

No.: 98/BC-VIN

*Ho Chi Minh City, March 03, 2025***REPORT OF THE BOARD OF MANAGEMENT**  
**Regarding the performance results in 2024 and the direction for 2025****I. BUSINESS PERFORMANCE RESULTS IN 2024****1. Market Overview**

- In 2024, Vietnam's import and export activities achieved significant milestones, reflecting a strong recovery of the economy post-pandemic and efforts to maintain growth amidst global economic volatility. The total import-export turnover reached USD 786.29 billion, an increase of 15.4% compared to the previous year, with exports rising by 14.3% and imports increasing by 16.7%. The trade balance in goods showed a surplus of USD 24.77 billion.

- The support and collaboration from the Government, along with improvements in the global supply chain, have led to the strong development of Vietnam's logistics industry in 2024. The Government has focused on reforming administrative procedures, especially customs and specialized inspection agencies, to reduce time and costs for businesses. Strategic seaports continue to be invested in and upgraded, creating momentum for maritime transport. The application of technologies such as artificial intelligence (AI), blockchain, and supply chain management systems (SCM) is strongly encouraged, improving productivity and management efficiency. Policies to promote trade, attract international investment, and take advantage of new-generation free trade agreements (FTAs) are also being actively implemented.

- Vinatrans benefits from being a long-established brand in the freight forwarding industry, with a network of operations in key economic regions across the country, giving it a high reputation in the sector and the capability to meet customer requirements. However, in recent years, due to a lack of focus on development investments and infrastructure improvements for subsidiaries to enhance the parent company's transportation capacity, Vinatrans continues to rely on outsourced suppliers. The entry of large-scale international logistics companies with advanced technology has intensified competition. Meanwhile, the company faces numerous challenges in various areas: a cumbersome management model, suboptimal processes, a lack of flexibility in operations, and poor coordination between departments, resulting in low labor productivity; infrastructure investments have not been synchronized, the warehouse system does not meet standards, and transportation means fall short of meeting peak season demands; digital tools have not been fully leveraged to enhance productivity and optimize costs; core business operations have not generated sustainable profits; and investment efforts have not been clearly planned.

- By the end of 2024, the company introduced a new business line and has achieved positive initial results

## 2. Key target achievement results for 2024

*Unit: VND Million*

| Indicators                      | Plan 2024     | Actual 2023      | Actual 2024      | Actual 2024 compare with |               |
|---------------------------------|---------------|------------------|------------------|--------------------------|---------------|
|                                 |               |                  |                  | Plan 2024                | Actual 2023   |
| 1. Service Revenue              | 130,600       | 132,261.54       | 158,025.42       | 121.00%                  | 119.48%       |
| 2. Service Cost of Goods Sold   | 103,360       | 110,243.89       | 138,112.80       | 133.62%                  | 125.28%       |
| 3. Gross Profit from Services   | 27,240        | 22,017.65        | 19,912.63        | 73.10%                   | 90.44%        |
| 4. Financial Revenue            | 17,350        | 31,648.02        | 26,430.43        | 152.34%                  | 83.51%        |
| - Interest from deposits, bonds | 5,102.63      | 10,268.39        | 5,514.25         | 108.07%                  | 53.70%        |
| - Dividends, profits received   | 12,247.37     | 21,379.63        | 20,916.00        | 170.78%                  | 97.83%        |
| 5. Financial Expenses           |               | 2,253.10         | -2,177.22        |                          |               |
| 6. Selling Expenses             | 7,468         | 8,851.68         | 7,124.88         | 95.41%                   | 80.49%        |
| 7. Administrative Expenses      | 20,622        | 22,260.76        | 23,464.00        | 113.78%                  | 105.41%       |
| 8. Other Income                 |               | 192.62           | 316.66           |                          | 164.40%       |
| 9. Other Expenses               |               | 430.14           | 0.02             |                          | 0.00%         |
| 10. Total Profit Before Tax     | <b>16,500</b> | <b>20,062.60</b> | <b>18,248.04</b> | <b>110.59%</b>           | <b>90.96%</b> |
| 11. Operating Profit            |               | -9,094.79        | -10,676.26       |                          |               |

*Note: Cumulative revenue - internal costs up to December 2024: VND 1,331.3 million*

- Profit After Tax in 2024: VND 17,949.84 million
- ROA 2024: 5.9%;
- ROE 2024: 6.6 %.

## 3. Evaluation of key task achievements for 2024

### 3.1. Business operations

- The Company's net revenue and pre-tax profit in 2024 both exceeded the assigned plan. Net revenue was VND 158,025 million, reaching 121% of the plan. Pre-tax profit was VND 18,248 million, reaching 111% of the plan.

- The increase in net revenue in 2024 was primarily driven by the new business segment of steel trading. Revenue from member companies within the Vietnam Steel Corporation – JSC (internal customers) also surged significantly compared to the previous year, reaching VND 18.8 billion (up from VND 3.68 billion in 2023), accounting for 11.9% of the total service revenue of the Company.

- The company mainly provides services in the following areas: Warehouse, yard, and office leasing; Traditional logistics services including customs clearance, transportation, packing, machinery relocation, international freight forwarding, ship agency services, and handling services for foreign partners.

- In the fourth quarter of 2024, the Company expanded into the steel trading business to gradually complete its full-package logistics services.

- The total number of customers in 2024 was 224 (including 14 internal customers), of which 43 are new customers. The revenue from new customers was VND 11.3 billion (excluding internal customers).

- The company places a strong emphasis on managing and developing suppliers for each service segment. In 2024, the Company introduced supplier selection regulations, maintained stable relationships with suppliers meeting customer needs, and developed additional suppliers for internal customers to ensure competitive pricing, quality, and compliance with requirements.

### **3.2. Accounting and financial tasks**

- Accounting work: Perform accounting work, collect and close periodic accounting books; Prepare financial reports and conduct review and audit of financial reports according to regulations; Perform periodic inventory work according to regulations; Perform periodic inspection of accounting work at branches; Pay dividends according to regulations; The Fast Accounting was tested, accepted in December 2024 and officially put into operation in January 2025.

- Debt management: Review, inspect, and urge the collection of receivables in compliance with the debt management regulations. However, there are still overdue receivables over 6 months. As of December 31, 2024, accounts receivable from customers amounted to VND 118,211 million, of which overdue receivables over 6 months totaled VND 4,363 million, accounting for 5.57% of total receivables. The remaining balance is accounts receivable awaiting transfer. The company has been working with a law firm to file lawsuits against Thiện Phú Sĩ Company and several other customers for difficult-to-collect overdue debts. In 2024, the provision for doubtful receivables is estimated at VND 904 million, while the provision was reduced by VND 101 million due to customer payments.

- Financial investment management: The deposit amounts always ensure compliance with deposit regulations, adhering to the approved deposit structure to diversify risks, ensure financial efficiency, and preserve capital. The total deposit as of December 31, 2024, is VND 54 billion. Of this, VND 26 billion is due within less than 6 months, and VND 28 billion is due from 6 months to less than 1 year.

### **3.3. Technical investment tasks**

- Construction and repair work: Carry out leak-proofing work for warehouses at 161 Nguyen Van Quy, 1650 - 1652 Pham The Hien, and complete repair and acceptance work for the office building at 1531 Pham The Hien..

- Investment management: The investment project for the Business Management Software has been completed and put into use on December 31, 2024. The investment project for the Fire Protection System for the warehouse area at 161 Nguyen Van Quy has signed a contract with a consulting firm to carry out the procedures for preparing the design dossier for submission to the Fire Prevention and Fighting Authority of District 7 for approval.

- Land Management:

- Land lease contract extension: On December 25, 2024, the Department of Natural Resources and Environment submitted Official Letter No. 13983/TTr-STNMT-QLĐ to the People's Committee of Ho Chi Minh City regarding the land use extension for Vinatrans Company at 161 Nguyen Van Quy.
- House recovery work at 102C Nguyễn Văn Cừ: One household has returned two rooms. On November 20, 2024, the company notified the households about the termination of the lease and the requirement to return the premises by February 28, 2025. On January 2, 2025, 26 households submitted a collective response to this notice. On January 24, 2025, the company organized a meeting with the households, with the participation of Lawyers and Bailiffs.
- Capital Management: The dividends/profits received in 2024 from subsidiaries and associated companies amounted to VND 20.9 billion, achieving 170.78% of the plan.
- Implementation of Vinatrans' Capital Restructuring Project at Enterprises: In 2024, the company did not divest its capital in the units as planned but conducted an evaluation of the capital transfer at these enterprises (Report No. 496/BC-VIN dated September 30, 2024, by the General Director to the Board of Directors). Accordingly, the company proposed the implementation of the capital restructuring project after it is approved by the General Shareholders' Meeting during the annual meeting in 2025.
- Fire prevention and rescue work: The company has purchased mandatory fire insurance for the properties it manages and leases in Ho Chi Minh City; conducted inspections and testing of equipment with labor safety and fire prevention requirements as per regulations; carried out fire prevention and rescue checks according to the plan set by the District Fire Prevention Police, as well as routine monthly inspections at the company's properties in Ho Chi Minh City.

### **3.4. Improving the Company legal document system; human resources management; labor and salary management; information technology application.**

- Improving the legal document system: In 2024, the Company reviewed, developed, amended, and issued the Regulations on Debt Management, Regulations on Business, Supplier Selection Regulations, Sales Commission Regulations, Customer Development Bonus Regulations, Internal Spending Regulations, Function and Task Regulations for Departments, Information Security Regulations, Emulation and Reward Regulations, and the Regulations on Labor Recruitment and Management.
- Human resources management: As of December 31, 2024, the total number of employees is 110 (56 male and 54 female). During the year, 01 employee retired, and 19 employees left the company; 12 new hires were recruited to fill vacancies. The company experienced significant changes in senior and middle management personnel, and has carried out a restructuring of positions, implementing staff rotation and transfers across functional departments to align with the current situation and job requirements.
- Training Work: The Company organized internal training on professional skills and knowledge for employees, invited external trainers to provide Sales Logistics skills

training, and sent employees to attend labor safety courses to enhance their knowledge and obtain the necessary certifications for their roles.

- Labor and Salary Management: The Company ensured timely and full payment of salaries, bonuses, and benefits to employees. It also tracked and calculated personal income tax, registered tax reductions for employees, made full and timely Social Insurance, Health Insurance, and Unemployment Insurance payments to the social insurance agency, and submitted accurate and on-time reports regarding labor, wages, policies, and procedures related to Social Insurance. The company guided retiring employees on pension procedures and assisted those leaving the company with unemployment benefits filing.

- Information Technology Application: The Company ensured the smooth operation of the network system, regularly supported users, and promptly addressed any technical issues to maintain stable operation of machinery and equipment systems. The company also implemented an business management software project.

- Administrative Management: The Company ensured a green, clean, safe, and secure working environment, focusing on fire prevention. It managed and utilized infrastructure, equipment, vehicles, communication systems, electrical systems, water, and other assets of the company. The company effectively protected the assets and personal belongings of employees and business visitors.

## **II. Directions and objectives for 2025**

### **1. Forecast of Vinatrans' business situation**

- Challenges: The internal competition within the logistics industry, both domestic and international logistics companies with large scale, is creating pressure on pricing and service quality. Additionally, changing state management policies, fluctuations in fuel prices, and new government regulations affecting input costs are influencing operational expenses and profit margins.

- Opportunities: The Company's service revenue is expected to grow by 5% in 2025, driven by the expansion of international and domestic logistics services, as well as steel trading within the Vietnam Steel Corporation ecosystem. However, to seize this opportunity, the company must implement significant reforms in its business strategy, organizational structure, management, technology, and financial operations.

### **2. Target plan for 2025**

- Total Revenue: VND 153 billion
- Profit Before Tax: VND 22 billion

### **3. Key Tasks and Directions for 2025**

#### **3.1 Directions:**

- Propose solutions for the current model: Review and assess the effectiveness of the current organizational structure and propose improvements to optimize operations.

- Financial growth: Maximize financial revenue, gradually reduce losses from logistics operations, and optimize revenue and profit from warehousing and land exploitation activities.

- Increase revenue and profit from services and attract new customers.
- Improve service quality and customer satisfaction.
- Improve human resource quality and corporate culture.
- Digital transformation and technology application.

### **3.2 Key Tasks for 2025**

- Evaluate and improve the business model: Assess the operational efficiency since the restructuring of departments (from 2022 to the present). Review the performance of each department, analyzing strengths and weaknesses. Propose solutions for improvement, including adjustments to the organizational structure, operational mechanisms, management methods, and business strategies. (To carry out this evaluation in the 1st quarter of 2025)

- Investment activities: Continue implementing the Fire Prevention and Fighting System project at the 161 Nguyen Van Quy warehouse. Research investment options such as purchasing tractor units to increase transport capacity, investing in a modern warehouse system to serve the business operations at the 161 Nguyen Van Quy site after land lease extension, and exploring options to build a modern office building combined with leasing at the A8 Trường Sơn land area.

- Business development: Maximize the efficiency of warehouses and offices in their current state, develop plans for exploiting the property at 1531 Pham The Hien and the 1650-1652 Pham The Hien warehouse. Clearly define customer groups and implement personalized care strategies for each group. Optimize existing services to improve service quality and create new service packages tailored to each customer group, such as Export-Import Logistics, Financial Logistics, and In-house Logistics. Promote the brand through a multi-channel creative content strategy alongside an effective branding campaign. Expand into neighboring provinces and monitor market trends to make timely adjustments.

- Financial management: Focus on building financial strategies aligned with business activities. Explore working with banks for potential loans to support the company's new business initiatives.

- Cost management: Optimize costs by reducing the cost of goods sold, handling costs, and labor costs without compromising service quality. Relocate the company's office to a new location to reduce management costs. Continue addressing the land and property issue at 102C Nguen Van Cu to recover and use the property. Ensure efficient use of other costs.

- Operational organization: Review and improve internal management document system. Evaluate the effectiveness of departmental operations and adjust accordingly, reallocating functions, responsibilities, and personnel as needed. Branches will operate independently and financially self-sufficient from January 1, 2025.

- Human resources management and development: Add regulations related to the wage system, separate the Sales division, create incentive-based salary models, and diversify reward mechanisms while focusing on performance management. Emphasize internal training and diversify training methods.
- Corporate culture and code of conduct: Build a corporate culture and establish a code of conduct based on core values, focusing on customer satisfaction.
- IT application: Effectively utilize the business management software for operational and management activities. Consider using a customer relationship management (CRM) system.

Best regards./.

***Recipients:***

- BOD;
- BOS;
- BOM;
- Departments, Branches;
- Archived: Admin.

**GENERAL DIRECTOR**

*(Signed and stamped)*

**Ha Minh Huan**

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*Note: The translation is for information purpose only and does not substitute the official Vietnamese contents. In case of any discrepancy between the Vietnamese and English versions, the Vietnamese version shall prevail.*