

## FINANCIAL STATEMENTS VARIANCE EXPLANATION

**To:** - The State Securities Commission  
- The Hanoi Stock Exchange

**Company Name:** Pomina Steel Joint Stock Company

**Stock Code:** POM

**Head Office:** No. 1, Street 27, Song Than 2 Industrial Park, Di An Ward, Ho Chi Minh City

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*Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding information disclosure on the securities market;*

Pomina Steel Corporation (Stock Code: POM) would like to respectfully present the explanation regarding the fluctuations in business results of 2023 compared to 2022, and concurrently reconcile the differences between the self-prepared Financial Statements (FS) and the independent audited Financial Statements for the fiscal year ended December 31, 2023 as follows:

### I. EXPLANATION OF BUSINESS PERFORMANCE FLUCTUATIONS IN 2023 COMPARED TO 2022 (AUDITED DATA)

According to the officially audited Statement of Profit or Loss, the Company's key financial indicators recorded significant fluctuations, primarily attributable to the prolonged downturn in the steel industry and the substantial burden of finance costs. Details are presented as follows:

Financial Statement Indicator (Audited)	Year 2023 (VND)	Year 2022 (VND)	Increase/Decrease (VND)	Percentage Variance
<b>1. CONSOLIDATED REPORT</b>				
- Net revenue	3,068,135,896,018	13,017,367,139,582	-9,949,231,243,564	-76.43%
- Gross profit	(285,385,231,343)	(424,073,787,364)	+138,688,556,021	-32.70%
- Corporate Income Tax (CIT) profit after tax	(1,394,846,702,967)	(1,079,868,045,668)	-314,978,657,299	+29.17%
<b>2. PARENT COMPANY REPORT</b>				
- Net revenue	1,147,431,210,980	7,528,719,606,742	-6,381,288,395,762	-84.76%



- Gross profit	(29,414,316,448)	(390,398,822,828)	+360,984,506,380	-92.47%
- Corporate Income Tax (CIT) profit after tax	(1,202,575,950,531)	(1,041,549,514,158)	-161,026,436,373	+15.46%

• **For the Consolidated Financial Statements:** Net revenue decreased as the real estate market remained stagnant and demand for steel products in both domestic and export markets declined significantly. Despite the decrease in revenue, the Group proactively controlled cost of goods sold and optimized production costs, resulting in an improvement in gross loss compared to the previous year. However, the loss after corporate income tax increased due to pressure from financial expenses, particularly interest expenses and late payment interest charges. In addition, depreciation expenses continued to be recognized during the period in which Pomina 3 Steel Plant was temporarily suspended. These factors were the main reasons for the increase in net loss after tax compared to 2022.

• **For the Parent Company Financial Statements:** Similar to the consolidated financial statements, the Parent Company's net revenue declined significantly due to a sharp decrease in market demand. However, cost of goods sold decreased correspondingly with the decline in revenue, resulting in a substantial reduction in gross loss compared to the previous year. During the year, the Company incurred late payment interest charges and recognized provisions for certain receivables. As a result, the Company continued to record a higher loss after tax in 2023 compared to 2022.

## II. EXPLANATION OF DISCREPANCIES IN 2023 DATA BETWEEN INDEPENDENT AUDIT AND THE COMPANY'S SELF-PREPARED DATA

### 1. Consolidated Financial Statements 2023

Indicator (Consolidated)	Independent Audit Figures (VND)	Company's Self-Prepared Figures (VND)	Variance (VND)	Percentage Variance
Net revenue from sales and service provision	3,068,135,896,018	3,281,240,491,935	-213,104,595,917	-6.49%
Financial expenses	700,665,272,239	548,989,946,611	+151,675,325,628	+27.63%
General and administrative expenses	185,109,820,631	144,047,644,114	+41,062,176,517	+28.51%
CIT profit after tax	(1,394,846,702,967)	(960,971,152,184)	-433,875,550,783	+45.15%

**Causes of Consolidated variance:** The variance was mainly attributable to the auditor's elimination of intercompany revenue and the additional recognition of finance costs, primarily resulting from the additional allowance for doubtful accounts provided for customers facing financial difficulties.

### 2. Parent Company Financial Statements 2023

Indicator (Parent Company)	Independent Audit Figures (VND)	Company's Self-Prepared Figures (VND)	Variance (VND)	Percentage Variance
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Cost of goods sold	1,176,845,527,428	1,173,624,220,727	+3,221,306,701	+0.27%
Financial expenses	793,913,141,952	502,103,188,347	+291,809,953,605	+58.12%
- In which: Interest expenses	513,560,504,503	392,124,623,091	+121,435,881,412	+30.97%
General and administrative expenses	146,197,822,820	115,606,385,624	+30,591,437,196	+26.46%
CIT profit after tax	(1,202,575,950,531)	(852,615,763,926)	-349,960,186,605	+41.05%

**Causes of Parent Company variance:** The variance was mainly attributable to the additional recognition of overdue interest penalties, accrued interest expenses, and additional provisions recognized under administrative expenses.

### III. EXPLANATION OF THE BASIS FOR THE QUALIFIED AUDIT OPINION

#### 1. Explanation of the Basis for the qualified audit opinion regarding Inventory

The auditor was appointed after the financial year-end date of 31 December 2023 and was therefore unable to directly observe the physical inventory count conducted as of that date. However, the Board of Management affirms that all inventory balances recorded in the accounting records are supported by valid inventory receipt and issuance documents and arise from the actual production and business activities of the Company and its affiliated entities.

#### 2. Explanation of Material Uncertainty Related to Going Concern

Due to the adverse impacts of the macroeconomic environment and the inherent difficulties facing the steel industry, the Company's business performance in 2023 was significantly affected.

The Company continues to actively work with investors and strategic partners to mobilize medium- and long-term funding in order to gradually restore its production and business operations.

Pomina Steel Corporation hereby confirms that the explanations and financial data presented above are true and accurate, and assumes full responsibility before the law for the contents of this information disclosure.

Best regards./.

#### Recipients:

- As above;
- Board of General Directors, Board of Supervisors (to report);
- Saved: Admin, General Accounting Department.

LEGAL REPRESENTATIVE OF THE COMPANY

GENERAL DIRECTOR



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