

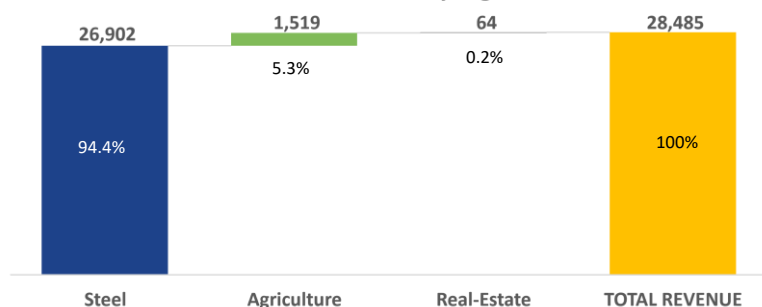


Q3 - 2023

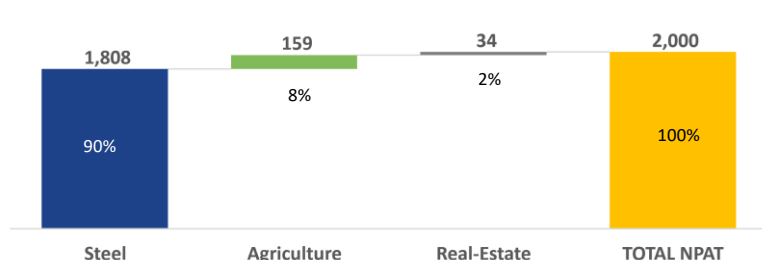
QUARTER SUMMARY - Q3-2023

Q3-2023

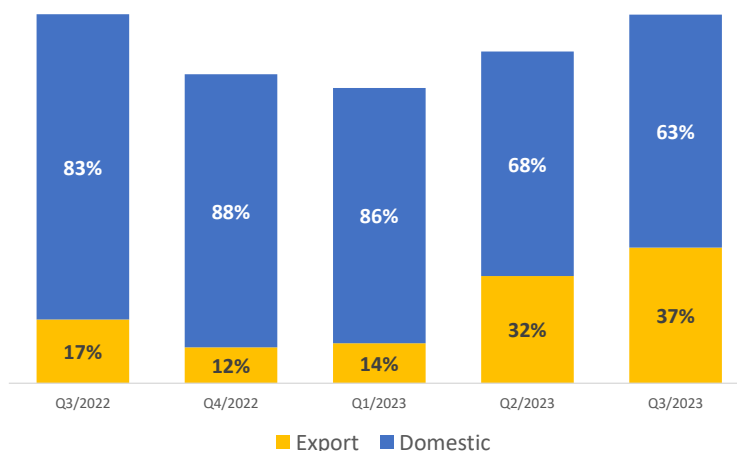
Q3-2023 Revenue by segment



Q3-2023 NPAT by segment



Crude steel sale volume Q3.2022 - Q3.2023



Q3-2023 financial performance

Hoa Phat's consolidated revenue for Q3-2023 reached VND 28,766b, went down by VND 5,674b, equivalent to down 16% compared with Q3-2022 (VND 34,440b). Net profit after tax (NPAT) was VND 2,000b, increasing by VND 3,786b compared to Q3-2022 and by 533b, equivalent to 40% compared to Q2-2023.

Steel segment accounted for the largest proportion with the contribution of 94% and 93% respectively to the Group's consolidated revenue and profit after tax, followed by Agriculture with 5% revenue and 4% NPAT and Real Estate with 1% revenue and 3% NPAT

Steel consumption keeps increasing in Q3-2023. Optimistic signals come from both domestic and export markets.

In Q3-2023, Hoa Phat's total crude steel consumption was 1.92 million tons, increased by 27% compared to the previous quarter. The Group's crude steel consumption has been going up gradually month by month and reached the highest volume at this month. For 9M2023, total accumulated crude steel consumption has reached 4.85 million tons.

There were some bright spots on Vietnamese steel market's consumption picture. Both construction steel and HRC sales volumes increased compared to the previous quarter. This optimistic signal comes from supportive policies by Government to remove difficulties, promote economic growth and public investment, especially in the field of transport infrastructure. The total construction steel consumption of the Vietnamese market has thus improved by 9% from more than 2.4 million tons in Q2-2023 to more than 2.6 million tons in Q3-2023. Of which, Hoa Phat's construction steel sales volume increased by 17% from more than 780 thousand tons to more than 920 thousand tons.

TOTAL ASSETS

173,507 VNDb

7,383 USDm

TOTAL EQUITY

99,865 VNDb

4,250 USDm

REVENUE

28,766 VNDb

1,224 USDm

EBITDA

5,328 VNDb

227 USDm

NPAT

2,000 VNDb

85 USDm

QUARTER SUMMARY - Q3-2023

Financial Highlights

		Q3-23	Q3-22	9M2023	9M2022
Revenue	VNDb	28,766	34,441	85,431	116,559
COGS	VNDb	24,889	33,103	76,103	97,935
Gross profit	VNDb	3,595	1,001	8,466	17,649
Gross margin	%	12%	3%	10%	15%
EBITDA	VNDb	5,328	2,743	13,551	22,536
EBITDA margin	%	19%	8%	16%	19%
NPAT	VNDb	2,000	(1,786)	3,831	10,443
Net margin	%	7.0%	-5%	4.5%	9%
Total assets	VNDb			173,507	170,336
Total equity	VNDb			99,865	96,113
ROA	%			1%	11%
ROE	%			2%	20%

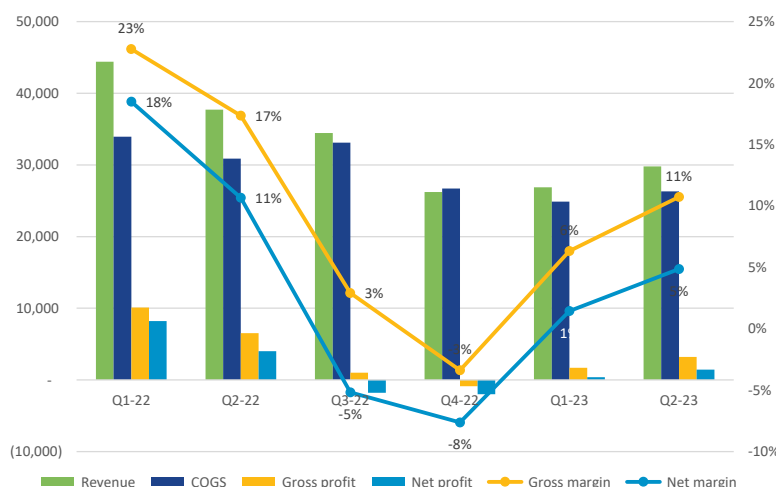
(Sources: <https://www.hoaphat.com.vn/investor-relations/financial-report>)

Hoa Phat's HRC consumption figure has increased sharply from Q2 and keep rising slightly in this Q3, reaching 766 thousand tons, the highest over the past 6 quarters, exceeding by 25% those of corresponding period in 2022. Steel pipes and steel sheet sales volumes reached 164 and 65 thousand tons, respectively.

Hoa Phat still be the leading player in the domestic construction steel and steel pipe markets with 33% and 27% markershare respectively. The Group's exporting markets keep being diversified and developed, resulting in a higher proportion of total exported construction steel and HRC volume at 37% instead of 32% in Q2-2023.

Given revenue decreased slightly due to resistance from steel prices, Hoa Phat's profit margin kept improving in Q3-2023 as a result of good production cost.

Hoa Phat's Revenue, COGS, Profit 2022 - Q3.2023



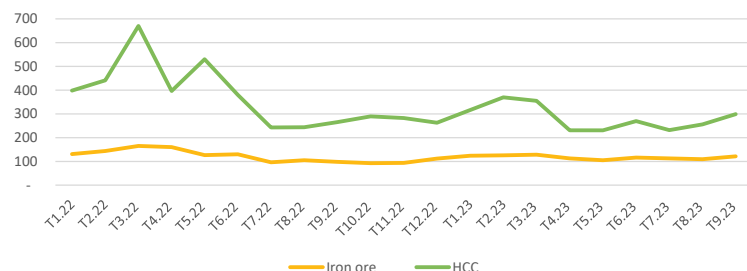
World steel prices continue to decline in Q3-2023, reflecting uncertainties in steel demand, largely coming from the Chinese real estate market's weak performance and competitive pressure as this country is looking to boost exports to clear inventory. The interconnectedness of Vietnam's steel market to the world makes domestic steel prices unable to go upstream even though domestic construction steel consumption has improved a bit. Domestic steel prices have decreased continuously in the first two months of Q3-2022, leveled off in September 2023 and seem to have only begun to show signs of inching up in the first weeks of October 2023. Therefore, although steel consumption has recorded a slight recovery, on the contrary, the resistance coming from falling prices caused Hoa Phat's steel segment net revenue in Q3-2023 to decrease slightly from VND 28,120 billion in Q2. down to VND 26,902 billion in Q3-2023.

Production costs are the brightest spot helping raising profit margins this quarter.

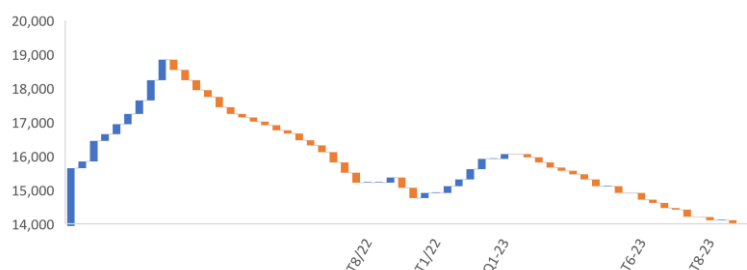
Although revenue has not had many breakthroughs due to low selling prices, improvements in product cost have widened the gap between sales and cost of sales and thus, thickened profit margins for this quarter.

QUARTER SUMMARY - Q3-2023

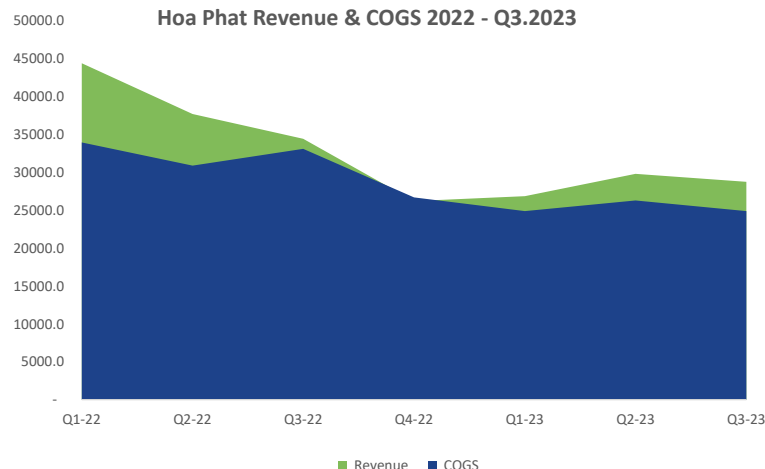
Steel, coal and iron ore prices 2022 - Q3.2023



Construction steel price movements 2022 - Q3.2023



Hoa Phat Revenue & COGS 2022 - Q3.2023



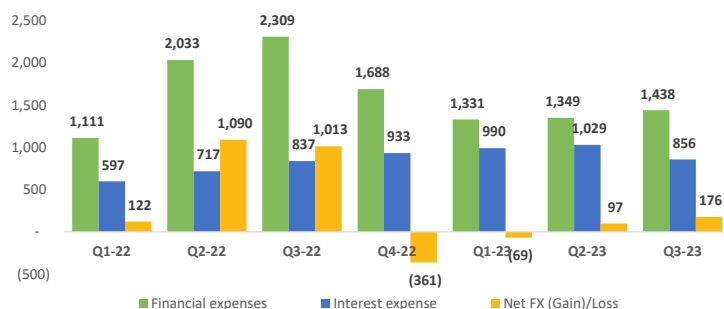
One year after the energy shock in mid-2022, trade flows seem to have been gradually put on a stable trajectory. Europe, who issued embargoes causing the sudden shortages, showed itself unable to be the source of energy growth that could play a symmetrical role in setting coal prices, but India, China and many other countries in Southeast Asia did it instead. Although coal prices have not yet completely returned to pre-crisis levels, they have dropped many times compared to 2022 as a consequence. The average price of coking coal for last 6M has decreased by about 30% compared to Q1-2023, helping significantly improve the BOF steel production cost.

Besides, blurry picture of China's steel weak demand has gradually become clearer this quarter when real estate industry indexes were disappointing despite of many measures to promote recovery. This, on the one hand, created a drag on steel prices, but on the other hand, also controlled the continuous up and down trend coming from instability in market expectations for iron ore prices so that the range of fluctuations in ore prices is restricted within a very small amplitude. Therefore, in general, the average price of iron ore is still moving sideways.

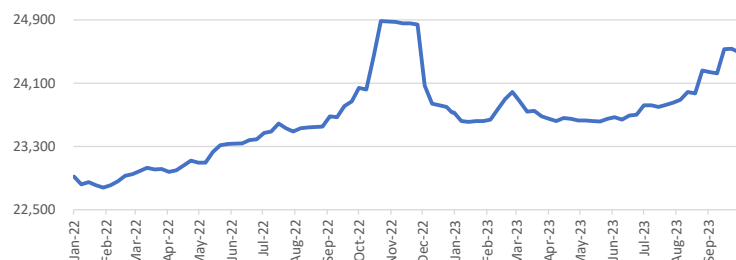
Decreasing raw material prices are reflected more promptly in steel prices, proving the effectiveness of Hoa Phat's management efforts to maintain inventory at optimal levels, which has been strictly implementing within a year. Steel product prices have gradually been lowered, as of Q3-2023 they have decreased by 1/3 compared to the peak of 2022. Therefore, while Hoa Phat's sales revenue this period decreased by 4%, equivalent to 1,167 billion VND, the cost of goods and finished products sold decreased by 6%, equivalent to VND 1,643 billion, increasing Q3-2023 gross profit to 12%, equivalent to an increase of VND 400 billion compared to the previous quarter. The Group's gross profit margin was slightly increased from 11% to 12% this quarter. With the stability of non-price costs, the net profit margin therefore increased from 5% to 7%.

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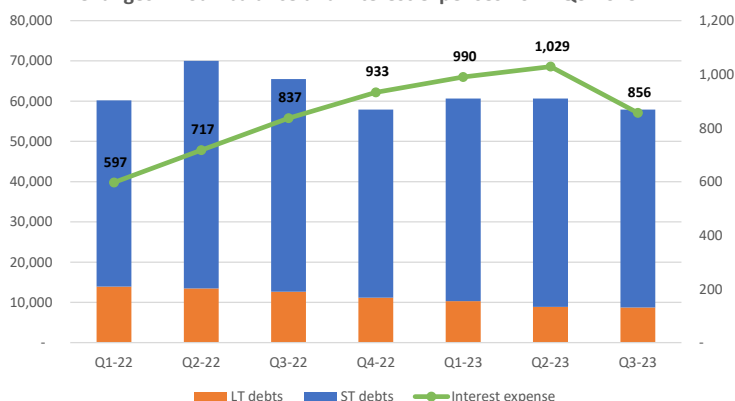
Hoa Phat financial expenses 2022-Q3.2023



USD exchange rate fluctuations 2022-Q3.2023



Changes in loan balance and interest expenses 2022-Q3.2023



Interest costs decreased as a result of changes in debt structure.

Q3-2023, Hoa Phat recorded financial expenses at 1,438 billion VND, slightly increased by 89 billion compared to Q2-2023. However, after netting off against foreign exchange gains reflected in financial income, the total net financial costs this quarter coming from borrowing cost and foreign exchange exposure were actually 1,032 billion VND, went down by 94 billion compared to the previous quarter (1,126 billion VND). Hoa Phat's financial cost structure this period also had a slight change with the net loss on exchange rate differences increased while interest expenses decreased.

Hoa Phat's interest expense in Q3-2023 was 856 billion, went down by 17%, equivalent to 173 billion compared to Q2-2023 (1,029 billion VND) after continuously increasing since the beginning of 2022. Monetary policies between countries were oppositely moving as USD interest rates are still waiting for the next increase to complete the FED's inflation control actions, while VND interest rates have gradually decreased in Q3-2023. Hoa Phat's changes in monetary structure of debt, which lowered the proportion of high-priced capital sources and shifted to moderate cost loans, helped reduce the interest expenses burden in the context of unfavourable economic conditions.

The USD has strengthened compared to most other currencies in the world, including VND, causing an escalation of USD price from mid-2023, lasting until now and showing no signs of cooling down. The USD rate chart in Q3 has also become much more rugged than Q2, showing a wide range of fluctuations in each increase and decrease step, even stronger than corresponding period last year. Realized exchange rate difference gains and losses were therefore both recorded at a higher level than Q2-2023 with 391 billion going into financial income and 235 billion going into financial expenses. After offsetting these two items, the Group recorded a net profit of 156 billion VND on realized exchange rate differences, partially netting off for a loss of 332 billion VND on exchange rate differences from the revaluation of monetary items. Hoa Phat's total impact from foreign currency exposure this quarter is 176 billion VND, slightly increased compared to Q2-2023 but has decreased almost 6 times compared to Q3-2022.

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FINANCE DEPARTMENT - HOA PHAT GROUP

Investors Relationship Function

ir@hoaphat.com.vn

+84 24 3974 7751

<https://www.hoaphat.com.vn/>