**KHS: Explanation on business results in Separate Financial Statements 2023**

On March 15, 2024, Kien Hung Joint Stock Company announced Official Dispatch No. 03/2024/KH-CBTT on explaining business results in Audited Separate Financial Statements 2023 as follows:

Comparison table of separate profits in 2023 and 2022:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Targets | Code | Reporting period | Difference | Rate (%) |
| In 2023 | In 2022 |
| 1. Revenue from goods sales and service provision | 01 | 629,802,406,758 | 663,034,095,332 | (33,231,688,574) | (5.01) |
| 2. Revenue deductions | 02 | 406,725,813 | 634,365,216 | (227,639,403) | (35.88) |
| 3. Net revenue from goods sales and service provision | 10 | 629,395,680,945 | 662,399,730,116 | (33,004,049,171) | (4.98) |
| 4. Cost of goods sold | 11 | 578,311,444,235 | 574,513,583,383 | 3,797,860,852 | 0.66 |
| 5. Gross profit from goods sales and service provision | 20 | 51,084,236,710 | 87,886,146,733 | (36,801,910,023) | (41.87) |
| 6. Revenue from financial activities | 21 | 3,829,975,388 | 4,467,222,432 | (637,247,044) | (14.26) |
| 7. Financial expenses | 22 | 45,404,682,566 | 18,308,877,567 | 27,095,804,999 | 147.99 |
| + In which: Interest expense | 23 | 13,893,088,798 | 13,631,320,008 | 261,768,790 | 1.92 |
| 8. Selling expenses | 25 | 10,066,485,421 | 17,736,679,021 | (7,670,193,600) | (43.24) |
| 9. General and administrative expenses | 26 | 14,564,571,767 | 16,001,505,938 | (1,436,934,171) | (8.98) |
| 10. Net profit from business activities | 30 | (15,121,527,656) | 40,306,306,639 | (55,427,834,295) | (137.52) |
| 11. Other incomes | 31 | 1,499,095,189 | 3,029,152,145 | (1,530,056,956) | (50.51) |
| 12. Other expenses | 32 | 1,908,274,920 | 5,259,466,787 | (3,351,191,867) | (63.72) |
| 13. Other profits | 40 | (409,179,731) | (2,230,314,642) | 1,821,134,911 | 81.65 |
| 14. Total profit before tax | 50 | (15,530,707,387) | 38,075,991,997 | (53,606,699,384) | (140.79) |
| 15. Current corporate income tax expense | 51 | 57,792,585 | 99,072,996 | (41,280,411) | (41.67) |
| 16. Deferred corporate income tax | 52 | (57,792,585) | (99,072,996) | 41,280,411 | 41.67 |
| 17. Profit after tax | 60 | (15,530,707,387) | 38,075,991,997 | (53,606,699,384) | (140.79) |

Profit after tax in 2023 in the Audited Separate Financial Statements of Kien Hung Joint Stock Company decreased by 141% compared to the same period in 2022, the reasons are as follows:

* Market: Global economic recession, sharp fluctuations in exchange rates, and substantial depreciation of domestic currencies of Kien Hung Joint Stock Company (KIHUSEA)'s main markets such as Japan - EU - Korea... compared to the US dollar, has resulted in a significant decline in overall demand.
* Material: Due to prolonged overexploitation, the fishery resources have been depleted. The severe impact of El Nino led to seasonal changes and a significant reduction in fishing volume, consequently driving up raw material prices compared to previous periods.
* Export: Challenges in origin verification procedures arise due to tightened management measures against illegal, unreported, and unregulated (IUU) fishing activities.
* Provisions for investment losses: AOKI Seafood Company Limited (subsidiary), has ceased operations and was insolvent. On July 20, 2023, AOKI Seafood Company Limited filed an application to open bankruptcy procedures to the Court according to the provisions of Article 28, Bankruptcy Law 2014. (Decision on bankruptcy proceedings of the People's Court of Kien Giang Province No. 01/2024/QD-MTTPS, January 31, 2024). Therefore, the maximum provision for investment losses must be set equal to the actual investment amount recorded on KIHUSEA's accounting books with the amount of investment loss provision required for this investment in 2023 being VND 28,382,280,379.