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Ho Chi Minh City, March 03, 2025

Re: *Explanation of the 2024 Business
Performance Report (After Audit)*

To: HA NOI STOCK EXCHANGE

VNSTEEL – Thu Duc Steel Joint Stock Company (stock code TDS) provides the following explanation regarding the net profit in 2024 compared to 2023:

- Net profit after tax in 2023: VND 8,608,545,087.
- Net profit after tax in 2024: VND 519,951,236.

The net profit after tax in 2024 decreased by VND 8.08 billion (a 93.96% decline) compared to the same period in the previous year.

Primary factors:

In 2024, the domestic steel market continued to experience significant fluctuations. Although steel consumption showed signs of recovery due to the growth of certain infrastructure and construction projects, the market remained under intense competitive pressure. Domestic manufacturers faced fierce competition not only from local enterprises but also from an influx of low-cost imported steel from China, Indonesia, and other countries. Additionally, the volatility in raw material prices and construction steel products increased production cost risks.

- Despite a revenue increase of VND 104.4 billion, equivalent to a 7.47% rise compared to the previous year, the cost of goods sold and service provision also increased by VND 108.53 billion, corresponding to an 8.05% rise. Trade discounts increased accordingly. This resulted in a decline of VND 8.25 billion in gross profit from sales and service provision, representing a 17.1% decrease from the previous year.

- Furthermore, brand expenses and transportation costs surged to 1.6 times the previous year, leading to an increase of VND 2.98 billion in selling expenses, equivalent to a 32.06% rise.

The above factors contributed to the significant decline in net profit after tax in 2024 compared to 2023.

Sincerely!



Hoang Duc Hoa

Recipients:

- Hanoi Stock Exchange;
- Company's Finance and Accounting Department;
- Company's Document Archive..