

**CADOVIMEX SEAFOOD IMPORT-
EXPORT AND PROCESSING JOINT
STOCK COMPANY**

**SOCIALIST REPUBLIC OF
VIETNAM**
Independence - Freedom – Happiness

No.: 38 /CAD-2025

Ca Mau, June, 17, 2025

EXPLANATION LETTER

(Re: Audited Financial Statements for the Year 2024)

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

On June, 17 2025, Cadovimex Seafood Processing and Import-Export Joint Stock Company (Cadovimex Company) published its audited financial statements for the fiscal year 2024. Cadovimex would like to clarify several issues as follows:

1. Regarding the Auditor's Disclaimer of Opinion:

According to the audit report by Moore Aisc Auditing and Informatics Services Co., Ltd. (pages 3 and 4 of the 2024 financial statements), the basis for the disclaimer of opinion is as follows:

Due to ongoing issues originating before 2015, the auditor highlighted the following key reasons for the disclaimer:

“As of January 1, 2024, and December 31, 2024, we did not observe the cash count with balances of VND 4,103,839 and VND 346,367,715 respectively, inventory balances of VND 40,293,473,911 and VND 40,245,566,597 respectively, and tangible fixed assets of VND 73,154,165,904 and VND 73,237,365,904 respectively. We could not perform alternative audit procedures, and therefore, we cannot determine whether adjustments are necessary for the balances and related items in the financial statements.

Regarding inventory, the Company has finished goods stored in a warehouse in the USA valued at VND 33,652,172,082 since 2006. We could not obtain sufficient evidence to verify the existence, completeness, or valuation of this inventory as of December 31, 2024. Additionally, the Company has frozen finished goods stored in its cold storage facilities valued at VND 6,416,202,919 since 2013. We were unable to perform procedures to verify the completeness and valuation of these goods as of January 1 and December 31, 2024.

As of January 1 and December 31, 2024, the Company did not provide onfirmation letters for the following balances: Bank deposits of VND 728,185,703 and VND 538,595,708; Trade receivables of VND 89,919,634,635 and VND 89,238,604,185 (with provisions of VND 88,914,692,199 and VND 89,167,000,551); Prepayments to suppliers of VND 14,388,031,156 and VND 14,513,084,256 (with provisions of VND 13,903,675,461 and VND 14,350,231,156); Receivables from other parties of VND 14,858,028,098 (provisions of VND 12,566,758,053 and VND 12,893,072,571); Trade payables of VND 24,075,654,379 and VND 24,708,411,404; Short-term loans of VND 431,830,196,102 and VND 439,727,506,730; Other short-term payables of VND

953,490,014,656 and VND 1,047,375,051,814 (interest payable of VND 949,351,177,316 and VND 1,015,846,630,309); Other long-term payables of VND 1,166,265,350 and VND 1,066,265,350.

We could not perform appropriate alternative procedures. Therefore, we were unable to determine the existence and completeness of the balances, bad debt provisions, interest expenses, and related items in the financial statements.

In 2012, the Company revalued its assets, increasing the asset value by VND 111,337,014,296, including tangible and intangible fixed assets valued at VND 12,745,043,314 and VND 98,591,970,982, respectively. The revaluation was used to increase the charter capital by VND 102,000,000,000 and share premium by VND 9,337,014,296. This revaluation was not in compliance with Vietnamese accounting standards and regulations. In 2016, the Company retrospectively adjusted the entire revaluation amount, reducing share premium by VND 111,337,014,296, resulting in a negative balance of VND 25,797,520,000. Moreover, documentation related to the capital increase in 2012 (including VND 102 billion from share premium and VND 18 billion in cash) was not provided. We did not perform alternative procedures, and therefore cannot express an opinion on this capital increase and related financial statement items.

As of January 1, 2024, we were not provided with fixed asset records or depreciation estimates. We could not perform alternative procedures, and thus cannot determine whether adjustments are needed for asset cost and accumulated depreciation balances on the financial statements as of January 1 and December 31, 2024.”

- Based on the above reasons, Moore Aisc Auditing and Informatics Services Co., Ltd. issued a disclaimer of opinion on the 2024 financial statements.

2. Regarding Non-Positive Equity and Non-Positive Net Profit After Tax:

- In 2008, due to the global financial crisis, many businesses were affected, including Cadovimex. Additionally, the Company has not recovered long-term debts from customers, amounting to VND 175 billion, causing financial imbalance.

- The Company lacked funds for purchasing and production, relying instead on limited revenues from leasing export services and processing for other businesses to maintain operations and employee livelihoods, while awaiting restructuring investors. These revenues were insufficient to cover expenses, resulting in continuous losses since 2008.

- From 2009 to 2015, due to ongoing losses, interest and penalty expenses were suspended and only recognized in 2015 at over VND 68 billion. Auditors also provided provisions for uncollectible debts as of June 30, 2024, up to VND 198 billion, and inventory provisions of VND 40 billion.

- As of December 31, 2024, Cadovimex owes over VND 12.3 billion in late Social Insurance contributions.

- In 2024, revenue reached only VND 14.94 billion while cost of goods sold amounted to VND 16.93 billion.

- In 2024, the Company incurred interest and penalty expenses of VND 66.49 billion.

- Due to the above reasons, Cadovimex reported a net loss for 2024 and continued losses in previous years, leading to negative equity.

3. Regarding the 10% Discrepancy in Net Profit After Tax:

	Item	Code	Note	Year 2024	Year 2023	Discrepancy
1.	Revenue from sale of goods and supply of services	01		14.940.277.511	20.744.651.793	(5.804.374.282)
2.	Revenue deductions	02		-	-	-
3.	Net revenue from sale of goods and supply of services (10 = 01 - 02)	10		14.940.277.511	20.744.651.793	(5.804.374.282)
4.	Costs of goods sold	11		16.938.094.209	17.743.009.225	(804.915.016)
5.	Gross profit from sale of goods and supply of services (20 = 10 - 11)	20		(1.997.816.698)	3.001.642.568	(4.999.459.266)
6.	Financing income	21		154.256	685.718	(531.462)
7.	Financing expenses	22		72.964.490.697	143.251.174.830	(70.286.684.133)
-	Where: Loan interest	23		66.495.452.993	138.966.383.713	(72.470.930.720)
8.	Selling expenses	25		40.320.000	236.148.901	(195.828.901)
9.	Administrative expenses	26		3.294.325.532	4.596.728.976	(1.302.403.444)
10.	Net profit from operating activities {{30 = 20 + (21-22) - (25 + 26)}	30		(78.296.798.671)	(145.081.724.421)	66.784.925.750
11.	Other income	31			1.833.540.615	(1.833.540.615)
12.	Other expenses	32		1.210.981.401	1.109.342.947	101.638.454
13.	Other profit (40 = 31 - 32)	40		(1.210.981.401)	724.197.668	(1.935.179.069)

14.	Total profit before tax (50 = 30 + 40)	50		(79.507.780.072)	(144.357.526.753)	64.849.746.681
15.	Current corporate income tax expense	51		-	-	-
16.	Deferred corporate income tax expense	52		-	-	-
17.	Profit after corporate income tax (60 = 50 - 51 - 52)	60		(79.507.780.072)	(144.357.526.753)	64.849.746.681

⇒ Based on the above profit and loss statement, the main reasons why the net profit after tax in 2024 is 44.92% higher than in 2023 are:

- Revenue in 2024 decreased by 28% compared to 2023.
- Cost of goods sold in 2024 decreased by 4.5% compared to 2023.
- Interest expenses in 2024 decreased by 52% compared to the first six months of 2023.

The above explanations are respectfully submitted to the Board of Directors, the State Securities Commission, and the Stock Exchange for their consideration.

Thank you very much!

CHIEF EXECUTIVE OFFICER

(Signed & sealed)

Recipients:

- As mentioned on the top;
- Recorded: Archive



Nguyen Van Chinh