

GELEX GROUP**SOCIALIST REPUBLIC OF VIETNAM****Independence - Freedom - Happiness**

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Hanoi, March 29, 2023

**REPORT
ON OPERATING RESULTS IN 2022
AND BUSINESS ORIENTATIONS AND PLAN FOR 2023**

The Management Board of GELEX Group Joint Stock Company (“the Group/GELEX”) would like to present to the General Meeting of Shareholders the Report on operating results in 2022 and business orientations and plan for 2023, specifically as follows:

I – REPORT ON OPERATING RESULTS IN 2022

In 2022, the world economy faced many great challenges and rapid and unpredictable fluctuations; particularly, inflation increased to the highest level in many decades. Domestically, the macroeconomic situation was under pressure from high inflation rates, exchange rates, and interest rates, volatile prices of gasoline, oil, and input materials, and the narrowing of large and traditional import and export markets.

In the context of many unpredictable fluctuations, GELEX implemented important strategies to focus on maintaining the stability in production and business of the member companies, managing risks, and enhancing internal strength. As a result, in 2022, although the business situation was affected by market fluctuations in general, GELEX achieved remarkable results, specifically:

1. Operating results

In 2022, GELEX’s consolidated net revenue was VND 32,089 billion (increasing by 12% YoY, reaching 89% of the plan) and the consolidated profit before CIT reached VND 2,081 billion (increasing by 1 % YoY, reaching 79% of the plan approved by the General Meeting of Shareholders). Some key indicators are shown in the following table:

Table 1: Consolidated operating results in 2022

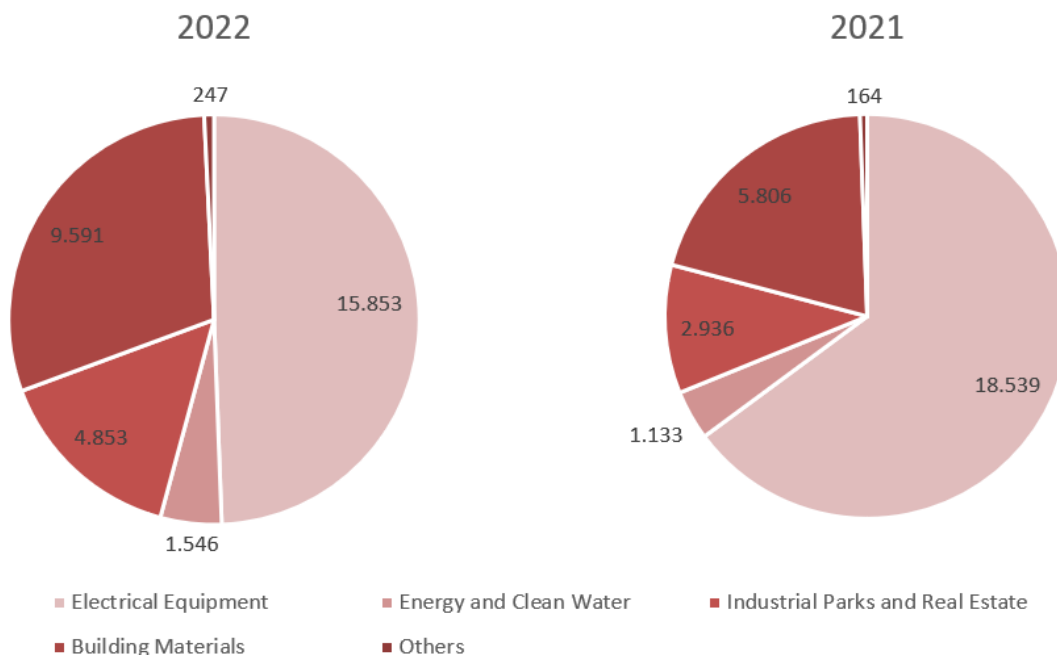
Unit: VND billion/%

Indicator	Actual 2022	Planned 2022	% Actual 2022/ Planned 2022	Actual 2021	% Actual 2021/ Planned 2021
Consolidated net revenue	32,089	36,000	89%	28,578	112%
Consolidated profit before tax	2,081	2,618	79%	2,057	101%

- ❖ In terms of revenue, despite failure to meet the plan, GELEX’s consolidated net revenue grew by 12% YoY while the general economy faced difficulties and all industries were affected

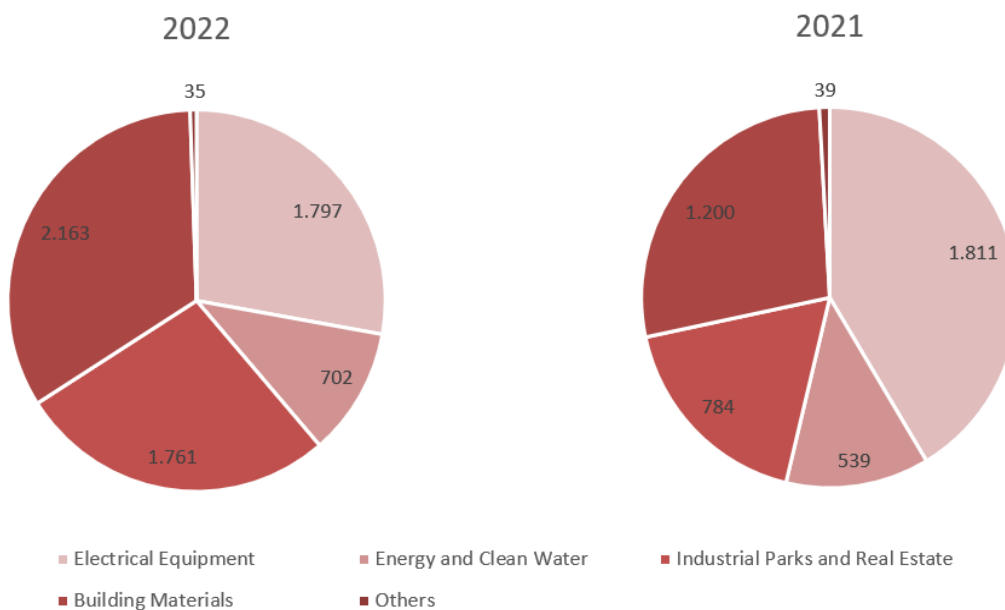
after Covid 19. The year 2022 recorded growth in revenue in the following business lines: construction materials, industrial parks and real estate, and energy and clean water. In terms of revenue structure, the proportions of business lines in GELEX’s 2022 revenue are more balanced and less dependent on electrical equipment compared to 2021, specifically: Electrical equipment only accounts for 49% compared to 65% of 2021 and the proportions of other lines are: building materials: 30%, industrial parks and real estate: 15%, and energy and clean water: 5%.

Chart 1: Revenue structure of business lines (unit: VND billion)



Thus, in the whole year of 2022, most of the business lines saw an increase in net revenue compared to 2021. However, some business lines of GELEX were affected by the sharp decline in market demand in the last months of 2022 such as building materials and electrical equipment while wind power projects were affected by unfavorable weather conditions and disadvantages in the initial stage of operation, leading to lower output in 2022 than planned.

- ❖ The gross profit in 2022 reached VND 6,458 billion, an increase of 48% YoY. Contributors to the structure of total gross profit in 2022 include building materials (33%), electrical equipment (28%), industrial parks and real estate (27%), and energy and clean water (11%). Thus, GELEX’s gross profit had more balance among business lines.

Chart 2: Gross profit of business lines (unit: VND billion)


- ❖ As the revenue proportions of business lines with high gross profit margin in 2022 such as construction materials and industrial parks and real estate all increased, the gross profit margin also increased to 20% compared to 15% of same period in 2021.
- ❖ EBITDA of 2022 reached VND 7,101 billion, an increase of 57% YoY. The gross profit margin of 2022 was higher than that of 2021 while the costs of selling and management were well controlled, so the EBITDA-to-sales ratio increased from 16% in 2021 to 22% in 2022.
- ❖ The profit before tax of 2022 was VND 2,081 billion, reaching 79% of the plan due to unsatisfactory net revenue and increased financial expenses. However, the pre-tax profit in 2022 still grew by 1% YoY.

Thus, in general, the macro economy and the market faced many challenges in 2022, GELEX still achieved positive results that are reflected in maintaining the growth momentum of revenue, profit, and operating efficiency.

2. Implementation of investment activities

2.1 Project investment

GELEX Electric: In 2022, GELEX planned to continue investing in depth in member companies, including: completing and putting into operation the project of relocating the distribution transformer factory of the Electrical Equipment Joint Stock Company (THIBIDI), the project of relocating the Copper wire factory of CFT Vina Copper Company Limited in Long Duc Industrial Park, Dong Nai, investing in machinery and equipment to renovate and improve the efficiency and quality of workshops at Hanoi Electromechanical Manufacturing Joint Stock Company (HEM), and putting into operation the CADIVI Tower office building project.

GELEX Infrastructure: In 2022, the system of member companies of GELEX Infrastructure continued to implement investment activities and research and prepare for investment projects,

specifically as follows:

- + Continued to research and invest in potential wind power projects; exchanged cooperation opportunities with some partners and considered some new projects.
- + Continued to implement of Da River Water Project - Phase 2, secondary pipeline projects and component projects.
- + The member companies continued to focus on implementing, making new investments, and preparing to invest in projects in the field of industrial park infrastructure, social housing/worker housing.

GELEX: continued construction of the project “Complex of Hotel, Commercial Services and Offices for Rent” at 10 Tran Nguyen Han and 27-29 Ly Thai To, Ly Thai To ward, Hoan Kiem district, Hanoi according to the schedule.

2.2 Capital ownership arrangement/restructuring

In 2022, GELEX advocated to list or register for trading GELEX Infrastructure shares and increase capital and register to list GELEX Electric shares. However, due to the unfavorable market situation in 2022, the company will implement the procedures for GELEX Electric in the near future.

+ **GELEX Electric:** contributed capital to establish power trading companies, initially entered the power supply market in industrial parks. GELEX Electric received the transfer of all shares corresponding to 51% of the charter capital of Dong Anh Electrical Equipment Production JSC owned by Electrical Equipment JSC, increasing the ownership rate in Electrical Equipment JSC from 80.87% to 90.71%.

+ **GELEX Infrastructure:** The structure of GELEX Infrastructure was relatively stable. At VIGLACERA – a member of GELEX Infrastructure, a number of business reorganization and innovation activities have been implemented, for example: increasing the ownership rate in Vietnam Floating Glass Co., Ltd from 30% to 35.294%, increasing capital in some other members...

3. Financial situation

Table 2: Total assets and capital

Unit: VND billion/%

Indicator	31/12/2022	31/12/2021	% increase/decrease
Total assets	52,385	61,189	-14%
Short-term assets	19,800	29,803	-34%
Long-term assets	32,585	31,386	4%
Total capital	52,385	61,189	-14%
Equity	21,043	20,498	3%
Liabilities	31,342	40,691	-23%
<i>In which, debt</i>	<i>16,842</i>	<i>22,122</i>	<i>-24%</i>

3.1 Assets

From the second half of 2022, realizing the difficulties of the market of production and business

lines such as building materials and electrical equipment due to declined demand, GELEX oriented its member companies to actively reduce inventories of finished products, adjust the raw material procurement plan, reduce short-term receivables, and reduce short-term financial investments. Therefore, GELEX's total assets as of December 31, 2022 decreased by 14% YoY, mainly due to the decreased short-term assets as mentioned above.

The structure of assets and capital of GELEX as of December 31, 2022 fluctuated in the direction of increasing the proportion of long-term assets and capital and ensuring the short-term balance.

3.2 Liabilities

Faced with rapid and unpredictable market fluctuations, especially with the sharp increase in interest rates and exchange rates in the last months of 2022, GELEX advocated actively reducing debt including bank loans and bond debt to reduce costs and financial pressures. As of December 31, 2022, GELEX's liabilities were VND 31,342 billion, down VND 9,349 billion compared to the end of 2021.

Table 3: Some financial ratios of solvency and debt ratio

Indicator	31.12.2022	31.12.2021	31.12.2020
Debt ratio			
Total liabilities/Total assets	0.60	0.67	0.70
Debt/Equity	0.80	1.08	1.47
Solvency ratio			
Current ratio	1.15	1.31	1.21
Net debt/EBITDA	1.57	2.18	4.88
Interest coverage ratio (EBITDA/interest expense)	4.88	4.18	2.90

The Group's key consolidated financial indicators on liquidity and debt management were within safe ranges and in a positive trend.

4. Improvements in organizational structure, policies, and management

In 2022, the Group continued to innovate organization, management, and corporate governance policies, specifically:

- + Consolidated and focused on management in depth throughout the whole system with the goal of accompanying member companies in Finance, Planning, and Human Resources;
- + Promoted the mechanism of checking, detecting, and managing material risks through Internal Audit;
- + Grouped companies and had a consistent governance framework for each group of companies;
- + Balanced management tools/mechanisms, aimed to systematize the governance framework according to advanced and appropriate principles and standards.

Specific tasks carried out in 2022 were as follows:

+ At the Group's office: adjusted the organizational chart according to the new orientation; reviewed and updated the system of internal management regulations and documents in accordance with recently issued legal documents and the characteristics of the Group's business activities; supplemented personnel in Finance and Accounting, Internal Audit, and Human Resources to serve the new management orientation.

+ At member companies: continued to review and restructure governance in the context of a volatile market situation, streamlined the apparatus and personnel, gradually reviewed and consolidated the system of administrative documents at the member companies.

+ Regarding the operation/direction of the capital representatives: adjusted the system of regulations on representatives at enterprises and decentralized authority of the Board of Directors with the aim of: reasonably assigning rights to capital representatives at enterprises to enhance autonomy and self-responsibility to management levels at members in the system to adapt and quickly make decisions to respond to unpredictable market fluctuations while ensuring that the parent companies timely grasp information, detect and control risks in operation, serving for adjustments of the system's strategies.

+ In 2022, strengthened personnel training to improve qualifications, update knowledge, skills, and legal documents for employees in the system.

5. Social responsibility

With the system-wide scale, GELEX oriented the Group's activities and member companies in association with responsibilities to the community. Accordingly, their activities were directed to the development of "green" and environmentally friendly materials and products, helping to save resources, fuel, and energy in production and use as well as invested in modernizing machinery and equipment to optimize production and save social costs and resources.

In addition, activities showing responsibility to the community and localities such as charity activities, direct support to local disadvantaged people, contributions to humanitarian and charity funds, and contributions to relief activities and fund for the poor... were also implemented by the Group and its member companies.

II - BUSINESS ORIENTATIONS AND PLAN FOR 2023

1. Business plan for 2023

As the macro economy in 2023 may have many unpredictable fluctuations, especially increasing inflation rates and interest rate fluctuations, GELEX's business plan has been developed with some key indicators as follows:

Table 4: Some key indicators in the business plan for 2023

Unit: VND billion

No.	Indicator	2023 plan
I	Total consolidated net revenue	37,457
II.	Consolidated profit before CIT	1,272

2. Key orientations to implement the plan for 2023

GELEX operates under the holdings model, not directly doing business but specializing in investment, holding and managing capital at member companies. Accordingly, GELEX orients the general development strategy for the whole system and, at the same time, monitors and evaluates the performance of member companies, and offers specific operating strategies suitable for each group of companies. The orientations for 2023 are as follows:

2.1 Production and business orientations:

- ***Production and sale of electrical equipment and building materials:***
 - + Maintain and grow market shares in the domestic markets with strategic products and at the same time gradually develop and expand to appropriate foreign markets;
 - + Optimize production, promote R&D, cooperate with major partners to manufacture new products with high technology content in line with market demand;
 - + Improve production and business efficiency, continue to implement solutions to optimize costs, balance debts, control inventory, streamline apparatus/personnel, strengthen risk management, etc. to improve competitiveness, maintain the Group's position, and support sustainable growth.
- ***Production and sale of electricity and clean water:*** Manage and operate factories to ensure safety, reliability, effectiveness, cost-effectiveness, and risk mitigation.
- ***Real estate business:*** Increase the value chain, improve service quality, increase utilities in order to improve business efficiency and make the most effective use of the land fund..

2.2 Investment orientations

The key implementation orientations at member companies in 2023 in each specific area are as follows:

- ***Production of electrical equipment and building materials:*** Reasonably invest capital in enterprises to modernize production, increase capacity and quality, and at the same time continue to implement steps to divest in some inefficient building material production companies.
- ***Power generation:*** Continue to monitor and selectively develop projects in the list of developing projects forwarded from 2022.
- ***Production and supply of clean water:*** Continue to invest in the items of Song Da Clean Water Plant Project - Phase 2 according to the schedule; continue to implement other component projects and continue to seek investment opportunities in clean water supply projects in industrial parks.
- ***Real estate:***
 - + Continue to invest in developing operation of industrial park infrastructure, research on development of industrial parks - urban zone - service complex, and invest in ancillary infrastructure and services through member companies of the system.

+ Continue to develop social housing and worker housing projects, increase land fund, and invest in commercial housing projects, resorts, and hotel/office for rent.

- **M&A:** Research, select, evaluate, and realize potential M&A and capital investment opportunities (through GELEX Group and member companies) and develop an appropriate post-M&A management strategy.

2.3 Orientations of other activities

- **Capital sources and finance:**

+ Continue to effectively implement financial solutions to ensure sufficient capital for production, business, and development investment plan;

+ Restructure some assets and investments in the system when necessary to supplement financial resources to realize strategic investment objectives;

+ Continue to restructure GELEX's short- and medium-term loans into long-term, large-scale loans with lower interest rates to reduce interest expenses in the whole system;

+ Optimize idle cash resources through flexible use of financial instruments on the basis of compliance with legal regulations, internal processes, and capital preservation and development.

- **Corporate governance:**

+ Enhance the effectiveness of technology application in management and implement governance throughout the system in 3 areas: finance and planning, internal audit, and human resources.

- Closely follow the plan and market situation as well as the production and business situation of member companies to give timely recommendations and orientations to the representatives at the member companies;
- Continue to prepare the conditions and foundations to make financial statements in accordance with international standards (IFRS) and international credit rating;
- Improve the effectiveness and efficiency of the internal audit and control system to control and minimize risks;
- Accelerate the implementation of planning, rotation, training, and development of human resources and successors. Review and adjust the salary, bonus, and income mechanism for employees to be competitive with the market. Implement groups of solutions to promote labor productivity improvement.

+ Build organizational culture.

+ Enhance brand communication.

- **Social responsibility:** Develop production and business together with take care of employees and continue to carry out social activities, contribute and support the development of the community.

The General Meeting of Shareholders is respectfully requested for consideration and approval the full text of the Report.

GENERAL DIRECTOR

Recipients:

- *GELEX Shareholders;*
- *GELEX BOD members;*
- *Filed in GELEX's office.*

(Signed)

Nguyen Van Tuan