

REPORT
BUSINESS PERFORMANCE AND INVESTMENT RESULTS IN 2024
AND PLAN FOR 2025

Respectfully to: **The General Meeting of Shareholders**

IDICO Srok Phu Mieng Hydropower Joint Stock Company (The Company/IDICO-SHP) reports to the General Meeting of Shareholders on the business and investment results for 2024 and the business and investment plan for 2025, as follows:

A. BUSINESS PERFORMANCE AND INVESTMENT RESULTS IN 2024

In 2024, unfavorable hydrological conditions posed challenges to the Company's electricity production and business operations. The water inflow to the Srok Phu Mieng Hydropower reservoir was low due to prolonged heatwaves and a delayed rainy season. Additionally, the proportion of electricity settled at the contract price (*alpha ratio*) for hydropower plants increased from 90% in 2023 to 98% in 2024, which significantly impacted the electricity selling price and the Company's revenue in 2024.

Based on the actual business performance, along with the objectives, strategic direction, and guidance from the Board of Directors, the Company focused on implementing targeted solutions, striving to fulfill the 2024 business and operational goals set by the General Meeting of Shareholders to the best extent possible. The Company's business performance results for 2024 are as follows:

1. Key performance indicators Achieved in 2024:

No.	Key indicators	UNIT	Plan for 2024	Actual performance in 2024	Implementation Ratio in 2024 compared to	
					Plan for 2024	The same period in 2023
1	Commercial electricity output	kWh m	240	222	93%	88%
2	Clean water output	m ³	787,440	778,432	99%	92%
3	Total revenue	VND m	208,956	199,893	96%	85%
	<i>In which:</i>					
	- Electricity revenue	VND m	199,619	189,209	95%	85%
	- Clean water revenue	VND m	8,505	8,452	99%	91%
	- Other activities	VND m	832	2,231	268%	252%
4	Profit before tax	VND m	95,854	94,378	98%	81%
5	Profit after tax	VND m	77,454	76,193	98%	82%

No.	Key indicators	UNIT	Plan for 2024	Actual performance in 2024	Implementation Ratio in 2024 compared to	
					Plan for 2024	The same period in 2023
6	Projected dividend payout ratio	%	20%	20%	100%	100%
7	Development investment value	VND m	-	-		

2. Business Performance Implementation:

2.1. Electricity production and business sector

The business performance indicators for 2024 did not meet the planned targets and were lower than the same period last year. Specifically:

- Electricity output reached 222 million kWh, achieved 93% of the annual plan, and decreasing 12% compared to the same period last year.
- Electricity revenue reached 189,209 million VND, achieved 95% of the annual plan and decreasing 15% compared to the same period last year.
- Profit before tax was 91,362 million VND, achieved 97% of the annual plan, and decreasing 19% compared to the same period last year.

2.2. Clean water production and business sector:

The Company's clean water production and business activities remained stable and generally met the planned targets. However, the results were lower than the same period in 2023. Specifically:

- Clean water output reached 778,432 m³, achieved 99% of the annual plan and decreasing 8% compared to the same period last year.
- Clean water revenue reached 8,452 million VND, achieved 99% of the annual plan and decreasing 9% compared to the same period last year.
- Profit before tax was 2,114 million VND, achieved 112% of the annual plan, but decreasing 36% compared to the same period last year.

3. Financial performance implementation:

3.1. Receivables and Payables:

- Debt status as of December 31, 2024
- + Total receivables: 34,062 million VND:

Primarily from customer receivables related to electricity and clean water payments that are not yet due.

- + Total payables: 37,776 million VND:

(Mainly consisting of liabilities to Vietcombank Binh Phuoc, Vietinbank Binh Phuoc, tax obligations to the state budget, and dividend payments).

+ All receivables and payables are regularly reconciled and reviewed with clear and specific details. As a result, IDICO-SHP has no bad debts or uncollectible receivables and no insolvency risks.

- The company has effectively managed debt collection and capital mobilization while proactively planning cash flow to ensure a balanced and sufficient financial source for bank debt repayment, fulfilling tax obligations to the state budget, covering

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operating expenses, and paying dividends to shareholders.

3.2. Dividend payment status

Pursuant to Resolution No. 01/NQ-DHDCD of the 2024 Annual General Meeting of Shareholders (AGM) dated April 24, 2024, which approved a dividend payout ratio of 20% of charter capital for the 2023 fiscal year, and based on the Company's business performance, the Board of Directors (BOD) directed the Board of Management to complete the 2023 dividend payment to shareholders as follows:

- + The BOD unanimously voted and issued a resolution approving the first dividend payment for the 2023 fiscal year at a rate of 10% per share, with the payment date set for July 30, 2024.

- + The BOD unanimously voted and issued a resolution approving the final dividend payment for the 2023 fiscal year at a rate of 10% per share, with the payment date set for October 23, 2024.

4. Organizational and Human Resources Management:

4.1. Human resources status:

- In 2024, the Company collaborated with a human resources consulting firm to complete the organizational restructuring, labor reallocation, staffing determination, development of a salary scale, and establishment of a new payroll fund to be implemented starting from January 1, 2025. Employee income is paid based on job position and work performance.

- The total number of employees as of January 1, 2025, was 58.

4.2. Organizational structure:

- Board of Directors (*concurrent positions*).
- Board of Supervisors (*concurrent positions*).
- Board of Management
- Departments, Workshops and Plants: A total of 6 units, including:
 - + General Affairs Department
 - + Technical Planning Department.
 - + Finance and Accounting Department.
 - + Repair Workshop.
 - + Power Plant.
 - + Binh Phuoc - IDICO Water Plant.

5. Implementation of Investment and Construction Activities:

Implementation status of investment in renovation and upgrading of the water supply pipeline is as follows::

- At the 7th session of 2024, held on October 24, 2024, the Board of Directors unanimously approved the plan to renovate the existing water supply pipeline to increase its capacity to 5,000 m³/day, as proposed by the company in Submission No. 282/TTr-CT dated October 17, 2024.

- The company is working with Vicem Ha Tien Cement Joint Stock Company to agree on a plan for the handover of assets in order to invest in a pipeline system that

meets load demand. Currently, Vicem Ha Tien Cement Joint Stock Company is seeking approval from Vietnam Cement Industry Corporation, but no official result has been obtained yet.

6. Other activities:

- The company has effectively implemented occupational safety and hygiene measures, ensuring full provision of safety technical equipment, fire prevention and firefighting devices, personal protective gear, and conducting thorough safety and fire prevention training.

- Disaster prevention and rescue operations, dam safety management, fire prevention, and reservoir operation have been carried out in strict compliance with legal regulations.

- The company has successfully implemented the Grassroots Democracy Regulation, Collective Labor Agreement, and promptly addressed employees' concerns and recommendations.

- The company consistently pays social insurance, health insurance, unemployment insurance, and occupational accident and disease insurance for employees in full and ensures timely payment of other benefits in accordance with regulations.

- The Company has fully complied with its obligations to pay the State Budget in accordance with regulations.

7. Advantages and challenges:

7.1. Advantages:

- Technical management continues to be a priority, ensuring stable operation of the power plant generators and equipment, as well as the water plant.

- Reservoir regulation has been effectively managed, with an emphasis on peak-hour operations to increase electricity sales revenue. The average electricity selling price (excluding taxes and fees) in 2024 was 701 VND/kWh, 9% higher than the contracted price in the Power Purchase Agreement (701/643.08 VND/kWh).

- The company continues to proactively control and reduce production and business costs.

- The company has always received timely support and attention from major shareholders (*IDICO Corporation, REE Energy Co., Ltd.*), prompt guidance from the Board of Directors, and close supervision and inspection from the Supervisory Board, which have enabled the company to effectively fulfill its tasks.

7.2. Challenges:

- In 2024, the average water inflow to the Srok Phu Mieng hydropower reservoir was 166 m³/s, lower than the 2023 figure of 215 m³/s.

- The dispatch of power generation during morning peak hours faced challenges due to an oversupply in the system.

- The payment ratio for electricity output based on contract prices (*alpha ratio*) applied to hydropower plants is set at 98% (*according to Decision No. 158/QĐ-ĐTĐL*

dated December 29, 2023, issued by the Electricity Regulatory Authority). This has significantly impacted the company's electricity sales price and revenue for 2024: the average electricity selling price excluding taxes and fees in 2024 is 701 VND/kWh, a 5% decrease compared to the previous year (701/738 VND/kWh); electricity market profit for 2024 is 3,193 million VND, a decrease of 11,669 million VND compared to 2023.

- Water consumers have faced difficulties in production (*such as Binh Phuoc Cement Plant and other manufacturing and livestock enterprises, which have been affected by the general economic challenges in the domestic market*), leading to lower water consumption compared to the same period in 2023.

- The equipment systems of the Srok Phu Mieng Hydropower Plant, which have been in operation for nearly 20 years, require attention for investment in renovation and upgrading.

B. BUSINESS AND INVESTMENT PLAN FOR 2025

The Company has developed the 2025 business and investment plan based on the 2024 business performance, the capacity of machinery, equipment, and infrastructure, as well as hydrological forecasts and the electricity market operation plan, with the following details:

- Hydrological conditions:

+ In 2025, unfavorable weather conditions are expected to continue impacting the Company's electricity production and business operations. Based on the hydrological cycle of the power plant, the Company anticipates that water inflow to the Srok Phu Mieng Hydropower reservoir will continue to decline.

+ Heatwaves: According to forecasts from the National Center for Hydro-Meteorological Forecasting, from February to April 2025, heatwaves across the country are expected to be around the multi-year average, with higher intensity in the Northwest, Central, and Southern regions. In the Southern and Central Highlands regions, heatwaves are expected to persist into May 2025, gradually weakening from late May and likely ending by June 2025.

+ At the beginning of 2025, low water inflow to the Thac Mo Hydropower reservoir is expected, which will affect the water supply to the Srok Phu Mieng Hydropower reservoir, potentially impacting the plant's operational capacity.

- ***Power system situation:*** According to the assessment of the National Power System and Market Operation Company (NSMO), 2025 is expected to be a low-water year. NSMO will prioritize hydropower as a reserve source for the system, leading to certain challenges for hydropower plants, specifically:

+ EVN will retain water in hydropower reservoirs as a system reserve, limiting generation during the dry season. During the rainy season, hydropower plants will only be prioritized when reservoirs are discharging excess water, reducing operational flexibility for hydropower reservoirs.

+ The increasing share of solar power in the energy mix has led to an oversupply during daytime peak hours, thereby limiting the dispatch of hydropower



sources during these periods.

- On electricity market operations:

+ The full electricity price in 2025 is VND 1,730.6, lower than the 2024 figure of VND 1,840.5 [The electricity market ceiling price (SMP cap) in 2025/2024 is VND 1,682.6/1,510.0, and the capacity price (CAN) in 2025/2024 is VND 48/330.5].

+ The payment ratio for electricity output based on contract prices (alpha ratio) will continue to be applied to hydropower plants at 98%.

- Regarding equipment: The long-operating equipment systems require attention for investment in upgrading and renovation.

Based on the above assessments, the Board of Management has developed the 2025 business and production plan with the following specific targets:

1. Key business performance indicators in 2025 plan:

No.	Key indicators	UNIT	Plan for 2024	Actual performance in 2024	Plan for 2025	Percentage Ratio of 2025 Plan vs. 2024 Plan	Percentage Ratio of 2025 Plan vs. 2024 Actual Performance
1	Commercial electricity output	kWh m	240	222	218	91%	98%
2	Clean water output	m ³	787,440	778,432	787,440	100%	101%
3	Total revenue and other revenue	VND m	208,956	199,893	196,040	94%	98%
	<i>In which:</i>						
	- Electricity revenue	VND m	199,619	189,209	185,257	93%	98%
	- Clean water revenue	VND m	8,505	8,452	8,535	100%	101%
	- Other activities	VND m	832	2,231	2,247	270%	101%
4	Profit before tax	VND m	95,854	94,378	91,094	95%	97%
5	Profit after tax	VND m	77,454	76,193	72,727	94%	95%
6	Projected dividend payout ratio	%	20%	20%	20%	100%	100%
7	Total value of investment	VND m	0	0	8,500	-	-

(* For investment activities: The investment value allocated for investment preparation work.)

2. Key objectives for 2025:

- Achieve the targets and plans set by the General Meeting of Shareholders.
- Maintain stable operations in electricity and clean water production, leveraging the existing equipment and machinery, ensuring safe and efficient core business activities.
- Ensure that the Company's financial management complies with current regulations while maximizing efficiency; effectively manage operating costs and cash flow to maximize profits.
- Maximize shareholder benefits, ensure employee income stability, and fulfill

obligations to the State.

- Continue monitoring the inclusion of solar power projects on the reservoir of the Srok Phu Mieng Hydropower Plant into the planning. Seek investment opportunities in solar power projects.

3. Implementation solutions:

Based on the production, business, and investment tasks for 2025, the Executive Board will develop specific measures and solutions to effectively achieve business performance targets. The key solutions include:

- Stabilizing electricity and clean water production and business operations based on the existing machinery and equipment, ensuring that the company's core production and business activities remain safe and efficient:

- + Strengthening technical management to ensure the reliable and safe operation of the power plant and water plant, meeting design standards.

- + Optimize reservoir regulation and increase generator operation during peak hours to maximize the company's revenue.

- + Respond promptly to equipment failures or malfunctions, minimizing downtime due to unexpected incidents.

- + Ensure effective maintenance and periodic repairs of generating units to maintain stable operations.

- Enhance cost and price management to optimize expenses and improve the company's business efficiency.

- Implement appropriate financial solutions to maximize capital efficiency, ensure cash flow for business operations, and distribute dividends to shareholders as planned.

- Review, amend, and supplement (if necessary) internal regulations and policies to improve the management system and company operations.

- Implement training programs to enhance professional expertise and management skills.

4. Financial Management

- Strive to achieve the business and production targets set for 2025.

- Effectively manage the Company's cash flow, continuously preparing cash flow balance plans to ensure timely debt repayment to banks, dividend payments to shareholders, tax obligations, and smooth business operations.

- Plan to distribute dividends for the 2024 fiscal year in cash to shareholders in 2025, at a rate of 20% of charter capital.

- Regularly monitor, reconcile, and recover outstanding receivables to ensure the Company maintains zero bad debt and avoids overdue debts that could lead to insolvency.

- Continue to proactively control and reduce operating costs.

5. Investment and Construction Activities

Continue monitoring the asset handover procedures of Vicem Ha Tien Cement Joint

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Stock Company in order to develop an investment plan for the renovation and upgrading of the clean water supply pipeline for the Binh Phuoc Cement Plant.

6. Organizational Structure and Human Resources

- Stabilizing the organizational structure and workforce allocation following the 2024 labor restructuring, ensuring adequate resources for efficient business operations.

- Implementing the salary scale and wage regulations approved by the Company's Board of Directors, incorporating labor productivity assessments (KPI) to enhance productivity and improve overall operational efficiency.

- Training to enhance the professional and managerial qualifications of the Company's staff:

 - + Organizing training and re-examination for the renewal of Power Plant Shift Supervisor certificates (due to expiration).

 - + Assigning employees to attend training courses and workshops to strengthen and improve their professional skills in support of the Company's business operations.

This is the report on the business performance and investment results for 2024, as well as the implementation plan for 2025 prepared by IDICO Srok Phu Mieng Hydropower Joint Stock Company.

IDICO Srok Phu Mieng Hydropower Joint Stock Company respectfully submit it to the General Meeting of Shareholders for review and approval.

Sincerely./.

Recipients:

- Shareholders;
- Archived: Records, General Affairs.

DIRECTOR



Mr. Truong Thanh Binh