

Re: Explanation of causes and  
remediation plan for trading restriction  
status

**To: Hanoi Stock Exchange**

First and foremost, Thong Nhat Flat Steel Joint Stock Company (stock code: TNS) would like to express our sincere gratitude for the support of the Exchange over the past time.

On March 16, 2026, the Company received Decision No. 155/QD-SGDHN dated March 13, 2026, from the Hanoi Stock Exchange regarding the maintenance of the trading restriction status. Accordingly, the Exchange requested the Company to explain the causes and provide a remediation plan. The Company hereby reports as follows:

**1. Explanation of causes**

Regarding the auditor's refusal to express an opinion on the 2022 financial statements and the issuance of qualified opinions on the 2023 and 2024 financial statements, the Company has already submitted explanatory letters to the Exchange via documents No. 20/TNS-TCKT dated March 16, 2023, No. 27/TNS-TCKT dated April 05, 2024, and No. 19/TNS-TCKT dated February 25, 2025.

Regarding the 2025 financial statements, the auditor issued a qualified opinion due to the following main reasons:

Regarding the recognition of interest expenses and liabilities:

*- The Company has not fully recognized the interest expenses payable to Vietnam Steel Corporation and late payment interest to Vnsteel - Phu My Flat Steel Company Limited. The total cumulative amount as of January 01, 2025, and December 31, 2025, is VND 54,520 Million (in which, interest expenses incurred in 2023 are being recorded by the Company as an increase in other receivables and other payables in the amount of 4,400 VND Million).*

- This has led to:

- Understatement of short-term payables: VND 50,120 Million
- Overstatement of undistributed profit after tax: VND 54,520 Million
- Overstatement of other short-term receivables: VND 4,400 Million

Regarding solvency and going concern:

- As of December 31, 2025:

- Overdue payables: VND 133,306 Million



- Short-term liabilities exceeding short-term assets: VND 88,770 Million
- Quick ratio: 0.093
- Accumulated losses: VND 107,900 Million
- Total liabilities are 3.45 times the owner's equity

- The Company has not reached significant agreements on debt rescheduling and has not been able to arrange financial resources to pay off due debts. These factors raise significant doubts about the Company's ability to continue as a going concern, although the financial statements are still prepared on the going concern assumption.

## 2. Remediation plan and results

Regarding the issues in the financial statements for the years 2022 - 2024, the Company has implemented the measures reported in previous letters and achieved the following results:

- ✓ Year 2023: profit after tax of VND 3,780 Million -> accumulated losses decreased from VND 175,170 Million to VND 171,390 Million
- ✓ Year 2024: profit after tax of VND 49,470 Million -> accumulated losses decreased from VND 171,390 Million to VND 121,920 Million
- ✓ Year 2025: profit after tax of VND 14,010 Million -> accumulated losses decreased from VND 121,920 Million to VND 107,900 Million

Regarding the 2025 financial statements:

Interest expenses and liabilities:

- The Company will continue to work with Vietnam Steel Corporation (VNS) and Vnsteel - Phu My Flat Steel Company Limited (PFS) to:

- Reconfirm debt obligations
- Negotiate payment plans
- Negotiate the waiver/reduction of late payment interest for previous periods

Expected to fully resolve the above issues in the financial statements in 2026.

Regarding going concern ability:

- The Company is synchronously implementing solutions, including:

- Financial restructuring: working with creditors to reschedule debts and restructure repayment terms
- Strengthening business operations: expanding markets, seeking new customers, and increasing revenue
- Cost reduction: strictly controlling production and management costs
- Improving management efficiency: optimizing production and business operations



- Mobilizing support: seeking support from Vietnam Steel Corporation - JSC and related units regarding markets, orders, and finance.

### 3. Recommendations

During the time the Company's stock remains under trading restrictions, the Company's operations have suffered many adverse impacts, specifically:

- ✓ **Ability to raise capital is seriously affected:** The trading restriction on the stock significantly reduces liquidity and attractiveness to investors, leading to difficulties for the Company in attracting new investment capital for production, business, and financial restructuring.
- ✓ **Impact on shareholder rights:** Decreased stock liquidity makes it difficult for existing shareholders to transfer shares, while the market value of the stock does not fully reflect the Company's potential and improvement efforts, thereby directly affecting the legitimate interests of shareholders.
- ✓ **Impact on reputation and partnerships:** Maintaining the trading restriction status also affects the Company's reputation in working with partners, credit institutions, and customers, thereby indirectly slowing down the recovery process of business operations.

In the context that the Company has been and is actively implementing measures to overcome the issues, gradually improving the financial situation and production and business activities, the Company respectfully requests the Hanoi Stock Exchange to consider:

- ✓ Creating conditions to **remove the stock from the trading restriction status and resume normal trading;**
- ✓ Or consider applying a more appropriate mechanism to create conditions for the Company to **enhance its capital-raising ability, stabilize operations, and protect shareholder rights.**

The Company commits to continuing to be transparent with information, fully complying with the provisions of the law on securities and the stock market, and accelerating the progress of implementing the proposed remediation measures.

We hope that the Exchange will consider, support, and create favorable conditions for the Company during this difficult period.

Thank you very much!

#### Recipients:

- HNX
- Archived: AD, Finance & Accounting



**GENERAL DIRECTOR**

**To Ngọc Huy**