**PVY: Explanation on Financial Statements 2023**

On February 29, 2024, Petrovietnam Marine Shipyard Joint Stock Company announced Official Dispatch No. 157/24/CTGK - TCKT on the explanation of loss after tax in 2023 after the auditor's report as follows:

* Because the projects signed and implemented during the year are not enough to offset long-term loan interest, provisions for devaluation of inventory and provisions for short-term bad receivables.

In the coming time, the Company shall continue to make efforts in order to overcome difficulties and boost revenue in areas with low direct costs and high profits. The Company shall gradually offset the fixed costs to reach the break-even point and start gaining profit.

On March 4, 2024, Petrovietnam Marine Shipyard Joint Stock Company announced Official Dispatch No. 168/24/CTGK - TCKT on the information disclosure and explanation on "the basis for disclaimer of opinions" of the auditor on the Financial Statements 2023 as follows:

Explaining the "the basis for disclaimer of opinions" of the auditor on the Financial Statements 2023

The Audited Financial Statements has the following opinions:

* On December 31, 2023, the Company reported an accumulated loss of VND 1,029,402,255,911 (As of January 1, 2023, it was VND 1,005,313,417,307), total short-term liabilities have exceeded Total short-term assets of VND 829,982,694,244 (as of January 1, 2023, it was VND 810,052,453,218) and also on this date, the overdue loan principal was VND 599,904,446,357 (as of January 1, 2023, it was VND 451,799,997,260), overdue loan interest payment was VND 380,149,211,266 (as of January 1, 2023, it was VND 323,391,112,726). Accordingly, the Company's ability to continue its business operations depends on its ability to generate sufficient cash for business purposes. The Company believes that business operations will continue with the collection of receivables from completed projects, the implementation of economic contracts that have been and will be signed and implemented in the following years to create cash flow to be able to pay debts. The company also continues to apply for debt restructuring from the Bank. The auditors were unable to obtain sufficient appropriate audit evidence regarding these operational plans. Therefore, we could not determine whether the attached Financial Statements made based on the assumption that the Corporation would continue to operate constantly was appropriate or not.
* Because of the significance of the matter described in the "Basis for Disclaimer of Opinions" paragraph, we were unable to obtain sufficient appropriate audit evidence to provide a basis for our audit conclusion. Therefore, we cannot draw an audit conclusion on the Company's Financial Statements for the fiscal year ending on December 31, 2023.

Opinion of Petrovietnam Marine Shipyard Joint Stock Company:

* The Company's annual loss is mainly the loss from interest expenses of the capital management trust loan contract from Vietnam Oil and Gas Group managed by PVCombank and the provision for bad debts. This is a loan used to invest in infrastructure, machinery and equipment in phase 1 of the Company since 2011. Every year, the Company continuously works with the Vietnam Oil and Gas Group and PVCombank to restructure the loan principal and interest, but up to now the Company has not received approval from the Vietnam Oil and Gas Group on the Plan on restructuring the loan. However, the Company still remains in the debt group (not changed to bad debt) in the banking system.
* Revenues from projects that have been and will be implemented create enough cash flow to maintain the Company's operations and pay off a small part of the principal loan amount. In case the Company receives approval from the Vietnam Oil and Gas Group to freeze debt and waive interest within 02 to 05 years, the Company believes that the Company will be profitable and generate enough revenue to handle most of the current loan principal.

The Company will continue to work with Vietnam Oil and Gas Group to restructure the loan principal and interest. The Company also makes every effort to quickly recover this bad debt.

On March 05, 2024, Petrovietnam Marine Shipyard Joint Stock Company announced Official Dispatch No. 178/24/CTGK–TCKT on explaining the difference of over 10% of profit after tax compared to the same period last year as follows:

Unit: VND

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Targets | In 2023 | In 2022 | Difference | Rate (%) |
| 1 | 2 | 3 | 4 | 5 = (3) - (4) | (6) = (5)/(4) x 100 |
| 1 | Revenue | 993,546,059,154 | 314,816,476,967 | 678,729,582,187 | 215.60 |
| 2 | Profit/Loss after tax | (24,088,838,604) | (115,480,165,582) | 91,391,326,978 | (79.14) |

The revenue in 2023 increased by 215.6% compared to last year and the profit after tax increased by 79.14 % compared to the last year.

The reason for the above increase or decrease is that the Company's production and business activities achieved many good results. The company signed many projects with domestic and foreign customers, and the profit margin was better than the same period last year, so it offset production and business costs.

In the coming time, the Company shall continue to make efforts in order to overcome difficulties and boost revenue in areas with low direct costs and high profits. The Company shall gradually offset the fixed costs to reach the break-even point and start gaining profit.

On March 5, 2024, Petrovietnam Marine Shipyard Joint Stock Company announced Official Dispatch No. 179/24/CTGK - TCKT on the explanation of 5% difference in profit after tax after audit compared to before audit as follows:

Unit: VND

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Targets | After audit | Before audit | Difference | Rate (%) |
| 1 | 2 | 3 | 4 | 5 = (3) - (4) | 6 = (5)/(4) x 100 |
| 1 | Revenue | 993,546,059,154 | 993,546,059,154 | - | 0.00 |
| 2 | Profit/Loss after tax | (24,088,838,604) | (22,217,214,761) | (1,871,623,843) | 8.42 |

Profit after tax after audit in 2023 decreased by 8.42% compared to profit after tax before audit.

The cause of the above increase or decrease is due to additional provisions for bad debts.

In the coming time, the Company shall continue to make efforts in order to overcome difficulties and boost revenue in areas with low direct costs and high profits. The Company shall gradually offset the fixed costs to reach the break-even point and start gaining profit.