In addition, increasing public debt and exchange rate fluctuations also require management agencies to have flexible and appropriate strategies. Another challenge is Vietnam's labor productivity, although improved, is still lower than that of other developed countries in the region.

In the long term, Vietnam's economy will face great opportunities from participating in new-generation free trade agreements such as CPTPP, EVFTA and RCEP. These agreements not only help expand the market but also promote institutional reform and improve business competitiveness. At the same time, digital transformation and green economic development are two recognizable trends that have been successfully cultivated to facilitate Vietnam's sustainable growth.

It is estimated that the construction industry, in 2024, grew by 7.8 to 8.2%. This exceeds the predicted 6.4 to 7.3% growth rate, reaching its highest since 2020. Continued positive developments are forecast for the industry, as well as Vietnam's real estate market in 2025, with numerous new trends and opportunities.

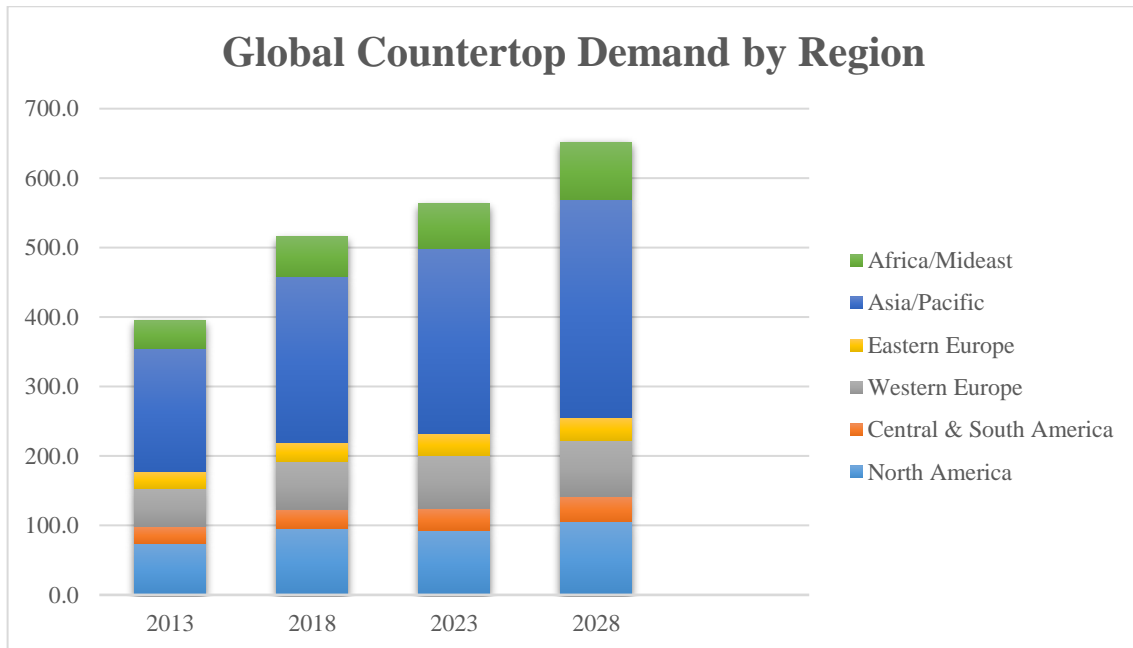
## **2.2. Global engineered stone market forecast 2025<sup>24</sup>**

### *2.2.1. Global market*

Global demand for countertop materials is projected to grow by an average of 3% annually from 2023 to 2028, reaching 652 million square meters (equivalent to USD 49.5 billion) by 2028, according to a report by The Freedonia Group, a U.S. market research firm. Within this market, engineered stone countertops are expected to see even stronger growth, averaging 5.4% per year and reaching 97 million square meters by 2028. Therefore, engineered stone countertops are projected to enjoy robust growth, nearly twice the industry average, fueled by strong demand in emerging markets like Asia Pacific and the Middle East.

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<sup>24</sup> The Freedonia Group's report



*Forecast of global demand for engineered quartz surface products from 2013 – 2028 (unit: mil m2)*

*Source: The Freedonia Group*

In spite of this trend, engineered stone products are still facing many challenges. The rise of alternative countertop materials like porcelain and sintered stone, often available at lower prices from China and India, are creating intense competition. This is forcing engineered stone manufacturers to innovate to offer added value to customers in order to maintain market share. Manufacturers also face increasing pressure from stricter environmental regulations, particularly regarding emissions reduction and waste treatment during production, as well as new silica content standards designed to protect worker health.

### 2.2.2. Some key markets of Vicostone

#### The U.S. market

Reports show that the U.S. engineered stone market experienced a slight increase in 2024, driven by growing demand in the residential and commercial construction sector. In the first half of 2024, the total volume of engineered quartz imported into the U.S. increased by 24.2% compared to the same period in 2023<sup>25</sup>.

The key factors driving the market include the rise in home renovation projects, new construction activities, and growing awareness of using sustainable, eco-friendly building materials. Additionally, quartz is popular for its durability, ease of maintenance, and water-repellent properties, making it particularly suitable for kitchen and bathroom designs. Technological advancements in engineered

<sup>25</sup> Source: USITC

quartz manufacturing have resulted in innovative designs that meet the high demand for unique patterns, textures, and colors, making it a preferred choice for high-end residential and commercial projects. Urban centers and suburban areas in states such as California, Texas, and Florida are particularly showing strong demand, driven by the trend of new home construction and interior renovation.

With increasing focus on sustainable manufacturing and integration of recycled materials, the U.S. quartz stone market is expected to maintain strong growth momentum in subsequent years.

### The Canadian market

According to World Economics<sup>26</sup>, Canada's GDP reached USD 2.51 trillion in 2024. The organization projects continued growth, with a **2% increase in the first half of 2025**, followed by a **further rise to 2.5% in the second half of the year**. The Canadian housing construction market has been growing slowly since the beginning of 2024. As of November 2024, the number of new homes built increased by 13.6% compared to October 2024, and increased by 29.9% compared to the same period last year<sup>27</sup>. The demand for home construction and renovation in this market has also gradually recovered compared to 2021 - 2022.

The Canadian kitchen cabinets and countertops market is expected to grow at a CAGR of 5.3% during the period 2024 - 2032.<sup>28</sup> Rapid urbanization, demographic shift towards smaller households, technological advancements in materials such as quartz and eco-friendly options, the impact of sustainability regulations, as well as the trend towards versatility and minimalist aesthetics are the key factors driving the growth of this market.

Notably, requirements for imported goods into Canada are increasingly stringent, with many trade barriers being set up to protect the domestic market. Vicostone needs to be cautious, regularly update market information and have a reasonable export strategy to minimize risks.

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<sup>26</sup> Source: [Bank of Canada, Word Economics](#)

<sup>27</sup> Source: [Government of Canada, Desjardins](#)

<sup>28</sup> Source: Imarcgroup (Market research company)

### III. VICOSTONE'S 5-YEAR STRATEGIC ORIENTATION

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

Over the past years, with strong support from its parent company, Phenikaa Group, Vicostone has successfully established a fully integrated supply chain for high-end quartz manufacturing. This ensures stable input material supply in both quantity and quality, enabling the company not only to meet the most stringent product requirements and customer demands but also to mitigate risks related to supply chain dependence and exchange rate fluctuations. As a result, Vicostone continues to optimize costs and strengthen its competitive edge. Based on this foundation, the company has defined its strategic direction for the production and business of high-quality engineered quartz under the VICOSTONE® brand for the period 2024-2029 as follows:

No.	Operational area	Strategic goals for the period of 2024 - 2029
1	<b>Products and Services</b>	<ul style="list-style-type: none"> <li>– Maintain our position as a "trend-setter" company in the engineered quartz stone manufacturing industry, by: <ul style="list-style-type: none"> <li>• Leading in technological research and innovation, investing in the development of new, eco-friendly, and cost-effective materials;</li> <li>• Expanding R&amp;D investments to create distinctive and artistic product lines;</li> <li>• Delivering high-quality products and dedicated customer service in all markets where VICOSTONE® is distributed.</li> </ul> </li> </ul>
2	<b>Market, Customers and Distribution system</b>	<ul style="list-style-type: none"> <li>– Gradually increase the sales proportion by restructuring the VICOSTONE® product distribution system in key markets, strengthening the brand's position in existing market;</li> <li>– Continue to expand the distribution network into potential markets, enhancing VICOSTONE® 's global market presence;</li> <li>– Continuously innovate and develop value-added products and services to drive revenue growth and enhance customer experience.</li> </ul>

No.	Operational area	Strategic goals for the period of 2024 - 2029
3	<b>Revenue and Profit</b>	<ul style="list-style-type: none"> <li>– Aiming for sustainable growth amid the uncertainties, challenges, and fluctuations of the global and Vietnamese economies.</li> </ul>
4	<b>Marketing and 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 recognized by industry reports;</li> <li>– Remain the No.1 brand in Vietnam's engineered stone market, delivering the best products and services in the mid-to-high-end segment.</li> </ul>
5	<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, foster positive motivation, and strengthen the connection among employees and between employees and the Company;</li> <li>– Continue to develop a high-quality workforce with strong professional capabilities, a determined, responsible working spirit, and a dedicated commitment, aligned with the corporate culture;</li> <li>– Build a desirable employer brand as a foundation for attracting top talent.</li> </ul>
6	<b>Business management system</b>	<p>Build an effective business management system with three key 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>

No.	Operational area	Strategic goals for the period of 2024 - 2029
7	<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>
8	<b>Sustainable development</b>	<ul style="list-style-type: none"> <li>– Promote the practice of ESG framework (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>
9	<b>Corporate culture 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>

#### IV. SUSTAINABLE DEVELOPMENT STRATEGY (ESG) AND NETZERO BY 2050 GOAL OF VICOSTONE

Upon the foundation of a conscious business culture, Vicostone continuously reinforced the internal strengths and upheld commitments to creating sustainable values and green production, aligning with the ESG framework and the NetZero goal. This approach aimed to achieve long-term, balanced, and harmonious development for all stakeholders, including communities and society. The Company pursued sustainable development by implementing the ESG (Environment – Social – Governance) framework, supported by NetZero project targeted for completion by 2050.

**Vicostone's ESG vision:** *Pioneer in research and development, placing scientific and technological applications at the core of creating breakthroughs in advanced production, modern materials, and ecological materials; innovate green, safe, and environmentally friendly products with unique, distinctive designs and cost efficiency, all grounded in a conscious business culture and a transparent governance system; foster a happy, prosperous, and sustainably developing life for employees, customers, and society while contributing to a green and peaceful environment.*



Vicostone implements a comprehensive green strategy across the entire value chain, from input supply chain management to production, product finishing, and distribution to consumers, as outlined below:

***Supply chain management:***  
*Moving towards a green future*

***Production management:***  
*Innovation for sustainability*

***Finishing and distribution management***

*Green products, safe for customers*

Vicostone proactively manages the external supply chain by seeking and selecting eco-friendly suppliers. Each decision prioritizes the use of environmentally friendly and recycled materials. By taking control of raw material production, Vicostone reduces greenhouse gas emissions and lowers transportation costs, creating a closed-loop and sustainable value chain.

At every stage of production, Vicostone continuously innovates and applies advanced technologies to optimize efficiency and minimize material waste. The Company also promotes the transition to renewable and bioenergy sources to reduce environmental impact and encourage innovation in production practices. Each improvement played a significant role in reducing greenhouse gas emissions and protecting the environment.

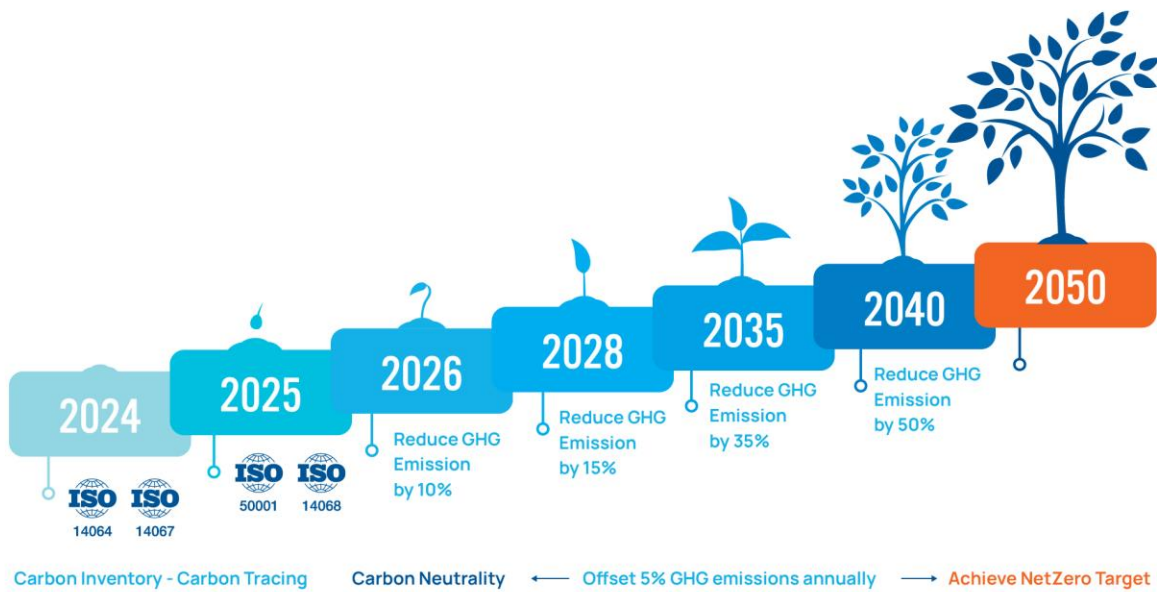
Each Vicostone product not only meets international quality standards but also upholds a strong commitment to consumer safety and environmental friendliness. The Company places particular emphasis on the finishing process, ensuring that the final product reaches customers with the highest level of perfection while minimizing air emissions during cutting and polishing processes.

The comprehensive implementation of solutions throughout the entire value chain not only enhanced production efficiency but also reaffirmed Vicostone's strong commitment to pursuing a sustainable development strategy.

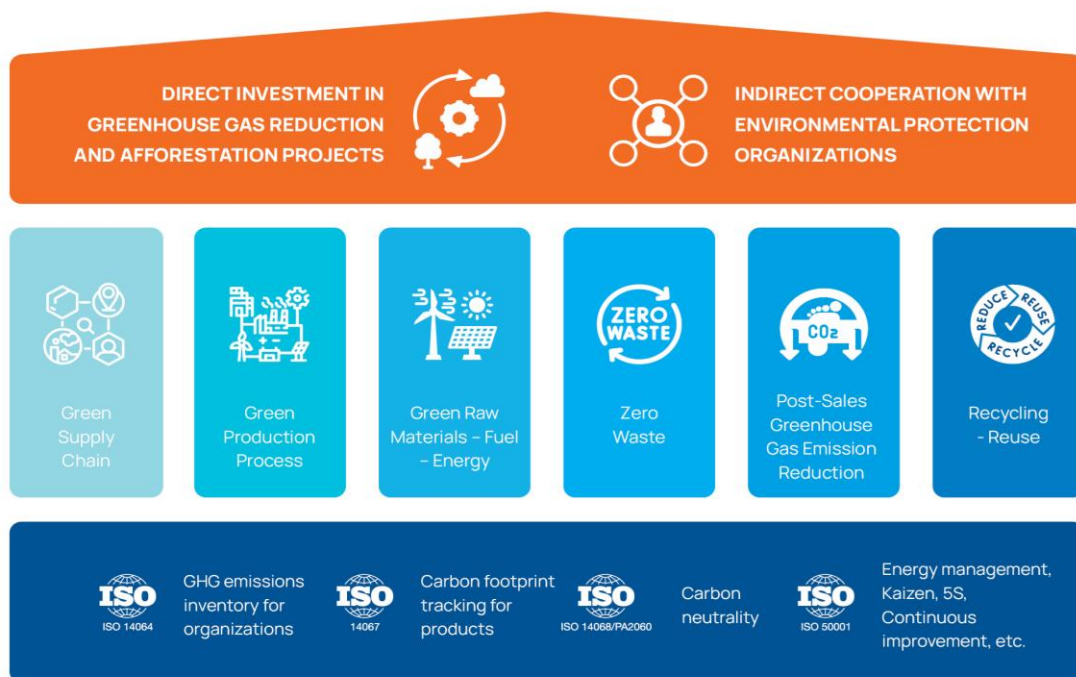
### **NetZero Program – Goal by 2050**

In alignment with Vietnam's goal of achieving NetZero emissions by 2050, Vicostone launched NetZero program in 2024, aiming to achieve NetZero emissions in the Company's production and business activities by 2050. The roadmap for this goal is outlined as follows:





## IMPLEMENTATION STRATEGY



## Building system

## Emissions reduction

## Emissions offsetting

Develop, implement, and operate the ISO 50001 energy management standard, along with the greenhouse gas standards ISO 14064, ISO 14067, and ISO 14068.

Implement initiatives and improvements to reduce greenhouse gas emissions.

Focus on social responsibility by establishing Vietnam's green trees bank, supporting forest planting and conservation projects.

## C. REPORT OF THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE IN 2024

### I. REPORT OF BUSINESS RESULT 2024

In 2024, the global situation continues to be influenced by factors such as inflation and interest rates. Political instability, along with increased trade restrictions in various countries, continues to hinder economic recovery and the value of global industrial production, including the quartz stone manufacturing sector. Additionally, other factors such as rising shipping costs and intense competition from industry rivals in China, India, Thailand, and Malaysia, etc. significantly impact Vicostone's business performance in various markets.

The actual performance compared to the Company's plan are as follows:

#### 1. Report on actual performance compared to plan and the previous year

*Unit: VND Billion*

No.	Item	2024 Plan	2024 Actual	2024 Actual vs Plan (%)	2024 Actual vs 2023 (%)
1	Net Revenue	4,602.59	4,322.07	93.91%	99.27%
2	Profit Before Tax	1,033.91	953.34	92.21%	95.39%

To adapt to the fluctuations of the global market, Vicostone proactively identifies and implements effective financial policies and actively manages the supply chain of raw materials to enhance the competitive advantage, especially as many industry peers face challenges due to high costs and persistent inflation. Additionally, Vicostone's strategy emphasizes increased investment in research and development (R&D) to create a competitive edge over rivals through superior technology and differentiated products, rather than competing on price. Timely, flexible, and market-appropriate solutions have enabled the Company to achieve results that are considered positive amid the overall economic difficulties.

## 2. Result of business operations

### 2.1. Key performance of production and business activities

No.	Item	Unit	2022 Actual	2023 Actual	2024 Actual	Increase/ Decrease 2024 vs 2023 (%)
1	Total Business Production Value	VND Million	2,554,674	1,808,347	1,534,305	(15.15%)
2	Export-Import Turnover	USD Million	193.98	149.88	147.33	(1.70%)
	<i>In which:</i>					
	- Import Value	USD Million	42.03	14.37	18.14	26.27%
	- Export Value	USD Million	151.95	135.51	129.18	(4.67%)
3	Net Revenue	VND Million	5,660,265	4,353,861	4,322,071	(0.73%)
4	Profit Before Tax	VND Million	1,377,217	999,440	953,345	(4.61%)
5	Profit After Tax	VND Million	1,148,702	846,380	807,122	(4.64%)
6	Contribution to State budget (amount paid)	VND Million	379,019	165,684	223,122	34.67%
7	Depreciation of fixed assets	VND Million	129,488	135,807	131,807	(2.95%)

No.	Item	Unit	2022 Actual	2023 Actual	2024 Actual	Increase/ Decrease 2024 vs 2023 (%)
8	Equity at the end of the year	VND Million	4,868,738	4,985,818	5,109,622	2.48%
9	Construction in progress	VND Million	60,932	31,368	159,991	410.04%

*(Source: Vicostone's Audited consolidated financial statement)*

In 2024, facing the common challenges of the global economy, Vicostone proactively implemented various flexible solutions to stabilize the production and business activities, enhancing the Company's competitive advantage amid rising input material costs that affected many industry peers. Risk management, which has always been a particular focus for Vicostone, enabled the Company to respond effectively while actively transitioning through agile and adaptive solutions. Additionally, cost control and optimization were systematically implemented across all company operations to improve operational efficiency and achieve the revenue and profit targets.

In 2024, Vicostone's net revenue reached 93.91% of the plan, equivalent to 99.27% compared to 2023. The Company's profit before tax achieved 92.21% of the plan, equivalent to 95.39% of the previous year's figure.

In 2024, the Company contributed VND 223.12 billion to the State Budget - a significant amount compared to other domestic enterprises. This noteworthy contribution underscores the Company's commitment to pursuing sustainable revenue and profit growth. Simultaneously, the Company maintained stable income levels for the entire workforce, even as many market players resorted to workforce reductions and salary cuts.

## 2.2. Key financial items

Item	2022	2023	2024
<b>1. Liquidity Ratios</b>			
Current Ratio:			

Item	2022	2023	2024
Current Assets / Short-term Liabilities	3.40	3.83	4.13
Quick Ratio:			
(Current Assets - Inventory)/ Short-term Liabilities	1.82	1.99	2.76
<b>2. Capital Structure Ratios</b>			
Liabilities to Total Assets Ratio	0.26	0.23	0.21
Liabilities to Equity Ratio	0.35	0.30	0.27
<b>3. Efficiency</b>			
Inventory Turnover Days:			
360*Average inventory/Cost of goods sold	210	300	255
Accounts Receivable Turnover Days			
360*(Average account receivables – Average advances from customers)/Net Revenue	132	122	105
<b>4. Profitability Ratios</b>			
Profit after tax / Net Revenue ratio	0.20	0.19	0.19
Profit after tax / Equity ratio	0.24	0.17	0.16

Vicostone's financial strength continues to be well-maintained. The Company can proactively respond to sudden financial needs due to a consistently abundant cash flow and cash equivalents. This enables the Company to avoid complete reliance on external capital sources, thereby mitigating the risks of financial imbalance in an environment characterized by an unstable global economy and significant inherent uncertainties.

- The items for short-term debt repayment capacity and quick ratio still remain high in 2024. The risk of insolvency for the company is low. The Company is capable of fully meeting its debt obligations;
- The debt-to-total assets ratio and debt-to-equity ratio have gradually decreased over the years, indicating the Company's ability to repay current debts without facing risks from sudden interest rate hikes;
- The inventory turnover days in 2024 have decreased compared to 2023, as the Company has implemented various policies to optimize inventory and ensure efficient resource utilization.
- The accounts receivable turnover days have significantly decreased over the years;
- The profit after tax margin to net revenue ratio and the profit after tax margin to equity ratio in 2024 have remained approximately the same as in 2023, which is considered a positive outcome in the current challenging environment.

## 2.3. Financial analysis

### 2.3.1. Profitability and Liquidity

No.	Item	Unit	2020	2021	2022	2023	2024
1	Profit Before Tax / Net Revenue	%	29.47%	29.67%	24.33%	22.96%	22.06%
2	Profit after tax/ Net Revenue	%	25.24%	25.06%	20.29%	19.44%	18.67%
3	Profit after tax /Average Equity (ROAE)	%	39.10%	40.59%	23.58%	17.18%	15.99%
5	Profit after tax/ Average Assets (ROAA)	%	24.55%	27.37%	17.04%	12.96%	12.48%

No.	Item	Unit	2020	2021	2022	2023	2024
4	Current Ratio	Times	2.76	3.41	3.83	4.36	4.76
5	Short-term Debt Repayment Capacity Ratio	Times	2.45	3.11	3.40	3.83	4.13
6	Quick Ratio	Times	1.44	2.05	1.82	1.99	2.76
7	Book Value	Dong/Share	24,857	30,464	30,430	31,161	31,935

*(Source: Vicostone's audited consolidated financial statements)*

In 2024, amidst numerous challenges in the economy, the Company recorded revenue and profit levels comparable to those of 2023, reflecting the collective efforts and dedication of the entire Board of Directors and employees.

- Net revenue decreased by VND 31.79 billion, corresponding to 0.73%, resulting in a gross profit reduction of VND 42.80 billion due to increased revenue deductions and a decline in sales revenue;
- Financial revenue decreased by VND 0.08 billion, primarily due to an increase in interest income from deposits and lendings by VND 14.96 billion, while foreign exchange gains decreased by VND 15.04 billion;
- Financial expenses decreased by VND 38.99 billion, due to a decrease in foreign exchange losses by VND 17.72 billion and a decrease in interest expenses by VND 22.05 billion;
- Selling expenses increased by VND 35.16 billion, mainly due to a rise in material costs for sales by VND 7.61 billion, increases in outsourced service costs and other cash expenses by 24.28 billion VND, and a rise in employee costs by 2.59 billion VND;
- Administrative expenses increased by VND 7.20 billion, primarily due to a rise in management personnel costs by VND 5.77 billion.

As a result of these factors, the Company's accounting profit before tax in 2024 decreased by VND 46.10 billion, and profit after tax decreased by VND 39.26 billion compared to 2023.

In 2024, the global economy was slowly recovering. Although inflation had cooled compared to 2023, it remained above target levels in many countries. International businesses continued to face high interest rates, geopolitical tensions, and rising shipping costs, etc. all of which significantly impacted operations,



and Vicostone was not exempt from these impacts. In this context, the Company devised plans to balance the challenging tasks of resource management to maintain high profitability and liquidity ratios in 2024. The profit before tax to net revenue ratio of the Company in 2024 was 22.06%, which was considered good for each unit of revenue and assets, reflecting the Company's efforts to overcome challenges in maintaining production, expanding sales, investing, and effectively utilizing financial tools.

- The current ratio and short-term debt repayment capacity are high, at 4.76 times and 4.13 times, respectively, ensuring strong assurance of the Company's ability to meet its short-term debt obligations.

The factors affecting the ability to pay short-term debts are as follows:

**Decrease in Current Asset: 42.39 VND billion**

Reason:

Increase in cash and cash equivalents: 180.13 VND billion

Increase in short-term investments: 622.30 VND billion

Increase in accounts receivable: 111.69 VND billion

Decrease in deductible value – added tax, taxes and other receivables from the state: 128.70 VND billion

Decrease in inventory: 827.57 VND billion

Decrease in other current assets: 0.25 VND billion

**Decrease in Current Liabilities: 114.08 VND billion**

Reason:

Increase in payables to suppliers and advances from customers: 64.76 VND billion

Decrease in short-term loans and financial lease: 129.60 VND billion

Decrease in other payables: 34.72 VND billion

Decrease in taxes and other amounts payable to the State: 11.82 VND billion

Decrease in payables to employees: 2.70 VND billion

- The quick ratio in 2024 is 2.76 times, higher than in 2023, due to an increase in (current assets – inventory) by VND 786.69 billion and a decrease in short-term liabilities by VND 114.08 billion.

The ratios for current liquidity, short-term debt repayment capacity, and quick ratio have all been maintained at high levels and have gradually increased over the years, demonstrating the Company's strong financial health. This enables the Company to manage financial situations proactively, ensuring the ability to meet obligations and maintain credibility with credit institutions and suppliers.

- The book value in 2024 increased compared to 2023 by an absolute value of VND 123.80 billion.
- The book value per share in 2024 increased by VND 773.77 compared to 2023, primarily due to changes that increased equity:
  - Profit after tax in 2024: VND 807.12 billion;
  - Decrease in undistributed earnings due to dividend payments: VND 640.00 billion;
  - Decrease in undistributed earnings due to bonus and welfare funds appropriation: VND 43.32 billion.

## 2.3.2. Book value

Unit: VND

No.	Item	Ending balance (31/12/2020)	Ending balance (31/12/2021)	Ending balance (31/12/2022)	Ending balance (31/12/2023)	Ending balance (31/12/2024)	Increase/ Decrease 2024 vs 2023
<b>A</b>	<b>ASSETS</b>						
<b>1</b>	<b>Current assets</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>5,473,448,538,482</b>	<b>(42,388,522,685)</b>
1.1	Cash and cash equivalent	790,349,857,796	1,045,421,628,805	1,101,676,090,814	1,403,055,900,429	1,583,190,798,036	180,134,897,607
1.2	Short-term investments	-	60,000,000,000	-	47,700,000,000	670,000,000,000	622,300,000,000
1.3	Short-term receivables	1,953,209,393,596	2,448,451,558,208	1,750,028,465,700	1,217,001,138,364	1,328,693,368,799	111,692,230,435
1.4	Inventories	2,014,961,208,129	1,990,065,772,716	2,577,658,997,132	2,644,021,541,821	1,816,451,063,141	(827,570,478,680)

No.	Item	Ending balance (31/12/2020)	Ending balance (31/12/2021)	Ending balance (31/12/2022)	Ending balance (31/12/2023)	Ending balance (31/12/2024)	Increase/ Decrease 2024 vs 2023
1.5	Other current assets	141,991,838,178	285,161,452,747	111,746,527,820	204,058,480,553	75,113,308,506	(128,945,172,047)
<b>2</b>	<b>Non-current assets</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>993,523,472,901</b>	<b>41,111,749,727</b>
2.1	Long-term receivables	30,000,000	30,000,000	30,000,000	-	836,798,010	836,798,010
2.2	Fixed assets	1,018,159,912,711	1,036,694,489,298	975,280,835,505	867,639,822,196	790,145,802,475	(77,494,019,721)
2.3	Construction in progress	118,194,912,231	9,670,832,872	54,250,937,168	67,337,480,379	184,382,312,159	117,044,831,780
2.4	Long-term investments	-	-	-	-	-	-
2.5	Other long-term assets	18,437,221,292	17,417,833,717	19,232,986,825	17,434,420,599	18,158,560,257	724,139,658

No.	Item	Ending balance (31/12/2020)	Ending balance (31/12/2021)	Ending balance (31/12/2022)	Ending balance (31/12/2023)	Ending balance (31/12/2024)	Increase/ Decrease 2024 vs 2023
2.6	Goodwill	-	-	-	-	-	-
	<b>TOTAL ASSETS</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>6,466,972,011,383</b>	<b>(1,276.772.958)</b>
<b>B</b>	<b>Total liabilities and equity</b>						
<b>I</b>	<b>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>1,357,349,867,553</b>	<b>(125,080,508,517)</b>
1.1	Current liabilities	1,997,920,622,226	1,872,419,253,793	1,628,068,914,249	1,440,717,987,416	1,326,641,808,599	(114,076,178,817)
1.2	Non-current liabilities	199,592,650,918	146,297,297,862	93,098,280,458	41,712,388,654	30,708,058,954	(11,004,329,700)
<b>II</b>	<b>Equity</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>5,109,622,143,830</b>	<b>123,803,735,559</b>
2.1	Equity	3,857,821,070,789	4,874,197,016,708	4,868,737,646,257	4,985,818,408,271	5,109,622,143,830	123,803,735,559

No.	Item	Ending balance (31/12/2020)	Ending balance (31/12/2021)	Ending balance (31/12/2022)	Ending balance (31/12/2023)	Ending balance (31/12/2024)	Increase/ Decrease 2024 vs 2023
2.2	Other funds	-	-	-	-	-	-
C	<b>NON- CONTROL LING INTEREST</b>	-	-	-	-	-	-
	<b>Total liabilities and equity</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>6,466,972,011,383</b>	<b>(1,276,772,958)</b>

- Total assets in 2024 decreased compared to 2023 by VND 1.28 billion, comprising:
  - Decrease in current assets of VND 42.39 billion;
  - Increase in long-term assets of VND 41.11 billion.
- **The decrease in current assets due to:**
  - Increase in cash and cash equivalents by: VND 180.13 billion;
  - Increase in short-term financial investment by: VND 622.30 billion as the Company had savings deposits with maturities exceeding three months during the year;
  - Increase in short-term receivables by VND 111.69 billion, specifically:

	<b><u>Beginning of the year</u></b> <b><u>(VND)</u></b>	<b><u>Ending of the year</u></b> <b><u>(VND)</u></b>	<b><u>Movement</u></b>
Short-term trade receivables from customers	1,223,292,160,866	1,327,073,083,688	103,780,922,822
Short-term advances to suppliers	9,103,586,823	19,547,116,693	10,443,529,870
Other Receivables	3,074,253,102	5,745,573,306	2,671,320,204
Provision for doubtful short-term receivables	(18,468,862,427)	(23,672,404,888)	(5,203,542,461)
<b>Total</b>	<b>1,217,001,138,364</b>	<b>1,328,693,368,799</b>	<b>111,692,230,435</b>

Short-term receivables from customers increased by VND 103.78 billion, rising from VND 1,223.29 billion at the beginning of the year to VND 1,327.07 billion at the end of the year. The Company's delayed payment customers are all traditional clients with strong financial capabilities and a history of timely payments.

Short-term prepayments to suppliers increased by VND 10.44 billion from VND 9.10 billion at the beginning of the year to VND 19.55 billion at the end of the year.

**- Total Inventory Decrease: 827.57 VND billion**

**In which:**

- Finished Goods and Merchandise decreased: 891.44 VND billion
- Goods in transit increased: 54.82 VND billion

• Tools and supplies decreased:	14.58	VND billion
• Work-in-Progress increased:	23.38	VND billion
• Raw materials increased:	19.93	VND billion

The provision for doubtful short-term receivables increased by VND 5.20 billion.

Finished goods and merchandise decreased by VND 891.44 billion as during the year, the Company implemented an inventory optimization plan and achieved the targeted product consumption levels. Raw materials and supplies increased by VND 19.93 billion, but this amount remains sufficient to ensure input for production in the early part of the following year.

- <b>Decrease in other current assets:</b>	128.95	VND billion, due to:
Decrease in deductible value added tax	128.70	VND billion
Decrease in prepaid expenses:	0.25	VND billion
- <b>Increase in long-term assets:</b>	41.11	VND billion

*In which:*

• <b>Fixed assets decrease:</b>	77.49	VND billion
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*Reason:*

Increase due to new purchases and completed construction projects during the year:	55.59	VND billion
Decrease due to depreciation charged during the year:	131.81	VND billion



- |   |        |             |
|---|--------|-------------|
| <b>• Increase in construction in progress</b> | 117.04 | VND billion |
|---|--------|-------------|

*Reason:*

Increase in construction in progress:	106.37	VND billion
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Increase in purchases:	10.17	VND billion
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- |  |      |             |
|--|------|-------------|
| <b>• Increase in other long-term assets:</b> | 0.72 | VND billion |
|--|------|-------------|

*Reason:*

Decrease in long-term prepaid expenses:	0.42	VND billion
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Increase in deferred income tax assets	1.14	VND billion
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**Capital covering the growth of assets decreased as:**

- |                                  |        |             |
|----------------------------------|--------|-------------|
| <b>• Decrease in liabilities</b> | 125.08 | VND billion |
|----------------------------------|--------|-------------|

*In which:*

- |   |       |             |
|---|-------|-------------|
| - Increase in Payables to Suppliers and Advances from Customer: | 64.76 | VND billion |
| - Decrease in Long-term Loans and Finance Leases:               | 11.14 | VND billion |
| - Decrease in Short-term Loans and Finance Leases:              | 129.6 | VND billion |

- Decrease in Taxes and Other Payables to the State:	11.82	VND billion
- Decrease in Other Short-term and Long-term Payables:	37.29	VND billion
• <b>Increase in owner's equity:</b>	123.80	VND billion

*In which:*

- Profit from Business Operation in 2024:	807.12	VND billion
- Decrease in Undistributed earnings due to Dividend Payments:	640.00	VND billion
- Decrease in undistributed earnings due to Welfare Fund appropriation:	43.32	VND billion

Thus, it can be observed that the Company's total assets in 2024 have been preserved, liabilities have decreased, and equity has increased compared to 2023.

### 2.3.3. Selling Expenses and General & Administrative Expenses

*Unit: VND*

Item	2021	2022	2023	2024
<b>Net Revenue</b>	7,070,128,978,997	5,660,265,444,192	4,353,861,143,572	4,322,071,392,821

Item	2021	2022	2023	2024
<b>Total selling expenses, general and administrative expenses</b>				
Labor costs	16,317,927,242	33,616,770,934	35,327,184,233	43,687,688,191
<i>Percentage %</i>	0.23%	0.59%	0.62%	1.01%
Material, tool and supplies costs	40,442,518,792	32,949,097,328	29,115,432,087	37,754,664,297
<i>Percentage %</i>	0.57%	0.58%	0.51%	0.87%
Depreciation expenses	8,272,131,036	8,236,480,650	8,411,968,900	6,291,175,645
<i>Percentage %</i>	0.12%	0.15%	0.15%	0.15%
Warranty expenses	-	-	-	-
<i>Percentage %</i>	0.00%	0.00%	0.00%	0.00%
Taxes, fees, charges	1,327,004,069	1,257,154,206	1,398,017,247	1,470,911,670
<i>Percentage %</i>	0.02%	0.02%	0.02%	0.03%

Item	2021	2022	2023	2024
Provision, goodwill, trademark	3,461,989,956	12,243,520,902	3,875,917,579	5,389,100,961
<i>Percentage %</i>	0.05%	0.22%	0.07%	0.12%
External services expenses	221,371,565,566	213,187,838,652	120,036,509,320	142,176,220,065
<i>Percentage %</i>	3.13%	3.77%	2.12%	3.29%
Other expenses	28,300,847,295	19,932,989,115	17,043,920,547	20,799,525,521
<i>Percentage %</i>	0.40%	0.35%	0.30%	0.48%
<b>Total selling expenses, general and administrative expenses</b>	319,493,983,956	321,423,851,787	215,208,949,913	257,569,286,350
<i>Percentage %</i>	4.52%	5.68%	4.94%	5.96%

*(Source: Vicostone's Audited consolidated financial statements)*

Selling and administrative expenses in 2024 increased by VND 42.36 billion compared to 2023; with the ratio to net revenue rising from 4.94% to 5.96%, as detailed below:

- Employee costs increased by VND 8.36 billion, corresponding to 23.67% compared to 2023; the ratio to net revenue rose from 0.62% to 1.01%;
- Material and tools costs increased by VND 8.64 billion, corresponding to 29.67% compared to 2023, due to the Company's expansion of marketing programs for both domestic and international markets;
- Provision expenses increased by VND 1.51 billion compared to 2023; the ratio to net revenue rose from 0.07% to 0.12%;
- Outsourced service costs increased by VND 22.14 billion, corresponding to 18.44% compared to the previous year; the ratio to net revenue rose from 2.12% to 3.29%;
- Other cash expenses increased by VND 3.76 billion, corresponding to 22.03% compared to 2023; the ratio to net revenue rose from 0.30% to 0.48%.

#### 2.3.4. Liabilities

Unit: VND

Item	Ending balance 2021	Ending balance 2022	Ending balance 2023	Ending balance 2024	Increase/ Decrease 2024 vs 2023
Short-term loan and finance lease	1,479,310,860,822	1,341,331,424,122	1,064,487,093,976	934,887,637,213	(129,599,456,763)
Other current liabilities	393,108,392,971	286,737,490,127	376,230,893,440	391,754,171,386	15,523,277,946

Item	Ending balance 2021	Ending balance 2022	Ending balance 2023	Ending balance 2024	Increase/ Decrease 2024 vs 2023
Non-current liabilities	146,297,297,862	93,098,280,458	41,712,388,654	30,708,058,954	(11,004,329,700)
<b>Total liabilities</b>	<b>2,018,716,551,655</b>	<b>1,721,167,194,707</b>	<b>1,482,430,376,070</b>	<b>1,357,349,867,553</b>	<b>(125,080,508,517)</b>

(Source: Vicostone's Audited consolidated financial statements)

**Detail of changes in liabilities are as follows:**

- <b>Short-term loans and liability decreased:</b>	<b>142,899,211,113</b>	<b>VND</b>
Short-term loans decreased:	129,599,456,763	VND
- <b>Other short-term liability increased:</b>	<b>15,523,277,946</b>	<b>VND</b>
• Short-term payables to suppliers increased:	64,521,287,282	VND
• Buyers paying in advance increased:	240,482,002	VND
• Other short-term payables increased:	2,687,304,251	VND

• Bonus and welfare benefits decreased:	37,403,924,303	VND
• Taxes and State obligations decreased:	11,818,208,198	VND
• Payables to employees decreased:	2,703,663,088	VND
- <b>Long-term debt decreased:</b>	<b>11,135,214,100</b>	<b>VND</b>
Long-term loans and debt decreased:	11,135,214,100	VND

#### 2.3.5. Inventories

Unit: VND

Item	2021	2022	2023	2024
Cost of goods sold	4,607,624,494,397	3,917,293,715,601	3,132,968,514,512	3,143,979,224,163
Goods in transit	55,128,619,661	168,845,760	19,169,093,749	73,988,061,550
Raw materials	218,885,783,716	195,522,460,766	159,948,823,810	179,882,759,533
Tools and supplies	98,503,048,680	115,368,884,645	80,299,128,106	65,718,972,224
Work in progress	30,552,469,465	48,956,930,856	25,124,948,522	48,500,707,213

Item	2021	2022	2023	2024
Finished goods	1,594,173,380,044	2,234,594,339,125	2,377,471,552,820	1,486,035,012,243
Provision for devaluation of inventories	(7,177,528,850)	(16,952,464,020)	(17,992,005,186)	(37,674,449,622)
<b>Total balance of inventories</b>	<b>1,990,065,772,716</b>	<b>2,577,658,997,132</b>	<b>2,644,021,541,821</b>	<b>1,816,451,063,141</b>

(Source: Vicostone's Audited consolidated financial statements)

The Company's inventory value at the end of 2024 decreased significantly by VND 827.57 billion compared to the end of 2023, comprising:

- Finished goods and merchandise decreased by VND 891.4 billion;
- Raw materials and goods in transit increased by VND 74.75 billion.

This reduction was achieved through the implementation of various effective solutions aimed at clearing inventory, utilizing resources efficiently, and optimizing inventory levels to ensure uninterrupted production and sales.

#### 2.3.6. Inventories turnover ratio

Unit: Times

Item	2021	2022	2023	2024
Inventories turnover ratio	2.30	1.72	1.20	1.41



The inventory turnover ratio of the Company in 2024 is 1.4 times, an increase compared to 2023, due to more effective inventory management this year. This also indicates the optimization of capital utilization of the Company.

### 2.3.7. Change in share capital

*Unit: VND Billion*

Item	2020 (*)	2021	2022	2023	2024
Share capital	1,552.00	1,600.00	1,600.00	1,600.00	1,600.00

(\*) The amount of treasury shares was 4,800,000 shares at the end of 2020. As at December 31, 2024, the number of outstanding shares on the market is 160,000,000 shares.

## 3. Analysis of items in income statement

### 3.1. Income statement over the years

*Unit: VND*

Item	2020	2021	2022	2023	2024
Revenue from sale of goods and rendering of services	5,674,600,425,338	7,108,211,833,610	5,679,350,995,019	4,363,038,846,159	4,345,179,877,664
Deductions	15,005,906,672	38,082,854,613	19,085,550,827	9,177,702,587	23,108,484,843

Item	2020	2021	2022	2023	2024
Net revenue from sale of goods and rendering of services	5,659,594,518,666	7,070,128,978,997	5,660,265,444,192	4,353,861,143,572	4,322,071,392,821
Cost of goods sold and services rendered	3,695,766,493,820	4,607,624,494,397	3,917,293,715,601	3,132,968,514,512	3,143,979,224,163
<b>Gross profit from sale of goods and rendering of services</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>	<b>1,178,092,168,658</b>
Finance income	40,073,177,690	62,082,451,372	98,155,802,144	102,570,373,296	102,492,688,205
Finance expenses	92,877,592,099	89,487,688,687	137,491,570,611	101,362,107,133	62,367,729,950
In which: Loan interest expenses	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942	34,586,850,582
Shares of profit/(loss) of associates, joint ventures	-	-	-	-	-
Selling expenses	160,513,261,846	272,145,112,014	254,616,726,453	156,494,238,157	191,654,021,101
General and administrative expenses	71,482,375,291	47,348,871,942	66,807,125,334	58,714,711,756	65,915,265,249

Item	2020	2021	2022	2023	2024
<b>Operating profit</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>	<b>960,647,840,563</b>
Other income	1,552,175,940	4,433,747,988	3,533,428,873	738,337,805	852,244,403
Other expenses	12,625,030,979	22,637,976,339	8,528,561,965	8,190,303,720	8,155,515,470
Other loss	(11,072,855,039)	(18,204,228,351)	(4,995,133,092)	(7,451,965,915)	(7,303,271,067)
<b>Accounting profit before tax</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>	<b>953,344,569,496</b>
Current corporate income tax expenses	242,123,826,716	325,160,412,470	228,508,335,765	154,124,624,117	147,362,677,737
Deferred tax expense	(2,588,472,166)	180,758,453	6,334,929	(1,065,074,405)	(1,140,297,792)
<b>Net profit after tax</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>807,122,189,551</b>
<b>Net profit after tax attributable to shareholders of the parent</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>807,122,189,551</b>
Net profit after tax attributable to non-controlling interests	-	-	-	-	-

Item	2020	2021	2022	2023	2024
Basic earnings per share	8,251	9,890	6,425	5,041	4,824

(Source: Vicostone's Audited consolidated financial statements)

### 3.2. Other financial figures

Unit: VND

Item	2020	2021	2022	2023	2024
1. Net profit after tax (1)	1,428,419,763,711	1,772,059,864,055	1,148,702,304,551	846,380,429,683	807,122,189,551
2. Current and deferred tax expenses (2)	239,535,354,550	325,341,170,923	228,514,670,694	153,059,549,712	146,222,379,945
3. Depreciation and amortization (3)	119,184,581,565	128,143,604,400	129,487,612,834	135,807,177,136	131,806,502,608
4. Finance expenses	92,877,592,099	89,487,688,687	137,491,570,611	101,362,107,133	62,367,729,950
In which:					
- Interest expenses (4)	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942	34,586,850,582

Item	2020	2021	2022	2023	2024
- Foreign exchange losses (5)	15,892,333,524	32,611,338,264	87,072,361,702	44,724,660,191	27,004,407,164
- Loss on disposal of investments (6)	-	-	-	-	-
- Other finance expenses (7)	-	-	-	-	776,472,204
5. Finance income	40,073,177,690	62,082,451,372	98,155,802,144	102,570,373,296	102,492,688,205
In which:					
- Interest income (8)	5,642,720,046	14,464,239,826	21,820,782,295	25,926,535,243	40,886,009,361
- Foreign exchange gains (9)	33,753,761,597	47,618,211,546	76,335,019,849	76,643,838,053	61,606,678,844
Gain from disposal of investments (10)	994,500	-	-	-	-
Other finance income (11)	675,701,547	-	-	-	-

Item	2020	2021	2022	2023	2024
6. Adjusted EBITDA (9)=(1)+(2)+(3)+(4)+(5)+(6)+(7)- (8)-(9)-(10)-(11)	1,839,944,114,235	2,252,949,876,693	1,546,040,356,546	1,134,038,890,368	1,045,026,113,849
7. EBITDA Margin (%)	32.51%	31.87%	27.31%	26.05%	24.18%

(Source: Vicostone's Audited consolidated financial statements)

### 3.3. Efficiency comparison in periods

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

Unit: VND Billion

Item	2020		2021		2022		2023		2024	
	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue
Revenue from sale of goods and rendering of services	5,674.60		7,108.21		5,679.35		4,363.04		4,345.18	

Item	2020		2021		2022		2023		2024	
	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue
Deductions	15.01		38.08		19.09		9.18		23.11	
Net Revenue from sale of goods and rendering of services	5,659.59		7,070.13		5,660.27		4,353.86		4,322.07	
Cost of goods sold and services rendered	3,695.77		4,607.62		3,917.29		3,132.97		3,143.98	
<b>Gross profit from sale of goods and rendering of services</b>	1,963.83	34.70%	2,462.50	34.83%	1,742.97	30.79%	1,220.89	28.04%	1,178.09	27.26%
Finance income	40.07	0.71%	62.08	0.88%	98.16	1.73%	102.57	2.36%	102.49	2.37%
Finance expenses	92.88	1.64%	89.49	1.27%	137.49	2.43%	101.36	2.33%	62.37	1.44%

Item	2020		2021		2022		2023		2024	
	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue
In which: Loan interest expenses	76.99	1.36%	56.88	0.80%	50.42	0.89%	56.64	1.30%	34.59	0.80%
Shares of profit/(loss) of associates, joint ventures	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Selling expenses	160.51	2.84%	272.15	3.85%	254.62	4.50%	156.49	3.59%	191.65	4.43%
General and administrative expenses	71.48	1.26%	47.35	0.67%	66.81	1.18%	58.71	1.35%	65.92	1.53%
<b>Operating profit</b>	1,679.03	29.67%	2,115.61	29.92%	1,382.21	24.42%	1,006.89	23.13%	960.65	22.23%
Other income	1.55	0.03%	4.43	0.06%	3.53	0.06%	0.74	0.02%	0.85	0.02%
Other expenses	12.63	0.22%	22.64	0.32%	8.53	0.15%	8.19	0.19%	8.16	0.19%
Other loss	(11.07)	-0.20%	(18.20)	-0.26%	(5.00)	-0.09%	(7.45)	-0.17%	(7.30)	-0.17%



Item	2020		2021		2022		2023		2024	
	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue
<b>Accounting profit before tax</b>	1,667.96	29.47%	2,097.40	29.67%	1,377.22	24.33%	999.44	22.96%	953.34	22.06%
Current corporate income tax expense	242.12	4.28%	325.16	4.60%	228.51	4.04%	154.12	3.54%	147.36	3.41%
Deferred tax expense	(2.59)	-0.05%	0.18	0.00%	0.01	0.00%	(1.07)	-0.02%	(1.14)	-0.03%
<b>Net profit after tax</b>	1,428.42	25.24%	1,772.06	25.06%	1,148.70	20.29%	846.38	19.44%	807.12	18.67%
Net profit after tax attributable to non-controlling interests	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Net profit after tax attributable</b>	1,428.42	25.24%	1,772.06	25.06%	1,148.70	20.29%	846.38	19.44%	807.12	18.67%

Item	2020		2021		2022		2023		2024	
	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue	Amount	Ration on net revenue
<b>to shareholders of the parent</b>										
Basic earnings per share (VND)	8,251		9,890		6,425		5,041		4,824	

*(Source: Vicostone's Audited consolidated financial statements)*

### 3.4. Liquidity and Capital Sources

The primary sources of cash of the Company in 2024 include revenue from the sale of goods and finished products, refunds of value-added tax, and short-term loans received from credit institutions.

The main capital requirements for the Company in 2024 are aimed at financing working capital needs, meeting obligations for loan repayments, settling accounts payable to suppliers, and distributing dividends to shareholders. The Company's working capital is influenced by several factors, primarily the demand for raw materials, machinery and equipment for production, transportation services, goods, and other input factors.

In 2024, the Company focused on optimizing inventory management to maintain a sufficient supply of goods, ensuring immediate availability of raw materials for continuous production without affecting delivery times to customers, while also ensuring efficient capital utilization and avoiding excess capital tied up in inventory. In the coming years, the Company plans to maintain its current inventory policy and concentrate on meeting quantity and quality requirements through enhanced planning and production management programs.

With the existing business plan, cash and cash equivalents, cash flow from operations, and available loans under short-term and long-term credit agreements, the Company is well-positioned to meet its capital requirements for its production and business operations in 2025 and beyond.

*Unit: VND*

No.	Item	2020	2021	2022	2023	2024
<b>I.</b>	<b>Cash flows from operating activities</b>					
01	<b>Profit before tax</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>	<b>953,344,569,496</b>
	<i>Adjusted for:</i>					
02	Depreciation and amortisation of fixed assets (including amortisation of goodwill)	119,067,378,765	128,047,268,748	129,487,612,834	135,807,177,136	<b>132,081,235,009</b>
03	Provisions	-	5,842,631,586	21,961,976,815	4,781,997,662	<b>25,016,871,297</b>

No.	Item	2020	2021	2022	2023	2024
04	Foreign exchange (gains)/losses arisen from revaluation of monetary accounts denominated in foreign currency	(3,505,066,527)	10,856,954,333	24,700,782,263	2,972,492,165	<b>11,632,281,156</b>
05	Profits from investing activities	(5,642,720,046)	(14,038,583,398)	(21,545,941,417)	(25,886,870,267)	<b>(40,958,736,634)</b>
06	Interest expenses	76,985,258,575	56,876,350,423	50,419,208,909	56,637,446,942	<b>34,586,850,582</b>
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>1,854,859,969,028</b>	<b>2,284,985,656,670</b>	<b>1,582,240,614,649</b>	<b>1,173,752,223,033</b>	<b>1,115,703,070,906</b>
09	(Increase)/decrease receivables	(20,016,029,440)	(648,791,983,076)	808,672,783,599	437,656,155,991	<b>14,458,145,260</b>
10	(Increase)/decrease in inventories	(101,215,961,716)	22,499,984,941	(597,368,159,586)	(67,402,085,855)	<b>807,888,034,244</b>

No.	Item	2020	2021	2022	2023	2024
11	Increase/(decrease) in payables	(105,376,842,984)	(66,633,231,842)	(189,488,443,308)	37,617,253,121	<b>49,215,218,611</b>
12	(Increase)/decrease in prepaid expenses	5,862,640,365	979,403,959	(262,475,479)	5,328,174,439	<b>390,719,925</b>
14	Interest paid	(81,061,138,974)	(56,884,970,781)	(48,515,094,701)	(57,615,551,413)	<b>(34,572,833,234)</b>
15	Corporate income tax paid	(198,162,331,778)	(324,841,945,403)	(250,232,121,223)	(96,085,399,056)	<b>(155,784,046,681)</b>
16	Other cash inflows from operating activities	-	-	-	-	-
17	Other cash outflows for operating activities	(94,437,099,499)	(116,703,598,796)	(113,240,586,975)	(103,808,815,649)	<b>(80,722,378,295)</b>

No.	Item	2020	2021	2022	2023	2024
20	Net cash flows from operating activities	1,260,453,205,002	1,094,609,315,672	1,191,806,516,976	1,329,441,954,611	1,716,575,930,736
II.	CASH FLOWS FROM INVESTING ACTIVITIES					
21	Purchase and construction of fixed assets and other long-term assets	(88,395,274,034)	(41,195,138,027)	(60,932,414,789)	(31,368,122,595)	(159,990,678,055)
22	Proceeds from disposals of fixed assets	-	98,000,000		111,387,500	80,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities	-	(60,000,000,000)		(47,700,000,000)	(1,050,000,000,000)

No.	Item	2020	2021	2022	2023	2024
24	Collections from borrowers and proceeds from sale of debt instruments of other entities	-	-	60,000,000,000	50,129,329	<b>427,700,000,000</b>
25	Payments for investments in other entities	-	-		-	-
26	Proceeds from sale of investments in other entities	-	-		-	-
27	Interest and dividends received	5,642,720,046	14,464,239,826	21,820,782,295	25,926,535,243	<b>37,569,880,565</b>
<b>30</b>	<b>Net cash flows from investing activities</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>(744,640,797,490)</b>
<b>III.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					

No.	Item	2020	2021	2022	2023	2024
31	Capital contribution and issuance of shares	-	527,700,000	-	-	-
32	Capital redemption	(293,331,372,873)	-	-	-	-
33	Drawdown of borrowings	2,668,622,825,548	2,826,063,241,011	2,560,367,223,816	2,015,429,362,496	<b>1,401,357,103,317</b>
34	Repayment of borrowings	(2,605,681,700,628)	(2,935,029,359,337)	(2,752,129,420,313)	(2,350,412,789,438)	<b>(1,552,945,944,291)</b>
35	Payment of principal of finance lease liabilities	-	-	-	-	-
36	Dividends paid/Profit distributed	(627,149,566,575)	(642,014,742,700)	(959,037,237,800)	(640,589,431,575)	<b>(639,827,276,600)</b>



No.	Item	2020	2021	2022	2023	2024
40	Net cash flows from financing activities	(857,539,814,528)	(750,453,161,026)	(1,150,799,434,297)	(975,572,858,517)	(791,416,117,574)
50	Net increase/(decrease) in cash for the year (50 = 20+30+40)	320,160,836,486	257,523,256,445	61,895,450,185	300,889,025,571	180,519,015,672
60	Cash and cash equivalent at the beginning of the year	469,919,515,100	790,349,857,796	1,045,421,628,805	1,101,676,090,814	1,403,055,900,429
61	Impact of exchange rate fluctuation	269,506,210	(2,451,485,436)	(5,640,988,176)	490,784,044	(384,118,065)
70	Cash and cash equivalents at the end of the year (70 = 50+60+61)	790,349,857,796	1,045,421,628,805	1,101,676,090,814	1,403,055,900,429	1,583,190,798,036

*(Source: Vicostone's Audited consolidated financial statements)*

#### *3.4.1. Cash flows from operating activities*

Cash from operating activities is determined by the total accounting profit before tax, adjusted for items such as depreciation and amortization of fixed assets, provisions, interest expenses, unrealized foreign exchange losses, gains/losses from financial investments, and the liquidation of fixed assets (referred to as non-cash items and not related to operating activities). Additionally, cash from operating activities is affected by changes in accounts receivable, accounts payable, inventory, prepaid expenses, interest payable, and other incurred expenses.

In 2024, compared to 2023, the Company's net cash flow from operating activities increased by VND 387.13 billion, as the profit before tax, after deducting non-cash items and items not related to operating activities, decreased by VNDD 58.05 billion (of which total accounting profit before tax decreased by VND 46.1 billion), while changes in working capital increased by VND 445.18 billion.

In 2024, the net cash flow from operating activities of the Company was VND 1,716.58 billion, specifically: total accounting profit before tax was VND 953.34 billion; this profit before tax, after deducting non-cash items and items not related to operating activities, amounted to VND 162.36 billion, which was further adjusted for changes in other items totaling VND 600.87 billion. The changes in specific items are as follows:

- Accounts receivable decreased by VND 14.46 billion;
- Inventory decreased by VND 807.89 billion;
- Accounts payable increased by VND 49.22 billion;
- Prepaid expenses decreased by VND 0.39 billion;
- Interest paid amounted to VND 34.57 billion;

- Corporate income tax paid amounted to VND 155.78 billion;
- Other cash expenses for business activities amounted to VND 80.72 billion.

#### *3.4.2. Cash flows from investing activities*

The net cash flow from investing activities of the Company in 2024 is VND 744.64 billion, detailed as follows:

- Cash spent on purchasing and constructing fixed assets and other long-term assets amounted to VND 159.99 billion, primarily for the renovation of the vibrating press line at Plant 1 and investments in sand washing and drying equipment;
- Cash used for lending and purchasing debt instruments from other entities totaled VND 1,050 billion. This amount represents the company's six-month fixed-term savings deposit;
- Collection from borrower and proceeds from sale of debt instruments from other entities amounted to VND 427.7 billion;
- Cash received from interest on lendings, dividends, and profit distributions totaled VND 37.57 billion.

#### *3.4.3. Cash flows from financing activities*

The net cash flow from financing activities in 2024 is VND 791.42 billion, detailed as follows:

- Cash received from short-term and long-term loans during the year amounted to VND 1,401.36 billion. The majority of these loans have a term of less than 9 months and are intended to supplement short-term working capital for the Company's production and business activities;
- Cash used to repay principal on loans during the year amounted to VND 1,552.95 billion;

Dividends and profits paid to shareholders during the year amounted to VND 639.83 billion. This primarily consists of dividends distributed from profits after tax to shareholders in accordance with Resolution No.08/2024 NQ/VCS-HĐQT dated June 7, 2024, and Resolution No.16/2024 NQ/VCS-HĐQT dated December 3, 2024 of the Board of Directors.

## II. BUSINESS ACTIVITIES IN MARKETS IN 2024

In 2024, the global economy experienced unexpected shifts driven by escalating geopolitical tensions, risks of crises in major economies, rising public debt, budget deficits, and the growing trend of trade protectionism. Meanwhile, inflation rates reached target levels prompting central banks to lower interest rates.

In the latest economic outlook report published on March 2025, the OECD forecasted global economic growth (GDP growth rate) for 2024 at 3.2%, a slight increase compared to its December 2024 report. Meanwhile, inflation has been controlled and is slowing down rapidly, decreasing from 9.2% in 2022 to 6.7% in 2023 and further dropping to 5.8% in 2024, according to the IMF's January 2025 report. Global interest rates continue to decline. In 2024, the Fed cut interest rates by a total of 100 basis points. However, the risk of inflation returning due to import tariff policies enacted by President Donald Trump's administration may lead the Fed to reconsider slowing down its rate cuts. At the end of its 2<sup>nd</sup> meeting in 2025, the Fed announced it would maintain its benchmark interest rate at 4.25% - 4.5%. In Europe, the European Central Bank (ECB) began lowering interest rates in June 2024 for the first time since 2019. To date, it has cut rates four times and has left open the possibility of further monetary easing. Beyond the U.S. and Europe, many other economies, including Switzerland, the UK, China, and South Korea, have also adjusted their interest rates. This wave of monetary easing has spread globally.

Labor markets in major economies showed signs of recovery; however, unemployment rates remained above the standard level. The strong growth of nominal wages, combined with declining inflation, contributed to an increase in household real incomes. Despite this, private sector consumption remained sluggish in most countries, reflecting persistent weaknesses in consumer confidence.

Vicostone, closely monitoring market developments, proactively implemented timely, flexible, and effective solutions, enabling the Company to achieve impressive results despite the broader economic challenges. The estimated net revenue of the Company in 2024 reached VND 4,322 billion.

### 1. Domestic market

According to the World Bank (WB) in Vietnam, despite encountering various challenges in 2024, the Vietnamese economy demonstrated resilience, maintaining its growth trajectory and long-term development, and achieving the highest growth rate among East Asian economies. In 2024, the economy saw a strong and steady recovery, driven by manufacturing, trade, and foreign direct investment (FDI). However, the macro economy still faced risks and pressures, with the real estate

market showing modest yet uncertain signs of improvement, while domestic demand had not fully recovered.

At the outset of 2024, Vicostone recognized that the year would pose ongoing challenges for the Company. With a focus on continuous change and sustainable development, Vicostone crafted an action plan designed to meet domestic business goals. Despite slow growth in project sales, stemming from weak and partial demand in the real estate market, with many projects either stalled at the investment phase or progressing slowly, Vicostone's retail sector still achieved a positive growth. The production output in 2024 grew by nearly 15% compared to 2023. VICOSTONE® products have been featured in major national projects such as the Terminal 3 of Tan Son Nhat Airport and the Long Thanh International Airport project. With a nationwide distribution network comprising over 2,000 agencies/retailers, along with nearly 50 stores and Vicostone Authorized Fabricators (VAF), VICOSTONE® brand has been easily accessible and earned the trust of domestic consumers.

In addition to maintaining and expanding Vicostone's distribution network, the Company also took proactive steps to train, support, and guide external producers on cutting, wetting, and installing products that meet standards. This effort enhanced product quality, optimized pricing for customers, and strengthened the competitive edge of Vicostone's products in the market. In 2024, the Company launched many promotional programs aimed at consumers, including a special promotion for the new collection "**Tropical Flow**", giveaways of dining and tea tables, and the "**Great promotions - Celebrating the 22nd birthday**" to mark the Company's anniversary, etc.

Vicostone also placed a strong emphasis on collaboration with experts. In 2024, the Company engaged in numerous cooperative activities with partners, architects, designers, and furniture agencies both domestically and regionally. The confidence and in-depth knowledge these experts have in VICOSTONE® products played a crucial role in effectively communicating and connecting the Company with customers.

The right business strategies and flexible policies enabled Vicostone to achieve impressive growth in domestic market in 2024, further reaffirming the Company's leading position in Vietnam's high-quality quartz production sector.

## 2. Export markets

Vicostone's business performance was affected by global macroeconomic factors, particularly in key markets such as North America and Europe. While real estate and home construction in these regions were gradually recovering—though at an uneven pace—due to cooling inflation and adjusted interest rates, competition in the industry intensified. This was especially evident among

countries in the Asia-Pacific region, including India, China, Vietnam, Malaysia, and Thailand. These factors had a significant impact on Vicostone's international market performance.

Although Vicostone had identified market volatility as a key risk in the 2024 production and business planning, the rapid and unpredictable shifts in the market still exerted significant pressure on the Company's operations in the key markets. Although the business results did not meet expectations, they were considered positive in the general context, still demonstrating the effective, quick and timely adaptation of Vicostone's risk management system as well as the efforts of the Company's Board of Directors and employees. With strong support and development strategy from the parent company, Phenikaa Group, the business operation in markets achieved the following results:

- In the U.S. market: The Company completed the restructuring of the distribution network in the U.S., enhancing product experience for customers and promoting the VICOSTONE® brand. The recovery of the U.S. real estate and home construction markets contributed to promising sales results for the Company in this region;
- In the Canadian market: By the virtue of enhanced marketing and promotional programs through the Company's partner support policies, the market saw strong growth in 2024 despite ongoing economic challenges in Canada;
- The European market: In 2024, the European region continued to face challenges due to geopolitical tensions between Russia and Ukraine, as well as political crises in major countries like Germany and France. However, with the Company's support for sales and marketing, distribution agencies in the European market achieved strong growth, making a significant contribution to export revenues;
- 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 Taiwan, while expanding distribution agents in existing markets. This contributed to the development of the VICOSTONE® brand worldwide.

In 2024, in addition to implementing sales and marketing support policies for markets, Vicostone strengthened research and development efforts to introduce new products, offering unique experiences and a diverse range of styles and designs to customers. These newly launched products contributed to sales revenue growth and enhanced VICOSTONE® products' competitive edge, especially as traditional products faced increasing pressure from competitors.

During the year, in order to enhance production capacity, the Company invested in the expansion of an additional Breton production line for Super Jumbo stone (ultra-large format), increasing the total number of VICOSTONE® stone production lines to seven. Simultaneously, the Company established a Bio-Quartz raw material manufacturing plant to ensure a self-sufficient supply of input materials for the production of slab stone products tailored to the Australian and Californian markets, in accordance with the regulation requiring that the quartz crystal content remains below 1% in these markets.

Taking proactiveness as the competitive edge, Vicostone closely monitored market developments and swiftly adapted to green and sustainable production. The Company implemented appropriate fiscal and cost management strategies while optimizing supply chains for input materials to stabilize customer prices. These timely, flexible, and well-aligned measures enabled Vicostone to achieve positive results in 2024 and lay a strong foundation for growth in 2025.



### III. INTEGRATED MARKETING & COMMUNICATION

#### 1. Domestic market

##### 1.1. Activities aimed at end consumers

In 2024, Vicostone continued to expand the distribution system, promote sales and enhance customer experience through media promotion channels, agents, showrooms, websites, PR, social media, etc. The Company launched many promotional programs for consumers to stimulate purchases and support agents and distributors to boost revenue, such as: (1) *VICOSTONE® - Tropical Flow – Super discount of 25% on the occasion of the launch of the new collection*; (2) *VICOSTONE® - Welcome to Autumn - Full of gifts, giving away VICOSTONE® stone tea tables & dining tables worth up to VND 13.5 million/gift*; (3) *VICOSTONE® - Great promotions - Celebrating the 22<sup>nd</sup> birthday*, on the occasion of the Company's 22<sup>nd</sup> anniversary.

The communication campaigns reached over two million people across online and offline sales channels and the press.



*Promotion program "Great promotions, Celebrating the 22<sup>nd</sup> birthday", 22% discount on 22 special products on the occasion of Vicostone's 22<sup>nd</sup> anniversary*

In addition, in 2024, Vicostone launched the "VICOSTONE® Collection - Tropical Flows" with 8 new products inspired by the beautiful tropical flows in nature, expressing the desire to spread a green, sustainable lifestyle, honoring the pure beauty of nature right in each individual's living

space. Customers are encouraged to join Vicostone in its journey towards the goal of sustainable development, bringing long-term values to the community.



*“VICOSTONE® Collection - Tropical Flow” is inspired by the beautiful tropical flows in nature, helping users create a fresh, eco-friendly living space.*

Vicostone constantly improves and enhances service quality, aiming to bring customers excellent experiences at every "touch" point with the brand, especially during using our products.

At the same time, the Company has expanded its communication channels, while maintaining and promoting the development of existing ones, to improve customer engagement and reinforce its market leadership.

## 1.2. Activities aimed at professionals

For interior architects and designers, in 2024, Vicostone actively participated in many events dedicated to professionals such as:

- Accompanying the activities of the Vietnam Association of Architects and the National Young Architects Clubs, such as: sponsoring the Young Architects Club in Hai Phong, Ha Tinh, the Southeast Region, and Can Tho, etc.; sponsoring and accompanying the 14<sup>th</sup> National Architecture Student Festival - HUSC 2024; sponsoring the Quang Binh Architects Association Football Tournament, the 8<sup>th</sup> TIM CUP Charity Football Tournament, the 5<sup>th</sup> Hai Phong ACCUP Construction Architecture Football Tournament, etc.;
- Accompanying the activities of the Vietnam Furniture Association and the Furniture Student Forum through the professional activities of ID Forum 2024;

- Participating in industry conferences and exhibitions, such as: BCI Equinox HCMC 2024 organized annually by BCI Central in Asian countries; Vietnam Interior & Build Exhibition - VIBE 2024; Ho Chi Minh Export Furniture Fair - Hawa Expo 2024; Vietnam Export Promotion Forum 2024 organized by the Ministry of Industry and Trade, etc.



*Vicostone's representative delivering a presentation at the BCI Equinox HCMC 2024 with the theme "Vicostone – A Pioneer of Green Development"*

- With the desire to honor outstanding interior design talents, opening up opportunities for young and professional designers to demonstrate their creativity, Vicostone also accompanied the BESPOKE BE HOME 2024 competition organized by Samsung Bespoke brand and VDAS | VMARK Design Association from April to June 2024. The competition received nearly 300 outstanding creative entries, featuring highly applicable design concepts with meaningful stories from architects, interior designers, individuals, units, and groups with expertise and interest in the field of design.
- In addition, the Company also sponsored the 36th Loa Thanh Award ceremony - the most prestigious and long-standing award for excellent graduation projects of civil engineering students nationwide.





*Vicostone's honored to be one of the co-sponsors of the award for the winners of the Vietnam Beautiful Kitchen Design Award - Bespoke Be Home 2024*

Vicostone also cooperated with universities specializing in architecture and interior design nationwide, providing opportunities for architecture students to gain hands-on experience and explore high-end stone products with unique aesthetics and outstanding physical and mechanical properties. This collaboration included a variety of initiatives, such as: displaying sample products at universities, training students at showrooms, coordinating the organization of competitions, seminars, etc. Typical activities included accompanying Danang University of Technology and architects to organize the seminar "Designing interior spaces with artificial stone materials and AI tools"; the Green Summer Design Studio 2024 organized by Architecture Magazine and 6 universities in Ho Chi Minh City.



*Workshop "Interior space design with artificial stone materials and AI tools" organized by Danang University of Technology in collaboration with Vicostone*



*Architecture students' visit to Vicostone's showroom in Ho Chi Minh City*





*Green Summer Design Studio 2024 organized by Architecture Magazine and 6 universities in Ho Chi Minh City with the companionship of Vicostone.*

### 1.3. Activities towards agents and distributors

Over the past year, Vicostone has continuously focused on developing partnership with distributors and agents through many meaningful activities.

The Company regularly organizes specialized training programs to enhance partner expertise while also recognizing outstanding distributors, agents and points of sale for their achievements. In particular, the 3<sup>rd</sup> VICOSTONE PARTNER CUP football tournament for distributors and agents in the Northern region was successfully organized, creating a playground for exchanging, learning and strengthening the spirit of solidarity between units.

In addition, the Company accompanied the "Green and sustainable materials" seminar organized by the agent Thai Tuan (in Hai Phong city). The event attracted more than 100 attendees, including architects, design experts, members of the Young Architects Club, representatives from leading green material enterprises and interior agents in 09 Northern coastal provinces.



*Friendly football tournament among Vicostone's Northern distributors and agents in 2024*

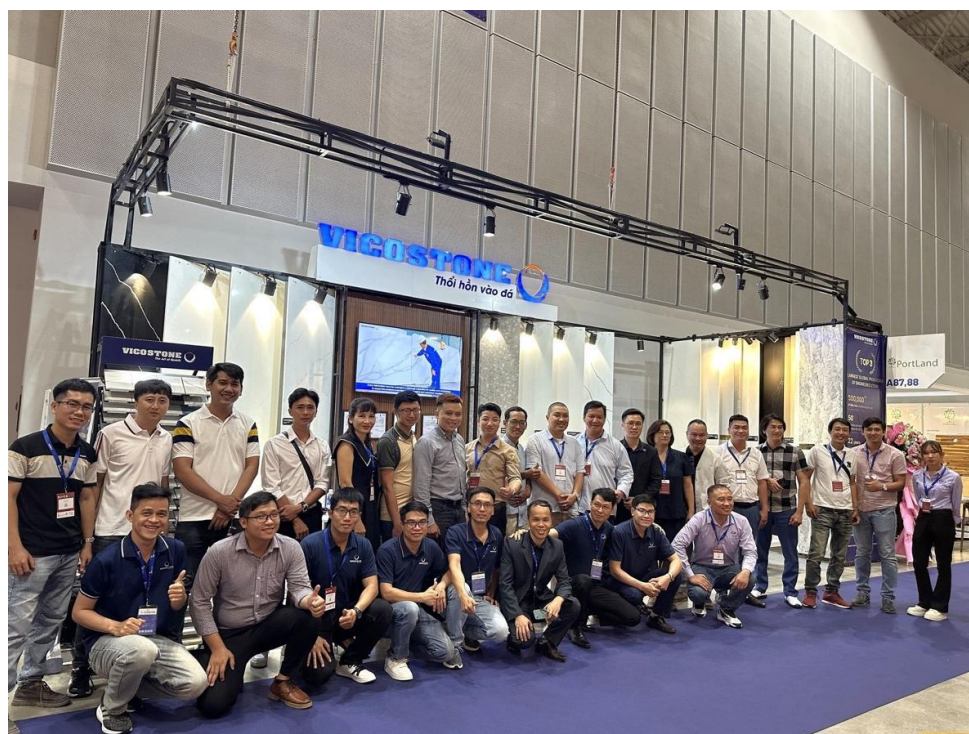


*Vicostone accompanying and attending the "Green and Sustainable Materials" workshop*





*Vicostone meeting with agents in the Southern region*



*Vicostone at Hawa exhibition (HCMC)*



### 1.4. System expansion in the Vietnamese market

Vicostone expanded its distribution system to nearly 50 warehouses, distributors, and authorized fabrication units nationwide, ensuring customers have greater access to its high-quality, trend-leading, and health-safe VICOSTONE® products while reducing time and transportation costs.

With a growing network of authorized fabrication agents, along with a wide network of more than 1,000 agents and points of sale in 63 provinces and cities, Vicostone continued to affirm its strong development potential and position as the number one premium engineered stone brand in Vietnam over the past 22 years.

## 2. International market

In the international market, VICOSTONE® continues to make a strong impression, maintaining its position in the Top 3 largest suppliers of engineered stone countertops in the global market. This success comes from the strategy of promoting the brand and products on prestigious media channels and magazines, along with participating in prestigious global interior exhibitions.

The Company sponsors events and competitions in the interior industry, as well as organizes and participates in business support programs, contributing to enhancing the brand image and strengthening connections with international customers.

### 2.1. Operating in key markets

#### The U.S. market

In the U.S., Vicostone focuses on organizing and participating in a series of events to promote trade as well as cooperating with prestigious agencies in the construction and interior design, such as:

- Design Chicago, the largest annual interior design conference in the Midwest region of the United States;
- [ISFA](#) Fabricator Forum; America's leading HD Expo + Conference;
- NeoCon - the Annual Commercial Design Expo & Conference in Chicago;
- Celebrating Design Texas 2024 - an annual event organized by the Texas Society of Interior Designers;
- 50<sup>th</sup> Anniversary - Chicago Women in Architecture;
- Participating in [IIDA](#) Autumn Expo in Uptown Dallas, U.S. to share Vicostone's commitment to sustainability and introduce VICOSTONE® stone products made from recycled materials, etc.

Especially, in 2024, many programs were held directly at the Company's showroom such as: ISFA Fabricator Forum held at Vicostone showroom in St. Louis, gathering famous fabricators across the U.S.; or Chicago Design seminars held in Vicostone's showroom at THE MART, Chicago, attracting more than 70 leading businesses in the field of civil design.



*Chicago Design's seminars held at Vicostone's showroom at THE MART, Chicago, USA*

### **The Canadian market**

Vicostone Canada Inc. has been making efforts to promote the VICOSTONE® brand in the Canadian market through cooperation with experts, architects, designers, investors and construction companies, etc. and continuously and regularly present at prestigious exhibitions such as:

- Annual Expo Habitat in Québec;
- Interior Design Show (IDS) - one of the most famous and important exhibitions in Canada, setting global design trends. The event takes place in Toronto (January 2024) and Vancouver (September 2024);

- Complètement Design in Montreal for architecture and design professionals;
- Annual trade show of the Interior Design Association (IDA);
- Alberta Interior Design Show bringing together designers, architects, suppliers and renowned brands in the industry.

Vicostone Canada Inc. also actively participates in and accompanies prestigious networking events in the interior materials industry in Canada, typically the National Kitchen and Bath Association (NKBA) Golf Tournament; Georgie Awards® 2024 competition organized annually by the Canadian Home Builders' Association - British Columbia (CHBA BC); Excellence in Residential Construction and Design Awards of Homebuilders Association Vancouver (HAVAN), Canada; Design Excellence Award organized by the Quebec Interior Design Association; VSID Year-End CEU Event Recap - Event of the Interior Design Association of Vancouver; Sponsoring annual LIV Design Student Challenge in Canada for students majoring in interior design, architecture and related fields, etc.



*Vicostone Canada Inc. as the official sponsor of the IDS 2024 exhibition taking place in Vancouver, Canada from September 26 - 29, 2024*



At the same time, Vicostone Canada Inc. also proactively organizes networking activities to create opportunities for young talents and promote creativity in interior design, such as the Student Design Competition "The Art of Quartz" organized by Vicostone Canada Inc. in Vancouver for students in the Interior Design Program of Kwantlen University.

At retail stores, Vicostone Canada Inc. actively promotes its brand and products by organizing events to introduce new collections, targeting both customers and professionals.



*New products launch at Vicostone Victoria, November 2024*

### **Activities to reach potential markets**

The Company continues to expand the distribution system of VICOSTONE® products to the markets of Laos and Cambodia. Vicostone participates in exhibitions in modern spaces, full of interior material solutions from prestigious, high-quality brands such as An Cuong wood, European kitchen equipment systems, 4.0 smart home solutions, etc. helping customers easily choose materials for every space.



*Vicostone welcoming first dealer in Vientiane, Laos*



*VICOSTONE® stone displaying space at its partner's showroom in Cambodia*

#### IV. IMPLEMENTATION OF MAJOR PROJECTS IN 2024

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

In 2024, Vicostone continued implementing the rest of the project on the Enhancement of production capacity and improvement of transport infrastructure at Vicostone JSC since 2021.

<b>Total investment</b>	<b>VND 396.8 billion</b>
<b>Source of capital</b>	Company's own capital
<b>Investment objectives</b>	Improve production capacity and quality in Factories to fulfill the Company's orders.
<b>Duration</b>	Quarter I/2021 – Quarter IV/2024
<b>Location</b>	Vicostone JSC, Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam
<b>Implementation progress</b>	<ul style="list-style-type: none"> <li>All initiatives aimed at enhancing production capacity and product quality were successfully completed in 2024. Up to now, the disbursement value is <b>VND 155.53 billion</b>, with highly localized equipment to reduce investment costs.</li> <li>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.</li> </ul>

## D. BUSINESS PLAN FOR 2025

### I. KEY TASKS FOR 2025

#### 1. Revenue growth target

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

- **R&D and unlimited creativity** are always the keys to success, creating competitive advantages and differentiation, leading the market for Vicostone. In 2025, Vicostone will continue to promote R&D in combination with developing scientific and technological elements for production lines and machinery systems to ensure the quality of output products that meet requirements, the strictest requirements and regulations of each key market as well as new potential markets; complete investment in research and production of new materials to replace traditional ones, aiming to create environmentally friendly products with high quality while continuing to lead the market with unique and sophisticated designs;
- **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;
- **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 Asia- Pacific countries;
- **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.

#### 2. Stabilize the supply chain

Vicostone maintains its strategy of localizing input material sources, aiming to enhance autonomy in 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.

### **3. Improve human resources quality and increase labour productivity**

Over the years of development, productivity and labour efficiency have always been the top concerns of the Board of Directors. The BODs has set the following goals as a basis for implementing specific actions in 2025 as follows:

- Implement continuous improvement, Kaizen-5S to increase labour productivity;
- 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 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.

### **4. Optimize costs and operational efficiency**

In an increasingly competitive global market, Vicostone faces challenged to its operational efficiency due to technological advancements 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;
- Continue to strengthen cost optimization – production optimization, and inventory level optimization in manufacturing operations as a key factor to ensure long-term stable operations;



- 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.

### **5. Continue to promote risk management in the Company**

Vicostone continues to implement a comprehensive risk management plan, aiming not only to minimize overall risk levels and mitigate adverse impacts but also to proactively turn challenges into opportunities, contributing to long-term sustainable growth.

The Company is developing a flexible and proactive risk management system, with a comprehensive risk management strategy deeply integrated into all business operations, including supply chain management, production, marketing, sales, finance, and investment. Each process is equipped with strict control mechanisms to effectively identify and prevent risks, ensuring business stability and sustainability.

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 employee, through the following activities: issuing risk newsletters periodically, ad-hoc 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 of the Company.

### **6. Sustainable development Environment – Social – 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 fulfills 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 2025.

## II. FINANCIAL TARGETS FOR 2025

No.	Item	2025 Plan (Parent company)	Growth compared with 2024 (%)	2025 Plan (Consolidated)	Growth compared with 2024 (%)
1	Net revenue	VND 4,411 billion	10.0	VND 4,719 billion	9.2
2	Profit before tax	VND 904 billion	6.2	VND 975 billion	2.3

## E. CORPORATE GOVERNANCE

### I. REPORT OF THE BOARD OF DIRECTORS

#### 1. Members and structure of the Board of Directors (BOD)

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

No.	BOD Members	Title	Time of election as BOD members	Time of dismissal as BOD members	Number of shares owned in Vicostone	Ownership ratio/ Outstanding shares (%)
1	Mr. Ho Xuan Nang	Chairman of BOD	12/04/2024		5,983,581	3.74%
2	Mr. Pham Tri Dung	Member of BOD – General Director	12/04/2024		353,391	0.22%
3	Ms. Le Thi Minh Thao	Member of BOD	12/04/2024		-	-
4	Ms. Tran Lan Phuong	Member of BOD	12/04/2024		18	-
5	Mr. Nguyen Quang Hung	Independent member of BOD	12/04/2024		-	-
6	Mr. Pham Anh Tuan	Member of BOD	12/04/2019	12/04/2024	19,913	0.01%

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

On April 12, 2024, the Company's 2024 Annual General Meeting of Shareholders elected members of the BOD for the 2024 - 2029 term: Mr. Ho Xuan Nang, Mr. Pham Tri Dung, Ms. Le Thi Minh Thao, Ms. Tran Lan Phuong and Mr. Nguyen Quang Hung to ensure the effective structure and operation of the BOD.

The composition of the Company's BOD ensures diversity in many aspects including but not limited to expertise: diversity in expertise; some BOD members are on the BOM and some are not. As of December 31, 2024, the Company's BOD had 1 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.

All members of the Company's BOD have a Master degree in Business Administration (MBA) and are experts in law, finance, accounting, international trade, corporate governance, 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.

## **2. The activities of the BOD in 2024**

In 2024, the global economy and politics continued to face many challenges. The world economy is recovering and economic growth is gradually stabilizing; geopolitical crises and extreme weather are increasing in intensity and frequency. Tight financial conditions also pose great risks to global trade and industrial production. In such a difficult context, Vicostone's BOD has always strictly complied with the provisions of the Company's Charter, Internal Regulations on Corporate Governance, and the BOD's Operating Regulations as well as the contents and directions set out in the Resolution of the 2024 GMS, thereby providing clear and reasonable guidance, strategies, and directives for all aspects of production and business operations, enabling the Company to achieve relatively favorable business results while ensuring sustainable development. The BOD's performance in 2024 is reflected in the following key areas:

### **2.1. Successfully organizing the 2024 GMS**

On April 12, 2024, Vicostone JSC successfully organized the 2024 Annual General Meeting of Shareholders, reached an agreement on Resolution No. 01/2024 NQ/VCS-ĐHĐCD with the following contents:

- Adoption of Report of BOD in 2023 and 2019 – 2024 term;
- Adoption of the Audit Committee's Report on internal audit activities;
- Adoption of the 2023 production and business results and the 2024 production and business plan;

- Adoption of the 2023 audited financial statements, selecting the unit to audit the 2024 financial statements;
- Adoption of the 2023 Profit Distribution Plan, 2024 Profit Distribution and Dividend Payment Plan; Approving the BOD remuneration payment plan for 2024;
- Adoption of authorizing the BOD to review and approve investment projects under the authority of the GMS, transactions and contracts signed between Vicostone JSC and related parties, ensuring the rights of shareholders;
- Adoption of the direction of receiving the transfer of the Project “Investment in building a factory to produce UV - and weather-resistant unsaturated polyester resins that can be used in the production of quartz-based artificial stone and other composite materials”;
- Election of members of the BOD for the 2024 - 2029 term.

## **2.2. 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 2024, the Board of Directors (BOD) held **21 meetings** to approve important decisions for the Company. Vicostone’s BOD meetings are scheduled and conducted in accordance with regulations on meeting organization. The content of the meetings is fully and thoroughly 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 input from the Board of Management (BOM), the BOD always invites the BOM to attend and provide their opinions.

BOD members are responsible for attending all meetings held during the year. In 2024, the meeting attendance rate of the BOD members was as follows:

No.	BOD member	Title	Number of BOD meetings attended	Attending rate	Reason of absence
1	Mr. Ho Xuan Nang	Chairman of BOD	21	100%	
2	Mr. Pham Tri Dung	Member of BOD	21	100%	
3	Ms. Le Thi Minh Thao	Member of BOD	14	100%	Attend all meetings after being appointed on April 12, 2024

No.	BOD member	Title	Number of BOD meetings attended	Attending rate	Reason of absence
4	Ms. Tran Lan Phuong	Member of BOD	21	100%	
5	Mr. Nguyen Quang Hung	Independent member of BOD	21	100%	
6	Mr. Pham Anh Tuan	Member of BOD	7	100%	No longer attend meetings after being dismissed on April 12, 2024

The BOD meetings focused on resolving key issues related to directing the implementation of the 2024 GSM's Resolutions; Developing and implementing production and business plans for 2024 as approved by the GSM; directing the implementation of the business plan, implementing key tasks and the Resolutions of the 2024 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.

### 2.3. Resolutions of the BOD issued in 2024

In 2024, the BOD approved the following resolutions:

No.	Resolutions	Date	Content	Rate of agreement
1	01/2024 NQ/VCS-HĐQT	11/01/2024	Approving goods/service transactions between the Company and related parties in 2024	100%
2	02/2024 NQ/VCS-HĐQT	17/01/2024	Adopting of changes to the representative of Vicostone's contributed capital and its designated representative on the BOD of Phenikaa Hue	100%

No.	Resolutions	Date	Content	Rate of agreement
3	03/2024 NQ/VCS- HĐQT	19/02/2024	Convening the 2024 GMS	100%
4	04/2024 NQ/VCS- HĐQT	21/03/2024	Approving the 2024 production and business plan	100%
5	05/2024 NQ/VCS- HĐQT	22/03/2024	Approving the time and documents of the 2024 GMS	100%
6	06/2024 NQ/VCS- HĐQT	29/03/2024	Approving the lending between Vicostone JSC and Phenikaa Hue Mineral Investment and Processing Company Limited	100%
7	07/2024 NQ/VCS- HĐQT	12/04/2024	Electing the Chairman of the BOD	100%
8	08/2024 NQ/VCS- HĐQT	07/06/2024	The first cash dividend in 2024	100%
9	09/2024 NQ/VCS- HĐQT	09/07/2024	Selecting the unit to review the semi-annual financial statements and audit the 2024 financial statements of the Company	100%
10	10/2024 NQ/VCS- HĐQT	18/07/2024	Issuing the Training Regulations	100%
11	15/2024 NQ/VCS- HĐQT	25/09/2024	Appointing the Company's key personnel	100%

No.	Resolutions	Date	Content	Rate of agreement
12	16/2024 NQ/VCS- HĐQT	03/12/2024	The second cash dividend in 2024	100%
13	17/2024 NQ/VCS- HĐQT	18/12/2024	Approving the change of the Company's stamp	100%

#### 2.4. 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 one of the largest suppliers of engineered stone countertops to the global market. With his insightful knowledge and significant experience, the Chairman has been supporting the BOM and the next generation of managers to operate the Company's production and sales 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. Le Thi Minh Thao – Member of BOD**

Ms. Le Thi Minh Thao has years of experience in the BOD of A&A Green Phoenix Group JSC - the parent company of Vicostone JSC. With profound and comprehensive knowledge in many fields, especially marketing, branding, market research and development, business operations and management, Ms. Thao has actively participated in supervising and supporting the BOD of the Company in planning business strategies, promoting sales, developing products and improving the efficiency of the management apparatus.

**Ms. Tran Lan Phuong – BOD member**

Ms. Tran Lan Phuong has years of experience in human resources management, investor relations and legal activities. 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 the compliance with corporate governance standards by the BOD and the BOM, as well as supervising auditing, financial, and 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 – BOD member**

Mr. Pham Anh Tuan has many years of experience in the field of materials research, especially polymer composite. During his tenure as a BOD member, Mr. Pham Anh Tuan has made many contributions in research and product development, and technological know-how for Vicostone's engineered stone production. Mr. Pham Anh Tuan was no longer a member of BOD since April 12, 2024.

**3. Activities of sub-division of the BOD in 2024**

Sub-divisions have been established to support the BOD in implementing specific tasks and undertaking its supervision responsibilities. Activities of the sub-divisions in 2024 include:

### 3.1. General Affairs Sub-Division

In 2024, the General Affairs Sub-Division carried out the following important tasks:

- Monitor and analyze market fluctuations; act as the focal point to synthesize and provide information on the Company's production and business situation to the BOD;
- Coordinate 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 BOM;
- Coordinate 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 laws;
- Organize the BOD and BOM meetings;
- Carry out other tasks.

### 3.2. Audit Committee

The Audit Committee, under the Board of Directors, is responsible for overseeing financial reports, risk management, and implementing other internal control measures within the Company to ensure transparency, integrity, and accountability in business operations. In 2024, the Company's Audit Committee performed the following key functions:

- Monitoring activities over the BOD and BOM: The Audit Committee monitored strategy planning, management, and operations of the BOD and BOM to ensure compliance with the law, the Company's Charter, and Governance Regulations. This included ensuring that there were no conflicts of interest among the members of the BOD or BOM in relation to the Company's interests. The Committee also reviewed and updated the internal regulation system to ensure compliance with Vietnamese regulations, international standards, and best practices. Additionally, it evaluated the internal control system and risk management processes, providing advice on improving these systems, etc.;
- Other activities: The Audit Committee analyzed the market context, as well as domestic and international economic and political situations, to identify key risks to the Company's production and business activities and provide relevant advice to the BOD and BOM. The Committee conducted independent and objective assessments on the compliance, economic efficiency, effectiveness, and overall efficiency of the internal control system and risk management. Furthermore, it inspected, monitored, and advised on improving the Company's management and operational processes, ensuring that the Company's operations complied with all legal provisions.

*(For details on the Audit Committee's activities in 2024, Audit Committee Report)*

#### 4. Supervisory of the BOD towards BOM's activities

In accordance with the Company's Charter and internal governance regulations, the BOD has supervised the BOM in managing business operations and executing the resolutions of the General Meeting of Shareholders and the BOD in 2024, specifically as follows:

##### 4.1. Supervision method

- **Through meetings and discussions between the BOD members and the BOM or the BOM members being supervised:** The BOD conducts regular supervision of the BOM through quarterly or ad hoc meetings, emails, other electronic communication methods and telephone discussions on the implementation of production and business strategies, goals, contents and plans approved by the GMS on April 12, 2024 and the implementation of the BOD' Resolutions, quarterly production and business results;
- **Through the reporting system of the BOM:** The BOM also reports regularly to the BOD on the progress and results of implementing planned tasks and difficulties in the implementation to promptly seek the BOD's opinions about the most effective solution. The Chairman and members of the BOD shall review the BOM's reports within the scope of BOM's assigned supervision work.

##### 4.2. Supervision contents

- Supervising the production and business planning in 2024 and implementation of profit targets in 2024 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 reports of its subsidiaries for the quarters and fiscal year 2024 in accordance with the order, progress and current regulations;
- Supervising dividend payments to shareholders in June 2024 and December 2024.

##### 4.3. Results of the BOD's supervision toward the BOD's activities

Through the supervision and control of the Company's activities in 2024, 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 aligned with Vicostone's strategic goals, following the planned roadmap,

and made necessary adjustments to adapt promptly to macroeconomic conditions and competition in the domestic and international construction materials industry. The details are as follows:

#### *4.3.1. Production and business activities*

- Directing production and business activities, improving service quality, optimizing costs to increase competitiveness in the context of escalating prices;
- Directing the increase in sales through restructuring the VICOSTONE® product distribution system in key markets, enhancing the position of the VICOSTONE® brand in existing markets, continuing to search for and expand the distribution system to potential markets, increasing Vicostone's coverage in the global market;
- Directing the development and creation of value-added products/services to help increase sustainable revenue growth and enhance customer experience;
- Directing the continued implementation of the strategy of localizing raw materials 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 advantages;
- Directing the development of new products, creating unique product lines which are rich in art and capable of leading the market. In 2024, Vicostone brought the vibrant spirit of nature to life with the "**Tropical Flow**" collection of premium engineered quartz. Featuring 8 unique designs, this collection empowers homeowners to create fresh, inviting living space. By launching a new collection inspired by beautiful tropical flows, Vicostone wants to spread a green lifestyle, honor the pure beauty of nature right in each individual's living space, encourage consumers to accompany the brand towards the goal of sustainable development, bringing long-term values to the community;
- Directing the production management, inventory management and sales management solutions aimed at optimizing production planning and accelerating inventory turnover;
- Directing the promotion of a Kaizen culture of continuous improvement, aiming to minimize waste in production, reduce labor time, and enhance overall operational efficiency.

#### *4.3.2. In brand promotion in domestic and international markets*

In 2024, the BOD directed continued efforts to strengthen the VICOSTONE® brand strategy and expand the presence both domestically and internationally. Key initiatives include:

##### ***Domestic market:***

- Building and implementing the Integrated Marketing Communications (IMC) Plan for 2024; Participating in the Vietnam Interior and Build Exhibition (VIBE 2024) - a major event in the interior furniture and construction industry organized by the Handicraft and Wood Industry

Association of Ho Chi Minh City (HAWA) and the Saigon Construction & Building Material Association (SACA);

- Launching the "Welcoming Autumn - Full of Gifts" promotion program with the aim of accompanying our valued customers on their journey to create ideal and cozy living spaces in autumn, offering numerous attractive and valuable gifts;
- Launching the promotion program "Vicostone - Tropical Flow - Super discount of 25%" on products in the program on the occasion of launching the new collection "Tropical Flow";
- Participating in the BCI Equinox HCMC 2024 event with a presentation on the topic "Vicostone - Pioneer in green development" sharing the brand's efforts in implementing the NetZero 2050 plan to contribute to the sustainable development of the industry;
- Accompanying the Vietnam Beautiful Kitchen Design Award 2024 organized by the Ho Chi Minh City Design Association (VDAS), etc.

***International market:***

- Continuously enhancing Prosite, the go-to platform for professionals, to offer a wider range of valuable features, comprehensive product information, and expert consultation, thereby fostering deeper engagement with the VICOSTONE® brand among both existing and potential customers;
- Participating in many prestigious international interior furniture exhibitions in North America to introduce the company's latest product collections to the market, etc.;
- Implementing flexible marketing campaigns that adapt to the unique characteristics and dynamic nature of each market.

***4.3.3. In human resources and corporate culture development***

- Directing succession planning resources, promoting training programs, and enhancing personnel capacity at the strategic level to meet the requirements of the Company's production and business goals;
- Directing the continued building of a positive, happy working environment based on the Company's core values, aimed at inspiring employees and strengthening their engagement with one another and the Company.

***4.3.4. Corporate governance***

- Closely directing the innovation of working methods, research and development of new technologies and products, and automation of production processes;
- Directing the promotion of technological innovation, investment in and comprehensive deployment of IT infrastructure to proactively adapt to economic and market fluctuations, enhance business performance, increase labor productivity, and optimize operational efficiency;

- Directing the development and implementation of plans to respond to domestic and foreign market situations, action plans for signs of unfair competition;
- Directing the integration of the risk management procedure into operations and management, including but not limited to production, business, investment, etc., and other activities of the Company, thereby identifying and assessing potential risks and/or risks arising at each business step as input for developing risk response plans, target results as well as ensuring and evaluating the effectiveness of risk management in production, business, investment, etc. and internal business operations of the Company;
- Directing the development and issuance of the Information Security (IS) Regulations, the establishment of the IS Project Management Board to ensure strict management and synchronous implementation of security measures and raise awareness of all employees about IS;
- Promoting the practice of Environment, Society and Governance (ESG) in all aspects of production and business activities to bring sustainable development value to the Company, the environment and society.

#### *4.3.5. Shareholder relationship*

- On April 12, 2024, the BOD directed and organized the 2024 Annual General Meeting of Shareholders successfully;
- Directed the Board of Investor Relations to release the Company's Annual Report and Sustainable Development Report in 2023, which provide information to Shareholders and Investors about the Company's operations;
- Directed the payment of cash dividends for the first time on June 2024 and the second time on December 2024;
- Directed the Board of Investor Relations to release disclosing information promptly, transparently, and in accordance with current regulations.

### **5. Result of implementing the 2024 general meeting of shareholder resolutions**

#### **5.1 Results of implementing the 2024 Business Plan**

In addition to the lingering effects of the COVID-19 pandemic, 2024 continued to witness significant political and economic upheavals, notably the Russia-Ukraine war, escalating instability in the Middle East, and fluctuations in financial, monetary, and energy markets, etc.

This overall situation has severely impacted all aspects of economic and social life, as well as the production and business operations of enterprises, especially in the construction sector where demand for new construction and renovation projects has significantly declined in many countries.

In Vicostone's major markets, certain regulations and legal policies have been adjusted or changed, significantly affecting the Company's production and business results. The specific results of the company's 2024 business plan execution are as follows:

*Unit: VND Billion*

Item	Actual in 2023	2024 Plan	Actual in 2024	2024 Actual vs Plan	Actual 2024 vs 2023
Net Revenue	4,353.86	4,602.59	4,322.07	93.91%	99.27%
Total profit before tax	999.44	1,033.91	953.34	92.21%	95.39%

## 5.2 Selection of the independent auditor for 2024 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 2024.

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.

## 5.3 Profit distribution in 2024

In 2024, the Company distributed profits into funds according to the Resolution of the Annual General Meeting of Shareholders dated April 12, 2024, specifically:

Unit: VND

Item	Realized figure	Ratio %	Note
Undistributed profits of previous years	2,911,960,865,145		
Profit before tax in 2024	850,852,894,065		
Corporate income tax (CIT)	136,709,945,959		
Current CIT	136,709,945,959		
Deferred CIT	-		
Profit after tax in 2024	714,142,948,106		
First cash dividend payment in 2024	320,000,000,000	20.00%	Of the par value of VND 10,000 per share
Second cash dividend payment in 2024	320,000,000,000	20.00%	Of the par value of VND 10,000 per share
Allocation of the Awards and Welfare Fund	3,570,714,741	0.5%	Of the profit after tax
Bonus for BOD and BOM	39,277,862,146	5.5%	Of the profit after tax
Distributed profit	682,848,576,887		
Cumulative undistributed profit	2,943,255,236,364		

In 2024, the BOD approved the following dividend payments:

- June, 2024: Paid the first cash dividend of 2024 to shareholders at the rate of 20%;
- December, 2024: Paid the second cash dividend of 2024 to shareholders at the rate of 20%.



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

BOD on January 11, 2024 approved merchandise and service transactions for the year between Vicostone and relevant companies.

The details of this 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 to ensure the legality and transparency.

#### 6. Payment of remuneration for the BOD members in 2024

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 2024, the Company paid remuneration to the BOD members according to the Resolution of the 2024 GMS. The total amount of remuneration the Company paid to the BOD members in 2024 is VND **312,000,000**, specifically:

No.	BOD Members	Titles	Months	Remuneration (VND)
1	Mr. Ho Xuan Nang	Chairman of the BOD	12	72,000,000
2	Mr. Pham Tri Dung	Member of BOD – General Director	12	60,000,000
3	Ms. Le Thi Minh Thao	Member of BOD (Since April, 2024)	09	42,500,000
4	Ms. Tran Lan Phuong	Member of BOD	12	60,000,000
5	Mr. Nguyen Quang Hung	Member of BOD	12	60,000,000
6	Mr. Pham Anh Tuan	Member of BOD (Until April, 2024)	03	17,500,000

No.	BOD Members	Titles	Months	Remuneration (VND)
<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).*

## 7. General assessment of the BOD's performance in 2024

- In 2024, the global situation remained complex and uncertain. Despite these challenges, the BOD successfully achieved all its goals as outlined in the General Meeting of Shareholders (GMS) resolution in compliance with the law and guided the Company through a tough and demanding year. The BOD also oversaw operations and effectively managed the governance model, contributing to safeguarding shareholder interests and balancing the interests of stakeholders including the Company's customers, employees, and the community. Vicostone demonstrated strong corporate governance practices, ensuring that the Company's structure and operations comply with Vietnamese business law and the Company's charter;
- The BOD maintained quarterly meetings to review and make timely decisions on the Company's production and business activities to ensure timely adaptation to unpredictable changes in the global economic and political situation;
- The BOD effectively directed the execution of the Resolution of the AGM, fulfilling growth targets for 2024, fully undertaking its obligations with the State budget, ensuring community interests, securing stable income, work, and health safety for employees, conducting conscious and responsible business with stakeholders;
- 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.

## 8. The BOD's orientation and operational plan for 2025

In 2025, the world economy is forecast to enter a new era with more complex and unpredictable factors. Amidst the "wave" of those challenges and difficulties, major economies such as the U.S., the European Union (EU) and China are constantly adjusting their economic strategies to protect national interests. In line with this global trend, Vietnam is driving a transformation in its manufacturing sectors to become a key player in the global supply chain. However, the construction materials industry in general, and the engineered stone manufacturing industry in particular, will continue to face numerous and unpredictable challenges. Given the overall context, Vicostone's Board of Directors will continue to approach all production and business activities with caution, maintaining a readiness to adapt and seek opportunities in a challenging economic environment in 2025. Building on the values that have been established and developed over the years, the Company will resolutely implement operational solutions, focusing on the following strategic directions:

- Continue to increase sales through building and expanding the VICOSTONE® product distribution system in key markets; Enhance the position of the VICOSTONE® brand in existing markets; Continue to seek and expand the Company's distribution system to potential markets; Increase Vicostone's coverage in the global market; Continue to create value-added services to help increase revenue and enhance customer experience;
- Continue to develop new, unique product categories that are impressive to customers and different from competitors' products; and promoting the development of eco-friendly product lines and offering products in various sizes to meet 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;
- Continue to promote the implementation of ESG and NetZero programs to evaluate and enhance sustainable development practices, ensuring the Company's development in a sustainable, long-term, environmentally friendly direction and bringing benefits to all stakeholders;
- Continue to improve corporate governance capacity based on creative and flexible application of international governance practices suitable to the actual conditions of the Company, thereby effectively exploiting existing resources, creating sustainable values in the long term; continue to focus on inventory clearance, cost reduction, etc.;
- 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.

#### 9. Profit distribution plan in 2025

No.	Item	Unit	Excerpt/Profit after tax (%)	Note
1	Bonus and Welfare Fund	%	5.50%	Excerpt/Profit after tax
2	Bonus Fund of the Executive Board of the Company	%	0.50%	Excerpt/Profit after tax

## II. REPORT OF THE AUDIT COMMITTEE

### 1. Member of the Audit Committee (AC)

No.	Member of the AC	Titles	Date of starting/no longer being a member of the AC	Professional qualifications
1	Mr. Nguyen Quang Hung	Head of the AC	Appointed on April 12, 2024	Master of Economics
2	Ms. Tran Lan Phuong	Member of the AC	Appointed on April 12, 2024	Master of Business Administration

*(Details of the AC's member are displayed in Governance Structure, Labor Structure and Management Apparatus)*

### 2. Activities of the AC

Annually, the Audit Committee of the Vicostone JSC conducts meetings to report on the operations and implement works within the authorities and obligations in accordance with the Committee's rules of procedures. In 2024, the meeting of the Audit Committee included the following members:

No.	Member of the AC	Titles	Number of meetings attended	Attending rate	Voting ratio	Reason for absence
1	Mr. Nguyen Quang Hung	Independent BOD member cum Head of Audit of the AC	4/4	100%	100%	-
2	Ms. Tran Lan Phuong	Non-executive BOD member cum Audit Committee's member	4/4	100%	100%	-

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.

### **2.1. Supervision toward activities of the BOD**

The activities of the BOD complied with the laws, the Company's Charter and the internal regulation on corporate governance. The BOD's resolutions and decisions 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, geo-political conflict, etc. then 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 labor 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.

### **2.2. Supervision toward activities of the Board of Management**

- 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 Company's Charter and 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 their labor contracts and regulations of the Company.

The details of salaries and bonuses for the BOD and BOM members in 2024 are as below:

Unit: VND

No.	Full name	Titles	Income
1	Mr. Ho Xuan Nang	Chairman of the BOD	72,000,000
2	Ms. Le Thi Minh Thao	Member of the BOD (From April 2024)	42,500,000
3	Ms. Tran Lan Phuong	Member of the BOD	60,000,000
4	Mr. Nguyen Quang Hung	Member of the BOD	60,000,000
5	Mr. Pham Anh Tuan	Member of the BOD (Until April 2024)	17,500,000
6	Mr. Pham Tri Dung	Member of the BOD General Director	3,502,080,002
7	Mr. Nguyen Quang Anh	Vice General Director	2,949,826,277
8	Mr. Luu Cong An	Vice General Director	3,122,472,898
9	Mr. Nguyen Chi Cong	Vice General Director	2,772,391,507
10	Mr. Dong Quang Thuc	Vice General Director	2,252,361,495
11	Ms. Tran Thi Thu Huong	Vice General Director (From Sep 2024)	292,710,951
	<b>Total</b>		<b>15,143,843,130</b>

*The above income represents the consolidated income for 2024 for all management and executive positions in the Company, including members of the BOD & BOM.*

## **2.3. Results of supervision towards the financial statements, operations and financial situation of the Company**

### *2.3.1. 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 2024 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 2024. 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 2024;
- The financial statements were honestly and accurately reflected the Company's key financial indicators, business results and cash flow as of December 31, 2024, 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 in 2024 were compiled, audited and published in accordance with the regulations of the State Securities Commission and the Hanoi Stock Exchange, and other existing rules.

### *2.3.2. About the Company's business operation*

In 2024, 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, the Company's production and business performance did not reach the target set by the General Meeting of Shareholders.

*For details:* Results of implementing the Resolution of the 2024 GMS.



### 2.3.3. About the Company's financial situation

In 2024, the Company's financial situation remained stable with high payment ratio due to effective operations and sensible capital structuring:

Item	Unit	31/12/2023	31/12/2024	Decrease/ Increase
<b>Total asset (1)</b>	VND Billion	6,468.25	6,466.97	(1.28)
Current assets (2)	VND Billion	5,515.84	5,473.45	(42.39)
<b>Total capital (3)</b>	VND Billion	6,468.25	6,466.97	(1.28)
Liabilities (4)	VND Billion	1,482.43	1,357.35	(125.08)
<i>Current liabilities (5)</i>	VND Billion	1,440.72	1,326.64	(114.08)
Current ratio (6) = (1)/(4)	Times	4.36	4.76	0.4
Liquidity ratio (7) = (2)/(5)	Times	3.83	4.13	0.3

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

### 2.4. 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; 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.

## **2.5. 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.

## **2.6. Coordination of activities between the AC and the activities of the BOD and BOM**

- During the audit process, the BOD and the BOM always proactively coordinate closely with the AC by providing complete and timely procedures, documents and reports related to the Company's management and operations;
- The AC participated in all important meetings of the BOD and the BOM and provided important advice to the BOD and the BOM in developing and adjusting strategic goals and implementing business and production plans.
- In addition, in 2024, AC members conducted an audit of the entire content of the 2023 Sustainable Development Report and re-evaluated some key contents of the Company's reports and documents before publishing them.

## **3. Recommendations of the Audit Committee**

To enhance operational efficiency, product quality, and ensure the Company's adherence to legal compliance, the AC recommends that the BOD and the BOM address the following matters:

- Adapting to global economic fluctuations: Strengthening market analysis and forecasting, particularly amid ongoing global economic uncertainties, and developing response scenarios to address risks such as inflation, economic recession, and supply chain disruptions.
- Improving the quality of the products: Maintain the efficiency of the quality control system, strongly invest in new technology and R&D activities;
- Continuous improvement of internal processes: Regularly updating and enhancing control procedures while simultaneously conducting training and communication programs for employees on updated processes, fostering a culture of compliance, and promoting effective risk management across the Company.

## **4. Major plans and activities for 2025**

- Supervise and evaluate the performance of the BOD, BOM and members of the BOD, BOM in the management and operation of the Company;

- Supervise the operation and implementation of strategic goals, production and revenue targets in 2025;
- Support departments in implementing risk management systems in 2025;
- 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 2025 annual financial statements;
- Inspect and supervise the compliance of the Company with the laws.

### III. REPORT OF THE BOARD OF INVESTOR RELATIONS

#### 1. Shareholder information

##### 1.1. General information

##### **Vicostone Joint Stock Company**

- Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam
- Tel: +84 2433 685 826 Fax: +84 2433 686 652
- Email: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)
- Investor relation port: <https://vicostone.com/vi-vn/investor-news>

##### **Information on stock**

*(As at December 13, 2024)*

- Registered charter capital: VND 1,600,000,000,000
- 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.
- Type of stock: Common stock
- Total amount of outstanding shares: 160,000,000 shares
- 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: 10,000 VND
- Fiscal year-end on: December 31
- Independent auditing unit: Ernst & Young Vietnam Ltd. Co.

## 1.2. Shareholder structure

*(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 13, 2024)*

No.	Shareholder	Number of shareholders	Number of shares	Ownership (%)	Structure	
					Individual	Organization
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	5,335	25,346,918	15.842%	5,281	54
<b>TOTAL</b>		<b>5,337</b>	<b>160,000,000</b>	<b>100%</b>	<b>5,281</b>	<b>56</b>
Including:						
-	Domestic	5,210	157,208,969	98.256%	5,180	31
-	Foreign	127	2,791,031	1.744%	101	25

### 1.3. Ownership of major shareholder (owning 5% stock capital or more)

*(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 13, 2024)*

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 sharehol der	Major shareh older				
1	A&A Green Phoenix Group JSC		X	0104961939	20/10/2010	134,647,082	84.154%

### 1.4. Ownership of insiders (members of BOD, BOM and AC)

*(Upon the list of shareholders registered with Vietnam Securities Depository and Clearing Corporation as of December 13, 2024)*

No.	Full name	Title and position	Amount of owned shares at the end of the year	Owned share/ outstanding shares ratio (%)
1	Mr. Ho Xuan Nang	- BOD Chairman	5,983,581	3.740
2	Mr. Nguyen Quang Hung	- BOD Member – Head of the AC	0	0
3	Mr. Pham Anh Tuan	- BOD Member <i>(Dismissed on April 12, 2024)</i>	10,113	0.006
4	Ms. Tran Lan Phuong	- BOD Member - Member of the AC	18	0

No.	Full name	Title and position	Amount of owned shares at the end of the year	Owned share/ outstanding shares ratio (%)
5	Mr. Pham Tri Dung	- BOD Member - General Director	353,391	0.221
6	Ms. Le Thi Minh Thao	BOD Member (Appointed on April 12, 2024)	0	0
7	Mr. Luu Cong An	- Vice General Director	206,261	0.129
8	Mr. Nguyen Chi Cong	- Vice General Director	10,975	0.007
9	Mr. Dong Quang Thuc	- Vice General Director	10	0
10	Mr. Nguyen Quang Anh	- Vice General Director	51	0
11	Ms. Tran Thi Thu Huong	- Vice General Director (Appointed on September 25, 2024)	0	0
12	Ms. Nguyen Phuong Anh	- Chief Accountant	0	0
	<b>Total</b>		<b>6,564,400</b>	<b>4.103%</b>

### 1.5. Shares transaction of insiders and related persons

In 2024, there were no transactions by members of the BOD, BOM and Audit Committee, Chief Accountant, major shareholders and those related to the persons above.

### 1.6. Share transaction of Treasury shares

In 2024, there were no transactions of treasury shares.

### 1.7. Investor relations policies at Vicostone

#### *Ensure rights and equality of shareholders and investors*

Since the early founding days, Vicostone has firmly established that ensuring shareholder rights and maintaining equality among shareholders are core principles of the corporate governance. The Company has committed to adopting advanced governance standards and strictly adhering to legal regulations to build long-term confidence and satisfaction among its shareholders and investors.

In 2024, in addition to complying with legal regulations and the Company Charter, Vicostone emphasized the development and implementation of policies aimed at protecting shareholders' interests through a strategic vision and transparent commitments. These policies ensured the rights of both major and minor shareholders without distinction between domestic and international investors.

Vicostone consistently maintained the accurate, transparent, and timely disclosure of information essential for decision-making, ensuring that all shareholders had full and equal access to the same information. Notably, the Shareholder Relations page on Vicostone's official website was developed and managed as an effective communication channel, allowing shareholders and investors to quickly and easily access documents, reports, and key information about the Company's operations. The website's user-friendly and intuitive interface reflects Vicostone's ongoing efforts to enhance the shareholder experience.

Vicostone's Board of Investor Relations served as a strong bridge between the Company and the community of shareholders and investors, handling information requests through multiple channels, including email, phone, and the website. This approach not only safeguarded shareholders' right to information but also affirmed Vicostone's commitment to transparency, professionalism, and long-term investor relations.

The equal treatment policy exemplified the Company's dedication to high standards of corporate governance and reinforced its enduring commitment to cultivating trust, generating sustainable value, and promoting the collective advancement of the investor community. Vicostone has consistently enhanced its governance practices to foster a fair, professional, and sustainable investment environment. Upholding shareholder equality has remained both a responsibility and a core principle that the Company has maintained throughout its 22-year journey of sustainable development and value creation.



*Ensures the compliance, transparency and the reliability of information disclosure*

Vicostone consistently and strictly adhered to information disclosure regulations in accordance with Circular No. 96/2020/TT-BTC and the guidelines set by the Hanoi Stock Exchange and the State Securities Commission. Shareholders' rights—including the rights to receive dividends, vote, nominate Board of Directors members, approve financial reports and annual business plans, provide feedback on key matters, and access information on business and production activities—were promptly, fully, and transparently ensured.

At Annual General Meetings of Shareholders, the Chairman and members of the Board of Directors attended with the highest level of responsibility, willing to listen, address all questions, and provide necessary information as requested by shareholders. This ensured that all shareholders received clear answers regarding the Company's operations. Additionally, representatives from Ernst & Young Vietnam Ltd., an independent auditing firm, were also present at the meeting. Their participation reinforced objectivity, transparency, and professionalism in addressing shareholder inquiries related to the financial audit. The auditors were readily available to provide further information or elaborate on issues raised by shareholders, fostering trust and consensus between the Company and investors. This was not only a demonstration of Vicostone's commitment to transparent governance but also a reflection of the respect and dedication to shareholder interests.

Vicostone's General Meeting of Shareholders Minutes were accurately and comprehensively recorded, capturing the full content of the meetings and shareholder questions in accordance with legal requirements. These minutes, along with the General Meeting of Shareholders Resolution, were published within 24 hours of the meeting to the Hanoi Stock Exchange, the State Securities Commission, and Vicostone's official website. Before publication, all information was reviewed by the Board of Investor Relations and reported to the BOD, BOM, public relations representatives, and relevant functional divisions to ensure accuracy, transparency, and completeness. This process allowed shareholders, investors, and other stakeholders to proactively access reliable information.

With the goal of enhancing transparency and reliability in published data, Vicostone selects Ernst & Young Vietnam Ltd. (one of the most reputable audit firms in Vietnam) as the independent auditor. The firm was responsible for reviewing Vicostone's semi-annual financial reports and auditing annual financial reports, ensuring compliance with the highest standards of accuracy and accountability.

In addition, the Audit Committee of the Company's BOD conducted internal audits for quarterly financial reports (prepared by the Company), as well as semi-annual and annual financial reports. These audits aimed to ensure that the financial statements accurately and comprehensively reflected the Company's overall financial position. They also served to prevent irregularities, detect any notable issues related to transactions with relevant parties, and safeguard against violations of auditor independence or breaches of information confidentiality.

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

Vicostone utilized a wide range of channels to disclose information and engage with shareholders, including its official website, mass media, direct meetings with shareholders, investors, the press, and other relevant parties, etc. The Company consistently worked to improve and diversify these communication channels. As a result, its development path, strategies, business outcomes, and governance status were fully and promptly communicated, enabling investors to access information in a comprehensive and reliable manner.

Vicostone remained committed to transparent and full disclosure of information, ensuring strict compliance with the law. All information was accurately and promptly updated. Additionally, the Company progressively provided dual-language (Vietnamese and English) publications on its official website and other communication channels, enhancing transparency and ease of access for shareholders and investors.

Not only did Vicostone comply with regulations, but the Company also proactively shared vital information that could impact the interests of shareholders and investors. This included estimates of quarterly business outcomes, details on new products, insights into long-term development strategies, and updates on important changes in the Company's business and sales operations.

## **1.8. Dividend policy and payment ratio**

### *Implementation of fair and consistent dividend policy*

The Company conducted payment of dividends to the shareholders after having set aside necessary funds and fully complying with relevant legal regulations. The rate and form of annual dividend payment were ratified by the General Meeting of Shareholders based on the recommendations of the BOD and ensured the following principles:

- **Profitable business:** Dividends were paid only when the Company was profitable, funds were fully set, and tax and other financial obligations required by law were fulfilled.
- **Financial safety:** Upon the payment of dividends, the Company remained capable of settling debts and properties obligations due;
- **Harmonization of goals:** Ensured shareholders' interests at the same time addressed capital needs to expand business and production, serving the Company's sustainable development goals;
- **Equity according to shares:** in proportion to the number of shares they owned, ensuring transparency and fairness.

These principles enabled Vicostone to maintain a balance between creating value for the shareholders and securing the financial resources necessary for its sustainable development.

*Vicostone's 2024 rate of dividend payment are 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 profit after tax in 2006
2008	20%	14,717,824,240	14,787,824,240	From profit after tax in 2007
2009	-	1,497,600,000	1,497,600,000	From profit after tax in 2008
2010	35%	53,625,000,000	53,625,000,000	20% of profit after tax in 2009 15% of profit after tax in 2010
2011	5%	9,942,391,000	10,533,300,000	From profit after tax in 2010
2012	20%	105,998,502,000	106,427,397,000	From profit after tax in 2011
2013	-	-	124,536,000	-
2014	25%	111,298,527,500	26,495,156,100	5% of profit after tax in 2013 20% of profit after tax in 2014
2015	40%	169,597,804,000	169,571,493,275	From profit after tax in 2015

Year	Dividend ratio	Provisioned value of the dividend (VND)	Settled value of the dividend (VND)	Note
2016	40.00%	190,797,404,000	275,186,472,700	From profit after tax in 2016
	~ 13.21%	70,007,490,000	-	Issued bonus shares
2017	20.00%	120,000,000,000	120,012,199,500	From profit after tax in 2017
	~ 33.33%	200,000,000,000	-	Issued bonus shares
2018	40%	476,800,000,000	388,181,228,100	20% of profit after tax in 2017 20% of profit after tax in 2018
	100%	800,000,000,000	-	Issued bonus shares
2019	40%	627,200,000,000	713,512,226,500	40% of profit after tax 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 profit after tax in 2019 20% of profit after tax in 2020
2021	40%	640,000,000,000	640,000,000,000	40% of profit after tax in 2021

Year	Dividend ratio	Provisioned value of the dividend (VND)	Settled value of the dividend (VND)	Note
	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 profit after tax in 2022
2023	40%	640,000,000,000	640,000,000,000	40% of profit after tax in 2023
2024	40%	640,000,000,000	640,000,000,000	40% of profit after tax in 2024

In 2024, Vicostone made advance dividend payments to shareholders according to the dividend payment policy approved by the 2023 General Meeting of Shareholders, specifically as follows:

- 1<sup>st</sup> cash advance in 2024: 2,000 VND/share and paid on June 28, 2023;
- 2<sup>nd</sup> cash advance in 2024: 2,000 VND/share and paid on December 23, 2023.

## 2. Investor relations activities in 2024

Vicostone committed to uniform, transparent, and truthful disclosure of information and remained ready to address all inquiries from shareholders, investors, analysts, and other relevant parties. This was done through various channels, such as direct meetings, email contact with the Board of Investor Relations ([quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)), or the Company's official website ([www.vicostone.com](http://www.vicostone.com)). Vicostone ensured equal treatment for all shareholders, regardless of the scale of share ownership (major or minor), form (individual or organization), or nationality (domestic or international). This reflected the Company's responsibility and commitment to transparency in corporate governance.

In 2024, the Board of Investor Relations effectively fulfilled its foreign relations tasks and information disclosure functions, strictly adhering to the regulations of Circular No. 96/2020/BTC dated 16 November 2020 from the Ministry of Finance, which provides guidance on information disclosure on the stock market, as well as those of the State Securities Commission and the Hanoi Stock Exchange. In 2024, Vicostone registered no legal violations related to information disclosure,

demonstrating its compliance with the rule of law, transparency, and responsibility in corporate governance.

Vicostone's Boards of Investor Relations and Public Relations were responsible for fully, accurately, and promptly disclosing information while closely monitoring external communications to serve shareholders and investors. The Company consistently aimed for transparency and truthfulness in all shareholder relations, strictly adhering to legal regulations, while also ensuring the best interests of shareholders and investors.

The Company remained committed to disclosing information related to governance, business operations, and irregular events in a timely manner, ensuring transparency, accuracy, and truthfulness. The Company's Investors Relations page (<https://vicostone.com/vi-vn/investor-news>) served as the official source for important documents such as financial statements, annual reports, Shareholders General Assembly meeting documents, and governance reports. Vicostone not only met the information needs of shareholders but also reaffirmed its position as a leading business with a high level of commitment to transparency and responsibility.

Vicostone's Investors Relations activities in 2024 achieved the following outstanding outcomes:

- Vicostone continued to reaffirm its position as, for the 4th consecutive year, the Company was honored among the Top 10 Good Governance Companies listed on the HNX in 2023-2024 at the Annual Business Conference conducted by the Hanoi Stock Exchange (HNX). This recognition was a testament to Vicostone's achievements in implementing flexible and advanced governance strategies, with a strong emphasis on risk management solutions to adapt to macroeconomic changes, while ensuring capital effectiveness and safeguarding the interests of relevant parties;
- Vicostone's 2023 Annual Report was honored among the Top 20 Best Annual Reports of 2024 in the Non-financial category at the 2024 Award Ceremony for the Vote of Listed Companies. With its strong commitments to reporting and information disclosure, along with effective adherence to regulations and corporate governance practices, Vicostone has been recognized with this prestigious award for 11 consecutive years;
- The Company's 2023 Sustainable Development Report also ranked among the Top 10 in the Award for Sustainable Development Reports category at the 2024 Vote of Listed Companies. The recognition of its Annual Report and Sustainable Development Report in 2024 serves as a driving force for Vicostone to continue promoting its governance quality and transparency in disclosing information. These awards reinforce the Company's position in the Vietnamese stock market, creating favorable conditions for both domestic and international investors to access relevant information about the Company.

### 3. Plans for investor relations in 2025

Vicostone's Board of Investors Relations commits to effectively fulfilling its investor-shareholder relations mission by ensuring that information related to the Company's business and production is provided in a full, transparent, accurate, truthful, and timely manner. This reflects Vicostone's responsibility toward its shareholders and investors, contributing to building trust and fostering close relationships between the parties.

On the basis of its commitment to transparency and a high level of responsibility, the Board of Investors Relations has prepared a 2025 plan of action that focuses on the following central tasks:

- **Timely and accurate disclosure of information:** Ensure the accurate and transparent disclosure of information regarding the Company's operations on the official website, going beyond the mandatory legal requirements to include additional relevant details that support transparency and assist shareholders and investors in making informed decisions;
- **Disclosure of information in English:** Implement regular disclosure of information in English, alongside Vietnamese disclosure as required by Clause 1, Article 4 of Circular 68/2024/TT-BTC which amends Article 5 of Circular 96/2020/TT-BTC, ensuring that international shareholders and investors have full, accurate, and timely access to information, thereby enhancing transparency and expanding the Company's visibility in the international market;
- **Enhancing quality of information disclosure:** Maintain and improve standards in information disclosure to ensure compliance, transparency, timeliness, accuracy, and reliability, contributing positively to the stable and sustainable development of Vicostone on the stock market;
- **Diversifying communication channels:** Expand and improve the quality of communication channels with investors and shareholders, including direct meetings, phone calls, emails, etc., to ensure the timeliness, completeness, and transparency of shareholder and investor relations;
- **Participating in professional development:** Actively participate in corporate governance training programs organized by the State Securities Commission and the Hanoi Stock Exchange to stay updated on knowledge and improve governance effectiveness. Implement ESG framework training programs for all Board members, the Executive Board, and key personnel, in order to strengthen internal capabilities, fulfill commitments, and create sustainable value, aligning with green business practices under the ESG and NetZero framework, and fostering balanced, long-term development for all stakeholders, including the community and society.

These tasks will not only solidify Vicostone's position in corporate governance but also reaffirm the Company's commitment to its shareholders and investors.

Shareholders and investors can contact Vicostone's Board of Investor Relations via email at: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com).



## F. SUSTAINABLE DEVELOPMENT

### I. SUSTAINABLE DEVELOPMENT COMMITMENT AND ORIENTATION

#### 1. Our commitment to sustainable development

- Abide to the law as a transparent and ethical business
- Contribute to make better life for the community and society
- Cost-saving, efficient use of natural resources and sustainable technologies
- Focus on human resources development as the core strength of the business
- Realize all commitments to the stakeholders

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.

#### 2. Incorporating the sustainable development strategy with 17 sustainable development goals (SDGs) of United Nation

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

SGD 8: Decent work and Economic growth

SDG 11: Sustainable cities and communities

SDG 9: Industry, Innovation and Infrastructure

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

### **Society**

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

### **Corporate governance**

SDG 8: Decent work and economic growth

SDG 17: Partnerships for the goal

SDG 14: Life below waterSDG 3: Good health and well-being

SDG 12: Responsible consumption and production

SDG 16: Peace, justice and strong institutions

SDG 17: Partnerships for the goals

SDG 9: Industry, Innovation and Infrastructure

## II. STAKEHOLDER ENGAGEMENT

Recognizing that sustainable development can only be achieved through a holistic approach and close collaboration with stakeholders, Vicostone is committed to fulfilling its promises, ensuring a balance of interests, upholding the rule of law, and fostering relationships based on respect, cooperation, understanding, and shared growth. Stakeholder feedback, concerns, and expectations play a crucial role in shaping the Company's operations, management, and both short- and long-term strategies. Vicostone is dedicated to working alongside stakeholders to create a more inspiring, civilized, and fulfilling living and working environment every day.

The stakeholders of Vicostone are as follows:

- Shareholders & Investors
- Employees
- Customers
- Partners & Suppliers
- State agencies
- Media/ Press
- Community & Society

## 1. Vicostone's actions toward 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,</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 (quanhecoVND@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 2024 Vicostone AGM of Shareholders was held on April 12, 2024, with the participation of shareholders and shareholder representatives, representing more than 143.6 million shares and accounting for 89.74% of total voting shares;</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
	investors, and the Company.			<ul style="list-style-type: none"> <li>• Collection of written feedback among shareholders;</li> <li>• Ensurement 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>• Ensurement 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</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
				<p>of securities, and promoted the brand of VICOSTONE® to the investors;</p> <ul style="list-style-type: none"> <li>In 2024, Vicostone approved the payment of the dividends twice, 1st time in June 2024 - rate 20%; 2nd time in December 2024 - 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</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</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</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</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
	<p>develop professional competencies;</p> <ul style="list-style-type: none"> <li>Recognition of individual achievements and contributions.</li> </ul>	<p>prolong their careers;</p> <ul style="list-style-type: none"> <li>Evaluation and improvement of welfare policies for the labor;</li> <li>Fostering the desire for community contribution among employees.</li> </ul>	<p>Resources Department;</p> <ul style="list-style-type: none"> <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>	<p>via social and sports activities;</p> <ul style="list-style-type: none"> <li>Providing educational 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</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
				to improve the effectiveness of the administrative and sales activities of the Company.
<b>Customers</b>	<ul style="list-style-type: none"> <li>Guaranteed quality of products and services;</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'</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. Vicostone's products are now available in 63 provinces and cities nationwide;</li> </ul>



Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
	<p>complaints on clear agreement terms;</p> <ul style="list-style-type: none"> <li>• Build a sustainable strategy to protect the environment.</li> </ul>			<ul style="list-style-type: none"> <li>• Participate in domestic and international exhibitions to introduce and promote products to customers. In 2024, Vicostone participated in a number of major exhibitions such as: Interior Design Show - IDS Exhibition at Toronto, Canada; Vietnam Interior and Building Exhibition (VIBE) 2024, Vietbuild International Exhibition, Hanoi Key Industrial Products Exhibition 2024, etc.</li> <li>• To train and to develop Customer Service Department to resolve complaints professionally and diligently;</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
				<ul style="list-style-type: none"> <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> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
				<ul style="list-style-type: none"> <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>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</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> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
		confidentiality for partners.		<ul style="list-style-type: none"> <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>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> </ul>	<ul style="list-style-type: none"> <li>Direct conversation through business meetings, seminars, economic and sustainable development forum, etc.;</li> <li>Training programs, with updating of new legal documents and regulations organized</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</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
		<ul style="list-style-type: none"> <li>Active and effective performance in the campaigns launched by the State agencies.</li> </ul>	<ul style="list-style-type: none"> <li>by competent agencies;</li> <li>Via units and departments handling direct work with State agencies;</li> <li>Email address, Company's phone number.</li> </ul>	<ul style="list-style-type: none"> <li>obligations. In 2024, Vicostone contributes VND 223.12 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>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
<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>
<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> </ul>	<ul style="list-style-type: none"> <li>Assistance to the local socio-economic development and</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</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</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
	<ul style="list-style-type: none"> <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, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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>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>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, etc. In 2024, Vicostone kept promoting charitable events such as: organize free medical examination and distribution of drugs for veterans in Thach That province, donating light bulbs and Lunar New Year's gifts to local people, building houses of gratitude;</li> <li>Constant improvement of the environmental protection systems at the</li> </ul>

Stakeholder	Major concerns	Vicostone's goal	Communicating channels	Vicostone's actions
				Company, contributed to the maintenance of a green-clean-beautiful and sustainable environment.

## 2. Vicostone's code of conduct towards relevant parties

### Vicostone Culture – The Conscious Business Culture

Since the very first day, the sustainability of business development and the balance of interests among stakeholders are the decisive factors for all decisions and actions of the Company. Vicostone puts corporate social responsibilities as the core of the business that helps create, foster better values for the community 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;
- **Transparency:** Clarity and accuracy of information, policies, plans, targets, etc.;
- **Integrity:** Honest, straightforward, serious, and committed to humanity;
- **Loyalty:** Commitment, dedication, and effort;
- **Equity:** Encouragement of free and open expression and two-way feedback (between employees and managers).

### 3. 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 decisionmaking, assets and member, assisting the Company to realize its strategies and achieve the 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**

At Vicostone, every competitor is 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 the 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.

### III. ENVIRONMENTAL RESPONSIBILITIES

#### 1. Greenhouse gas emissions

Vicostone consistently strives to become a leading brand in the engineered stone manufacturing industry, not only by delivering exceptional products but also by making positive contributions to the sustainable development of communities and society. The Company is committed to actively implementing greenhouse gas (GHG) emission reduction strategies across its business and production operations, contributing to the global effort to combat climate change and advance towards a greener future.

Vicostone pioneered the research, development, and application of scientific breakthroughs in techniques, technology, materials, and energy in its production processes, creating green, safe, and environmentally friendly products with optimized costs. At the same time, the Company developed a green tree bank to absorb carbon emissions, reinforcing the commitment to achieving NetZero emissions by 2050. Vicostone's green value chain focuses on four pillars: Green Production - Friendly Logistics - Sustainable Consumption - Forest Development in the industrial production value chain.

#### VICOSTONE® QUARTZ SURFACE VALUE CHAIN



#### 1.1. Greenhouse Gas Emissions (GHG) in 2024

Vicostone chose 2024 as the foundation year to conduct an inventory and quantify all greenhouse gas (GHG) sources in accordance with the ISO 14067-1 standard, covering the following emissions: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFC.

The Company's greenhouse gas emission sources are categorized by specific scopes:

- Direct greenhouse gas emissions (scope 1):

- Emissions caused by fuel combustion in static sources, including: the gas furnace providing thermal energy for the curing phase, the industrial gas stove in the cafeteria, and the backup power generator used during power outages;
  - Emission from burning fuel in mobile sources, including: operating forklifts and trucks to transport materials and products internally, select stones, and package products; operating wheel loader for materials and waste management;
  - Greenhouse gas emissions from direct leakage, including CO<sub>2</sub> fire extinguishers, refrigerant leaks from air conditioners and coolers, and emissions from wastewater treatment stations.
- Indirect greenhouse gas emissions (scope 2): originating from indirect sources, primarily the use of electricity from the national grid for production, with a smaller portion used to power common areas, cafeterias, and other facilities, etc.
- Indirect emissions from transportation and products used by the Company (scope 3): including upstream and downstream transportation and treatment of waste, main production materials, packaging materials, and waste treatment services.

#### Total greenhouse gas emission in 2024 (\*)

Scope 1: Direct emissions			
Type of greenhouse gas	Greenhouse gas emissions (kg)	Global warming potential GWP100	Total greenhouse gas emissions (tCO <sub>2</sub> e)
CO <sub>2</sub>	872,672.29	1	872.67
CH <sub>4</sub> - Fossil-based	60.77	29.8	1.81
CH <sub>4</sub> - Biogenic	4,689.52	27	126.40
N <sub>2</sub> O	100.58	273	27.46
HFC-32	21.00	771	16.19

Scope 1: Direct emissions			
Type of greenhouse gas	Greenhouse gas emissions (kg)	Global warming potential GWP100	Total greenhouse gas emissions (tCO <sub>2</sub> e)
HFC-125	21.00	3,740	78.54
HFC-134A	0	1,530	0
HFC-143A	0	5,810	0
HCFC-22	0	1,960	0
<b>Total</b>			1,123.07
Scope 2: Indirect emissions from national grid			
CO <sub>2</sub> e	-	0.6592	8,727.61
Scope 3- cap 3: Indirect emissions from transportation			
CO <sub>2</sub> e			21,616.18
Scope 3 - cap 4: Indirect emissions from products purchased by the Company			
CO <sub>2</sub> e			29,887.05
<b>Total greenhouse gas emissions</b>			<b>61,353.91</b>

(\*): The energy data used for emission calculations includes consumption for both direct production activities within the factory and indirect activities outside the factory's premises. The data is updated as of April 15, 2025.

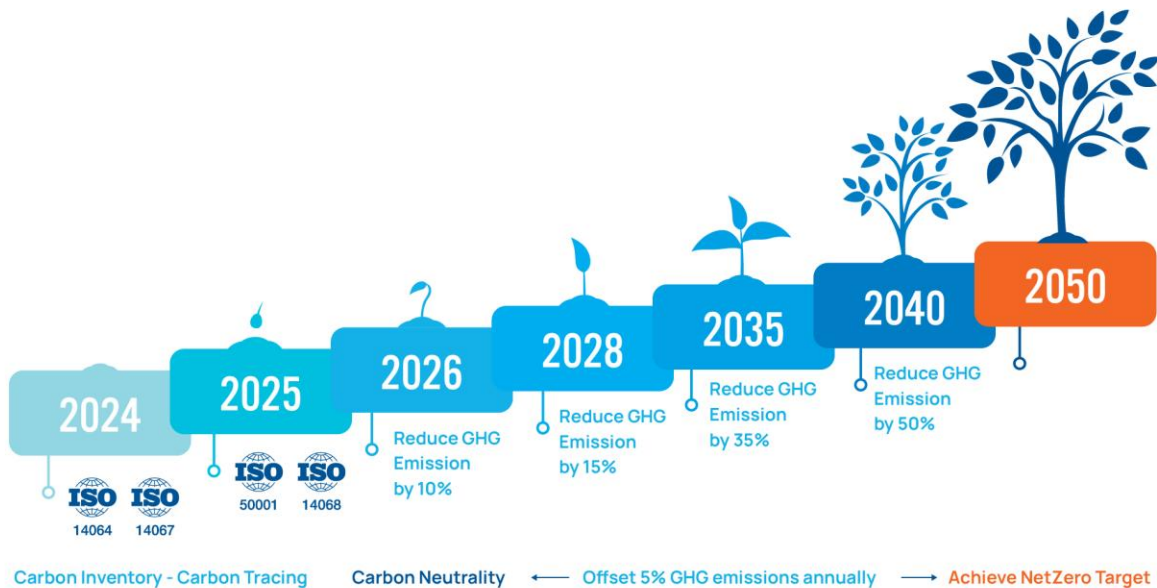
**Total greenhouse gas emission from 2022 - 2024**

No.	Origin	Unit	2022	2023	2024
1	Direct emissions – Scope 1	tCO <sub>2</sub> e	1,064.35	847.53	1,123.07
2	Indirect emissions from national grid – Scope 2	tCO <sub>2</sub> e	11,390.16	10,180.95	8,727.61
3	Indirect emissions from transportation and products purchased by the Company - Scope 3	tCO <sub>2</sub> e	Not measured yet	Not measured yet	51,503.23
4	Total greenhouse gas emissions from Scope 1 & 2	tCO <sub>2</sub> e	12,454.51	11,028.48	9,850.68
5	Stone production output	Ton	46,671.47	30,651.95	28,829.19
6	Emission intensity (Scope 1&2)	tCO <sub>2</sub> e/ton	0.2668	0.3598	0.3417
7	Emission intensity (Scope 1, 2&3)	tCO <sub>2</sub> e/ton	Not measured yet	Not measured yet	2.1282

In 2024, Vicostone expanded its greenhouse gas (GHG) inventory and quantification to include scope 3 emissions, instead of limiting the assessment to scopes 1 and 2 as in previous years. As a result, the total recorded emissions increased significantly. The Company viewed this change in methodology and the comprehensive inclusion of scope 3 as essential for evaluating conditions across the value chain. This approach enabled Vicostone to develop clear and specific solutions for emission reduction plans, supporting the goal of achieving NetZero by 2050.

## 1.2. Greenhouse gas reduction goals

Vicostone established specific goals and roadmaps for emission reduction at each phase, aiming to reduce greenhouse gas emissions to zero by 2050.



### 1.3. 2025 Action Plan

- Continue complying with international environmental standards, including ISO 14001 (environmental management system) and ISO 50001 (energy management system);
- The Company aims to reduce greenhouse gas emissions by optimizing production processes, improving energy efficiency, and transitioning to renewable energy, with an initial focus on reducing Scope 1 direct greenhouse emissions actively managed by the Company.
- Implement programs on innovative energy efficiency with the goal of reducing energy consumption by 3% from 2024 and decreasing gas and oil consumption in production by 5%;
- Renewable energy transition: initiate a rooftop solar energy project at the Phenikaa Hue factory with a capacity of 1 MWh and replace some oil-operated forklifts with electric vehicles;
- Improve production processes to reduce 0.5% of main materials in factories and increase the material turnover rate (aiming for a 2% turnover rate at the Company's crushing and screening plants) to minimize environmental emissions;
- Foster waste recycling: Vicostone has partnered and continues to collaborate with capable companies and agencies to convert production waste, such as mud and stone powder, into input materials for cement production. Simultaneously, the Company applies solutions to recover excess billet from the value chain and utilize it as input material for new products.

#### 1.4. Supervision and assessment

To ensure accuracy and transparency, Vicostone regularly engages independent third parties to inspect and supervise the emissions. The supervision results were monitored annually to assess the effectiveness of the current emission reduction program and identify appropriate adjustment solutions. In 2025, Vicostone plans to evaluate and certify the ISO 14067 – Product Carbon Footprint system and inspect the company’s GHG emissions in accordance with the ISO 14064-1 standard.

## 2. Energy

As part of its roadmap for emission reduction and its commitment to achieving the NetZero target, Vicostone formally implemented the ISO 50001 Energy Management System in 2024 and successfully obtained certification. This system serves as an effective tool for sustainably managing energy, ensuring its efficient use, and reducing operational costs. Additionally, the company invested in advanced, highly energy-efficient production lines and equipment from Breton (Italy). Combined with breakthrough innovations from technological engineers, Vicostone has achieved a fully circular production process, optimizing energy use at every stage.

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 from national electricity grid	13,239,700 Kwh
2	Electricity from solar system	126,783 Kwh
3	Gas for direct production	151,041 Kg
4	Diesel for direct production	109,369 Liter

*Total energy consumption in 2024*



## 2.1. Electricity

Year	Consumption (KWh)
2022	14,165,100
2023	12,898,200
2024	13,366,483

*Electricity consumption from 2022 - 2024*

In 2024, Vicostone implemented various initiatives to stabilize the business and production activities while minimizing the impact of market fluctuations. Despite an overhaul of the production processes, the Company's total energy consumption increased by only 3.63% compared to 2023. Vicostone continued the training programs to raise awareness about energy conservation, particularly in the operation of high-power electrical devices. The Company also carried out regular maintenance to optimize equipment efficiency and sustained the operation of renewable energy systems, such as solar power and solar-powered water heating, to reduce reliance on the national grid.

For significant energy use (SEU) areas, the Company localized operations, constructed local power lines, and adopted specific energy efficiency goals to control usage and research effective energy conservation methods. On a monthly basis, the technical team analyzed monitored data, comparing the energy efficiency index against set targets to evaluate performance, identify issues, and recommend solutions. Through a comprehensive and thorough supervision process, the Company consistently monitored and evaluated energy consumption, leading to continuous improvements in energy efficiency and management.

## 2.2. Gas

At Vicostone, gas was primarily used for heating processes to support the curing of stone after vibration pressing, which accelerated the hardening of the polymer matrix. A smaller portion was used for operating certain forklifts and for cooking in the employee cafeteria. The company's advanced stone curing technology, operating at a temperature of 100–150°C, consumed significantly less energy compared to traditional firing methods.

Year	Gas consumption for direct production (kg)
2022	212,481

Year	Gas consumption for direct production (kg)
2023	156,241
2024	151,041

*Gas consumption for direct production activities in 2022 - 2024*

Total gas consumption for direct production in 2024 declined by 3.3% compared with 2023. This reduction resulted from the Company's successful implementation of gas management and operational efficiency solutions in its factories. Some notable initiatives include:

- Performed equipment inspection and maintenance, kept the system operating in a robust state;
- Synchronization of operations with other systems to optimize operational capacity and enhance energy efficiency;
- Regular inspections to ensure the proper functioning of insulation systems and eliminate thermal loss in production processes.

### 2.3. Diesel

Year	Diesel consumption for direct production (Liters)
2022	123,935
2023	124,697
2024	109,369

*Diesel consumption from 2022 - 2024*

Diesel was primarily used for transportation, material handling by forklifts, operating backup power generators during outages, and supporting equipment repair and maintenance, production chain operations managed by the Technical Department, etc.

In 2024, diesel consumption decreased by 12.3% compared to 2023. Vicostone optimizes the usage of diesel, reducing the use of nonrecyclable 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.

### 3. Materials

#### 3.1. Main materials

##### Quartz

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 subsidiary of Vicostone. At the same time, the Company also proactively cooperated with domestic quartz production companies and proactively invested in modern production lines to optimize the domestic raw material supply sources.

In 2024, Vicostone directed its research efforts toward grind chain solutions in order to optimize product, reduce the price of quartz while simultaneously enhancing product quality. This is an essential foundation for Vicostone to enhance productivity, increase the localization rate, and maintain sustainable growth.

##### Cristobalite

Cristobalite is a high-quality material that comprises the uniqueness of VICOSTONE® engineered stones. With the natural whiteness and superior properties, Cristobalite has significantly contributed to making the Company's products stand out in the international market. The Phenikaa Hue factory is now operating stably, meeting all internal Cristobalite demands, enabling Vicostone to secure raw material supply, optimize costs, and enhance the competitive edge.

In 2024, new products incorporating Cristobalite continue to receive positive responses from international markets, reaffirming the long-term potential of this strategy.

##### Polyester Resin

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, Phenikaa Group (Vicostone's parent company) invested in the construction of Phenikaa Chemical Plant - manufacturer of unsaturated Polyester plastics based on research conducted entirely by Vietnamese wisdom, which comprised of Phenikaa's own experts and R&D staffs. 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.

### 3.2. Localizing more than 95% input materials

In large-scale industrial manufacturing, the control over input materials is considered a critical advantage, enabling businesses to master both the quality and quantity of the products, ensure continuous production, maintain supply availability, and create competitive advantages in the market. This is especially important in today's volatile economic and political landscape, which poses significant risks and fierce competition. Recognizing this, and driven by the aspiration to create Vietnamese-origin products that meet international standards through internal resources, Vicostone, with the support of the parent company—Phenikaa Group—has prioritized investment, research, and development of domestically sourced materials, focusing on three key inputs: Cristobalite, Quartz, and Polyester Resin.

In December 2016, the establishment of Phenikaa Hue marked a significant milestone in the strategy to localize material sources and deepen Vicostone's participation in the global supply chain. The factory officially commenced operations in early December 2018 with a designed capacity of 72,000 tons per year, utilizing a modern production line fully imported from Germany, the sole supplier of Cristobalite production lines in Europe. Currently, the factory operates stably, meeting the entire Cristobalite demand of Vicostone and the Group while also exporting high-quality Cristobalite to markets such as India, South Korea, China, and Germany, etc.

In November 2020, Phenikaa Group's Unsaturated Polyester Resin Manufacturing Plant—Phenikaa Chemical Plant—began its operation, fully meeting the resin demands of Vicostone and other factories within the Group. The Plant serves as a foundation for expanding research into various types of plastic and polymer materials, aiming to innovate production technologies and broaden the Company's product portfolio in both domestic and international markets. Phenikaa Group is currently completing procedures to transfer the Plant to Vicostone.

Till the end of 2024, 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. This is a significant milestone, playing an important role in the sustainable development strategy and strengthening the global positioning of the VICOSTONE® brand.

### 3.3. Using recycled materials in production

With the strategy of greening production and developing eco-friendly materials, Vicostone consistently invests in research and development of environmentally friendly products. The Company focuses on incorporating recycled materials such as mirrors and glass, as well as exploring the recycling of solar panels for use in Vicostone's unique and distinctive product lines.

Material	2022	2023	2024
Mirrors, glass, shells, etc. (kg)	230,730	118,750	716,660

*Total recycled materials used in production*

Some Vicostone products using recycled materials:

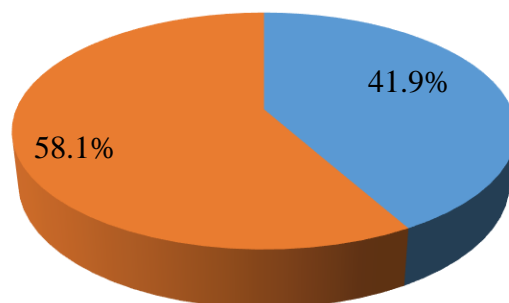
No.	Product	Type of recycled material used	Percentage of recycled material in product (%)
1	BQ8786	Glass	8.05%
2	BQ7704	Mirrors	1.8%
3	BQ7701	Mirrors	1.8%
4	BQ8788	Mirrors	8.30%
5	BQ0370	Shells	7.2%

#### 4. Water

##### 4.1. Usage of water

At Vicostone, water is used for industrial production activities and for daily use by employees. Total water consumption at Vicostone in 2024 was 36,260 m<sup>3</sup>.

- *Total industrial water consumption for production: 15,187 m<sup>3</sup>*
- *Total water consumption for domestic and other activities: 21,073 m<sup>3</sup>*



- Water consumption for production
- Water consumption for domestic and other activities

*The proportion of clean water usage demand of the Company in 2024*

#### *4.1.1. Water consumption over the year*

Year	Total water consumption (m3)	Total industrial water consumption for production (m3)	Percentage (%)
2022	42,587	13,150	30.9 %
2023	35,196	15,029	42.7 %
2024	36,260	15,187	41.9 %

#### *4.1.2. Water usage for production*

In 2024, water supplied for production (allocated for manufacturing activities at both plants) accounted for **41.9%** of the total clean water consumption within the Company, serving 3 main purposes:

- Supplying water for the evaporative cooling system: Cooling water is replaced according to the default operational mode of the factory's evaporative cooling system. The discharged water is then directed into the Company's surface drainage system;
- Washing engineered stone slabs at the finishing stage: Wastewater from the washing process is collected and fed into the recirculating water system;

- Providing water for industrial cleaning: Wastewater from cleaning activities and equipment sanitation is collected and integrated into the recirculating water system.

With a commitment to sustainable production and environmental protection, Vicostone has invested billions VND in building and installing a closed-loop water treatment system since the inception. Nearly 100% of the water used in production is treated and recirculated back into the manufacturing process, ensuring zero discharge into the environment. This efficient approach helps Vicostone conserve water resources while minimizing its ecological footprint.

#### *4.1.3. Water usage outside of production*

##### **Water consumption for domestic**

Clean water for domestic use at Vicostone is utilized for activities such as cooking and personal hygiene for employees during their working hours at the Company, accounting for 46.2% of total water usage outside of production. Wastewater from these domestic activities is collected and directed to the Company's domestic wastewater treatment system. The quality of treated domestic wastewater meets QCVN 14:2008/BTNMT, Column A, the National Technical Regulation on Domestic Wastewater Quality, and has been granted discharge approval under Environmental Permit No.130/GPMT-UBND, issued by Hanoi People's Committee on August 14, 2023.

##### **Water consumption for other activities**

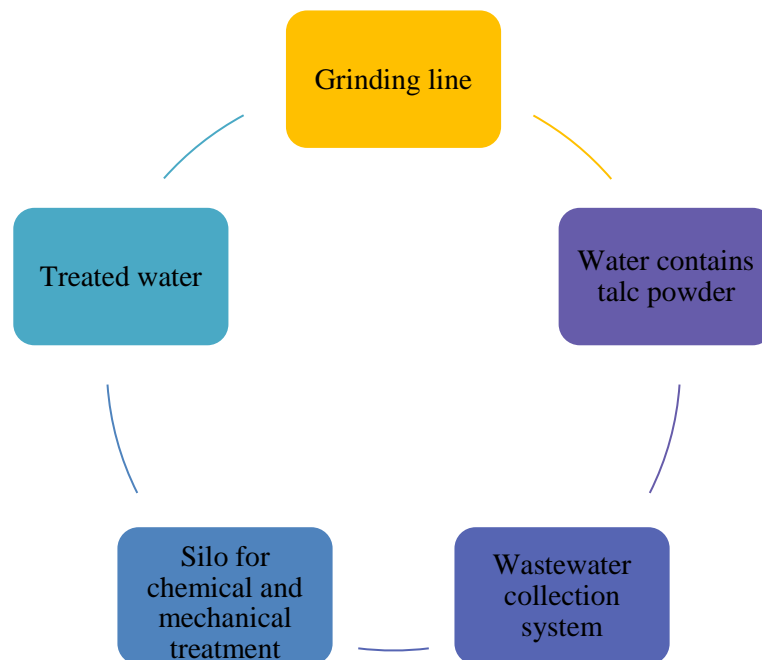
The amount of water supplied for auxiliary activities (such as street cleaning, tree watering, gas tank cooling, and packaging area cooling) accounted for 53.8% of the total clean water used outside of production. After being used for these purposes, the water is collected into the drainage system, which is equipped with sedimentation pits/pre-treatment facilities before being discharged into the drainage system of the area.

#### **4.2. Solutions for efficient use of water**

In order to join hands with the community in saving water resources, Vicostone is always aware of the efficient and responsible use of water. The Company has invested in and implemented a cyclone-based physical-chemical treatment system, enabling the complete reuse of wastewater generated from grinding lines, ensuring zero discharge into the environment. This water is continuously recirculated to maintain production and is replenished only when lost due to evaporation or absorption into stone powder after pressing.

Vicostone's technology combines mechanical and chemical treatment methods, effectively settling suspended solids (stone powder) in production wastewater.





*Diagram of the circulation system for reusing production water*

Along with cyclone system, 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.

## 5. Effluents and Emissions

### 5.1. Effluents

#### 5.1.1. Source

- Industrial effluents: 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;

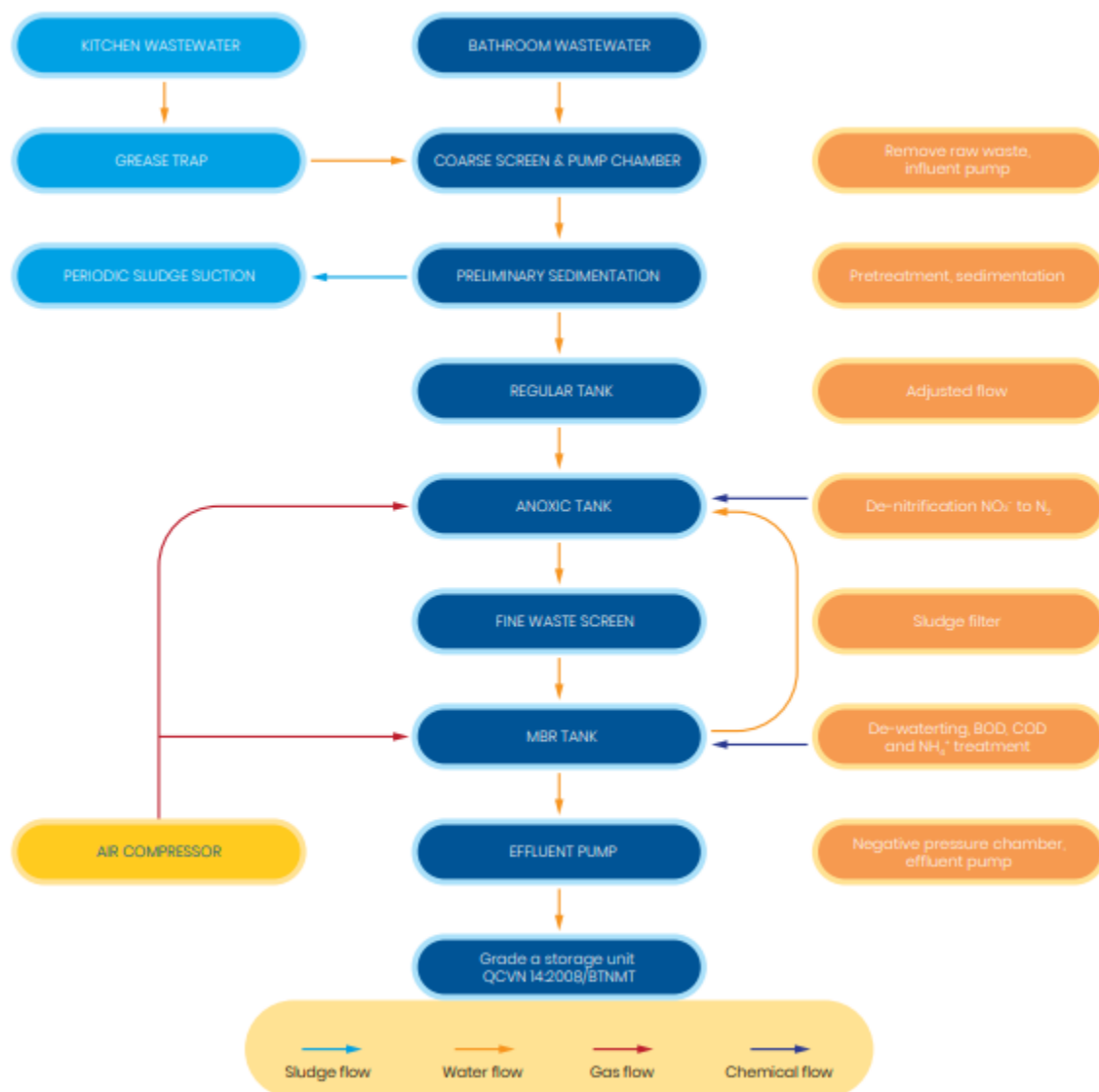
- Domestic effluents: Discharged from kitchens, employee's sanitary areas, and undergo preliminary treatment in septic tanks and grease traps then delivered to the effluent treatment station of the Company.

Thus, at Vicostone, the only wastewater source is domestic wastewater.

#### *5.1.2. Sewage treatment*

In addition to 100% reuse of production water through the closed-loop recycling system, Vicostone has implemented effective measures to treat domestic wastewater, ensuring compliance with Column A, QCVN 14:2008/BTNMT - National Technical Regulation on Domestic Wastewater. Specifically, the measures include:

- Maintain the operation of the domestic wastewater treatment system using biological treatment combined with MBR membrane filtration technology, with a capacity of 50 m<sup>3</sup>/day-night. This is a modern wastewater treatment technology that is simple to operate and highly stable. The system is managed by the Company's environmental engineering team, with regular monitoring to ensure its operation and that the treated wastewater meets regulatory standards;
- Periodic maintenance is strictly followed by the technical team, ensuring no major equipment failures that could affect the Company's domestic wastewater treatment process;
- Develop and apply the procedures on domestic effluent control and chemical mixing in line with ISO 14001:2015;
- Engage a qualified consultant to monitor the quality of treated domestic effluent every three months;
- Invest in rapid measurement devices (DO, pH), quality of post-treatment effluent test devices (NH<sub>4</sub><sup>+</sup>, NO<sub>3</sub><sup>-</sup>) to supervise the treatment activities of the system.



*Diagram of domestic effluents treatment process*

### 5.1.3. Outcomes

The operation of Vicostone's domestic wastewater treatment system is carried out in full compliance with the established operating guidelines and regulations. In 2024, 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:

No.	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> )
1	January	25.6	50	31	795
2	February	19.3	50	29	561
3	March	24.3	50	31	753
4	April	27.4	50	30	823
5	May	27.8	50	31	862
6	June	28.4	50	30	851
7	July	28.1	50	31	870
8	August	26.6	50	31	825
9	September	28.0	50	30	840
10	October	28.5	50	31	885
11	November	23.9	50	30	716
12	December	31.1	50	31	965

No.	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> )
	<b>Monthly average waste discharge flows in 2024</b>	<b>26.6</b>	<b>50</b>		<b>812.2</b>
	<b>Total water discharge in 2024</b>	<b>-</b>	<b>18,300</b>		<b>9,746</b>

*Post-treatment domestic wastewater flow statistics*

In 2024, Vicostone's domestic wastewater volume was only half of the permitted discharge capacity.

Pursuant to the wastewater quality monitoring program under the Environmental licensed 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.

No.	Indicator	Unit	2024				QCVN 14:2008/ BTNMT  Column A (K=1)
			QI	QII	QIII	QIV	
1	pH	-	7.1	6.9	6.6	6.5	5÷9
2	Biological oxygen demand (BOD <sub>5</sub> )	mg/l	5.2	4.8	3.1	5.62	30
3	Total suspended solids (TSS)	mg/l	7.9	8.4	<5	6.4	50
4	Total Dissolved Solids (TDS)	mg/l	230	210	220	340	500
5	Animal and vegetable fat and oil	mg/l	<0.3	<0.3	<0.3	<0.3	10
6	Photphat (PO <sub>4</sub> <sup>3-</sup> as P)	mg/l	0.786	0.724	2	2.35	6
7	Sulfua (S <sup>2-</sup> )	mg/l	<0.064	<0.064	0.176	<0.064	1
8	Amoni (NH <sub>4</sub> <sup>+</sup> as N)	mg/l	0.304	0.283	<0.03	0.419	5
9	Nitrat (NO <sub>3</sub> <sup>-</sup> as N)	mg/l	18.6	16.5	27.45	24.325	30
10	Total surface-active substances	mg/l	<0.05	<0.05	<0.05	<0.05	5

No.	Indicator	Unit	2024				QCVN 14:2008/ BTNMT Column A (K=1)
			QI	QII	QIII	QIV	
11	Coliform	MPN/ 100mL	220	170	11	94	3,000

*Table shows test results on post-treatment domestic effluents prior to disposal*

**Note:**

- *QCVN 14:2008/BTNMT: National Technical Regulation on Domestic Wastewater;*
- *Column A: Specifies parameter C values as the basis for calculating the maximum allowable limits in domestic wastewater when discharged into water sources used for domestic water supply (with water quality equivalent to columns A1 and A2 of the National Technical Regulation on Surface Water Quality).*

## 5.2. Emissions

### 5.2.1. Emissions and dust

#### Origin

Aerial emissions are mainly generated from the production processes, including:

- Organic gas exhausts in spreading stage;
- Dust exhausts in material imports.

#### Control measures with organic gas

To treat and control emissions generated from production, the Company has installed the treatment system as below:



*Emissions treatment process at Vicostone*

At Vicostone, areas with potential volatile organic compounds (VOCs) emissions—such as the Resin dosing area, material mixing area, and material spreading area, etc. are designed as enclosed, isolated zones equipped with exhaust fans that create negative pressure. This setup effectively prevents organic compounds dispersion while directing emissions into a centralized pipe system. The collected air is then treated using activated carbon before being released.

The Company's safety personnel are responsible for regularly monitoring these areas, identifying potential occupational hazards, and proposing improvements. They also oversee the proper operation of the exhaust treatment system, fresh air supply system, and ventilation system in production areas to enhance workplace air quality. 100% of employees in VOC-exposed positions are equipped with Dobu DM22 dust and organic vapor masks to prevent direct exposure to ensure worker's safety.

### Outcomes

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	2024				QCVN 20:2009/
			QI	QII	QIII	QIV	BTNMT
I	Post-treatment emissions at Factory No.1						
1	Flow rate of emissions	m³/h	19,352	19,352	18,990.7	19,171.6	-
2	Benzene	mg/Nm³	0.56	0.68	<0.003	<0.003	5
3	Toluene	mg/Nm³	0.69	0.82	0.385	0.523	750



No.	Indicator	Unit	2024				QCVN 20:2009/ BTNMT
			QI	QII	QIII	QIV	
II	Post-treatment emissions at Factory No.2						
1	Flow rate of emissions	m³/h	15,880	14,950	15,521.8	15,402.4	-
2	Benzene	mg/Nm³	0.45	0.51	<0.003	<0.003	5
3	Toluene	mg/Nm³	0.57	0.68	0.22	0.561	750

*Test results for the quality of post-treatment emissions at Vicostone*

**Note:** QCVN 20:2009/BTNMT: National technical regulation on the industrial waste related certain organic matters

### Monitoring dust solutions

- Each month, the Health-Safety-Environment team of the General Affairs Department collaborates with Technical Department to evaluate 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;
- Every three months, Vicostone collaborates with the Institute of Environmental Science and Public Health to measure dust concentration over an 8-hour shift in the workplace. This periodic assessment helps evaluate the effectiveness of dust control measures and minimize dust dispersion in production areas;
- 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;
- Providing Dobu SM31 dust masks and Dobu DM22 dust and organic vapor masks, with a filtration efficiency of up to 99%, for employees working in areas with dust exposure;
- Using specialized dust suction machines to clean the workshop floor, cleaning with a wet mop to reduce dust generated by employee's activities.

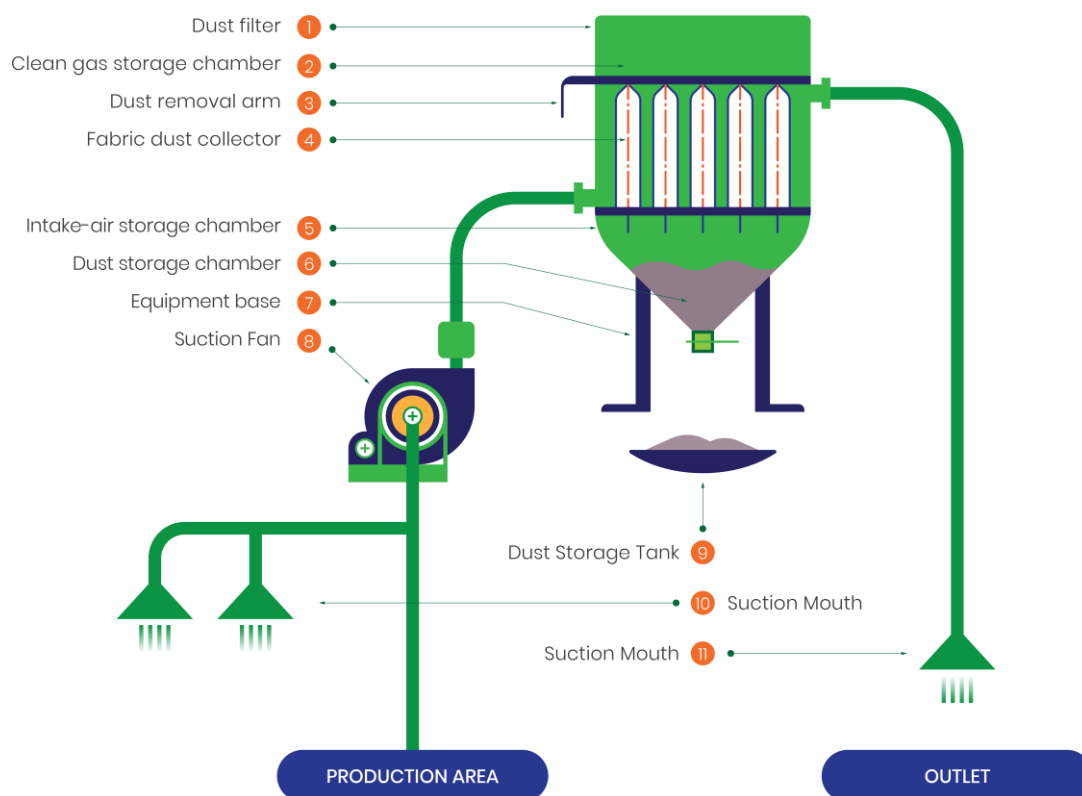


Figure of the Company's dust filter system at Vicostone

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	2024				QCTĐHN 01:2014/ BTNMT	Note
			QI	QII	QIII	QIV		
I	Post-dust-treatment emissions at Factory No. 1							
1	Flow rate of emissions	m³/h	15,464	15,464	15,667.3	15,565.6	-	
2	Total particulate matter (PM)	mg/Nm³	28.3	32.6	5.2	6,998	162	

No.	Indicator	Unit	2024				QCTĐHN 01:2014/ BTNMT	Note
			QI	QII	QIII	QIV		
3	CO	mg/Nm <sup>3</sup>	0	0	<1.14	<1.14	<b>900</b>	
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	0	0	<2.62	<2.62	<b>405</b>	
5	NO <sub>x</sub> (as NO <sub>2</sub> )	mg/Nm <sup>3</sup>	0	0	<0.188	<0.188	<b>765</b>	
<b>II</b>	<b>Post-dust-treatment emissions at Factory No. 1 – Position 2</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	21,568	15,464	15,463.9	15,769.1	-	
2	Total particulate matter (PM)	mg/Nm <sup>3</sup>	35.5	30.5	5.6	4.432	<b>162</b>	
3	CO	mg/Nm <sup>3</sup>	0	0	<1.14	<1.14	<b>900</b>	
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	0	0	<2.62	<2.62	<b>405</b>	
5	NO <sub>x</sub> (as NO <sub>2</sub> )	mg/Nm <sup>3</sup>	0	0	<0.188	<0.188	<b>765</b>	
<b>III</b>	<b>Post-dust-treatment emissions at Factory No. 2</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	40,412	40,694	40,977.0	39,564	-	
2	Total particulate matter (PM)	mg/Nm <sup>3</sup>	31.5	27.4	8.3	7.151	<b>162</b>	
3	CO	mg/Nm <sup>3</sup>	0	0	1.14	<1.14	<b>900</b>	

No.	Indicator	Unit	2024				QCTĐHN 01:2014/ BTNMT	Note
			QI	QII	QIII	QIV		
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	0	0	<2.62	6.46	<b>405</b>	
5	NO <sub>x</sub> (as NO <sub>2</sub> )	mg/Nm <sup>3</sup>	0	0	1.89	3.64	<b>765</b>	
<b>IV</b>	<b>Emission at the crushing dust treatment system – Position 1</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	13,836	13,531	13,632.6	13,429.2	-	
2	Total particulate matter (PM)	mg/Nm <sup>3</sup>	41.6	39.3	10.8	14,037	<b>180</b>	
3	CO	mg/Nm <sup>3</sup>	0	0	<1.14	<1.14	<b>1000</b>	
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	0	0	<2.62	<2.62	<b>450</b>	
5	NO <sub>x</sub> (as NO <sub>2</sub> )	mg/Nm <sup>3</sup>	0	0	<0.188	<0.188	<b>850</b>	
<b>V</b>	<b>Emission at the crushing dust treatment system – Position 2</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	13,429	13,633	13,836.1	13,225.7	-	
2	Total particulate matter (PM)	mg/Nm <sup>3</sup>	36.2	34.7	11.2	11,890	<b>180</b>	
3	CO	mg/Nm <sup>3</sup>	0	0	<1.14	<1.14	<b>1000</b>	
4	SO <sub>2</sub>	mg/Nm <sup>3</sup>	0	0	<2.62	<2.62	<b>450</b>	

No.	Indicator	Unit	2024				QCTĐHN 01:2014/ BTNMT	Note
			QI	QII	QIII	QIV		
5	NOx (as NO2)	mg/Nm <sup>3</sup>	0	0	<0.188	<0.188	<b>850</b>	
<b>VI</b>	<b>Emission at the crushing dust treatment system – Position 3</b>							
1	Flow rate of emissions	m <sup>3</sup> /h	13,836	12,412	12,513,5	12,717	-	
2	Total particulate matter (PM)	mg/Nm <sup>3</sup>	47.5	44.1	10.7	13,405	<b>180</b>	
3	CO	mg/Nm <sup>3</sup>	0	0	<1.14	<1.14	<b>1000</b>	
4	SO2	mg/Nm <sup>3</sup>	0	0	<2.62	<2.62	<b>450</b>	
5	NOx (as NO2)	mg/Nm <sup>3</sup>	0	0	<0.188	<0.188	<b>850</b>	

*Test result for the quality of post-treatment emissions after using dust filter system*

**Note:**

- *QCTĐHN 01:2014/BTNMT: Technical Standard on industrial wastes related to dust and inorganic substances within the vicinity of Hanoi;*
- (-): *not specified*

#### 5.2.2. Common industrial wastes

Common industrial wastes of Vicostone include:

- **Dried sludge, swarf** from production stages: finishing grinding; product shaping;
- **Other common solid industrial wastes** (nilon, carton, gold foil...) from the product shaping stage, raw material packaging, and product packaging.

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/ND-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.

The waste powder and swarf generated from the production process constitute the majority of the Company's industrial solid waste. Classified as non-hazardous waste, these materials are systematically stored in covered warehouses equipped with drainage systems to ensure environmental compliance. The Company conducts periodic assessments to monitor and evaluate waste management practices, with the most recent assessment documented in report No. 08898/2024/PKQ (5955.01S2410.239) dated November 1, 2024, conducted by the Institute of Energy and Environmental Technology – Vietnam Academy of Science and Technology.

In line with the commitment to sustainable development, the Company has implemented various research initiatives to enhance the reutilization of waste powder as raw materials for industrial production. These efforts include applications in the manufacturing of unburnt bricks, fired bricks (tuynel), kaolin processing, and precast concrete products (such as concrete piles and pipes). Furthermore, Vicostone collaborates with cement manufacturers and silica-rich mineral producers to optimize the use of waste powder and swarf as input materials for other industries. This initiative forms a core component of the Company's NetZero strategy, effectively minimizing waste disposal volumes, optimizing operational costs, and contributing to environmental protection by reducing the burden on local waste treatment facilities.

Vicostone has established strategic partnerships with certified waste management entities to ensure compliance with regulatory requirements. The entire waste management process, including the selection of authorized treatment providers, contractual arrangements, waste transfer, and periodic reporting, is strictly implemented in accordance with Circular 02/2022/TT-BTNMT.

No.	Conventional solid waste	2024 Volume (kg)	2023 Volume (kg)	Treatment method
1	Stone chips, swarf and burr	11,165,851	11,913,500	Landfilling;

No.	Conventional solid waste	2024 Volume (kg)	2023 Volume (kg)	Treatment method
				Pre-processing as raw material for cement production;  Using as raw material for synthetic mineral production
2	Other common solid industrial waste	233,205	151,104	Burial
	<b>Total</b>	<b>11,399,056</b>	<b>12,064,604</b>	

*Statistics of the volumes of conventional solid wastes collected and transferred for treatment*

Furthermore, as part of the commitment to the NetZero goal, Vicostone prioritizes waste control at the source, focusing on waste minimization to reduce the burden of emissions treatment. In 2024, the Company continued to implement the CI program (Critical Improvement Projects), introducing multiple measures to reduce the volume of industrial solid waste generated during production.

According to the Company's statistics, the volume of stone powder and stone chips in 2024 decreased by 4.03% compared to 2023 (from 21.96 kg/m<sup>2</sup> of product to 21.11 kg/m<sup>2</sup> of product). In 2023, 100% of the stone powder and stone chips were disposed of through an authorized landfill company. However, in 2024, the volume sent for landfill treatment was reduced to only 37.02%, with the remaining portion utilized in recycling research projects. These projects have yielded promising application results, making a significant contribution to the Company's environmental protection efforts.

### *5.2.3. 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;
- Allocating waste bins with clear instructional signs to facilitate easy and convenient waste sorting for employees;

- Implementing source segregation:
  - Organic waste (food scraps, soup, biodegradable waste) is repurposed by individuals for livestock feeding;
  - Recyclable and reusable materials such as paper, cans, and bottles, etc. are sorted, collected, and stored separately;
  - Other household waste is handed over to authorized waste treatment units in compliance with Circular 02/2022/TT-BTNMT.
- Establishing designated waste storage areas that meet environmental regulations.

No.	Type	2024 Volume (tons)	2023 Volume (tons)
1	Domestic solid waste requiring treatment	16.2	18.7

*Statistics on domestic solid waste disposal*

#### 5.2.4. 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, include:

- Residual oil
- Metal packages wastes
- Plastic packages wastes
- Fluorescence light bulbs
- Filters and stained drags
- Printers's cartridges
- Lead batteries
- Welding rod wastes



- Waste cleaning agents and other discarded organic solvents

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 then transferred hazardous waste to an environmental company to transport and treat according to the law.

Waste type	Code	2024 Volume (kg)	2023 Volume (kg)	Treatment method
Used oil	15 01 07	5,860	3,850	Incineration
Metal rigid packaging waste	18 01 02	2,340	2,195	Washing
Plastic rigid packaging waste	18 01 03	478	135	Washing
Fluorescent lamp waste	16 01 06	8	6	Crushing, solidification
Filter materials. oil and grease-soaked wipes waste	18 02 01	3,252	3,360	Incineration
Printer ink cartridge waste	08 02 04	3	2	Incineration
Lead-acid battery waste	19 06 01	105	50	Disassembly, recovery, chemical

Waste type	Code	2024 Volume (kg)	2023 Volume (kg)	Treatment method
				treatment
Welding rod waste	07 04 01	20	120	Solidification
Waste cleaning agents and other discarded organic solvents	03 02 03	8,986	6,640	Incineration
<b>Total</b>		<b>21,052</b>	<b>16,358</b>	

*Hazardous waste volume generated*

### 5.3. Recycling, reuse of waste 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:

#### **Research on reusing stone powder waste to produce unburnt bricks with Geopolymer technologies**

The production process of quartz-based engineered stones creates a by-product, i.e., stone powder waste during the product polishing phase. The Company has invested in the research 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 stone powder waste 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 stone powder waste from the production of engineered stones and aluminum silicate non-organic polymer binding agent”.

### **Synthesizing amorphous silicon dioxide from stone powder waste generated from the production of quartz-based engineered stones**

In addition to the research on reusing stone powder waste 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 June 26, 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 artificial stone”.

### **Synthesizing 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.

### **Research on reusing stone powder waste 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 comprises 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.

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

The fire clay brick production technology was deemed suitable for stone powder to be used as input 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 ground stone powder from the production of quartz-based artificial stones have been deemed compliant with the QCVN 16:2019/BXD national standard.

**Research on reusing waste stone powder from the production of quartz-based artificial stones to produce kaolin filter – a material for the production of construction ceramics, tiles, and sanitary ware**

Currently, the Vietnamese ceramics industry is experiencing robust growth. In 2020, its production capacity reached 24 million sanitary ware products, with revenues nearing VND 10,000 billion. In 2021, 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 that context, recently, Phenikaa implemented the Project titled “Research on reusing waste stone powder from the production of quartz-based artificial stones to produce kaolin filter – a material for the production of constructional ceramics, tiles, and sanitary ware”. The research outcome showed that waste stone powder from the production of quartz-based artificial stones may be used in the production of kaolin filters in accordance with the TCVN 6301:1997 national standard. Phenikaa's kaolin filters that use waste stone powder from the production of quartz-based artificial stones have been assessed as compliant with the TCVN 6301:1997 national standard.

**Research on reusing waste stone powder in the production of quartz-based artificial 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 artificial stones to produce cement clinkers. The research results indicated that waste stone powder from the output of quartz-based artificial 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 standard.

## Reusing waste stone powder to produce fill materials

In 2024, in response to economic fluctuations, Vietnam will intensify public investments to build infrastructure to stabilize the national economy and promote sustainable growth. It's also a period of time 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 the research direction: reusing waste stone powder to produce fill materials, thus contributing to solving societal problems while also closing the loop in the technological process of creating quartz-based artificial stones, resulting in positive environmental, economic, and societal outcomes. Research results indicate that blending 60% waste stone powder with other materials produces a mixture that meets the standards of BS EN 13242:2002+A1:2007, TCVN 9436:2012, and other relevant requirements. This mixture can be utilized as fill material for construction and transportation infrastructure project.

## 6. Environmental compliance

As an international enterprise with a market presence spanning over 50 countries worldwide, Vicostone operates on a foundation of conscientious business culture, prioritizing legal compliance and adherence to domestic and international standards, particularly in the environmental sector. This commitment is a prerequisite for VICOSTONE® to successfully penetrate demanding markets and developed economies such as the U.S., the United Kingdom, the EU, and Japan, etc.

In 2024, Vicostone is intensifying ESG (Environmental, Social, and Governance) initiatives across all three pillars, alongside the NetZero project. The Company continuously develops and updates improvement strategies to minimize emissions and mitigate environmental impact throughout the production and business operations. Various action programs have been implemented, including the Kaizen – 5S Program, "Bright Friday" Initiative, and the "5S Supervisor Team", engaging all production and office employees. These initiatives foster collective responsibility and integrate environmental protection as a core element of Vicostone's corporate culture.

### 6.1. 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. 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. The license is valid for 10 years and replaces all regulations stated in previously issued licenses.
- Full implementation of obligation to declare and pay environmental protection fees relating to industrial wastewater stipulated under Decree No. 53/2020/ND-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.

Throughout the production and business operations, Vicostone proactively reports and seeks guidance from regulatory authorities whenever new environmental issues arise, ensuring full compliance with and fulfillment of the Company's environmental protection commitments. Regarding international standards, the Company undergoes annual independent assessments conducted by qualified, unannounced third-party auditors to verify compliance with both standard requirements and environmental regulations.

Additionally, Vicostone has established and maintains dedicated specialized departments to oversee environmental and safety compliance: The HSE Department (under the General Affairs Division) is responsible for conducting daily inspections, promptly addressing environmental, occupational health and safety, and fire prevention issues. The ISO Department (under the Quality Management Division) is in charge of evaluating adherence to established procedures on a monthly, quarterly, and internal audit basis for certified management systems.

In 2024, Vicostone maintained full compliance with environmental regulations, with no recorded violations. The Company's environmental protection efforts were systematically implemented and rigorously monitored at all levels—from internal to the Group level, and from independent certification bodies to State agencies.

## 6.2. Encouraging employee participation in environmental protection

Vicostone actively upholds legal requirements related to environmental protection. In alignment with the ESG strategy and NetZero initiative, the Company continuously promotes employee engagement in sustainability initiatives, fostering a clean, green, and efficient working environment. Programs such as Kaizen-5S and Bright Friday serve as foundational activities that reinforce environmental consciousness, reduce waste, and enhance operational efficiency.

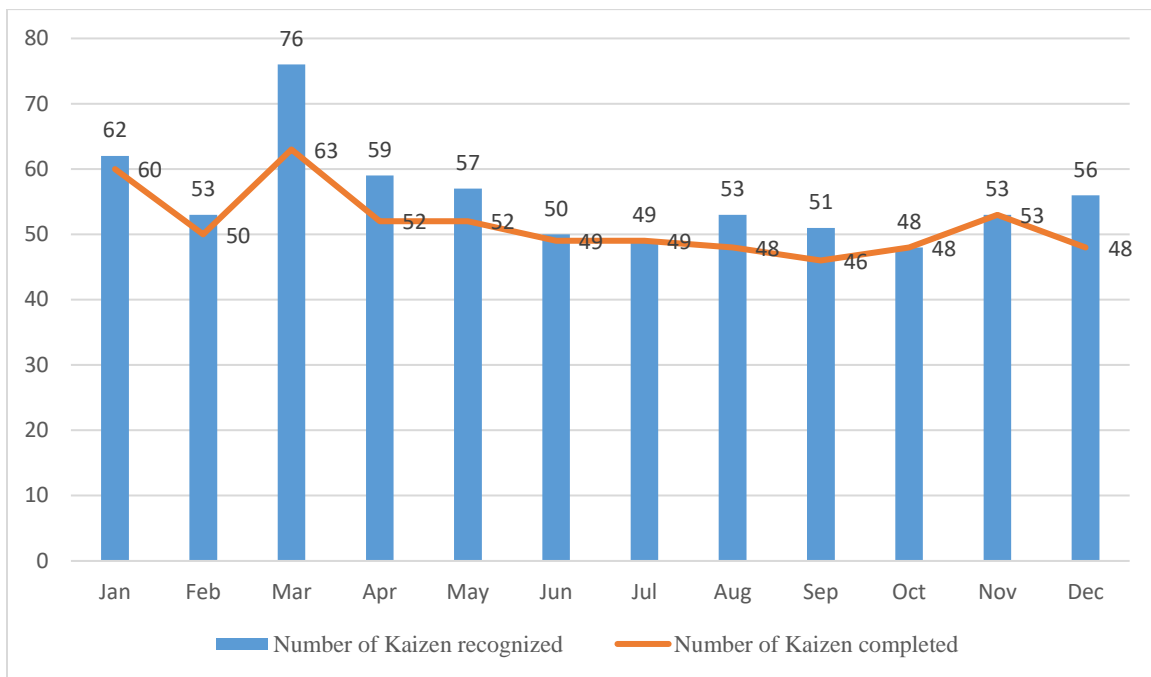
### 6.2.1. *Kaizen - 5S Initiative*

Following Vicostone's sustainability and ESG strategy, the Kaizen-5S initiatives have been seamlessly integrated into the Company's operations. This initiative is closely linked to energy management and greenhouse gas reduction targets, ensuring a consistent approach to sustainability across production activities, reinforcer reduction, reuse and recycle, etc. consciousness among employees.

The ESG, NetZero, and Kaizen - 5S Committee has been established under the leadership of the BOD and the management of specialized departments. These programs not only generate economic value but also play a significant role in the Company's and the Group's environmental protection efforts. The Kaizen - 5S activities contribute to fostering and enhancing a sense of responsibility at work, promoting continuous improvement and innovation to optimize production efficiency, strengthening team spirit among employees, and developing leadership skills among managers through practical initiatives. The program also lays the foundation for integrating advanced improvement techniques. Kaizen - 5S has become an integral part of the Company's corporate culture, significantly supporting both production activities and environmental sustainability efforts.

### **Kaizen activities**

In 2024, 35 key Continuous Improvement (CI) initiatives were established as guiding principles for innovation and efficiency improvements, directly contributing to environmental protection. Employees involved in Kaizen-5S were regularly provided with opportunities to visit and learn from exemplary manufacturing facilities within the Group, enabling continuous enhancements. The Company also prioritizes timely recognition and rewards for employee-driven Kaizen initiatives, with monthly, quarterly, and annual awards at both Company and Group levels. Achievements are communicated through internal channels such as LED screens at the cafeteria, TV monitors in production areas, banners, and slogans along main traffic routes, fostering a culture of continuous improvement.



### *Kaizen achievements in 2024*

In 2024, the number of recorded Kaizen initiatives was 664, of which 623 were completed, equivalent to 93.8%. The number of completed Kaizen initiatives per month remained relatively stable and tended to approach the total recorded Kaizen initiatives. The Kaizen initiatives proposed by employees demonstrated high practicality. This reflects the Company's leadership's strong commitment to implementing Kaizen - 5S.

### **5S activities**

Based on the implementation guidelines in the 5S Handbook, the Company has issued specific standards and periodic/unannounced assessment lists for each job position. Departments have also developed their own 5S implementation standards for their respective work areas, ensuring clear visual identification and well-defined responsibilities. These standards are regularly reviewed and updated, with a maximum revision cycle of six months. To ensure compliance with these standards and integrate them into Vicostone employees' daily work culture, the following activities have been implemented:

- Conducting annual internal training for all employees on 5S practices;
- Collaborating with organizations with extensive experience in 5S training to provide in-depth training for unit managers and mid-level management, including shift supervisors and team leaders;



- Implementing on-site 5S practices (based on standards) to ensure employees actively maintain, improve, and enhance 5S activities;
- Holding shift handover meetings at the beginning and end of shifts to transfer work-related information and 5S practices between shifts;
- Organizing assessments and competitive evaluations of 5S implementation across units to provide feedback and suggest improvements;
- Recognizing and rewarding individuals and units that excel in 5S implementation in their respective work areas, etc.

#### 6.2.2. “Bright Friday” program

In 2024, Vicostone strengthened activities to raise employees' awareness of environmental protection through social networks, bulletin boards, general information screens at the cafeteria to help build a green lifestyle in the Company. “Bright Friday” activity helps the Company build a green lifestyle, habits of maintaining public cleanliness at all times, disposing of and picking up waste, sorting recyclable waste, and recycling to reduce environmental impact.

Every Friday afternoon, Vicostone employees voluntarily participate in cleaning activities without needing to be mobilized or gathered. They actively clean their work areas, company premises, and surrounding public spaces. Notable activities under this program include cleaning workspaces and common areas, collecting and sorting waste in public areas outside the factory, and conducting synchronized communication efforts across public areas. The “Bright Friday” program has contributed to improving the working environment, fostering a cultural tradition, and strengthening internal cohesion within the Company.

#### **IV. RESPONSIBILITIES TOWARDS CUSTOMERS**

##### **1. Constantly control and improve product quality**

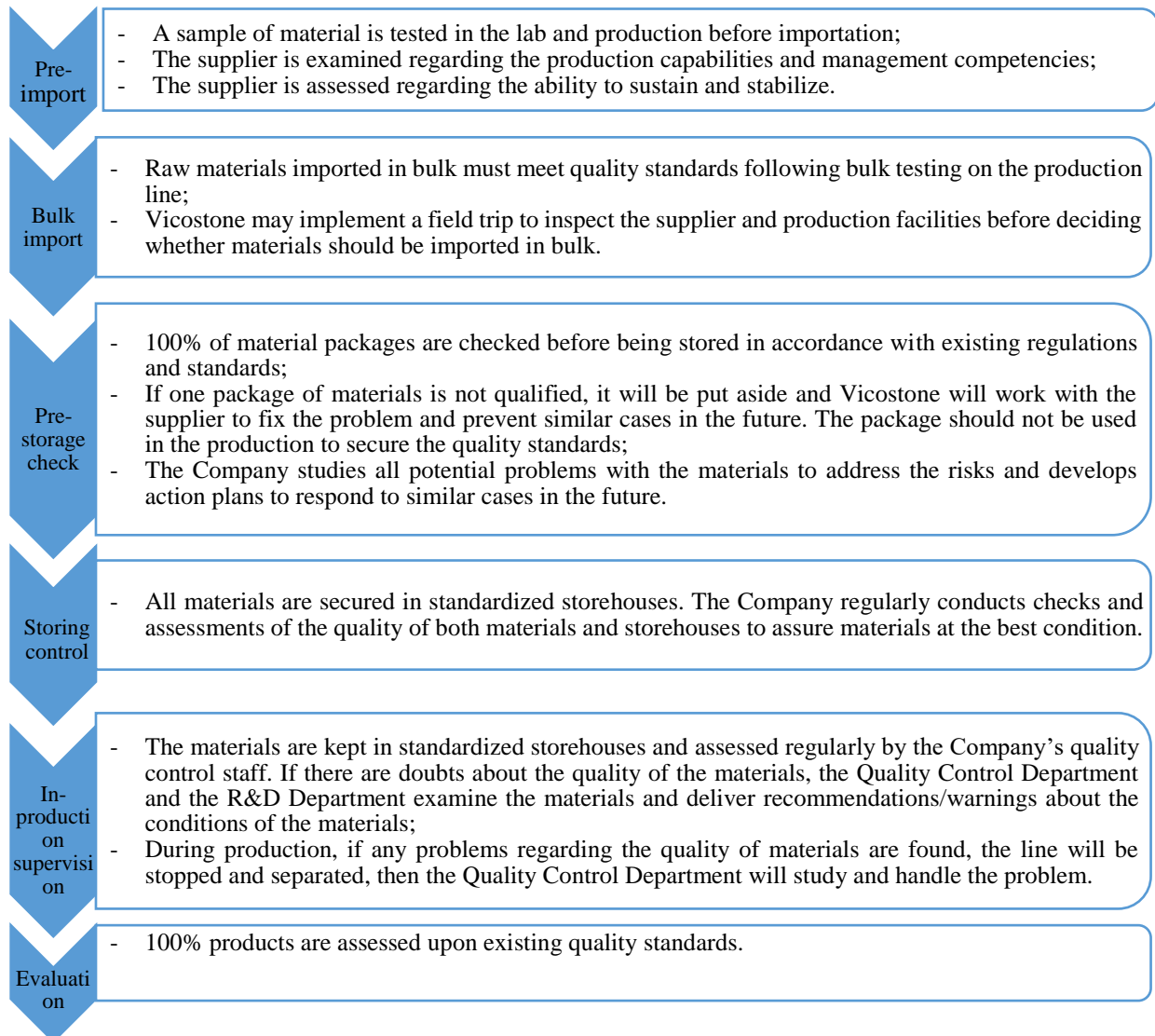
###### **1.1. Comprehensive quality management excellence**

- The quality of our products is aligned with customer's 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.

###### **1.2. Strict material assessment process**

The quality of raw materials plays a decisive role in determining the quality of the final products. With the advantage of controlling over 95% of input materials, Vicostone has established a strict quality control process from the outset. The Company continuously improves technology, management systems, and optimizes the use of available resources to meet stringent product quality standards. This approach helps optimize production costs and stabilize product pricing.

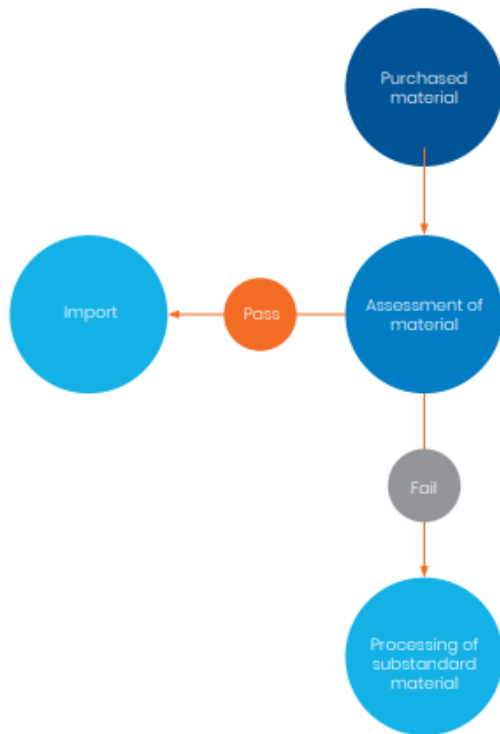
### 1.2.1. Material inspection processes



### 1.2.2. 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 materials



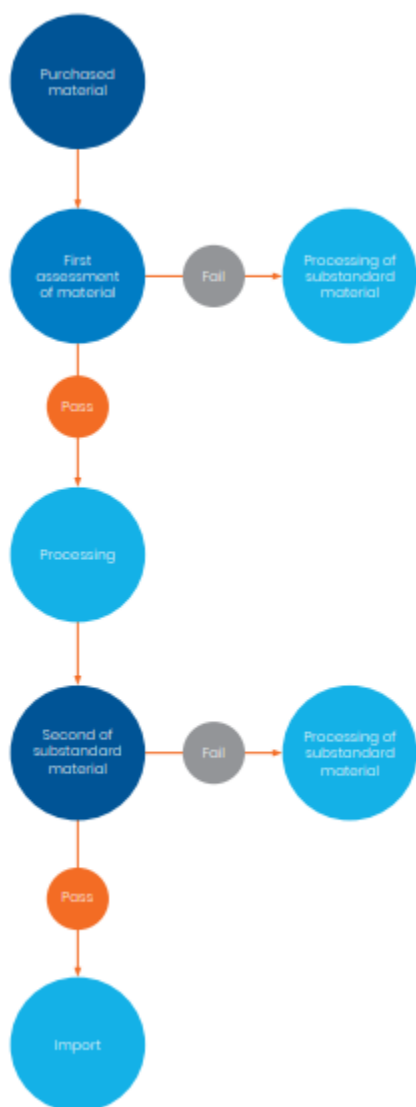
### Action

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. 2 cases can be happen:

- 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 materials



Action
<p>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.</p>
<p>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:</p> <ul style="list-style-type: none"> <li>● Pass: The materials are imported and stored in standardized facilities;</li> <li>● Fail: The Input Control Quality requests for remedies as per regulations.</li> </ul>
<p>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.</p>
<p>The staff of the Crushing and Screening Workshop follow the “Crushing and Screening Control Standard” to process raw materials into pure materials for production.</p>
<p>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:</p> <ul style="list-style-type: none"> <li>● Pass: The materials are stored and kept at standardized houses;</li> <li>● Fail: The Input Quality Control requests for remedies as per regulations.</li> </ul>

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

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.
1. Evaluation <ul style="list-style-type: none"> <li>• Evaluate suppliers' production competency;</li> <li>• Evaluate suppliers' managerial competency;</li> <li>• Evaluate suppliers' sustainability and stability.</li> </ul>	"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.

Control	Guideline	Frequency	Brief description
2. Check on input materials	“Input material control process” QT-30	100% of material package units	Purchased materials are tested before being stored.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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... are checked regularly from the first stage of development.
8. 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.

Control	Guideline	Frequency	Brief description
9. 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.
10. 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.

### 1.3. Constantly improving product quality through the HSEQ

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:

- Social Accountability System SA 8000:2014;
- Health and Safety Management System ISO 45001:2018;
- Environmental Management System ISO 14001:2015;
- Quality Control System ISO 9001:2015;
- Energy Management System ISO 5001:2018;



Standards	Date of Registration	Date of Latest Update	Date of Validity	Certification No.	Certification Agency
<b>ISO 9001:2015</b>	05/11/2005	18/10/2024	18/10/2024	VN012561	BVC
<b>ISO 14001:2015</b>	25/10/2006	18/10/2024	18/10/2024	VN012624	BVC
<b>ISO 45001:2018</b>	20/10/2015	18/10/2024	18/10/2024	VN012560	BVC
<b>SA 8000:2014</b>	21/12/2010	20/12/2022	20/12/2022	VN009660	BVC
<b>ISO 50001:2018</b>	13/1/2025	13/1/2025	13/1/2025	44 764 25 94 0001	TUV NORD

### *1.3.1. 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 the work process.

Vicostone is now adopting the latest version of standard ISO 9001:2015, with many changes compared to the ISO 9001:2008 version, facilitating the integration of management systems, building the Company's internal strength and motivating employees to constantly strive in their work.

The mandatory procedures in ISO 9001:2015 include:

- Control of Documents
- Control of Records
- Internal Audit
- Control of Non-Conforming Products
- Corrective Action

– Preventive Action

With these mandatory procedures, ISO 9001:2015 helps the Company build processes, assign detailed and scientific quality management responsibilities among internal departments, limit unnecessary errors and shortcomings in the production and business process that affect the reputation of the Company.

*1.3.2. Environmental Management standard ISO 14001:2015*

The ISO 14001:2015 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.

*1.3.3. 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. The ISO 45001:2018 enables the participation of employees in the process. As employees are subject to the regulations, they benefit and suffer from the working environment. Therefore, employees have the legitimate rights to join the development and implementation of occupational health and safety management systems. Their participation in every decision of the Company will assure the feasibility and validity of the decision as well as the benefit of employees.

*1.3.4. 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 place to work for.

#### 1.3.5. Energy Management System ISO 50001:2018

To contribute to the efforts of governmental and non-governmental organizations in protecting the global living environment through the efficient and economical use of energy resources, Vicostone has been actively exploring solutions to integrate green energy sources into production chain. These efforts are aligned with the ISO 50001:2018 energy management system and include initiatives such as the use of solar energy in office operations, transitioning from diesel and gas-powered forklifts to electric forklifts, and enhancing monitoring, measurement, and maintenance activities for the Company's equipment to improve efficiency and minimize unnecessary energy losses. These measures also aim to reduce downtime for repairs. In addition, Vicostone promotes energy-saving practices through awareness campaigns for employees, such as displaying posters advocating energy conservation at energy-use points. This initiative reflects the Company's leadership vision, which emphasizes achieving business growth in tandem with environmental protection, fostering a green lifestyle, and ensuring sustainable development.

## 2. International production standards and criteria

In addition to meticulous design and outstanding features such as scratch and stain-resistant and high durability, customers's health and safety are top priorities for Vicostone. With the advantage of 22 years of experience in demanding export markets (such as the U.S., Europe, etc.) as well as having a professional workforce and extensive experience in the industry, Vicostone creates high-quality products with strong competitiveness, meeting international standards and being recognized by prestigious organizations around the world, such as:

No.	Certifying Organization	Certificate	Validity
1	NSF International (Public Health and Safety Organization)	NSF/ANSI 51 Certificate certifies the safety of the product for using at laboratories, healthcare facilities and food producers.	Annual Renewal

No.	Certifying Organization	Certificate	Validity
2	UL Environment	The GreenGuard and GreenGuard Gold certifications verify that the products are safe for indoor air quality in homes, schools, and healthcare facilities, ensuring safety for children.	Annual Renewal
3	SGS International Certification Services Iberica S.A.U (SGS Organization, headquartered in Swiss , specializing in inspection, verification, testing, and certification services)	CE certificates (EN 15285: 2008 and EN15286:2013) acknowledge the product qualifies European standards on size, durability, water-resistance, scratch-resistance, etc.	Since 2009
4	Greenguard Environmental Institute	Microbial Resistant Certificate proves that the product is bacteria-free, inhibiting bacteria growth on its surface and ensuring user and environmental safety.	Since 2010
5	SCS Global Service	The EPD (Environmental Product Declaration) certification recognizes products as safe building materials that meet all permissible environmental criteria. These products are fully qualified for use in green construction projects.	Annual Renewal
6	SCS Global Service	The HPD (Health Product Declaration) certification recognizes products as safe building materials, free from harmful chemicals, for the health of human and community	Annual Renewal

No.	Certifying Organization	Certificate	Validity
7	Seal of Kosher Trust	The KOSHER certification confirms that the products meet the strict dietary standards required by Jewish dietary laws.	Annual Renewal
8	International Living Future Institute	The LBC Declare certification confirms that VICOSTONE® products comply with the Living Building Challenge Red List, ensuring they do not contain any harmful components listed as prohibited substances. These products are fully suitable as materials for green building projects.	Annual Renewal

On the basis of standards of product quality control and the desire to diversify the 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:

Specifications	Test Method	Results
Water Absorption (% mass)	ASTM C97 / C97M-18	$\leq 0.02 \%$
	BS EN 14617-1:2005	$\leq 0.02 \%$
Apparent density	ASTM C97 / C97M-18	$2.1 - 2.3 \text{ g/cm}^3$
	BS EN 14617-1:2005	$2.1 - 2.3 \text{ g/cm}^3$

Specifications	Test Method	Results
Flexural strength	ASTM C880/C880M-18	Fine and medium grain: $\geq 55$ MPa Raw drain: $\geq 41$ Mpa
	BS EN 14617-2:2016	Fine and medium grain: $> 60$ MPa
		Raw drain: $> 40$ MPa
Compressive strength	ASTM C170/C170M-17	Dry: $\geq 200$ MPa
	BS EN 14617-15:2005	Dry: $\geq 185$ MPa
Chemical resistance to acids	ASTM C650-04:2014	No observable changes
	BS EN 14617-10:2012	Grade C4
Dimensional stability	EN 14617-12:2012	Grade A
Impact Resistance	ASTM C1870-18	From 36-inch: $\leq 0.25$ in From 48-inch: $\leq 0.27$ in
	BS EN 14617-9:2005	$> 4$ J
Abrasion Resistance	ASTM C501-84:2015	Abrasion index: $l_w \geq 179$
	BS EN 14617-4:2012	Volume of chord: $V \leq 165 \text{ mm}^3$ Length of chord: $l \leq 27 \text{ mm}$
Thermal Shock Resistance	ASTM C484-99:2014	No observable damage after 10 cycles
	EN 14617-6:2012	No observable changes after 20 cycles Mass change: $\leq 0.05\%$

Specifications	Test Method	Results
		Change in flexural strength: - 8.4% ÷ 5.4%
Deep Abrasion and Freeze-Thaw Resistance	ASTM C1026-13:2018	No changes after 300 cycles
		Mass loss: $\leq 0.09\%$
	EN 14617-5:2012	No observable damage after 20 cycles $KM_{f25} = 93 \div 105\%$
Mohs scale hardness	EN 101: 1991	$\geq 6$
Slip resistance	DIN 51130:2014	R9 at Honed 400
	ASTM C1028-07	Static coefficient of friction - Dry: $0.7 \div 0.8$ (Polished/Honed finish) - Wet: $0.5 \div 0.7$ (Polished/Honed finish)
Anti-bacterial resistance	ASTM D6329-98	Resistance level 3: No bacterial growth
Stain resistance	ASTM C 1378-04:2014	Grade A (Polished finish)
Surface heat resistance	ASTM E84	Grade A

### 3. Intellectual property rights

In modern business, intellectual property (IP) is not only one of the most significant intangible assets of any company but also a key measure of the effectiveness and future development of businesses. Therefore, the protection of intellectual property rights helps each company safeguard their creativeness and uniqueness, contributing to enhance brand reputation and increase market share.

At Vicostone, the protection of intellectual property rights has always been a top priority since its inception. The Company proactively monitors and evaluates opportunities and challenges to protect VICOSTONE® brand intellectual property assets and maintain its competitive advantage in the market.

### 3.1. Protection of intellectual property rights domestically and internationally

The VICOSTONE® quartz brand and products are the crystallization of technology, intellect, experience, know-how, and researcher's continuous innovation by Vicostone's experts, engineers and staff. In reality, the unauthorized replication of trademark-related elements—including brand names, visual identities, and promotional content—as well as the imitation and modification of product designs, is becoming increasingly prevalent among competitors. Pursuing 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.

- **For the VICOSTONE® brand:** The VICOSTONE® trademark is registered in nearly 70 countries, including in the major markets such as the U.S., Canada, Australia, New Zealand, and the E.U, etc.
- **For the trademarks of key products:** The Company has registered for trademark protection of nearly 300 product names worldwide;
- **For the protection of the industrial design of products:** The Company has been awarded almost 60 exclusive industrial design protection certificates in strategic markets, and continues to register for industrial design protection for new products.

### 3.2. Use of technical solutions

In addition to patent registration, the Company has enhanced the registration and protection of the brand on the internet to prevent disputes, domain takeovers 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. Regional website in 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)) provide with complete information on the products, brand, and official sales locations.

### 3.3. Anti-counterfeit tools

Vicostone has implemented a barcode system to manage all information about the products, known as product ID. The product ID is generated by a central server, and transformed into a two-way barcode then labeled on the product by using two methods:



- **Labeling:** All related information and the barcode of the product are printed and stamped on the product;
- **Direct Printing:** The VICOSTONE® trademark, along with product ID, production date, number and color code, is permanently printed on the back of each slab to enhance brand recognition among consumers. This information remains intact and unfaded throughout transportation, processing, and the product's entire lifespan.

Thus, each product is labeled with a specific barcode to ensure its rapid and accurate traceability, helping customers register product warranties through the company's website and distinguish between the genuine and the counterfeit.

### 3.4. Additional protective measures

In 2024, the Company implemented further measures concerning its protection of intellectual property rights, including:

- Application of technology 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 specialized and intensively trained personnel on IP to holistically, uniformly, and systematically implement IP activities 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 the Vietnamese market, thus significantly reducing the risks of counterfeit products and those that mimic the VICOSTONE® quartz stones brand;
- Additionally, Vicostone enforces strict internal measures to safeguard its proprietary technologies and manufacturing processes, etc., at the Company:
  - Prohibition of photography/filming of production areas related to proprietary technologies and confidential elements; strict control over the entry and exit of employees, partners, and customers in Company areas;

- 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.

## V. CORPORATE RESPONSIBILITIES TOWARD EMPLOYEES

### 1. Labor Structure 2024

In 2024, the world economy was continuously subjected to a series of shocks including inflation, energy crisis, supply disruptions, and the risks of public debt, Vicostone demonstrated outstanding adaptability. Faced with macroeconomic challenges, the Company implemented strategic changes by focusing on the development of new products and optimizing production costs to enhance its competitive edge, while placing people at the core and fully leveraging its intrinsic corporate values.

As of December 31, 2024, Vicostone employed 646 individuals (\*), boasting a diverse workforce in terms of gender, regional background, age, and professional qualifications. A key strength of Vicostone's human resources is that employees receive comprehensive vocational training; statistics show that 87.3% of the staff underwent professional training before joining the Company, thereby meeting the increasingly high standards required in the industrial production sector.

Furthermore, approximately 61.6% of employees are directly involved in the production line, with the majority being male (80.8%). With 32.6% of workers having university degrees or higher, and 57.6% 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.

Criteria		2024	
		Quantity (person)	Percentage (%)
Qualification	Graduate Degree	19	2.9
	Undergraduate Degree	192	29.7
	College	89	13.8
	Associate Degree	283	43.8
	High School	63	9.8
Gender	Male	522	80.8
	Female	124	19.2
Nature of work	Back office employees	248	38.4
	Direct production employees	398	61.6
Job Level	Board of Directors	7	1.1
	Managers	35	5.4
	Employees	191	29.6

Criteria		2024	
		Quantity (person)	Percentage (%)
	Workers	413	63.9

(\*) The data represents the separate financial data of Vicostone JSC.

## 2. Human resources development

### 2.1. Capacity building and training

As the global sustainability landscape evolves, organizations must adapt to changing expectations and anticipate emerging trends that will define the future of sustainable business, Vicostone's training programs have focused on raising awareness and practical implementation of NetZero and ESG initiatives. In 2024, the Company conducted training courses on NetZero awareness and calculation methods. Moving forward, in 2025, Vicostone will continue with a second course of training on ESG awareness and sustainability reporting frameworks. Previously, in 2017, the Company provided specialized training to enhance awareness and skills for its experts in developing Sustainability Reports based on the GRI Standards framework.

Additionally, under the intense pressure of labor market competition, Vicostone has placed greater emphasis on training programs to enhance workforce quality through: (1) Professional and technical skills training to improve job expertise and performance; (2) Soft skills development, fostering a continuous learning culture, and strengthening adaptability and flexibility in the workplace, enabling employees to advance further in their careers.

In 2024, the Company continued to effectively implement the online training platform (E-learning) by expanding diverse training materials and continuously updating knowledge to align with practical needs, allowing employees to flexibly manage their learning schedules. The online training website <http://elearning.phenikaa.com> recorded over 5,000 training sessions throughout the year.

At the same time, Vicostone rolled out extensive soft skills training programs for all employees, categorized into different groups. Specifically, the training programs included: 01 leadership class, 02 management classes, 02 classes for engineers and bachelor's degree holders, and 11 vocational training classes for production workers. The widespread implementation of soft skills training received positive feedback and enthusiastic participation from employees, fostering stronger internal connections within the Company and ultimately enhancing productivity and operational efficiency.

In 2024, 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 photography and video editing, negotiation and bargaining skills, financial reporting in accordance with international standards, and taxation and customs regulation;
- 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 2024 was 89 with 6,314 trainees equating to 55,929 hours of training.**

## **2.2. Planning and Appointment**

In 2024, 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 01 member of board of management and 02 managers from internal sources to adapt to the business development plan. 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.

## **2.3. Attracting and recruiting talents**

In 2024, recruitment primarily focused on strengthening the workforce in product research and development, production, and sales (both domestic and international). Over the year, Vicostone recruited 32 employees, with 71.9% being new hires and 28.1% transferring from within the Phenikaa Group. The Company emphasized diversifying its recruitment methods to attract and acquire top talent by adopting flexible job posting channels (website, social media, advertising) and a hybrid approach to interviews (combining online and in-person sessions).

In 2024, Vicostone's Human Resources Department successfully met recruitment targets for product research and development personnel and domestic and international sales staff, ensuring a skilled workforce to support expansion into potential markets.

## 2.4. Fair compensation

The Company's salary policy is based on job positions and the labor market trends, details are as follows:

- **For positions involved in direct production:** salary is paid according to the principle of income distribution based on job position, capacity and actual contribution of employees to the overall output and production quality of the unit;
- **For production – back-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 paid is linked to the revenue achieved by each individual and the business results of the entire unit/company.

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 2024, 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, etc.

In 2024, the global landscape continued to experience complex, unpredictable developments, fierce competition, and escalating conflicts in regions such as Ukraine and the Middle East, which significantly impacted trade, investment, production, and consumption systems. Consequently, the Company had to respond flexibly and effectively to these external fluctuations, while also striving to optimize production arrangements to ensure stable incomes for its workforce.

Criteria	<i>The average income per employee in 2024 (VND)</i>
Separated data	19,706,403

## 2.5. 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 within the Group, 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 at Phenikaa Group's Clinic/Hospital, offering a diverse and in-depth range of examinations that enable employees to monitor their health and proactively address potential health issues or risks;
- 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.

## VI. SOCIAL RESPONSIBILITIES

As a crucial component of the socio-economic landscape, Vicostone believes that contributing and sharing benefits to promote the overall development of the community and society is not only a responsibility but also an advantage that helps the enterprise enhance the competitiveness in the integration process, contributing to the actualization of sustainable development strategies and promotion of the Company's human values, driving both internal and national growth and prosperity.

Over the years, with the support of the parent company - Phenikaa Group, Vicostone's corporate social responsibility programs have always put people at the center, focusing on three priorities in 2024:

1. *Actively participating in government-initiated programs to prevent and control diseases, natural disasters, and poverty, etc.;*
2. *Investing in education: Supporting schools and educational institutions in enhancing teaching capabilities, and creating the best environmental conditions for accessing to knowledge, learning, exploring and fostering creativity among younger Vietnamese generations;*
3. *Investing in infrastructure and supporting the development of the lives of people and the economy in local areas where the company is headquartered and operates.*

### 1. Towards people in flood affected area

In September 2024, Typhoon Yagi (Typhoon No. 3) directly hit Vietnam, causing severe damage across the Northern provinces. The estimated loss has been calculated to be at least VND 81.7 trillion in terms of both human lives and property<sup>29</sup>. On September 12, 2024, responding to the Government's call to action, Vicostone, together with Phenikaa Group, donated VND 1 billion to the Central Committee of the Vietnam Fatherland Front, joining hands to support the restoration of infrastructure and assist people affected by the flood in overcoming the consequences of the typhoon.

<sup>29</sup> <https://tuoitre.vn/chinh-phu-bao-cao-quoc-hoi-bao-so-3-tan-pha-rat-lon-gay-thiet-hai-hon-81-700-ti-dong-20241022220902012.htm>





*Phenikaa Group donated VND 1 billion to assist people affected by Yagi typhoon.*

Vicostone along with other subsidiaries within the Group also launched a direct fundraising campaign among employees, raising a total of over VND 400 million. This amount was transferred to the Vietnam Fatherland Front Committee of Thach That District, Hanoi (over VND 300 million), the Vietnam Construction Trade Union (nearly VND 80 million), and Hoa Lac High-Tech Park Management Board (VND 50 million).

In addition, spreading a conscious business culture and a spirit of community, immediately after the typhoon passed, other subsidiaries within the Group quickly deployed actions to accompany people in the flood-affected areas: Phenikaa University contributed VND 200 million through the fundraising program of the Vietnam Education Trade Union and donated over 3,000 backpacks to schools in Phu Tho, Yen Bai, and Lao Cai; Phenikaa School canceled the annual Mid-Autumn Festival program and transferred the funds to support schools and families in areas affected by the flood.

## **2. Promoting connection and spreading knowledge**

Successfully thriving in the market thanks to the creative capacity, innovative thinking, and differentiation, Vicostone believes that knowledge is the key to success, opening the door to development opportunities and global integration. Therefore, the Company actively supports and

accompanies Phenikaa Group and other subsidiaries in inspiring and exploring modern knowledge for the younger Vietnamese generations.

***Committed to sponsoring VND 20 billion for the School Consolidation Program of the Ministry of Education and Training (MOET)***

On October 25, 2024, at the MOET's Conference to review the results of mobilizing social resources to improve school infrastructure and teacher housing from 2013 to 2023, Phenikaa Group committed to sponsor VND 20 billion, accompanying MOET and relevant departments to improve school facilities, thereby improving the quality of national education.



*Phenikaa Group committed to sponsor VND 20 billion to improve school facilities*

With MOET's support and guidance, Phenikaa Group will work directly with local departments of education to survey the actual needs and invest in improving material conditions, purchasing learning and teaching equipment for students and teachers. Through the program, the Group hopes to create a better learning environment, create opportunities for equitable access to modern education in localities, and contribute to achieving MOET's goal of 100% of classrooms being consolidated by 2030.



### *Continuing the journey of “Lighting up the future”*

Continuing the implementation of the program "Lighting up the future" for the second year, Vicostone joined Phenikaa Group in donating nearly 2,000 light bulbs to six high schools in three provinces (Hai Duong, Hung Yen, and Ninh Binh).



*A representative of Phenikaa Group presented health-friendly lighting equipments to Nam Sach High School in Hai Duong Province to support student well-being*

According to research, a poorly lit learning space with little direct exposure to sunlight is one of the main causes of school myopia. With the desire to bring a better quality light source to the learning space of students, all light bulbs donated by Phenikaa applied natural lighting technology - Phenikaa Natural TrueCircadian, which have been researched and developed by the Group's scientists and experts, and which are produced on a smart electronics factory line with a strict quality control process according to international standards. With this technology, the light source created is optimized for absorption of the human eyes by transferring the light spectrum closest to sunlight, helping the eyes relax and thereby improving the effectiveness of learning and teaching for both students and staff.

In addition to schools's program, more than 4,000 light bulbs were donated to eight hospitals and medical facilities in Hanoi. Thus, after two years of implementation, Phenikaa's “Lighting up the

Future” program has contributed to bringing high-quality light sources to 26 schools and eight hospitals in provinces and cities across the country with a total sponsorship budget of more than VND 4 billion.

***Continuing to accompany MOET promote the student startup movement (Project 1665)***

Phenikaa Group, Vicostone and other subsidiaries have been collaborating with MOET to implement a startup support program for students since 2021. Continuing the program this year, the Group participated as a Silver Sponsor and inspirational speaker, providing career guidance at the National Startup Day - SV\_STARTUP 2024.

Accordingly, Phenikaa sponsored awards for the most outstanding startup projects in high schools; and contributed to building and preparing content, participating as speakers for the forum "Connecting the innovation and startup network of universities and colleges in Vietnam" and the forum "Inspiring potential students to start businesses in the fields of medical education, healthcare technology, and beauty". These were important events within the framework of the SV\_STARTUP 2024 program, with the participation of leading startup experts, which helped students to better understand the startup process and learn more practical experience from leading startup experts.

Through its tireless contributions to developing startup movements in the student community, Phenikaa Group, including Vicostone, wishes to convey a positive message, encouraging students to change their mindset/awareness, dare to think, dare to do and have great aspirations to realize their dreams, turning ideas into reality.

***Room to Read Program***

For the third consecutive year of implementing the reading inspiration program for children in mountainous areas, Vicostone, together with Phenikaa Group, donated over 3,000 books to four boarding secondary schools in three provinces: Dien Bien, Lai Chau, and Nghe An, through the support of Room to Read, helping to build reading habits and broaden the knowledge of students from ethnic minority groups (Thai, Muong, Mong, and Kho Mu, etc.). As of 2024, the Company has equipped libraries with books and equipment for ten boarding primary schools in remote areas that face economic difficulties and access to education is very limited.

Friendly libraries will be the beginning of a new and better future for students, giving them confidence in life, giving them strength to persevere on the challenging path ahead, and striving continuously in studying, training, and mastering knowledge.

**3. For green environment**

Vicostone’s NetZero programs focus on green production, environmental protection, and emission reduction and compensation. As one of the activities responding to the program, in October of

2024, Vicostone and Phenikaa Group visited and presented nearly 4,000 bamboo trees worth more than 200 million VND to 60 households in VND Ruong commune, Da Bac district, Hoa Binh province with the support of Treebank Organization.



*Member of Board of Management participated in livelihood tree planting alongside local residents in VND Ruong Commune, Da Bac District, Hoa Binh Province*

Surveys show that bamboo can grow well in mountainous terrain, retain soil and water well, has a long life cycle, and can create high economic value. The project offsets and absorbs carbon, controls erosion and also contributes to creating sustainable livelihoods, improving the material and spiritual life of local households. In the coming period, Vicostone and the Group will continue to research and implement practical programs to help balance the ecosystem and protect a green, clean, and safe environment.



#### 4. Local sustainability

Improving the lives of the localities where the Company's headquarters and manufacturing plants are located has always been a focus of Vicostone. In 2024, with the support of the Group's Trade Union, the Company implemented many practical programs such as:

- Donating 500 gifts worth VND 500 million to representatives of poor and near-poor households, orphans from 20 administrative units in Thach That district, Hanoi;
- Donating nearly 3,000 natural light bulbs worth nearly VND 300 million to households and workers participating in the "A warm reunion - a sharing spring" program organized by Thach That district, Hanoi;
- Donating VND 100 million to build two Red Cross houses for two households in Kim Quan commune, Thach That district, Hanoi; Phenikaa Hue and Phenikaa Group provided financial support of VND 60 million to the Duc Son Pagoda orphanage in Thuy Bang commune, Thua Thien Hue.



*The Group's Trade Union presented Tet gifts to disadvantaged households in Quoc Oai District, Hanoi*

Promoting the "Conscious Business Culture", Vicostone considers contributing to the community and society as an annual program that accompanies 22-year journey of building and development.

Facing the unpredictable fluctuations of the economy, politics, society, and the increasingly serious impact of climate change, Vicostone has continued its humanitarian journey, joining hands with the Government, businesses, and organizations to expand practical values on the journey towards sustainable development "For a Happy Nation".

## G. CONSOLIDATED FINANCIAL STATEMENTS

### I. GENERAL INFORMATION

#### 1. 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 20<sup>th</sup> amendment dated 16 January 2025.

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/QD-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.

#### 2. 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	
Ms Tran Lan Phuong	Member	
Mr Nguyen Quang Hung	Member	
Ms Le Thi Minh Thao	Member	Appointed on 12 April 2024
Mr Pham Anh Tuan	Member	Resigned on 12 April 2024

#### 3. Audit Committee

Members of the Audit committee during the year and at the date of this report are:

Mr Nguyen Quang Hung	Head of Audit Committee
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Ms Tran Lan Phuong                      Member

#### **4. Management**

Members of the Management during the year and at the date of this report are:

Mr Pham Tri Dung	General Director	
Mr Nguyen Quang Anh	Deputy General Director	
Mr Luu Cong An	Deputy General Director	
Mr Nguyen Chi Cong	Deputy General Director	
Mr Dong Quang Thuc	Deputy General Director	
Ms Tran Thi Thu Huong	Deputy General Director	Appointed on 25 September 2024

#### **5. 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 2024 in accordance with the Letter of Authorisation No. 2702/2023/UQ/VCS-CTHĐQT dated 27 February 2023.

#### **6. Auditors**

The auditor of the Company is Ernst & Young Vietnam Limited.

## II. 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 2024.

### 1. 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 for ensuring 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.

### 2. 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 2024 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:

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Pham Tri Dung  
General Director

Hanoi, Vietnam  
28 March 2025

### III. INDEPENDENT AUDITORS' REPORT

**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 28 March 2025 and set out on page 255 to 315 which comprise of the consolidated balance sheet as at 31 December 2024, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

#### 1. 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.

#### 2. 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.

### 3. 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 2024, 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

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Phung Manh Phu

Deputy General Director

Audit Practising Registration

Certificate No. 2598-2023-004-1

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Le Thi Thu

Auditor

Audit Practising Registration

Certificate No. 5606-2025-004-1

Hanoi, Vietnam

28 March 2025

**4. Consolidated balance sheet**  
as at 31 December 2024

*Currency: VND*

Code	Assets	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>5,473,448,538,482</b>	<b>5,515,837,061,167</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>1,583,190,798,036</b>	<b>1,403,055,900,429</b>
111	1. Cash		325,090,798,036	348,555,900,429
112	2. Cash equivalents		1,258,100,000,000	1,054,500,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>670,000,000,000</b>	<b>47,700,000,000</b>
123	1. Held-to-maturity investments		670,000,000,000	47,700,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,328,693,368,799</b>	<b>1,217,001,138,364</b>
131	1. Short-term trade receivables	6.1	1,327,073,083,688	1,223,292,160,866
132	2. Short-term advances to suppliers	6.2	19,547,116,693	9,103,586,823
136	3. Other short-term receivables		5,745,573,306	3,074,253,102
137	4. Provision for short-term doubtful receivables	7	(23,672,404,888)	(18,468,862,427)
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>1,816,451,063,141</b>	<b>2,644,021,541,821</b>
141	1. Inventories		1,854,125,512,763	2,662,013,547,007
149	2. Provision for obsolete inventories		(37,674,449,622)	(17,992,005,186)
<b>150</b>	<b>V. Other current assets</b>		<b>75,113,308,506</b>	<b>204,058,480,553</b>

Code	Assets	Notes	Ending balance	Beginning balance
151	1. Short-term prepaid expenses		3,431,668,832	3,680,963,024
152	2. Deductible value-added tax	14	71,681,639,674	200,377,517,529
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>993,523,472,901</b>	<b>952,411,723,174</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>836,798,010</b>	<b>-</b>
216	1. Other long-term receivables		836,798,010	-
<b>220</b>	<b>II. Fixed assets</b>		<b>790,145,802,475</b>	<b>867,639,822,196</b>
221	1. Tangible fixed assets	9	787,334,951,715	865,635,384,164
222	Cost		2,243,751,326,387	2,192,866,677,165
223	Accumulated depreciation		(1,456,416,374,672)	(1,327,231,293,001)
227	2. Intangible fixed assets	10	2,810,850,760	2,004,438,032
228	Cost		32,321,927,247	30,228,958,497
229	Accumulated amortisation		(29,511,076,487)	(28,224,520,465)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>184,382,312,159</b>	<b>67,337,480,379</b>
242	1. Construction in progress	11	184,382,312,159	67,337,480,379
<b>260</b>	<b>IV. Other long-term assets</b>		<b>18,158,560,257</b>	<b>17,434,420,599</b>
261	1. Long-term prepaid expenses	12	13,551,809,276	13,967,967,410
262	2. Deferred tax assets	24.3	4,606,750,981	3,466,453,189
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,466,972,011,383</b>	<b>6,468,248,784,341</b>

Code	Assets	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,357,349,867,553</b>	<b>1,482,430,376,070</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,326,641,808,599</b>	<b>1,440,717,987,416</b>
311	1. Short-term trade payables	13.1	182,811,430,731	118,290,143,449
312	2. Short-term advances from customers	13.2	15,379,988,802	15,139,506,800
313	3. Statutory obligations	14	102,554,763,371	114,372,971,569
314	4. Payables to employees		8,371,060,257	11,074,723,345
315	5. Short-term accrued expenses		4,327,053,635	1,651,512,402
319	6. Other short-term payables		4,873,515,862	4,861,752,844
320	7. Short-term loans	15	934,887,637,213	1,064,487,093,976
322	8. Bonus and welfare fund	16	73,436,358,728	110,840,283,031
<b>330</b>	<b>II. Non-current liabilities</b>		<b>30,708,058,954</b>	<b>41,712,388,654</b>
338	1. Long-term loans	15	28,764,048,954	39,899,263,054
342	2. Long-term provisions		1,944,010,000	1,813,125,600
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>5,109,622,143,830</b>	<b>4,985,818,408,271</b>
<b>410</b>	<b>I. Owners' equity</b>	<b>17</b>	<b>5,109,622,143,830</b>	<b>4,985,818,408,271</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

Code	Assets	Notes	Ending balance	Beginning balance
418	3. Investment and development fund		87,711,466,023	88,958,137,122
420	4. Other funds belonging to owners' equity		18,551,233,538	18,551,233,538
421	5. Undistributed earnings		3,403,068,859,383	3,278,018,452,725
421a	– Undistributed earnings by the end of prior year		3,264,512,387,757	3,096,462,138,386
421b	– Undistributed earnings of current year		138,556,471,626	181,556,314,339
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,466,972,011,383</b>	<b>6,468,248,784,341</b>

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Tran Thi Huong Thu

Preparer

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Nguyen Phuong Anh

Chief Accountant

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Pham Tri Dung

General Director

Hanoi, Vietnam

28 March 2025



**5. Consolidated income statement**

for the year ended 31 December 2024

Currency: VND

Code	Item	Notes	Current year	Previous year
01	1. Revenue from sale of goods	19.1	4,345,179,877,664	4,363,038,846,159
02	2. Deductions	19.1	23,108,484,843	9,177,702,587
10	3. Net revenue from sale of goods (10 = 01 - 02)	19.1	4,322,071,392,821	4,353,861,143,572
11	4. Cost of goods sold	20	3,143,979,224,163	3,132,968,514,512
20	5. Gross profit from sale of goods (20 = 10 - 11)		1,178,092,168,658	1,220,892,629,060
21	6. Finance income	19.2	102,492,688,205	102,570,373,296
22	7. Finance expenses	21	62,367,729,950	101,362,107,133
23	<i>In which: Interest expenses</i>		34,586,850,582	56,637,446,942
25	8. Selling expenses	22	191,654,021,101	156,494,238,157
26	9. General and administrative expenses	22	65,915,265,249	58,714,711,756
30	10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}		960,647,840,563	1,006,891,945,310
31	11. Other income		852,244,403	738,337,805
32	12. Other expenses		8,155,515,470	8,190,303,720
40	13. Other loss (40 = 31 - 32)		(7,303,271,067)	(7,451,965,915)

Code	Item	Notes	Current year	Previous year
50	14. Accounting profit before tax (50 = 30 + 40)		953,344,569,496	999,439,979,395
51	15. Current corporate income tax expenses	24.1	147,362,677,737	154,124,624,117
52	16. Deferred tax income	24.3	(1,140,297,792)	(1,065,074,405)
60	17. Net profit after corporate income tax (60 = 50 - 51 - 52)		807,122,189,551	846,380,429,683
70	18. Basic earnings per share	27	4,824	5,041
71	19. Diluted earnings per share	27	4,824	5,041

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Tran Thi Huong Thu

Preparer

Hanoi, Vietnam

28 March 2025

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Nguyen Phuong Anh

Chief Accountant

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Pham Tri Dung

General Director

**6. Consolidated cash flow statement**  
for the year ended 31 December 2024

Currency: VND

Code	Item	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>01</b>	<b>Accounting profit before tax</b>		<b>953,344,569,496</b>	<b>999,439,979,395</b>
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets and land rental allocation		132,081,235,009	135,807,177,136
03	Provisions		25,016,871,297	4,781,997,662
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		11,632,281,156	2,972,492,165
05	Profits from investing activities		(40,958,736,634)	(25,886,870,267)
06	Interest expenses	21	34,586,850,582	56,637,446,942
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>1,115,703,070,906</b>	<b>1,173,752,223,033</b>
09	Decrease in receivables		14,458,145,260	437,656,155,991
10	Decrease/(increase) in inventories		807,888,034,244	(67,402,085,855)
11	Increase in payables		49,215,218,611	37,617,253,121
12	Decrease in prepaid expenses		390,719,925	5,328,174,439
14	Interest paid		(34,572,833,234)	(57,615,551,413)

Code	Item	Notes	Current year	Previous year
15	Corporate income tax paid	14	(155,784,046,681)	(96,085,399,056)
17	Other cash outflows for operating activities		(80,722,378,295)	(103,808,815,649)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>1,716,575,930,736</b>	<b>1,329,441,954,611</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchase and construction of fixed assets		(159,990,678,055)	(31,368,122,595)
22	Proceeds from disposals of fixed assets		80,000,000	111,387,500
23	Loans to other entities and payments for purchase of debt instruments of other entities		(1,050,000,000,000)	(47,700,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		427,700,000,000	50,129,329
27	Interest and dividend received		37,569,880,565	25,926,535,243
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(744,640,797,490)</b>	<b>(52,980,070,523)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
33	Drawdown of borrowings		1,401,357,103,317	2,015,429,362,496
34	Repayment of borrowings		(1,552,945,944,291)	(2,350,412,789,438)
36	Dividends paid to shareholders		(639,827,276,600)	(640,589,431,575)

Code	Item	Notes	Current year	Previous year
40	Net cash flows used in financing activities		(791,416,117,574)	(975,572,858,517)
50	Net increase in cash and cash equivalents for the year		180,519,015,672	300,889,025,571
60	Cash and cash equivalents at beginning of year		1,403,055,900,429	1,101,676,090,814
61	Impact of foreign exchange rate fluctuation		(384,118,065)	490,784,044
70	Cash and cash equivalents at end of year	4	1,583,190,798,036	1,403,055,900,429

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Tran Thi Huong Thu

Preparer

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Nguyen Phuong Anh

Chief Accountant

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Pham Tri Dung

General Director

Hanoi, Vietnam

28 March 2025

#### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*As at 31 December 2024 and for the year then ended*

##### 1. 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 20<sup>th</sup> amendment dated 16 January 2025.

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/QD-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 2024 is 827 (31 December 2023: 842).

##### Corporate structure

As at 31 December 2024, the Company has one subsidiary which is Phenikaa Hue Investment and Processing Mineral One Member Company Limited ("Phenikaa Hue Company") (31 December 2023:1).

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 8<sup>th</sup> amendment dated 6 January 2025. 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 2024, 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 VND (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-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 the consolidated results of operations and the consolidated cash flows of the Company and its subsidiary 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 2024.

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, highly liquid 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 processing (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 realisable value is lower than the original price, it must be calculated according to the net realisable 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, tool and equipment and merchandises;	– cost of purchase on a weighted average basis;
Finished goods and work-in-process;	– cost of finished goods and work-in-process on a weighted average basis.

#### *Provision for obsolete inventories*

An inventory provision is made 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 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, obsolete, damaged 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 balance sheet 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 balance sheet date which are doubtful of being recovered. Increases or 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 writes 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 statements.

### **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 and the costs of dismantling and removing the asset and restoring the site on which it is located, if any.

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, and 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 and its subsidiary are the lessees*

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 and 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. Construction in progress**

Construction in progress represents the costs of acquiring new assets that have not yet been fully installed or the costs of construction that have not yet been fully completed. Construction in progress is stated at cost, which includes all necessary costs to construct, repair, renovate, expand, or re-equip the projects with technologies, such as construction costs, tools and equipment costs, project management costs, construction consulting costs, and borrowing costs that are eligible for capitalisation.

Construction in progress will be transferred to the appropriate fixed asset account when these assets are fully installed or the construction project is fully completed, and depreciation of these assets will commence when they are ready for their intended use.

Construction costs are recognised as expenses when such costs do not meet the conditions to be recognised as fixed assets.

### **3.9. 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 capitalised 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 capitalised as part of the cost of the respective asset.

### **3.10. 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 and can be used for more than one year;
- Substantial expenditures on fixed asset overhauls incurred one time; and
- 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. Such prepaid rental is recognised as long-term prepaid expenses for allocation to the consolidated income statement over the remaining period of the lease contract according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets (“Circular 45”).

### **3.11. 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.

### **3.12. 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.

### **3.13. 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.

### **3.14. 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 adjusted at the end of each reporting year following the average monthly salary of the last 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.

### **3.15. 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 collections;
- Transactions resulting in payables are recorded at the selling exchange rates of the commercial banks where the Company and its subsidiary designated for payments; 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 translated at the actual transaction exchange rates at the balance sheet date which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company and its subsidiary conduct transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company and its subsidiary conduct transactions regularly.

All foreign exchange differences incurred are taken to the consolidated income statement.

### **3.16. Share capital**

#### **Ordinary shares**

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium.

#### ***Share premium***

Share premium is the difference between the par value and the issuance price of the shares, minus the actual expenses incurred for the issuance of the shares.

### 3.17. 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 its subsidiary's Charter and Vietnam's regulatory requirements.

The Company and its subsidiary maintain the following reserve funds which are appropriated from the Company and its subsidiary's net profit as proposed by the Board of Directors and subject to approval by shareholders in the Annual General Meeting.

#### *Investment and development fund*

This fund is set aside for use in the Company and its subsidiary'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.

### 3.18. 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 income*

Interest is recognised on an accrual basis based on the time and actual interest rate for each period.

### 3.19. 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 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 offset 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 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;
- 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 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;
- In respect of deductible temporarily differences associated with investments in subsidiaries, 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 each 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 each 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 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 and its subsidiary 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 and its subsidiary intends either to 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.

### **3.20. 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.

### **3.21. Segment information**

A segment is a component determined separately by the Company and its subsidiary 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.

The 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 and its subsidiary sell its products.



### 3.22. Related parties

Parties are considered to be related parties of the Company and its subsidiary if one party has the ability to, directly or indirectly, 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 enterprises or individuals, including close members of their families.

## 4. Cash and cash equivalents

*Currency: VND*

	Ending balance	Beginning balance
Cash on hand	2,504,783,121	1,773,970,179
Cash at banks	322,586,014,915	346,781,930,250
Cash equivalents (*)	1,258,100,000,000	1,054,500,000,000
<b>TOTAL</b>	<b>1,583,190,798,036</b>	<b>1,403,055,900,429</b>

(\*) Cash equivalents as at 31 December 2024 include deposits in VND at banks with original maturity of one month, earning interest rates of from 2.9% to 4.75% per annum (31 December 2023: from 2% to 4.2% per annum).

## 5. Held-to-maturity investments

Held-to-maturity investments as at 31 December 2024 include deposits in VND at banks with original maturity of six months, earning interest rates of from 5.5% to 6% per annum (31 December 2023: 4.8% per annum).

## 6. Short-term trade receivables and advances to suppliers

### 6.1. Short-term trade receivables

*Currency: VND*

	Ending balance	Beginning balance
Trade receivables from customers	579,739,326,985	448,693,509,946
– Vicostone Canada Inc	206,819,375,627	174,152,486,941

	Ending balance	Beginning balance
– Other customers	372,919,951,358	274,541,023,005
Trade receivables from related parties (Note 26)	747,333,756,703	774,598,650,920
<b>TOTAL</b>	<b>1,327,073,083,688</b>	<b>1,223,292,160,866</b>
Provision for short-term doubtful receivables	(23,672,404,888)	(18,468,862,427)

## 6.2. Short-term advances to suppliers

Currency: VND

	Ending balance	Beginning balance
Supplier 2	2,539,680,000	-
Other suppliers	17,007,436,693	9,103,586,823
<b>TOTAL</b>	<b>19,547,116,693</b>	<b>9,103,586,823</b>

## 7. Provision for doubtful short-term receivables

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Customer 1	8,111,718,515	1,188,148,177	8,100,644,422	3,225,041,112
Customer 2	2,504,732,282	-	2,504,732,282	-
Customer 3	5,531,307,473	-	5,531,307,473	1,659,392,242

	Ending balance		Beginning balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Other customers	11,606,707,783	2,893,912,988	9,447,058,950	2,230,447,346
<b>TOTAL</b>	<b>27,754,466,053</b>	<b>4,082,061,165</b>	<b>25,583,743,127</b>	<b>7,114,880,700</b>

(\*) The Company and its subsidiary determine recoverable amount by original amount of receivables minus provisions.

## 8. Inventories

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Goods in transit	73,988,061,550	-	19,169,093,749	-
Raw materials	179,882,759,533	-	159,948,823,810	-
Tools and supplies	65,718,972,224	-	80,299,128,106	-
Work-in-process	48,500,707,213	-	25,124,948,522	-
Finished goods	331,323,327,585	(1,897,919,707)	420,447,125,599	(1,869,227,390)
Merchan dises	1,154,711,684,658	(35,776,529,915)	1,957,024,427,221	(16,122,777,796)
<b>TOTAL</b>	<b>1,854,125,512,763</b>	<b>(37,674,449,622)</b>	<b>2,662,013,547,007</b>	<b>(17,992,005,186)</b>

**Details of movements of provision for obsolete inventories:***Currency: VND*

	Current year	Previous year
Beginning balance	(17,992,005,186)	(16,952,464,020)
<i>Add:</i> Provision made during the year	(20,215,500,349)	(1,039,541,166)
<i>Less:</i> Utilisation and reversal of provision during the year	533,055,913	-
Ending balance	(37,674,449,622)	(17,992,005,186)

## 9. Tangible fixed assets

Currency: VND

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Total
<b>Cost:</b>						
Beginning 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
- Increase in the year	17,344,272,740	36,040,718,948	80,000,000	32,090,909	-	53,497,082,597
- Disposal	-	-	(508,902,999)	-	-	(508,902,999)
- Other reductions	-	(2,103,530,376)	-	-	-	(2,103,530,376)
Ending balance	314,753,858,910	1,866,400,021,124	42,339,381,985	19,264,918,260	993,146,108	2,243,751,326,387
In which:						
<i>Fully depreciated</i>	<i>91,250,728,581</i>	<i>367,143,450,872</i>	<i>24,138,320,298</i>	<i>15,553,254,066</i>	-	<i>498,085,753,817</i>
<b>Accumulated depreciation:</b>						
- Beginning 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
- Depreciation for the year	16,852,112,382	110,355,105,748	2,513,763,574	674,821,618	124,143,264	130,519,946,586

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Total
- Disposal	-	-	(508,902,999)	-	-	(508,902,999)
- Other reductions	-	(825,961,916)	-	-	-	(825,961,916)
Ending balance	200,786,063,748	1,199,412,526,669	36,657,517,517	18,836,097,698	724,169,040	1,456,416,374,672
<b>Net carrying amount:</b>						
Beginning balance	113,475,634,804	742,579,449,715	8,115,628,042	1,071,551,271	393,120,332	865,635,384,164
Ending balance	113,967,795,162	666,987,494,455	5,681,864,468	428,820,562	268,977,068	787,334,951,715

As at 31 December 2024, Phenikaa Hue Company mortgaged all machinery and equipment as well as 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 385 billion (31 December 2023: VND 417 billion) for long-term bank loans as presented in Note 15.

**10. Intangible fixed assets***Currency: VND*

	Computer software	Other intangible fixed assets	Total
<b>Cost:</b>			
Beginning balance	30,190,958,497	38,000,000	30,228,958,497
- Increase in the year	2,092,968,750	-	2,092,968,750
Ending balance	32,283,927,247	38,000,000	32,321,927,247
<i>In which:</i>			
<i>Fully amortised</i>	28,428,568,497	38,000,000	28,466,568,497
<b>Accumulated amortisation:</b>			
Beginning balance	28,186,520,465	38,000,000	28,224,520,465
- Amortisation for the year	1,286,556,022	-	1,286,556,022
Ending balance	29,473,076,487	38,000,000	29,511,076,487
<b>Net carrying amount:</b>			
Beginning balance	2,004,438,032	-	2,004,438,032
Ending balance	2,810,850,760	-	2,810,850,760

**11. Construction in progress***Currency: VND*

	Ending balance	Beginning balance
Machinery and equipment waiting for installation	75,574,393,349	65,406,198,477
Construction in progress	108,197,121,783	1,822,937,508
Overhaul expenses	610,797,027	108,344,394
<b>TOTAL</b>	<b>184,382,312,159</b>	<b>67,337,480,379</b>

As at 31 December 2024, Phenikaa Hue Company has mortgaged the construction works and machinery for long-term bank loans as presented in Note 15.

**12. Long-term prepaid expenses***Currency: VND*

	Ending balance	Beginning balance
Prepaid land rental fee	5,013,866,320	5,288,598,721
Tools and supplies	4,648,605,181	4,201,670,850
Others	3,889,337,775	4,477,697,839
<b>TOTAL</b>	<b>13,551,809,276</b>	<b>13,967,967,410</b>



### 13. Short-term trade payables and advances from customers

#### 13.1. Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Supplier 1	21,354,944,240	21,354,944,240	-	-
Other suppliers	151,551,540,968	151,551,540,968	99,499,575,671	99,499,575,671
Trade payables to related parties (Note 26)	9,904,945,523	9,904,945,523	18,790,567,778	18,790,567,778
<b>TOTAL</b>	<b>182,811,430,731</b>	<b>182,811,430,731</b>	<b>118,290,143,449</b>	<b>118,290,143,449</b>

#### 13.2. Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Customer 4	6,662,291,923	-
Other customers	8,717,696,879	15,139,506,800
<b>TOTAL</b>	<b>15,379,988,802</b>	<b>15,139,506,800</b>

## 14. Statutory obligations

Currency: VND

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
<b>Receivables</b>				
Value-added tax	200,377,517,529	201,718,623,157	(330,414,501,012)	71,681,639,674
<b>TOTAL</b>	200,377,517,529	201,718,623,157	(330,414,501,012)	71,681,639,674

	Beginning balance	Payable for the year	Payment made in the year	Ending balance
<b>Payables</b>				
Corporate income tax	110,381,858,065	147,362,677,737	(155,784,046,681)	101,960,489,121
Value-added tax	3,196,339,936	45,649,705,009	(48,846,044,945)	-
Import, export duties	2,866,874	5,737,826,659	(5,594,571,545)	146,121,988
Personal income tax	791,906,694	11,608,748,082	(11,952,502,514)	448,152,262
Other taxes	-	944,385,009	(944,385,009)	-
<b>TOTAL</b>	<b>114,372,971,569</b>	<b>211,303,342,496</b>	<b>(223,121,550,694)</b>	<b>102,554,763,371</b>

## 15. Loans

Currency: VND

	Beginning balance	Movement during the year		Ending balance
	Amount and amount payable	Increase	Decrease	Amount and amount payable
<b>Short-term loans</b>				
Loans from banks ( <i>Note 15.1</i> )	1,011,288,076,572	1,383,447,224,474	(1,499,746,926,887)	894,988,374,159
Current portion of long-term loans ( <i>Note 15.2</i> )	53,199,017,404	39,899,263,054	(53,199,017,404)	39,899,263,054
	1,064,487,093,976	1,423,346,487,528	(1,552,945,944,291)	934,887,637,213
<b>Long-term loans</b>				
Loans from banks ( <i>Note 15.2</i> )	39,899,263,054	28,764,048,954	(39,899,263,054)	28,764,048,954
	39,899,263,054	28,764,048,954	(39,899,263,054)	28,764,048,954
<b>TOTAL</b>	1,104,386,357,030	1,452,110,536,482	(1,592,845,207,345)	963,651,686,167

### 15.1. Short-term loans from banks

Details of unsecured USD loans from banks are as follows:

Bank	Ending balance (VND)	Original amount (USD)
United Overseas Bank – Hanoi branch	53,962,589,034	2,111,956
Asia Commercial Joint Stock Bank – Ha Thanh branch	199,623,809,255	7,811,700
Joint Stock Commercial Bank for Investment and Development of Vietnam – Van Phuc Hanoi branch	296,593,912,818	11,607,918
Joint Stock Commercial Bank for Foreign trade of Vietnam – Thanh Cong branch	198,626,371,589	7,773,722
<b>TOTAL</b>	<b>748,806,682,696</b>	<b>29,305,296</b>

Details of unsecured VND loans from banks are as follows:

Bank	Ending balance (VND)
HSBC Bank (Vietnam) Limited	59,119,070,866
Vietnam International Commercial Joint Stock Bank – Transactional Centre branch	87,062,620,597
<b>TOTAL</b>	<b>146,181,691,463</b>

As at 31 December 2024, the short-term loans of the Company and its subsidiary are bearing interest rates of from 3.5% to 3.8% per annum for USD loans and from 3.6% to 4.3% per annum for VND loans. 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 collaterals
Joint Stock Commercial Bank for Investment and Development of Vietnam – Hue Branch	28,764,048,954	Principal is payable from May 2029 to June 2029. Interest is paid monthly.	<ul style="list-style-type: none"> <li>– 1<sup>st</sup> year: 6.1%;</li> <li>– 2<sup>nd</sup> year: 12-month personal interest + 2.2%;</li> <li>– From 3<sup>rd</sup> year: 12-month personal interest + 2.3%</li> </ul>	The assets formed in the future are the construction works and machinery under the project "Additional investment in high-quality silica sand processing line" with a value of 34.5 billion VND (construction works) and 32.9 billion VND (machinery and equipment).
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Cong Branch	39,899,263,054	Principal is payable on 1 September 2025. Interest is paid monthly.	7.375%	– All factory machinery 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;

Bank	Ending balance (VND)	Principal and interest repayment term	Interest rate per annum	Description of collaterals
				– Guarantee from A&A Green Phoenix Group Joint Stock Company (parent company) with minimum value of VND 273 billion.
<b>TOTAL</b>	<b>68,663,312,008</b>			
<i>In which:</i>				
<i>- Current portion</i>	<i>39,899,263,054</i>			
<i>- Non-current portion</i>	<i>28,764,048,954</i>			

## 16. Bonus and welfare fund

Currency: VND

	Current year	Previous year
Beginning balance	110,840,283,031	125,349,431,011
Appropriated during the year (Note 17.1)	42,071,782,893	89,299,667,669
Utilised during the year	(79,475,707,196)	(103,808,815,649)
Ending balance	73,436,358,728	110,840,283,031

**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	3,160,937,690,711	4,868,737,646,257
- Bonus and welfare fund appropriation	-	-	-	-	(89,299,667,669)	(89,299,667,669)
- Advanced dividends	-	-	-	-	(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

	Issued share capital	Share premium	Investment and development fund	Other funds belonging to owners' equity	Undistributed earnings	Total
<b>Current year</b>						
Beginning 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
- Bonus and welfare fund appropriation (*)	-	-	-	-	(42,071,782,893)	(42,071,782,893)
- Investment and development fund utilisation	-	-	(1,246,671,099)	-	-	(1,246,671,099)
- Advanced dividends (**)	-	-	-	-	(640,000,000,000)	(640,000,000,000)
- Net profit for the year	-	-	-	-	807,122,189,551	807,122,189,551
Ending balance	1,600,000,000,000	290,584,886	87,711,466,023	18,551,233,538	3,403,068,859,383	5,109,622,143,830



- (\*) During the year, the Company appropriated the bonus and welfare fund from the profit after tax of the year 2024 according to the Resolution No.01/2024 NQ/VCS-ĐHĐCĐ dated 12 April 2024 of the 2024 Annual General Shareholders. The Company's subsidiary also appropriated bonus and welfare fund from profit after tax of the year 2023 according to the Resolution No. 04/2024/NQ-HĐTV of this subsidiary's Members' Council dated 29 January 2024.
- (\*\*) During the year, the Company advanced dividends amounting to VND 640 billion to shareholders according to the Resolution No. 08/2024/NQ/VCS-HĐQT dated 7 June 2024 and Resolution No. 16/2024/NQ/VCS-HĐQT dated 3 December 2024 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>640,000,000,000</b>
Dividends on ordinary shares	640,000,000,000	640,000,000,000
1st advance of cash dividends for 2024 (VND 2,000 per share)	320,000,000,000	-
2nd advance of cash dividends for 2024 (VND 2,000 per share)	320,000,000,000	-
1 <sup>st</sup> advance of cash dividends for 2023 (VND 2,000 per share)	-	320,000,000,000
2 <sup>nd</sup> advance of cash dividends for 2023 (VND 2,000 per share)	-	320,000,000,000
<b>Dividends paid during the year</b>	<b>639,827,276,600</b>	<b>640,589,431,575</b>

	Current year	Previous year
<b>Dividends declared after closing date of financial year and not yet recognised as liability</b>	-	-

#### 17.4. Shares

	Quantity	
	Ending balance	Beginning balance
<b>Authorised 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	-	-
Preference 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 shares as at 31 December 2024: VND 10,000 per share (31 December 2023: VND 10,000 per share).

## 18. Off consolidated balance sheet items

	Ending balance		Beginning balance	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
US Dollar (USD)	6,689,674	169,089,560,899	7,493,693	180,553,367,175
Euro (EUR)	359,933	9,385,022,351	197,622	5,226,989,970
Canadian Dollar (CAD)	4,786,316	83,846,330,787	1,742,129	34,544,889,198

## 19. Revenues

### 19.1. Revenue from sale of goods

*Currency: VND*

	Current year	Previous year
<b>Gross revenue</b>	<b>4,345,179,877,664</b>	<b>4,363,038,846,159</b>
Sale of finished goods and merchandises	4,345,179,877,664	4,363,038,846,159
<b>Deductions</b>	<b>23,108,484,843</b>	<b>9,177,702,587</b>
Trade discounts	23,108,484,843	9,177,702,587
<b>Net revenue</b>	<b>4,322,071,392,821</b>	<b>4,353,861,143,572</b>
In which:		
Sale to related parties (Note 26)	1,504,372,171,198	1,684,453,184,405

**19.2. Finance income***Currency: VND*

	Current year	Previous year
Foreign exchange gains	61,606,678,844	76,643,838,053
Interest income from bank deposits	40,886,009,361	25,926,535,243
<b>TOTAL</b>	<b>102,492,688,205</b>	<b>102,570,373,296</b>

**20. Cost of goods sold***Currency: VND*

	Current year	Previous year
Cost of finished goods and merchandises sold	3,124,296,779,727	3,131,928,973,346
Provision for obsolete inventories	19,682,444,436	1,039,541,166
<b>TOTAL</b>	<b>3,143,979,224,163</b>	<b>3,132,968,514,512</b>

**21. Finance expenses***Currency: VND*

	Current year	Previous year
Interest expenses	34,586,850,582	56,637,446,942
Foreign exchange losses	27,004,407,164	44,724,660,191
Other finance expenses	776,472,204	-
<b>TOTAL</b>	<b>62,367,729,950</b>	<b>101,362,107,133</b>

**22. Selling expenses and general and administrative expenses***Currency: VND*

	Current year	Previous year
<b>Selling expenses</b>		
- Loading and delivery costs	118,138,496,163	93,935,568,484
- Packaging costs	20,253,813,818	17,846,780,863
- Labour costs	14,271,723,574	11,677,488,036
- Others	38,989,987,546	33,034,400,774
<b>TOTAL</b>	<b>191,654,021,101</b>	<b>156,494,238,157</b>
<b>General and administrative expenses</b>		
- Labour costs	29,415,964,617	23,649,696,197
- Provision for doubtful debts	5,203,542,461	1,929,330,896
- Depreciation and amortisation	4,828,644,602	7,627,308,715
- Others	26,467,113,569	25,508,375,948
<b>TOTAL</b>	<b>65,915,265,249</b>	<b>58,714,711,756</b>

**23. Production and operating costs***Currency: VND*

	Current year	Previous year
Raw materials and merchandises (*)	2,885,522,038,008	2,849,447,931,599

	Current year	Previous year
Labour costs	117,106,957,785	99,490,855,222
Depreciation and amortisation of fixed assets	130,382,121,964	135,807,177,136
Expenses for external services	178,478,233,484	153,683,725,097
Others	27,018,686,899	25,792,551,167
<b>TOTAL</b>	<b>3,338,508,038,140</b>	<b>3,264,222,240,221</b>

(\*) This cost includes cost of merchandises.

## 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 applicable to the Company is 20% of taxable income.

#### **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 applied for income of this activity during the current period is 10% of taxable profit.

#### **For sale of merchandises and other activities:**

The CIT rate applicable to the Company is 20% of taxable income.

### **Phenikaa Hue Company, the 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 expense

*Currency: VND*

	Current year	Previous year
Current CIT expense	146,993,197,996	153,227,173,807
Adjustment for under-accrual of CIT in prior years	369,479,741	897,450,310
Deferred tax income	(1,140,297,792)	(1,065,074,405)
<b>TOTAL</b>	<b>146,222,379,945</b>	<b>153,059,549,712</b>

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

*Currency: VND*

	Current year	Previous year
Accounting profit before tax	953,344,569,496	999,439,979,395
At CIT rates applied to the Company and its subsidiary	191,207,468,249	209,366,647,770
<i>Adjustments:</i>		



	Current year	Previous year
Unrealised foreign exchange losses/(gains) in the current year	178,285,006	(393,971,320)
Non-deductible expenses	2,181,605,473	6,269,443,865
Provision during the year	4,003,114,248	411,234,336
Adjustment for under accrual of tax from prior year	369,479,741	897,450,310
Penalty for late payment	16,001,122	313,115
Adjustment for business consolidation	(1,140,297,792)	(1,065,074,405)
Unrealised foreign exchange of previous year realised in the current year	406,340,356	(4,777,917,027)
Reversal of provision in previous year	-	(23,231,265)
Tax exemption, reduction	(50,999,616,458)	(57,625,345,667)
CIT expense	<b>146,222,379,945</b>	<b>153,059,549,712</b>

## 24.2. Current tax

The current tax 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 accounting profit before tax 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 balance sheet date.

## 24.3. Deferred tax

The following are the deferred tax assets recognised by the Company and its subsidiary, and the movements thereon, during the current and previous years.

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 recognised for unrealised profit	4,606,750,981	3,466,453,189	(1,140,297,792)	(1,065,074,405)
	4,606,750,981	3,466,453,189		
<b>Net deferred tax credit to consolidated income statement</b>			(1,140,297,792)	(1,065,074,405)

## 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>For the year ended 31 December 2024</b>			
Net revenue			
Sales to external customers	1,111,176,403,565	3,210,894,989,256	4,322,071,392,821
Inter-segment sales	-	-	-
Total net revenue	1,111,176,403,565	3,210,894,989,256	4,322,071,392,821
Results			
Segment gross profit	212,385,742,624	996,102,588,233	1,208,488,330,857
Unallocated cost of sale	-	-	(30,396,162,199)
Gross profit	-	-	1,178,092,168,658
Unallocated income, expense	-	-	(224,747,599,162)
Net profit before corporate income tax	-	-	953,344,569,496
Corporate income tax expense	-	-	(146,222,379,945)
Net profit for the year	-	-	807,122,189,551
Other segment information			
Capital expenditure of fixed assets	-	-	55,590,051,347
Depreciation and amortisation	-	-	131,806,502,608
<b>As at 31 December 2024</b>			

	Domestic activities	Export activities	Total
Assets and liabilities			
Segment assets	495,083,794,051	808,316,884,749	1,303,400,678,800
Unallocated assets	-	-	5,163,571,332,583
Total assets	-	-	6,466,972,011,383
Unallocated liabilities	-	-	1,357,349,867,553
Total liabilities	-	-	1,357,349,867,553
<b>For the year ended 31 December 2023</b>			
Net revenue			
Sales to external customers	1,151,278,530,076	3,202,582,613,496	4,353,861,143,572
Inter-segment sales	-	-	-
Total net revenue	1,151,278,530,076	3,202,582,613,496	4,353,861,143,572
Results			
Segment gross profit	254,317,992,657	995,827,165,098	1,250,145,157,755
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

	Domestic activities	Export activities	Total
Corporate income tax expense	-	-	(153,059,549,712)
Net profit for the year	-	-	846,380,429,683
Other segment information			
Capital expenditure of fixed assets	-	-	28,135,784,136
Depreciation and amortisation	-	-	135,807,177,136
<b>As at 31 December 2023</b>			
Assets and liabilities			
Segment assets	633,683,553,134	571,139,745,305	1,204,823,298,439
Unallocated assets	-	-	5,263,425,485,902
Total assets	-	-	6,468,248,784,341
Unallocated liabilities	-	-	1,482,430,376,070
Total liabilities	-	-	1,482,430,376,070

The unallocated cost of goods sold includes the provision/reversal of provisions for obsolete inventories and other cost of goods which cannot be allocated into geographical segments.

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 segments as they are not clearly identified for each segment.

## 26. Transactions with related parties

List of related parties that have a controlling relationship with the Company and its subsidiary during the year and as at 31 December 2024 is as follows:

Related party	Relationship
A&A Green Phoenix Group Joint Stock Company	Parent company
Mr. Ho Xuan Nang	Chairman has control over the parent company

List of members of the Board of Directors, the Management and the Audit Committee of the Company is presented in General information.

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 and consumables	447,521,890,465	539,091,949,735
		Purchase of merchandises and services	467,346,013,959	1,037,553,189,663
		Dividend payable	538,588,328,000	538,588,328,000
		Dividend paid	538,588,328,000	538,588,328,000
Style Stone Joint Stock Company	Fellow subsidiary	Sales of materials and consumables	69,851,065,369	139,831,837,373

Related parties	Relationship	Transactions	Current year	Previous year
		Purchase of merchandises and services	275,276,587,401	709,459,603,360
Stylenquaza LLC	Associate of parent company	Sales of finished goods and consumables	642,069,618,908	764,311,528,658
Vietnam Stone Work - Top Fabrication Joint Stock Company	Fellow subsidiary	Sales of finished goods and consumables	226,896,871,640	144,605,456,165
		Purchase of merchandises and services	410,032,146,729	346,078,034,502
Tran Long Industry Joint Stock Company	Fellow subsidiary	Sales of finished goods and consumables	78,368,596,675	77,870,850,475
		Purchase of merchandises and services	110,352,189,588	95,489,063,801
Sec G3 Centre Joint Stock Company	Fellow subsidiary	Purchase of merchandises and services	7,076,258,893	7,735,143,929
Vinh Thien Medical Joint Stock Company	Fellow subsidiary	Sales of finished goods	36,857,128,141	16,080,281,502
		Purchase of service	550,848,507	-

Related parties	Relationship	Transactions	Current year	Previous year
Phenikaa University	Fellow subsidiary	Sales of finished goods	2,807,000,000	2,661,280,497

### Terms and conditions of transactions with related parties

The sales to and purchases of goods and services with related parties are made based on the negotiated price in the contract.

Except for receivables from related parties and loans from banks that were guaranteed by A&A Green Phoenix Group Joint Stock Company (parent company), other receivables and payables due from/to related parties at the balance sheet date are unsecured, interest free and will be settled in cash or be offset with payable accounts.

For the year ended 31 December 2024, the Company and its subsidiary have not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2023: nil).

As at 31 December 2024, amounts due to and due from related parties were as follows:

*Currency: VND*

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b><i>Short-term trade receivables (Note 6)</i></b>				
Vietnam Stone Work - Top Fabrication Joint Stock Company (*)	Fellow subsidiary	Receivables from sales of finished goods and consumables	284,957,231,743	448,612,004,739
Stylenquaza LLC	Associate of parent company	Receivables from sales of finished goods and consumables	290,829,375,521	206,340,781,936



Related parties	Relationship	Transactions	Ending balance	Beginning balance
Tran Long Industry Joint Stock Company (*)	Fellow subsidiary	Receivables from sales of finished goods and consumables	90,117,521,868	80,550,224,024
Vinh Thien Medical Joint Stock Company (*)	Fellow subsidiary	Receivables from sales of finished goods	39,816,212,193	17,366,704,022
A&A Green Phoenix Group Joint Stock Company	Parent company	Receivables from sales of materials and consumables	38,581,855,378	15,106,340,370
Phenikaa University	Fellow subsidiary	Receivables from sales of finished goods	3,031,560,000	457,497,549
Style Stone Joint Stock Company	Fellow subsidiary	Receivables from sales of materials and consumables	-	6,165,098,280
			<b>747,333,756,703</b>	<b>774,598,650,920</b>
<b><i>Other short-term trade receivables (Code 136)</i></b>				
Bao Toan A Joint Stock Company	Fellow subsidiary	Other receivables	-	228,000,000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
			-	228,000,000
<i>Short-term trade payables (Note 13)</i>				
A&A Green Phoenix Group Joint Stock Company	Parent company	Purchase of merchandises and services	7,239,765,751	14,771,349,327
Sec G3 Centre Joint Stock Company	Fellow subsidiary	Purchase of merchandises and services	1,318,244,042	1,875,433,651
Style Stone Joint Stock Company	Fellow subsidiary	Purchase of merchandises and services	796,673,862	2,143,784,800
Vinh Thien Medical Joint Stock Company	Fellow subsidiary	Purchase of services	546,816,500	-
Vietnam Stone Work - Top Fabrication Joint Stock Company	Fellow subsidiary	Purchase of merchandises and service	3,445,368	-
			<b>9,904,945,523</b>	<b>18,790,567,778</b>

(\*) Receivables from these related parties are guaranteed by A&A Green Phoenix Group Joint Stock Company.

#### *Transactions with other related parties*

Remuneration to members of the Board of Directors, the Management and the Audit Committee:

Currency: VND

Individuals	Position	Remuneration	
		Current year	Previous year
Mr Ho Xuan Nang	Chairman	72,000,000	72,000,000
Mr Pham Tri Dung	General Director (From 27 February 2023) Member of Board of Directors (From 12 April 2023)	3,502,080,002	3,083,583,038
Mr Pham Anh Tuan	General Director (Up to 27 February 2023) Member of Board of Directors (Up to 12 April 2024)	17,500,000	1,035,772,810
Mr Nguyen Quang Hung	Member of Board of Directors Head of Audit Committee	60,000,000	60,000,000
Ms Nguyen Dieu Thuy Ngoc	Member of Board of Directors (Up to 12 April 2023)	-	70,000,000
Ms Tran Lan Phuong	Member of Board of Directors	60,000,000	60,000,000

Individuals	Position	Remuneration	
		Current year	Previous year
	Member of Audit Committee (From 13 April 2023)		
Ms Le Thi Minh Thao	Member of Board of Directors (From 12 April 2024)	42,500,000	-
Ms Tran Thi Thu Huong	Deputy General Director (From 25 September 2024)	292,710,951	-
Mr Luu Cong An	Deputy General Director	3,122,472,898	2,870,116,035
Mr Nguyen Chi Cong	Deputy General Director	2,772,391,507	2,671,789,630
Mr Dong Quang Thuc	Deputy General Director	2,252,361,495	1,904,741,128
Mr Nguyen Quang Anh	Deputy General Director (From 22 June 2023)	2,949,826,277	1,120,435,989
		<b>15,143,843,130</b>	<b>12,948,438,630</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 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 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 following reflects the income and share data used in the basic and diluted earnings per share computations:

*Currency: VND*

	Current year	Previous year
Net profit after tax	807,122,189,551	846,380,429,683
Estimated appropriation in bonus and welfare fund (*)	(35,351,338,524)	(39,777,592,187)
<b>Net profit attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>771,770,851,027</b>	<b>806,602,837,496</b>
<b>Weighted average number of ordinary shares adjusted for basic earnings per share</b>	<b>160,000,000</b>	<b>160,000,000</b>
<b>Earnings per share</b>		
– <i>Basic earnings per share</i>	4,824	5,041
– <i>Diluted earnings per share</i>	4,824	5,041

Profits used to calculate earnings per share for the year ended 31 December 2024 have been adjusted for the bonus and welfare fund for the year ended 31 December 2024 in accordance with Resolution No. 01/2024 NQ/VCS-DHDCD of the General Meeting of Shareholders dated 12 April 2024 and the appropriation of bonus and welfare fund of the subsidiary.

There have been no other transaction 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

### Operating lease commitments

The Company and its subsidiary leases land under operating lease arrangements. The minimum lease commitments as at the balance sheet date under the operating lease agreements are as follows:

*Currency: VND*

	Ending balance	Beginning balance
Less than 1 year	937,335,450	937,335,450
From 1 to 5 years	3,749,341,800	3,749,341,800
More than 5 years	19,949,085,275	20,945,681,100
<b>TOTAL</b>	<b>24,635,762,525</b>	<b>25,632,358,350</b>

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-TLDKCNBPC 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 CN15 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 (VAT exclusive). Land rental and management fee is paid annually as specified under this contract.

#### **Commitments relating to operating lease contracts**

The Company and its subsidiary lease land under the operating lease contracts. According to the signed land lease contracts, the Company and its subsidiary are 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 and its subsidiary's management believes that the effect of this obligation on the current year consolidated financial statements is immaterial. Accordingly, no provision for site restoration obligation has been made in the consolidated financial statements.

**29. Events after the balance sheet date**

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiary.

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Tran Thi Huong Thu

Preparer

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Nguyen Phuong Anh

Chief Accountant

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Pham Tri Dung

General Director

Hanoi, Vietnam

28 March 2025

**---THE END---**