**TVN: Explanation related to the audited Financial Statements 2023**

On March 25, 2024, Viet Nam Steel Corporation announced Official Dispatch No. 285/VNS-TCKT as follows:

1. Separate Financial Statements:
	1. Profit after tax 2023 in the Holding Company's separate Financial Statements is VND 13.38 billion, down VND 278 billion compared to the same period last year.

\* Explanation:

In 2023, revenue from goods sales and service provision reached VND 860.9 billion, down VND 2,906.8 billion compared to the same period last year, mainly due to sales volume decreasing leading to sales revenue decreasing.

Cost of goods sold was VND 851.9 billion, down VND 2,906.8 billion compared to the same period last year. Due to the decrease in sales volume, the cost of goods sold also decreases accordingly.

Gross profit in 2023 decreased by VND 0.43 billion compared to the same period last year, mainly due to a decrease in sales revenue, leading to a decrease in gross profit from sales activities of VND 1.34 billion. Gross profit from service provision activities increased by 0.91 billion compared to the same period last year.

Financial revenue reached VND 462.3 billion, down VND 188.7 billion compared to the same period last year due to decreased revenue from dividends and shared profits.

Financial expenses increased by VND 128.5 billion compared to the same period last year, mainly due to the increase in provision for some financial investments in 2023.

General and administrative expenses were VND 69 billion and decreased by VND 38.6 billion compared to the same period last year due to a decrease in management staff costs of about VND 28.5 billion and the reversal of provisions for bad receivables increasing by VND 9.6 billion compared to the same period last year.

Other profits were VND 1.87 billion, an increase of VND 0.93 billion compared to the same period last year.

From the above factors of increase and decrease, the Holding Company's profit after tax in 2023 decreased by VND 278 billion compared to the same period last year.

* 1. Profit after tax in 2023 in the Holding Company's Separate Financial Statements after audit reached VND 13.38 billion, an increase of VND 2 billion compared to the Holding Company's Separate Financial Statements before audit.
* Explanation: The main reason is due to changes in the Financial Statements of subsidiaries and joint ventures after auditing the Financial Statements, leading to the Corporation supplementing and reversing provisions for some long-term financial investments, and making upward revision to some general and administrative expenses.
1. Consolidated Financial Statements:
	1. Profit after tax in 2023 in the Corporation's Consolidated Financial Statements is a loss of VND 288.3 billion, a decrease in loss of VND 470.1 billion compared to 2022.
* Explanation:

In 2023, net revenue reached VND 30,305.1 billion, down VND 8,187 billion compared to the same period last year, cost of goods sold is VND 29,305.9 billion, down VND 8,459.7 billion compared to the same period last year. These two factors resulted in gross profit increasing by VND 272.7 billion compared to the previous year.

Financial revenue reached VND 487.4 billion which is a decrease of VND 176.9 billion compared to the same period last year due to the decrease in deposit interest and deferred payment sales targets in some companies; Financial expenses were VND 421.4 billion, down VND 56.1 billion, so profit from financial activities decreased by VND 120.8 billion compared to the same period last year.

Inefficient operations and losses of units in the system led to a loss of VND 459.3 billion in the joint venture company's profit and a decrease in loss of VND 234.4 billion compared to the same period last year.

Selling expenses were VND 284.5 billion and decreased by VND 14.5 billion compared to the same period last year.

General and administrative expenses were VND 614.4 billion and decreased by VND 59.1 billion compared to the same period last year.

Other profits were VND 41.1 billion, an increase of VND 9.4 billion compared to the same period last year.

Current corporate income tax expense is VND 33.6 billion, down VND 660 million compared to 2022; Deferred corporate income tax expense is VND 2.9 billion, down VND 177 million compared to the same period last year.

From the above increase/decrease factors, the profit after tax is a loss of VND 288.3 billion, a decrease in loss of VND 470.1 billion compared to 2022.

* 1. Profit after tax in 2023 in the Corporation's Consolidated Financial Statements (audited) is a loss of VND 288.3 billion, a decrease in loss of VND 176.3 billion compared to the Corporation's Consolidated Financial Statements before audit.

\* Explanation: Adjustments in the Financial Statements of the Holding Company, the Corporation and its units after audit led to changes in business results when consolidating the Financial Statements, resulting in a loss of VND 176.3 billion in Profit after tax on the Consolidated Financial Statements 2023 compared to the Financial Statements before audit.

1. Explanation of auditor's qualified opinion on the Financial Statements:
* For opinions related to Thai Nguyen Iron and Steel Joint Stock Corporation (TISCO):

AASC Auditing Firm Company Limited gave a qualified opinion: “The impact on the following issues cannot be determined:

* The value of items related to the Project presented on the Corporation's Consolidated Financial Statements.
* The value of loan interest expenses capitalized into the Project (presented in Note 10) from the time the Project is behind schedule.
* And possible losses related to the project as well as the impact of this issue on other related targets presented on the Corporation's Consolidated Financial Statements.”

"Iron and Steel Expansion Project - Phase 2 - Thai Nguyen Iron and Steel Joint Stock Corporation" has been deployed since 2007. The project investment has lasted longer than originally planned and has not been completed yet. Currently, the Government and relevant agencies are in the process of dealing with violations, finding solutions to remove difficulties to complete the project.

* For comments related to Viet-Trung Mining And Metallurgy Co., Ltd (VTM):

AASC Auditing Firm Company Limited gave a qualified opinion "it is not possible to determine the necessary adjustments to the value of the investment in VTM and the effects, if any, on the Consolidated Financial Statements for the fiscal year ending December 31, 2023 of the Corporation".

On the Consolidated Financial Statements, the Corporation presents the investment value according to the owners' equity method of the investment in Viet-Trung Mining And Metallurgy Co., Ltd (hereinafter referred to as "VTM"). As of December 31, 2023, it is VND 0 billion, as of January 1, 2023, it is VND 192.27 billion. VTM's mining license at Quy Sa mine, Son Thuy Commune, Van Ban District, Lao Cai Province expired on December 31, 2020. As of the time of releasing this auditor's report, VTM's Financial Statements 2023 audited by an independent audit company have not been released. Based on currently available information, it is not possible to determine the necessary adjustments to the value of the investment in VTM and the impact of this issue on other targets on the Corporation's Consolidated Financial Statements.

* Regarding comments related to Thachkhe Iron Ore Joint Stock Company:

AASC Auditing Firm Company Limited gave a qualified opinion "it is not possible to determine the necessary adjustments to the provision of the investment in Thachkhe Iron Ore Joint Stock Company and the impact of this issue on other targets on the Corporation's Semi-annual Consolidated Financial Statements".

The project was launched in 2009, however, due to many technical and environmental problems that have not been resolved, the project stopped at the item of loading and unloading of overlay soil and rock (implemented since 2009).

On the Consolidated Financial Statements, the Corporation presents the historical cost of the investment and provision in Thachkhe Iron Ore Joint Stock Company as of December 31, 2023 being VND 274.24 billion and VND 3.16 billion respectively, as of January 1, 2023 being VND 274.24 billion and VND 10.73 billion respectively. Currently, Thachkhe Iron Ore Joint Stock Company is in a period of temporary suspension of operations and waiting for the Government's decision to consider the policy of continuing to implement the Thach Khe Iron Mine project.

* Regarding opinions related to the finalization of equitization of the Holding Company - Corporation:

AASC Auditing Firm Company Limited gave a qualified opinion on "it is not possible to determine the necessary adjustments to relevant items on the Corporation's Semi-annual Consolidated Financial Statements"

The Corporation has operated under the joint stock company model since October 1, 2011 and has completed the equitization settlement documents to submit to the Ministry of Industry and Trade for appraisal. By the time of releasing the Consolidated Financial Statements, the Ministry of Industry and Trade and relevant state agencies were in the process of implementing the equitization settlement of the Corporation under the direction of the Prime Minister.

* For opinions related to Thai Nguyen Iron and Steel Joint Stock Corporation (TISCO):

AASC Auditing Firm Company Limited gave a qualified opinion: "It is impossible to determine the impact of not adjusting the Financial Statements according to the approved amount for granting mineral mining rights on the target "Long-term provisions for payables” and other relevant targets presented on the Corporation's Consolidated Financial Statements".

In 2022, the Ministry of Natural Resources and Environment has decided to approve the fund for granting mineral exploitation rights for a number of coal mines with a total amount of VND 65,262,703,000 managed by the Company as follows:

* Decision No. 1686/QD-BTNMT dated September 29, 2022 on approving the fund for granting mineral exploitation rights to Bac Lang Cam coal mine (Am Hon Area), Phu Linh Commune, Dai Tu District, Thai Nguyen Province for the exploited reserves in the period from January 1, 2021 to May 31, 2022 with the amount payable calculated based on the price for mineral exploitation rights at the time of approval of VND 21,153,783,000.
* Decision No. 2707/QD-BTNMT dated October 17, 2022 on approving the fund for granting mineral exploitation rights to Canh Chim underground mining project - Phan Me coal mine, Giang Tien Town, Phu Luong District, Thai Nguyen Province, specifically as follows:
* At Phan Me Area (Canh Chim and Hill 75), determined by the exploited reserves from January 1, 2014 to May 31, 2022 and the remaining bituminous coal reserves from June 1, 2022 for Canh Chim underground mining project - Phan Me coal mine;
* At the Nam Lang Cam area, determined by exploited reserves from January 1, 2014 to May 31, 2022;
* The total amount payable based on the price for mineral exploitation rights at the time of approval is VND 44,108,920,000.

The Company has not yet adjusted relevant targets on the Financial Statements according to the approved data mentioned above because the amount needed to be adjusted for each area has not been determined.