

*Hanoi, April 2nd, 2024*

## **REPORT OF THE BOARD OF MANAGEMENT ON THE BUSINESS PERFORMANCE RESULTS IN 2023 AND BUSINESS PLAN FOR 2024**

To: The General Meeting of Shareholders of  
Viettel Construction Joint Stock Corporation.

The Board of Management of Viettel Construction Joint Stock Corporation (hereinafter referred to as VCC) would like to report on the business performance results in 2023 and the business plan for 2024 as follows:

### **I. REPORT ON THE ACTIVITIES IN 2023**

#### **1. Overview of the business environment in 2023:**

- The global economy in 2023 remained subdued with negative prospects, unstable amidst prolonged impacts of overlapping negative shocks such as the Covid-19 pandemic, wars, armed conflicts, and tighter monetary policies to curb inflation from major countries. Economic growth decreased to 2.1-3% from 3-3.5% in 2022.

- In Vietnam, the economy recovered slowly and delicately, with a high rate of businesses withdrawing from the market (*in the first 9 months of 2023, 135,100 businesses withdrew from the market, an increase of 19.9% compared to the same period in 2022*). Institutional and business environment reforms did not meet business expectations, with GDP growing by 5.05%, lower than the target of 6.5%.

- The real estate market still faced difficulties due to the impact of the 2022 market economy, while capital flows and credit interest rates remained tight. State policies to stimulate the economy took effect from the second half of 2023, and all enterprises focused on projects with public investment, intense competition => There were still many challenges for the Civil Construction sector of the Corporation to achieve breakthrough growth in 2023.

- The total retail sales of goods and consumer service revenue in 2023 (excluding price factors) increased by 7.1% compared to the same period, lower than the average growth rate of 8.5% in the pre-Covid19 period from 2016-2019. Retail businesses all raced to reduce prices to attract customers in the context of weak consumer purchasing power => Competition was fierce and difficult in business to ensure profits for the Company's integrated solution segment.

- In May 2023, the Government approved the VIII Electricity Plan but without guidelines and related policies => VCC did not have sufficient legal basis to invest in new projects and business solutions in Solar Energy.

- Viettel Group's business situation was favorable: Viettel increased investment in telecommunications infrastructure, the speed of infrastructure growth and new broadband fixed-line development (FTTH) maintained at 4-

15% => VCC increased revenue from transmission segments such as construction and operation of key segments bringing in significant revenue accounting for 53% of the Company's total revenue; Viettel also directed VCC to be the core for deploying telecommunications infrastructure for Viettel and creating opportunities for VCC to continue to maintain its position as the number one TowerCo nationwide, increasing revenue and infrastructure assets for lease.

- VCC internal situation: Established the Go Global department with the goal of expanding business in Integrated Solutions and Civil Construction overseas; Established the Solution and Technical Service Center based on the integration of the Integrated Solutions Center and the Technical Service Center, along with the restructuring at the provincial/city branches.

- Along with the decisive leadership of the Board of Management, the solidarity and unity of all employees, VCC achieved the following results:

## 2. Evaluation of the implementation of the planned targets

### - Consolidated plan targets:

No	Target	2022	2023			Compared to 2022	
			Planned	Implemented	%	Δ	%
<b>I</b>	<b>Financial targets</b> (billion VND)						
1	Total revenue	9.495,3	10.338,1	11.398,6	110%	1.903,3	20,0%
2	Total cost	8.925,0	9.724,9	10.753,8	111%	1.828,8	20,5%
3	PBT	570,3	613,2	644,8	105%	74,5	13,1%
4	PAT	455,2	487,0	515,9	106%	60,7	13,3%
<b>II</b>	<b>Efficiency indicators</b>						
1	ROA (%)	9,08%	9,20%	7,95%	86%	-1,13%	-12,5%
2	ROE (%)	30,87%	28,00%	28,46%	102%	-2,41%	-7,8%

*(Data in the audited 2022 consolidated financial statements)*

### - Parent company plan targets:

No	Target	2022	2023			Compared to 2022	
			Planned	Implemented			
<b>I</b>	<b>Financial targets</b> (billion VND)						
1	Total revenue	8.335,3	9.256,1	9.847,9	106%	1.512,6	18,1%
2	Total cost	7.789,8	8.666,6	9.225,5	106%	1.435,7	18,4%
3	PBT	545,5	589,5	622,4	106%	76,9	14,1%
4	PAT	439,2	471,6	500,3	106%	61,1	13,9%
<b>II</b>	<b>Efficiency indicators</b>						
1	ROA (%)	9,39%	8,90%	8,32%	93%	-1,07%	-11,38%
2	ROE (%)	30,53%	26,40%	28,71%	109%	-1,82%	-5,98%

**- Financial performance indicators: The Corporation's financial situation is safe and business is efficient.**

No	Targets (consolidated)	Unit	2022	2023	2023 vs 2022
1	Solvency indicators				
	- Short-term payment ratio	time	1,21	1,24	102%
	- Quick payout coefficient	time	1,01	1,06	105%
2	Capital structure indicators				
	- Debt/Total assets ratio	time	0,73	0,71	98%
	- Debt/Equity ratio	time	2,70	2,48	92%
	- Equity/Total assets ratio	time			
3	Operational capacity indicators				
	- Inventory turnover	time	12,58	12,94	103%
	- Accounts receivable turnover	time	6,93	6,21	90%
	- Accounts payable turnover	time	18,84	18,92	100%
	- Net revenue/Total assets	time	1,56	1,63	105%
4	Profitability indicators				
	- Profit after tax/Net revenue	%	4,8%	4,6%	95%
	- Profit after tax/Equity	%	27,8%	25,9%	93%
	- Profit after tax/Total assets	%	7,5%	7,5%	99%

### **3. Evaluation of production and business operations**

#### **3.1. Achievements**

- All production and business targets were met with high growth rates, ensuring employment and income for workers (revenue reached 110% of the plan, a growth of 21.3%; pre-tax profit achieved 105% of the plan, a growth of 16%; average income per person per month reached 25.86 million, equivalent to the performance in 2022).

- Financial indicators met the plan, ensuring safety levels (net cash flow reached 774.3 billion, a growth of 17% compared to 2022; equity increased from 1,637 billion to 1,988 billion; debt to equity ratio was 2.48 times).

- **Operations:** Ensured quality operation of Viettel's network infrastructure both domestically and internationally (100% of KPIs achieved and exceeded targets); Labor productivity in infrastructure increased by 2.4%-3.5% compared to 2022; Revenue reached 5,532 billion, a growth of 13% compared to 2022.

- **Investment in infrastructure for lease:** In 2023, completed the construction and synchronization of 2,150 BTS stations, accumulating ownership of 6,436 BTS stations; 2.45 million m<sup>2</sup> of DAS; 2,716 km of transmission lines; 53 solar energy systems ~ 16.87 MWp. Became the largest TowerCo in Vietnam (second only to OCK with 3,240 BTS stations). Revenue reached 435.4 billion, a growth of 39% compared to 2022.

- **Construction:** Revenue reached 3,538 billion, a 41% increase compared to the 2022 performance, with the signing of approximately 2,100 billion worth of contracts for major projects (e.g., Border/Border checkpoint projects worth over 200 billion, Casa Del Rio Hoa Binh project > 200 billion; Luis Hoang Mai project 172 billion; inter-level school project in Ha Nam 89 billion...).

- **Research and promotion of strategic business activities:** Global competitive activities such as research and market access in Australia, South Korea, the Middle East, and countries where Viettel is doing business (Cambodia and Myanmar). In 2023, signed 02 commercial contracts to supply mechanical products to Korean partners, and signed 01 construction contract for Mytel headquarters in Myanmar (with a total value of over 50 billion); Implemented investment in high-speed vertical optical cable project North - South (deployment phase 2024-2027 scale 56 lines ~ 3,559 km).

### ***3.2. Risks and areas for improvement***

The infrastructure investment sector grew by 39%, but only completed 92% of the plan, with revenue reaching only 435.4 billion out of the planned 472 billion due to reduced revenue from leasing fiber optic lines.

## **II. BUSINESS AND PRODUCTION PLAN FOR 2024**

### **1. Business environment forecast**

- According to the objectives and forecasts of the Government, Vietnam's economy may grow even higher in 2024 (from 6-6.5%). However, the economy still faces many difficulties, challenges, and even more than in 2023: bond and real estate markets still pose many risks, monetary policies have not been as effective as expected, domestic market demand is shrinking, and conflicts and conflicts between major countries are becoming more complex and difficult to predict, affecting global commodity prices and supply chains.

- State policies to promote the economy in attracting foreign investment, resolving difficulties for the real estate sector, and increasing grassroots wages, along with expectations of a recovery in the retail market will provide opportunities for Vietnam to continue to grow in the construction and technical solution, and service sectors.

- The Ministry of Transport approved Viettel's implementation of high-speed vertical underground lines North - South => Opportunities for Viettel to invest in high-speed underground cables.

- Viettel Group strengthens business services related to households, supplements infrastructure ready to turn off 2G and deploy 5G services => Opportunities to supplement jobs for operations, construction, telecommunications infrastructure investment.

### **2. Business direction and orientation for 2024:**

- Corporate culture within the Corporation reaches a maturity level of 5/5. All business activities must be based on the "Quality" and "Customer-Centric" culture to create a competitive advantage over competitors.

- Synchronization of wage policies and incomes at all levels must be combined with business results, enhance practicality in both directions (upward - downward; downward - upward).

- Continue to focus on improving service quality, improving tools and investing in new technologies in business activities to improve services, increase labor productivity, ensuring sustainable growth of the Corporation:

○ Operations: Ensure proactive provision of telecommunications services for 5G infrastructure immediately upon its launch.

○ Infrastructure investment: Target 4,000 socialized communes in the year, closely follow the 5G strategy, evaluate and propose solutions, consult Viettel on investment deployment, upgrade, and adjust designs of appropriate types of stations in line with global trends.

○ B2B construction: Assess Viettel's competitiveness and opportunities with large enterprises in the market (Top 3) to determine the level of resource concentration for this field.

○ B2C construction: Intensify the business strategy of architecture, interior design, expand projects to the commune level.

○ Technical solutions and services: Research and develop bundling of Viettel's services (financial, telecommunications, integrated solutions...), package into a complete ecosystem.

### **3. Production and business targets:**

#### **3.1. Consolidated targets**

No	Consolidated target	2023	2024 plan	2024 vs 2023	
				Δ	%
<b>I</b>	<b>Financial targets (billion VND)</b>				
1	Total revenue	11.398,6	12.653,0	1.254,4	11,0%
2	Total cost	10.753,8	11.982,0	1.228,2	11,4%
3	PBT	644,8	671,4	26,6	4,1%
4	PAT	515,9	531,7	15,8	3,1%
<b>II</b>	<b>Efficiency indicators</b>				
1	ROA (%)	7,95%	6,80%	-1,2%	-14,5%
2	ROE (%)	28,46%	24,70%	-3,8%	-13,2%

#### **3.2. Parent company targets**

No	Parent company target	2023	2024 plan	2024 vs 2023	
				Δ	%
<b>I</b>	<b>Financial targets (billion VND)</b>				
1	Total revenue	9.847,9	11.262,0	1.414	14,4%
2	Total cost	9.225,5	10.624,0	1.399	15,2%
3	PBT	622,4	638,0	16	2,5%
4	PAT	500,3	509,2	9	1,8%
<b>II</b>	<b>Efficiency indicators</b>				

1	ROA (%)	8,32%	7,00%	-1,3%	-15,9%
2	ROE (%)	28,71%	24,70%	-4,0%	-14,0%

#### **4. Key tasks for 2024:**

- Implement the Go Global strategy: Sign economic contracts with 1-2 foreign partners.

- Operations: Ensure network quality according to investor requirements, minimum target expansion with at least 1 foreign partner outside the Corporation.

- Expand business operations outside the Corporation, revenue reaching 5,188 billion, an increase of 17% over 2023.

- Maintain the leading position in the Towerco market in Vietnam, search for sites and deploy the construction of 4,000 new telecommunications stations, and commence the construction of the North-South high-speed fiber optic cable system Phase 1 (389 km).

- Rank first nationwide in coverage of individually designed smart, green, interior-furnished residential construction projects.

- Diversify B2B construction projects, especially large-scale and strategic projects such as industrial zones, seaports, transportation infrastructure, electrical installation and transmission, and high-rise building construction.

- Become the largest full-process distributor: Solution design – Product distribution/OEM - Delivery - Installation - Maintenance/repair.

#### **5. Specific tasks in each area:**

##### **5.1. Operations:**

- Officially implement the Outsourced Field Technical (OFT) plan nationwide, covering both field technical personnel and station installations.

- Invest in and maximize the use of software tools to support field technical forces and multidimensional data analysis, enhancing work efficiency.

- Promote cooperation and exploit job opportunities from potential partners (Mobifone, FPT, CMC, VTV cab, Vingroup...).

##### **5.2. Investment in infrastructure for lease:**

- Transfer the telecommunications installation sector to the Telecommunications Construction Management Center for centralized and optimized resource management.

- Establish contact with customers in need of telecommunications infrastructure in the southern region, such as industrial zones, manufacturing facilities, and energy-consuming commercial establishments, to evaluate effectiveness for investment deployment.

- Intensify research on applying new technologies to telecommunications projects to improve asset utilization efficiency or optimize investment costs.

##### **5.3. Construction:**

- Organize and develop policy mechanisms for effective sales channel development, closely monitoring and executing goals of 5 B2C construction contracts per province per month.

- Boost the business of interior products for projects.

- Participate in national key projects to promote the VCC brand, such as Long Thanh Airport, Mieu Mon Warehouse Project, the 500KV Power Transmission Project, and high-rise building projects...

- Shift in business model: Develop Branches of Construction Companies with construction capacity, with the central block playing a supporting role in GSM support, guiding participation in bidding, and organizing project implementation.

#### **5.4. Technical solutions and services:**

Plan products and develop sales policies tailored to each region and customer segment. Boost marketing programs to enhance the recognition of the aiosmart brand.

- Ensure deployment channel forces, allocate a minimum of 2 FT3s per key deployment area and at least 1 FT3 per remaining deployment area.

- Establish a nationwide system of service stations, handle incidents 24/7.

Respectfully submitted to the General Meeting of Shareholders for consideration and approval./.

**GENERAL DIRECTOR**

(signed)

**PHAM DINH TRUONG**