**DDM: Explanation on the Financial Statements 2023**

On March 19, 2024, Dong Do Marine Joint Stock Company announced Official Dispatch No. 41/CV-CBTT on explaining the business results in the Audited Separate Financial Statements 2023 as follows:

Figures of the business results:

Unit: Billion VND

| Content | In 2023 | In 2022 | Increase (+)/Decrease (-) |
| --- | --- | --- | --- |
| Value | Note |
| Profit before tax | -101.854 | 56.718 | -158.572 | Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022. |
| Profit after tax | -101.854 | 56.718 | -158.572 | Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022. |

1. The Company's (Separate) business results in 2023 lost (-) VND 101.854 billion, a decrease in profit of VND 158.572 billion compared to the same period last year; Switch from last year's profit to this year's loss; The difference exceeds 10% over the same period in 2022. DDM Company would like to explain the reasons for business result after tax as follows:

In 2023, the maritime transport market was very challenging. The rental prices for ships and ocean freight rates for the size of vessels owned by the company experienced a sharp decline and remained low for an extended period (primarily due to decreasing demand for cargo transportation).

Therefore, compared to the same period in 2022, the revenue in 2023 decreased by VND 153.828 billion.

In terms of expenses, compared to the previous year, the company implemented many strict management measures to reduce operational costs and technical management expenses for the fleet. However, in 2023, the Company must continue to allocate the drydocking costs of 02 ships Dong Ho and Dong An (repaired in Q1/2023), the drydocking costs of Dong Minh ship and other costs made the cost price (business expenses) increase by VND 18.217 billion. However, financial expenses decreased by (-) VND 13.423 billion compared to the same period last year.

The above factors are the main reasons why the Company's profit after tax in 2023 was at VND -101.854 billion, a decrease in profit of VND 158.572 billion compared to the same period last year; Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022 as shown in the table above.

1. To respond to the above situation, Dong Do Marine Joint Stock Company is continuing to promote the search for the most effective method of operating the fleet to reduce operating and management costs. At the same time, the Company also actively searches for customers, good and reputable sources of goods in the market and applies optimal ship operation methods to improve freight rates and increase the efficiency of operating the Company's ships.

Besides, the Company will try to deploy other service activities (customs clearance, maritime agency...) to gradually improve business results and cash flow.

1. Explanation on the auditor's qualified opinion on the Separate Financial Statements 2023 after audit:

The first opinion: ‘'From September 13, 2014, pursuant to Asset Handover Minutes No. 09/2014/BBBG/DDM-PVB dated September 13, 2014 on debt settlement at the request of credit institutions, the Company handed over the Dong Mai ship to Vietnam Public Joint Stock Commercial Bank (the bank co-financing capital with Vietnam Maritime Commercial Joint Stock Bank) and temporarily stopped making appropriation for the loan interest payable to the bank for the mortgage loan being the Dong Mai ship, and carry out depreciation of fixed assets for this ship with the loan interest and depreciation of VND 713,695,304 and VND 718,202,444 respectively. The value of the loan principal and interest payables of VND 291,030,252,528 is being tracked on account of other payables and the remain value of Dong Mai ship of VND 158,710,066,366 is being tracked on the account of other receivables.

At the time of audit, we have not yet collected all documents related to the handling of this loan (apart from the above-mentioned Asset Handover Minutes) from the lending bank, so we could not give an opinion on suspending the appropriation for depreciation, interest expense and historical cost of fixed assets as the Company is doing.

The Company explained as follows: Dong Do Marine Joint Stock Company repeatedly sent Official Dispatches to request PVcomBank to arrange the meeting time and both parties had already discussed a solution for the matter, but until now, we have not been able to agree on the specific solution (mainly including the determination of Dong Mai ship’s value to handle the collateral). Therefore, the Company still does not possess relevant dossiers to explain the contents above.

In the coming time, the Company will continue to coordinate with the bank to gradually resolve the above payables and receivables.

The second opinion: In 2023, there were certain freight rental revenue items being recorded (invoices issued) based on provisional figures due to pending settlement. Some receivables tracked from the previous year (mainly debts from handing over the fuel to the charterer; according to the charter contract, the charterer will return all of the above fuel when returning the ship to DDM) also has many problems due to lack of agreement between the two parties, so we do not have enough basis to confirm the exact status of Vinabrigde's receivables (customer), the value of receivables as of December 31, 2023 was VND 23,938,609,906.

The company explains this opinion as follows:

The above ship rental revenue is receivable from long-time customers of the Company, including two contents:

One is the cost of fuel available on the Dong Phu ship when Dong Do Marine Joint Stock Company handed over the ship to the charter customer. This amount of oil is equivalent to more than VND 11 billion. According to the agreement, this amount of oil will be returned by the lessee to the ship lessor, or the two parties will negotiate a specific settlement plan at the end of the Dong Phu ship charter contract.

Second is the rental fee of Dong Minh, Dong Phu, Dong Thinh and Dong An ships for that customer. This amount (about more than VND 12 billion as of December 31, 2023) arose at the end of 2023 and was recorded according to accounting standards. However, up to now (March 2024), most of the above amount has been collected. The remaining amount of about VND 3 billion will be specifically negotiated by the two parties and paid in full in the near future.

The third opinion: “The Company's accumulated losses as of December 31, 2023 were VND 968,387,495,328, liabilities as of December 31, 2023 were: VND 1,352,419,094,742, exceeding total assets of VND 520,401,971,856 by VND 832,017,122,886. The Company’s capability to continue operation depends on the future profitability and the continuation of financial support from capital owners.”...

The content related to this opinion of the auditing company was explained in Financial Statements of previous years (Mainly due to the transport market's multi-year recession and large depreciation and interest costs on ship investment credits over the past 10 years, causing accumulated losses for the Company).

In the coming time, along with business reorganization to increase business efficiency, increase profits and improve cash flow, the Company hopes to gradually improve the above financial situation.

On March 19, 2024, Dong Do Marine Joint Stock Company announced Official Dispatch No. 42/CV-CBTT on explaining the business results in the Audited Consolidated Financial Statements 2023 as follows:

Our company would like to explain several contents related to business results in the Audited Consolidated Financial Statements 2023 as follows:

Unit: Billion VND

|  |  |  |  |
| --- | --- | --- | --- |
| Targets | In 2023 | In 2022 | Increase/Decrease (%) |
| Value | Note |
| Profit before tax | -102.205 | 58.230 | -160.435 | Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022. |
| Profit after tax(Holding Company) | -102.387 | 57.551 | -159.938 | Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022. |

1. The business results (Consolidated) in 2023 recorded a profit after tax of (negative) VND 102.387 billion, a decrease in profit of VND 159.938 billion compared to the same period last year; Switch from last year's profit to this year's loss; The difference exceeded 10% over the same period in 2022. The Company explains as follows:

In the Company’s Consolidated Financial Statement, figures in the Separate Financial Statements of the Company accounted for the largest portion, because it was the unit managing most of the capital source and fixed assets of ships and labor force, etc. of the whole Company.

Therefore, the reason that the business results (Consolidated) in 2023 recorded a loss after tax of VND 102.387 billion, a decrease in profit of VND 159.938 billion compared to the same period last year; From last year's profit to this year's loss; The difference exceeded 10% compared to the same period in 2022, mainly stemming from the Company's separate business results in 2023 as explained (Please refer to Official Dispatch No. 41/CV-CBTT dated March 19, 2024 of Dong Do Marine Joint Stock Company on "Explanation of business results in the Audited Separate Financial Statements 2023".

1. The 03 qualified opinions of the Audit Company in the Audited Consolidated Financial Statements 2023 of Dong Do Marine Joint Stock Company are also the 03 contents explained in Official Dispatch No. 41/CV-CBTT mentioned above.