

VIETNAM STEEL CORPORATION
THAI NGUYEN IRON AND STEEL JOINT
STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom – Happiness

No: **179** /GTTN-TCKT

Thai Nguyen, **14/3/2025**

Re: Explanation for Profit Fluctuation in Financial
Statements of 2024

To:

- State Securities Commission
- Hanoi Stock Exchange

Pursuant to Circular 96/2020/TT-BTC dated November 16, 2020, which provides guidance on information disclosure in the securities market.

Pursuant to the Financial Statements for 2024 audited by AASC Auditing Company Limited.

Thai Nguyen Iron and Steel Joint Stock Company hereby offers the following explanations:

1. Reasons for profit changing by over 10% compared to the same period:

* After-tax profit of CIT in the separate financial statements for 2024 shows a loss of VND 8.384 billion, reducing the loss by VND 168.237 billion compared to the same period last year; After-tax profit of CIT in the consolidated financial statements for 2024 shows a loss of VND 7.675 billion, reducing the loss by VND 168.760 billion compared to the same period last year.

Reasons:

- Steel sales volume increased by 17% compared to the same period.
- Gross profit from product sales: Separate financial statements increased by VND 171.45 billion; Consolidated financial statements increased by VND 167.96 billion, which reduced the loss in both separate and consolidated financial statements compared to the same period last year.
- Other profits in the separate financial statements increased by VND 42.747 billion; Consolidated statements increased by VND 46.811 billion, primarily due to the reversal of mineral exploitation right fees that had been over-accrued in previous years and proceeds from the sale of recovered materials during the production process.

2. After-tax profit in the reporting period showing a loss, changing from profit in the same period last year to loss this year or vice versa:

Reason: This is because when calculating CIT, the Company excluded interest expenses for enterprises with related party transactions and expenses not allowed for CIT calculation in the period, which increased CIT expenses, resulting in after-tax loss.

3. After-tax profit in the reporting period having a difference before and after audit of 5% or more:

- After-tax profit of CIT in separate financial statements for 2024
- + Before audit (loss): VND 5.393 billion
- + After audit (loss): VND 8.384 billion
- + Difference (loss): VND 2.991 billion
- + Percentage: 55%

- After-tax profit of CIT in consolidated financial statements for 2024
- + Before audit (loss): VND 4.683 billion
- + After audit (loss): VND 7.675 billion
- + Difference (loss): VND 2.991 billion
- + Percentage: 64%

Reason:

Due to the exclusion of increased amounts not allowed for CIT calculation in the period (expenses from Trai Cau Iron Mine, iron mine and Tuyen Quang steel rolling)

4. Auditor's qualified opinion:

3.1. Regarding the Renovation and Expansion Project of Thai Nguyen Iron and Steel Company - Phase 2:

The Phase 2 Expansion Project of Thai Nguyen Iron and Steel Company ("Project") commenced in 2007 but has been suspended since 2013 due to various complications.

Currently, in accordance with the directives from competent authorities regarding the termination and liquidation of the EPC contract with MCC contractor based on actual agreements, TISCO has been actively and seriously implementing, allocating human resources to work continuously, closely coordinating with MCC, Supervision Consultants and subcontractors performing part C to review and record the actual status, based on which to submit for approval by competent authorities.

3.2. Regarding mineral exploitation rights fees: The Company has received approval from the Ministry of Natural Resources and Environment for mineral exploitation rights fees for certain mine areas of Phan Me Coal Mine until May 2022. Based on the actual resource extraction volume up to December 31, 2024, which has been finalized for tax purposes, and legal regulations on calculating mineral exploitation rights fees, TISCO has calculated and reversed the difference that was over-accrued in previous years into the income for 2024. Currently, TISCO is actively working with the Ministry of Natural Resources and Environment (*now the Ministry of Agriculture and Environment*) to promptly receive a renewed mining license for the Nam Lang Cam area and to get approval for mineral exploitation rights fees for the remaining reserves in the Nam Lang Cam area.

Thai Nguyen Iron and Steel Joint Stock Company hereby submits these explanations to the State Securities Commission and Hanoi Stock Exchange for your consideration.

Yours sincerely,

Recipients:

- As above
- Archive: Administration, Finance and Accounting



GENERAL DIRECTOR



Nguyen Minh Hanh