

**X20 JOINT STOCK COMPANY
SUPERVISORY BOARD**

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No.: 269/CTCP-BKS

Hanoi, April 09, 2025



REPORT

On the Company's Business Results and the Operational Results of the BOD, General Director at the Annual General Meeting of Shareholders 2025

To: The General Meeting of Shareholders of X20 Joint Stock Company

- Pursuant to the powers and duties of the Supervisory Board under the Law on Enterprises dated June 17, 2020, and the Charter of X20 Joint Stock Company;
- Pursuant to the regulations on organization and operation of the Supervisory Board and related provisions concerning the activities of the Supervisory Board;
- Pursuant to the reports: Report on business production results for 2024, Audited Financial Statements for 2024, Report assessing the work of the Company's Management Board, of the Board of Directors for 2024;

The Supervisory Board respectfully submits to the Annual General Meeting of Shareholders 2025 of X20 Joint Stock Company the following specific contents:

I. REPORT ON THE RESULTS OF SUPERVISING THE OPERATIONS AND FINANCES OF THE COMPANY

Through the process of supervising the governance and operational activities of the Board of Directors, General Director, and Management Board of the Company in 2024, and through appraising the separate financial statements and consolidated financial statements for 2024 of Viet Nam Auditing & Evaluation Company Limited (VAE), the Supervisory Board reports as follows:

1. Operational results of X20 Joint Stock Company in 2024.

In 2024, the Company continued to face many difficulties due to complex global economic developments, high inflation, economic recession, reduced consumption, trade wars, and especially the war between Russia and Ukraine, causing frequent cuts in export economic goods orders, small and lẻ orders, reduced processing prices, and high raw material prices due to competition to ensure employment among companies in the same industry. Some internal difficulties have not yet been definitively resolved. However, under the close direction of the Board of Directors and the decisive operation of the General Director and Management Board, employment for workers has been maintained steadily, income has increased, and the targets set for production implementation have been achieved and exceeded. The business production in 2024, especially the production of A70 and K24 goods, ensured timely delivery and quality, which was highly appreciated by customers.

The achieved targets are as follows:

+ Total revenue: VND 1,304.38 billion, achieving 140.3% of the annual plan (VND 1,304.38 billion / VND 930 billion), an increase of 25.7% compared to the same period in 2023;

+ Profit before tax: VND 57.56 billion, achieving 227.5% of the annual plan (VND 57.56 billion / VND 25.3 billion), an increase of 113.6% compared to the same period in 2023;

+ State budget contribution: VND 62.81 billion, achieving 156% of the annual plan (VND 62.81 billion / VND 40.2 billion), an increase of 32.9% compared to the same period in 2023;

+ Average employee income: VND 11,873,924/person/month, achieving 116.6% of the 2024 plan (VND 11,873,924 / VND 10,187,000), an increase of 16.1% compared to the same period in 2023;

+ Dividend payment: Planned dividend rate is 6%, expected payout is 10%.

- Regarding Organizational Structure and Management Policies: In 2024, the Company merged Garment Enterprise 3 into the Military Uniform Measurement Enterprise and transferred the KHKD (Planning and Business) department of the Military Uniform Measurement Enterprise to the Commercial Service Enterprise to suit the actual situation; carried out divestment procedures at 199 Joint Stock Company; supplemented the business line of hotel services in the Central Region; established the Central Region Branch; received handover and implemented the operational plan for the Southern Guest House (Sea Soul Hotel); Developed a project for enterprise restructuring, consulted on establishing an R&D department, participated in training courses and leadership training programs for digital transformation to improve management skills for leading officials; Reviewed, amended, and issued 15 company regulations; Completed the Charter system in accordance with the current Law on Enterprises.

- Regarding production management organization: The Company is gradually applying digital transformation in enterprise management with Spro software and Tre software for production management; maintains quality management according to ISO standards and factory assessment standards; Organizes training for cutters and measurers for many units, technical training for K24 formal uniforms. During the year, researched, designed, and produced many new products, and standardized some types of fabric for military use. The Company has applied IT in production using filtering and ghép số Do methods to deploy cutting for measured garments and successfully researched and produced K24 formal uniform fabric (BamBoo K24 fabric) meeting the needs of the military sector; invested in specialized machinery and equipment for the garment industry, invested in a continuous dyeing line at X20 Nam Dinh; Improved methods and production management processes, closely monitored supply sources to ensure sufficient capital for production. In 2024, the Company's working capital was well ensured.

- Regarding the resolution of outstanding financial issues: Conducted liquidation of MMTB, materials, and goods due to changes in mechanisms according to regulations; The Company terminated 4 inefficient leased premises contracts and selected a law firm to sue Cai Mep Investment Joint Stock Company. During the year, no new bad debts arose. The Company issued a Resolution to handle bad debts of VND 11.605 billion by transferring them to monitoring within the enterprise governance system and providing explanations in the 10-year financial statements, while continuing to take measures to recover debts.

2. Results of appraising the Financial Statements for 2024.

The Supervisory Board has reviewed the Company's Financial Statements audited by Viet Nam Auditing & Evaluation Company Limited (VAE). The Supervisory Board agrees with VAE's figures and confirms that the Financial Statements have fairly and reasonably presented, in all material respects, the financial position of the Company as of December 31, 2024, and its business results from January 01, 2024, to December 31, 2024, in accordance with current Vietnamese Accounting Standards and Systems and relevant legal provisions.

Based on this, the Supervisory Board respectfully submits to the General Meeting of Shareholders for approval the Financial Statements for 2024 with specific figures as follows:

BALANCE SHEET FOR 2024 (CONDENSED FORM)

Unit: Billion VND

Item	As of Dec 31, 2024	As of Dec 31, 2023	Comparison Dec 31, 2024 vs. Dec 31, 2023	
			Amount	%
(1)	(2)	(3)	(4 = 2-3)	(5 = 2/3)
I/TOTAL ASSETS	689.07	589.76	99.31	116.8%
1/Current Assets	498.60	380.90	117.70	130.9%
- Cash and cash equivalents	231.09	55.57	175.52	415.9%
- Short-term financial investments	0.40	0.30	0.10	133.3%
- Short-term receivables	75.13	91.54	-16.41	82.1%
- Inventories	178.24	219.54	-41.30	81.2%
- Other short-term assets	13.74	13.95	-0.21	98.5%
2/Non-current Assets	190.47	208.86	-18.39	91.2%
- Fixed assets	171.78	194.64	-22.86	88.3%
- Long-term assets in progress	2.49	1.32	1.17	188.0%
- Long-term financial investments	3.61	3.35	0.26	107.9%
- Other long-term assets	12.59	9.55	3.04	131.9%
II/ TOTAL LIABILITIES AND EQUITY	689.07	589.76	99.31	116.8%
1/ Liabilities	399.38	330.56	68.82	120.8%
- Short-term liabilities	381.28	327.09	54.19	116.6%
- Long-term liabilities	18.10	3.46	14.64	522.7%
2/ Equity	289.69	259.21	30.49	111.8%
- Owner's contributed capital	172.50	172.50	0	100%
- Development investment fund	69.78	68.09	1.69	102.5%
- Undistributed profit after tax	47.42	18.62	28.80	254.7%

BUSINESS RESULTS FOR 2024

Key figures from the Company's consolidated financial statements, audited, are as follows:

Unit: Billion VND

Item	Actual 2024	Actual 2023	Comparison Actual 2024 vs. Actual 2023	
			Amount	%
(1)	(2)	(3)	(4 = 2-3)	(5 = 2/3)
1. Revenue and other income	1,304.38	1,037.94	266.44	125.7%
- Net revenue from sales and services provided	1,301.77	1,034.39	267.37	125.8%
- Revenue from financial activities	2.32	3.26	-0.94	71.1%
- Other income	0.30	0.28	0.01	104.6%

2. Gross profit from sales and services provided	239.54	170.48	69.06	140.5%
3. Profit from affiliated companies, joint ventures	0.62	0.50	0.12	124.1%
4. Net profit from business activities	57.60	27.93	29.67	206.2%
5. Other profit	-0.04	-0.99	-0.95	4.4%
6. Profit before tax	57.56	26.94	30.62	213.6%
7. Profit after tax (PAT)	45.22	20.38	24.84	221.9%
8. Basic earnings per share (VND)	2,592	923	1,669	280.8%

FINANCIAL INDICATORS FOR 2024

Item	As of Dec 31, 2024	As of Dec 31, 2023
1. Asset and Capital Structure		
1.1. Asset Structure		
- Current Assets/Total Assets	72.4%	64.6%
- Non-current Assets/Total Assets	27.6%	35.4%
1.2. Capital Structure		
- Liabilities/Total Capital	0.58 times	0.56 times
- Equity/Total Capital	0.42 times	0.44 times
- Liabilities/Equity	1.38 times	1.27 times
2. Liquidity		
- Current Ratio	1.31 times	1.16 times
- Quick Ratio	0.84 times	0.49 times
- Cash Ratio	0.61 times	0.17 times
3. Profitability	As of Dec 31, 2024	As of Dec 31, 2023
- Gross Profit Margin/Net Revenue	18.4%	16.5%
- Operating Profit Margin/Net Revenue	4.4%	2.7%
- Pre-tax Profit Margin/Net Revenue	4.4%	2.6%
- Net Profit Margin/Net Revenue	3.5%	2.0%
4. Return on Investment		
- PAT/Average Total Assets (ROA)	7.1%	3.6%
- PAT/Average Equity (ROE)	16.5%	7.9%
- PAT/Charter Capital	26.2%	11.8%

Assessment:

* Regarding asset, capital figures, and financial ratios:

- Total Assets: As of December 31, 2024, compared to December 31, 2023, increased by 16.8%, equivalent to VND 99.3 billion. Of which, Current Assets increased by 30.9%, equivalent to VND 117.7 billion: Cash and cash equivalents increased by 315.9%, equivalent to VND 175.5 billion, due to the Company's large production volume of QP K24 goods in Q4, timely delivery, and good quality, resulting in customers settling payments on schedule according to contracts; Short-term receivables decreased by 82.1%, equivalent to VND 16.4 billion; Inventories decreased by 81.2%, equivalent to VND 41.3 billion, as some National Defense products, export processing goods, and domestic economic goods were proactively dispatched more than at the end of 2023.

- Total Capital: Increased by 16.8%, equivalent to VND 99.3 billion, including short-term provisions of VND 53.6 billion (provision for salaries VND 28.96 billion, provision for

product warranty, goods VND 24.6 billion) and long-term and short-term loans of VND 13.3 billion to invest in a continuous dyeing line, completed at X20 Nam Dinh One-Member Limited Liability Company.

- Self-financing ratio: As of December 31, 2024, compared to December 31, 2023, the ratios of Liabilities/Total Capital and Liabilities/Equity both increased, indicating a decrease in the Company's capital autonomy. These ratios are still low, showing that the Company still relies on external resources and has insufficient internal strength. (The reason is the increase in some main items such as: advances from buyers (increased by VND 25.44 billion); payables to employees (increased by VND 6.43 billion); other payables and provisions (increased by VND 54.63 billion). This shows that the Company makes maximum use of external capital sources that are not yet due for payment). The Company has many solutions in production management and operation, and flexible cash flow management to ensure sufficient capital for business production and payment of due debts.

- Liquidity ratios: In 2024, the company focused on cash flow management to ensure sufficient capital for production; and regularly monitored and assessed current and future liquidity requirements to ensure sufficient funds to meet financial obligations when due. The Company's current ratio is 1.31 (>1 and increased by 0.15 times compared to 2023), which is relatively good; The quick ratio is affected by inventory, the main reason being that the Company's inventory volume is always high compared to other manufacturing enterprises. However, the quick ratio in 2024 increased by 0.35 times, as inventory at year-end decreased -> mainly concentrated in finished products that were exported -> affirming the company's good production capacity, goods met quality standards for export, and limited slow-moving inventory; As for the cash ratio: mainly affected by customer receivables, in 2024 this ratio increased by 0.44 times, demonstrating that the Company's debt collection efforts were expedited, limiting uncollectible bad debts -> financial capacity improved, a positive sign.

- Operational efficiency:

- +) Assessing operational efficiency in using assets, meaning for every 1 VND of assets put into operation, how much net revenue is generated. In 2024, the Company used assets better than in 2023. (In 2023, 1 VND of operating assets generated 1.92 VND of net revenue; in 2024, it was 2.04 VND).

- +) The Company's short-term receivables as of December 31, 2024, decreased by 82.1% compared to December 31, 2023, equivalent to VND 16.4 billion. Of which, overdue receivables amounted to VND 1.41 billion (bad debts with no recovery ability amounted to VND 1.37 billion, for which a 97.4% provision for bad debts has been made). During the year, the Company issued a Resolution to handle bad debts of VND 11.605 billion (for which a 100% provision for bad debts had been made) by transferring them to monitoring within the enterprise governance system and providing explanations in the 10-year financial statements, while continuing to take measures to recover debts. During the year, the Company did not incur any new uncollectible bad debts.

- +) Inventory: As of December 31, 2024, inventory decreased by 81.2% compared to December 31, 2023, equivalent to VND 41.3 billion, mainly from orders not yet due for export (VND 126.9 billion); at the same time, continued to review and assess slow-moving inventory from previous years to have a disposal plan. (In 2024, the Company liquidated VND 6.645 billion of poor-quality, slow-moving inventory. Of which: recovered from customers: VND 819 million, used provisions to offset: VND 4.618 billion, utilized in

production: VND 1.209 billion. This shows the Company's efforts in resolving outstanding issues from many years ago).

* Regarding business results for 2024.

- In 2024, targets for revenue, profit, and employee income all grew significantly compared to the annual plan. With the business results as mentioned above, in 2024, X20 Joint Stock Company successfully completed and exceeded the business production targets approved by the Annual General Meeting of Shareholders 2024.

- The company completed the dividend payment for the 2023 fiscal year at a rate of 6% (600 VND/share) based on the currently outstanding shares of shareholders, amounting to VND 10.350 billion, and used the profit after tax in 2023 to appropriate to funds in accordance with the Resolution of the Annual General Meeting of Shareholders 2024.

II. REPORT ON THE OPERATIONAL RESULTS OF THE BOARD OF DIRECTORS AND GENERAL DIRECTOR

1. Assessment of the coordination of activities between the Supervisory Board and the BOD, General Director, management board, and shareholders

- Between the two Annual General Meetings of Shareholders 2024 – 2025, the Supervisory Board closely coordinated with the Board of Directors, General Director, and Management Board on the principle of legitimate interests, for the maximum benefit of the Company and shareholders, and in accordance with the provisions of the Law and the Company Charter. The Head of the Supervisory Board was invited to attend all meetings of the Board of Directors, monthly briefing meetings, and other meetings of the Company. The Supervisory Board was provided with sufficient documents by the Board of Directors, General Director, and Management Board according to regulations.

- For shareholders: Between the two Annual General Meetings of Shareholders 2024 – 2025, the Supervisory Board did not receive any requests from shareholders or groups of shareholders outside the Company who have ownership ratios and holding periods as prescribed by Law and the Company Charter.

2. Results of supervising the Board of Directors.

In 2024, the Board of Directors held 05 regular meetings in accordance with the provisions of the Law on Enterprises and the Company Charter; sought opinions in writing 12 times; issued 61 Resolutions to thoroughly implement the Resolution of the Annual General Meeting of Shareholders 2024, meeting the management, operational, and practical task resolution requirements of the Company with policies on restructuring the organizational apparatus and personnel reassignment, official affairs, resolving outstanding issues from previous years such as debts, terminating land lease contracts, and policies for exploiting idle workshops, investing in MMTB and repairs...; orienting and directing business production according to the Resolution of the Annual General Meeting of Shareholders 2024, deciding on matters within the authority of the Board of Directors. During the meetings of the Board of Directors, all members of the Board of Directors attended fully, worked with a high sense of responsibility, and promoted the experience and leadership capacity of each member. The Board of Directors operated in accordance with the powers and duties stipulated in the Company Charter; the Resolutions of the Board of Directors were issued in line with practical realities, promptly meeting the management requirements and business development needs of the Company. The Board of Directors successfully completed its corporate governance tasks.

3. Results of supervising the General Director and Management Board.

In 2024, under the close and timely direction of the Board of Directors, the General Director and Management Board made great efforts in leading and directing regularly and promptly to implement solutions in business production with a proactive and creative spirit to overcome difficulties, determined to successfully implement the 2024 business production plan approved by the Annual General Meeting of Shareholders 2024. Despite many difficulties and challenges, the General Director and Management Board decisively directed the organization and implementation of BOD resolutions, achieving good results in many areas and aspects of work; especially the results of implementing key targets, important tasks; ensuring stable employment; resolving many long-standing issues, thereby making a significant contribution to organizing the implementation of defined goals, operating the Company through difficulties, maintaining stability and development. During the operational process, the General Director and Management Board complied with the Law on Enterprises and the Company Charter, regulations on task assignment of the Board of Directors, Management Board, and internal regulations of the Company, as well as Resolutions and decisions of the Board of Directors.

III. RECOMMENDATIONS OF THE SUPERVISORY BOARD TO THE BOD AND GENERAL DIRECTOR

1. Given the current bidding situation for National Defense goods and the forecast of more widespread bidding forms with very high competitiveness in the future, the Company needs many solutions to effectively manage costs and product quality to help reduce product prices, increase the Company's reputation, and enhance competitiveness. Especially in 2025, with the streamlining of personnel in the Army and the discontinuation of A70 and LP K24 goods, the volume of National Defense goods will decrease. It is necessary to focus on developing many solutions for domestic economic goods and export economic goods (it is necessary to increase the proportion of export goods through FOB production); analyze and evaluate the effectiveness of each customer to have the best plan for selecting potential customers; develop long-term and medium-term business plans along with accompanying operational plans.

2. Continue to focus on and closely monitor the market and partners to promptly forecast and develop appropriate plans for production, supplying sufficient production capacity. Continue to maintain key customers, specialized product lines, exploit new markets, expand markets, and improve the efficiency of production linked to business efficiency.

3. The company needs to pay more attention and have solutions for new training, retraining, and at the same time have policies to attract high-quality human resources, especially technical personnel; train personnel to meet the management requirements of FOB orders, continue to take good care of employees' lives, build and spread corporate culture to stabilize labor, meet production needs, and ensure the Company's sustainable development process.

4. Focus on improving production to increase productivity, improve customer service quality, standardize production systems and quality management systems, and focus on maintaining product quality.

5. Promote digital transformation of business models and corporate governance, and gradually implement green transformation.

6. For bad debts for which provisions have been made, it is recommended that the Company continue to research and closely monitor them to have measures to recover debts for the Company as quickly as possible.

7. Continue to promote financial governance, develop medium-term and long-term financial plans, and at the same time effectively manage cash flow to meet ongoing business production activities from the parent company to subsidiaries and One-Member Limited Liability Companies; Strengthen cash flow management, inventory, debt, and cost management; focus on practicing thrift from management to production.

8. It is necessary to quickly deploy investment projects for repairs, and leased premises for exploitation to avoid waste, and organize the implementation of business operations for the Southern Guest House effectively (Sea Soul Hotel).

9. Continue to review, amend, and supplement the Company's system of regulations to ensure suitability with the actual situation, creating a favorable legal corridor for the rapid and stable development of the unit, while protecting the legitimate rights and interests of shareholders.

The above is the Report of the Supervisory Board on the Company's Business Results and the operations of the Board of Directors and General Director before the Annual General Meeting of Shareholders 2025. The Supervisory Board respectfully submits it to the General Meeting of Shareholders for consideration and approval.

We sincerely thank the trust of the GMS, the cooperation of the BOD, General Director, Management Board, functional departments, and units within the Company for creating the best conditions, coordinating, and providing complete and timely information for the Supervisory Board to fulfill its duties.

On behalf of the Supervisory Board, I wish the delegates and esteemed shareholders good health, happiness, and success.

Recipients:

- As above;
- Archive: Admin, SB.T03

**ON BEHALF OF THE SUPERVISORY BOARD
HEAD OF SUPERVISORY BOARD**



Nguyen Duc Tuan