

Bac Giang, April 02, 2025

REPORT OF THE BOARD OF SUPERVISORS

At the 2025 Annual General Meeting of Shareholders

To: Shareholders

Pursuant to:

- The functions and duties of the Board of Supervisors are stipulated in the Charter of Organization and Operation of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company (hereinafter referred to as "the Company");
- The 2024 Financial Statements audited by MOORE AISC Auditing and Informatics Services Co., Ltd.;
- Results of the Board of Supervisors' inspection and supervision activities in 2024.

The Board of Supervisors presents to the General Meeting of Shareholders a report on the inspection and supervision of the Company's activities in 2024 as follows:

I. ACTIVITIES OF THE BOARD OF SUPERVISORS:

- Each member of the Board of Supervisors has effectively carried out their assigned duties.
- The Board of Supervisors conducted two focused supervision sessions to oversee the Company's operations and review the semi-annual and annual financial statements. After each session, the Board held meetings to evaluate the performance of individual members and the Board.
- In 2024, the Board of Supervisors carried out its oversight functions in accordance with the Company's Charter. Specifically:
 - Fully attended all meetings of the Board of Directors.
 - Conducted inspections and supervising to ensure compliance with legal and company regulations in the management and operation of the Company by the Board of Directors and the Board of Management in 2024, including:
 - + Reviewing the legality, process, and procedures for issuing resolutions and decisions of the Board of Directors and the Board of Management in accordance with the law and Company regulations.
 - + Providing feedback and making recommendations to the Board of Directors and the Board of Management on matters related to the Company's operations throughout the year.
 - + Inspecting and supervising the implementation and results of the 2024 Annual General Meeting of Shareholders' resolutions by the Board of Directors and the Board of Management.

- + Monitoring the execution of the Board of Directors' resolutions and the Executive Board's activities in 2024.

- + Ensuring compliance with the Company's internal governance regulations.

- + Reviewing the semi-annual and annual financial reports to assess the accuracy and reliability of financial data in accordance with Vietnamese accounting standards, policies, and financial regulations.

- + Overseeing the Company's compliance with legal requirements and disclosure obligations.

- + Performing other tasks within the Board of Supervisors' functions and responsibilities

II. RESULTS OF THE SUPERVISION OF THE BOARD OF DIRECTORS' ACTIVITIES:

- Since the 2024 Annual General Meeting of Shareholders, the Board of Directors has convened 12 meetings, conducted 17 rounds of written consultations, and issued 15 resolutions and 27 decisions to regulate the Company's operations. The Board of Supervisors evaluates that the Board of Directors' activities throughout the year have complied with legal and corporate regulations and have met the management and operational requirements of the Company.

- The Board of Directors has issued resolutions and decisions related to the Company's activities within its scope of responsibility and authority. These resolutions and decisions have been issued in accordance with the proper procedures, within the Board's jurisdiction, and in compliance with legal and company regulations. In 2024, the Board of Directors discussed and made decisions on several key issues concerning the Company's operations, including:

- + Approval of the 2023 production and business results and the 2024 production and business plan, which was submitted to the 2024 Annual General Meeting of Shareholders for approval;

- + Approval of the agenda for the 2024 Annual General Meeting of Shareholders;

- + Approval of the corporate governance model and organizational structure for 2024, which was submitted to the General Meeting of Shareholders;

- The Board of Directors has supervised the Board of Management in implementing the resolutions of the General Meeting of Shareholders and the Company's business activities. The Board of Directors has worked closely with the Board of Management to provide comprehensive guidance and management of all Company activities, playing a crucial role in executing the 2024 business plan complied with the General Meeting's resolution

- Other tasks within the Board of Directors' functions and authority.

III. RESULTS OF THE SUPERVISION OF THE BOARD OF MANAGEMENT'S ACTIVITIES:

- Implementing the resolutions of the General Meeting of Shareholders, the resolutions of the Board of Directors, as well as the established objectives and tasks, the Board of Management has focused on leadership efforts to help the Company overcome challenges while leveraging internal strengths and taking advantage of favorable conditions to achieve the goals set by the 2024 General Meeting of Shareholders. The specific performance indicators have been detailed in the Board of Management's report on the Company's overall situation in 2024.

- The Board of Management has effectively carried out the directives of the Board of Directors regarding key objectives approved by the General Meeting of Shareholders, including maintaining financial liquidity for business operations and expanding market reach in line with the increasing production volume trend ...

- The Board of Supervisors agrees with the Board of Management's evaluation report on the overall situation of the Company in 2024.

IV. REVIEW OF THE 2024 FINANCIAL STATEMENTS:

1. Preparation and Audit of the Semi-Annual and Annual Financial Statements

- The semi-annual and 2024 annual financial statements of the Company were prepared in accordance with the Vietnamese accounting standards and regulations.

- These financial statements were reviewed and audited by MOORE AISC Auditing and Informatics Services Company Limited (a firm approved by the State Securities Commission to audit companies with public interest).

- The auditor issued an unqualified opinion on the Company's 2024 financial statements, confirming that they fairly and accurately present the financial position as of December 31, 2024, as well as the business performance and cash flows for the year, in accordance with Vietnamese accounting standards, regulations, and applicable laws.

2. The Company's Financial Position as of December 31, 2024

Key Financial Indicators:

- Key Financial Indicators:

No.	Indicators	Unit	Year 2024	Year 2023
1	Assets structure			
	<i>Current Assets/Total Assets</i>	%	20,50	17,75
	<i>Non-Current Assets/Total Assets</i>	%	79,50	82,25
2	Capital Structure			
	<i>Liabilities/Total Capital</i>	%	98,18	90,93
	<i>Owner's Equity/Total Capital</i>	%	9,90	9,07
	<i>Debt-to-Equity Ratio</i>	Time	9,92	10,03
3	Liquidity			
	<i>Quick Ratio</i>	Time	0,63	0,55

	<i>Current Ratio</i>	<i>Time</i>	<i>1.09</i>	<i>1.11</i>
4	Profit Indicator			
	<i>Return On Sales(ROS)</i>	%	<i>0.15</i>	<i>19.45</i>
	<i>Return on Equity (ROE)</i>	%	<i>1.11</i>	<i>140.33</i>
	<i>Return on Charter Capital</i>	%	<i>0.25</i>	<i>31.53</i>
5	Asset Turnover Ratio / (Owner's Equity + Long-term Debt)	Time	0.98	0.98

Due to the significant discrepancy between the owner's equity and the contributed capital, the indicators related to the use of owner's equity have limited value for assessment.

- Asset Structure: Long-term assets account for a significant proportion (accounting for 79.50%) of the company's total assets due to the nature of its business, which primarily involves large-scale machinery and equipment for production. Meanwhile, short-term assets constitute a smaller portion (accounting for 20.50%), leading to significant challenges in maintaining sufficient working capital for business operations.

- Capital Structure: The company's owner's equity stands at 618 billion VND, which is relatively low compared to total assets. This indicates weak financial autonomy and increased risks in capital utilization.

The company recorded a profit of 6.85 billion VND. However, as of December 31, 2024, its accumulated losses amounted to 2,103 billion VND (equivalent to 77.28% of charter capital). The company has been unable to preserve its capital

- Debt Payment Ability: The company's short-term and quick liquidity ratios improved compared to 2023, reflecting a positive shift in financial stability (As of December 31, 2024, total short-term liabilities were 107 billion VND less than short-term assets).

- Long-term assets ratio/ (owner's equity + long-term debt) = 0.77 (<1), the accumulated loss was 2,103 billion VND as of December 31, 2024, the company has improved its prior reliance on short-term funds to finance long-term assets.

Implementation of Economic Indicators

The key economic indicators achieved in 2024 are as follows:

Indicators		Unit	Plan Assigned by GMS	2024 Implementation	2024 Implementation/ Resolution (%)
1	Total Production Revenue	Million VND	4,667.1	4,163.3	89.2
2	Total Revenue	Million VND	4,720.4	4,466.4	94.6
3	Profit after tax	Million VND	168.3	6.8	4.1

Selection of an Independent Auditing Firm for the 2024 Financial Statements Audit: The Company has selected and signed a contract with MOORE AIS C Auditing

and Informatics Services Company Limited to audit the Company's 2024 Financial Statements.

V. REMUNERATION OF THE BOARD OF SUPERVISORS IN 2024:

The remuneration for the Board of Supervisors is paid according to the resolution of the 2024 Annual General Meeting of Shareholders, specifically as follows:

The Head of the Board of Supervisors receives a full-time salary in accordance with regulations.

02 members of the Board of Supervisors: 6,500,000 VND x 12 months x 2 members = 156,000,000 VND.

VI. RECOMMENDATIONS:

- The Board of Supervisors recommends that the Board of Directors and the Board of Management continue to amend, supplement, and improve the internal governance regulations to ensure compliance with applicable laws and the Company's operational realities.

- The Board of Directors continue directing the completion of the Company's organizational structure.

- The Board of Directors find solutions for the settlement of the expansion and renovation project, and accelerate the finalization of completed investment items to maximize investment efficiency.

- The Board of Management continue to implement solutions to strengthen asset and debt management, reduce receivables, and complete the documentation for handling unrecoverable debts.

- The Board of Supervisors recommends that the Board of Management enhance production management to prevent unplanned shutdowns, which increase operating costs.

The year 2025 will continue to be challenging for the Company due to a shortage of coal supply compared to demand, rising coal prices, unpredictable fluctuations in global fertilizer prices, and intense competition among domestic manufacturers. The Company must maintain strong corporate governance to achieve its planned targets.

VII. TASKS OF THE BOARD OF SUPERVISORS FOR 2025:

In accordance with its defined functions, duties, and authority, the Board of Supervisors represents the Company's shareholders in overseeing and monitoring the management and operations of the Company's business activities.

In 2025, the Board of Supervisors will conduct regular and periodic oversight, focusing on the following areas:

Monitoring the implementation of the 2025 business and investment development plan, as well as other matters outlined in the resolutions of the 2025 Annual General Meeting of Shareholders.

- Reviewing the issuance and execution of resolutions and decisions by the Board of Directors and the Board of Management in managing and operating the Company.

- Examining compliance with financial and accounting regulations, ensuring accuracy, transparency, and legality in financial reporting, record-keeping, and document storage, as well as auditing the 2025 financial statements.

- Assessing the Company's compliance with information disclosure regulations applicable to public companies.

- Based on inspection results, providing recommendations and suggestions to the Board of Directors and the Board of Management to enhance corporate governance and operational efficiency.

- Carrying out additional tasks as required.

In 2024, the Board of Supervisors successfully fulfilled the duties assigned by the General Meeting of Shareholders. The Board of Supervisors respectfully submits this report on 2024 activities results and 2025 objectives to the General Meeting of Shareholders

Respectfully submit to the General Meeting of Shareholders for approval./.

**MEMBERS OF THE BOARD OF
SUPERVISORS**



Dang Thi Minh Ly



Le Anh Tuan

**HEAD OF THE BOARD OF
SUPERVISORS**



Ha Xuan Han

Recipients:

- General Meeting of Shareholders;
- The Board of Directors of the Company;
- General Director of the Company;
- Members of the Board of Supervisors;
- Archived: Office.