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

On April 10, 2024, Petroleum Equipment Assembly & Metal Structure J.S.C announced Official Dispatch No. 218/CV-KCKL-TCKT on explaining the audit company’s disclaimer of opinion on the Financial Statements 2023 as follows:

In order to clarify a number of contents of Independent Auditor's Report No. 090424.001/BCTC.HCM dated April 9, 2024 issued by AASC Auditing Firm Company Limited on the Financial Statements ending on December 31, 2023, PVC-MS would like to have comments as follows:

In Independent Auditor's Report No. 090424.001/BCTC.HCM dated April 9, 2024 issued by AASC Auditing Firm Company Limited on PVC-MS's Financial Statements 2023, the basis for disclaimer of opinion is as follows:

“1. In Footnote No. 12, it is presented that the Company is monitoring the land use rights related to the land at No. 02 Nguyen Huu Canh, Thang Nhat Ward, Vung Tau City, Ba Ria-Vung Tau Province with the historical cost of VND 15,166,470,000, accumulated depreciation as of December 31, 2023 is VND 6,074,334,707. This land has been converted to investment purposes for the Apartment - Office Complex project invested by the Company and has been accepted and put into use since 2011. On August 24, 2017, the Department of Natural Resources and Environment of Ba Ria - Vung Tau Province revokes this land to re-grant use rights to the project owners. In particular, the Company has the land use rights, house ownership and other land-attached assets attached to the 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor, technical floor and roof technical floor of this project. However, the Company has not included the value of the land use rights into the cost of the project. We have carried out all necessary audit procedures but could not assess the impact of these issues on the attached Financial Statements.

“2. By the end of the audit, we have not collected sufficient appropriate audit evidence related to the following projects: Thai Binh 2 Thermal Power Plant, Southern Vietnam Petrochemical Complex and Song Hau I Thermal Power Plant. Therefore, we could not evaluate the appropriateness of the revenue, cost of goods sold and provisions for inventory devaluation that the Company has recorded from these projects as well as the impact of those data on the attached Financial Statements. The data recorded by the Company in the Financial Statements is as follows:

* As of December 31, 2022, the unfinished expenses of construction bidding package No. 02 of JA&KA under the Gallaf 3 mine development project are higher than the value of unfinished output, the Company has estimated and made a provision for inventory devaluation with the amount of VND 13.40 billion to the business results in 2022. Because in 2022, the project is under construction and there is an increase or decrease in the value of the work, so the above estimate of the provision is made based on the principle of accounting prudence. In 2023, the project has been completed and handed over, the Company has recorded revenue and cost of goods sold according to the settlement results in the business results in the year.
1. Regarding emphasized issue:

As of December 31, 2023, the Company's short-term payables exceed the short-term assets by VND 402.84 billion; Total assets decrease by VND 245.12 billion compared to that on January 1, 2023. The Company's Board of Managers has recognized this issue and will continue to discuss with creditors to extend debt payments due in the next year. In addition, the Company has also forecast sufficient cash flow spending for the next accounting period. Therefore, the issue of solvency imbalance as of December 31, 2023 (if any) will not affect the Company's continued operating status in the next accounting year.

On April 10, 2024, Petroleum Equipment Assembly & Metal Structure J.S.C announced Official Dispatch No. 220/TB-KCKL-TCKT on explaining the fluctuation in the production and business results in 2023 as follows:

* Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance on guiding the information disclosure on the securities market, PVC-MS would like to explain the fluctuation in the profit in 2023 changing by more than 10% compared to that in the same period last year as follows:

Unit: VND

|  |  |
| --- | --- |
| Financial target | Production and business results in 2023 |
| 2023 | 2022 | Increase (+)/Decrease (-) |
| Net revenue | 412,423,283,984 | 553,909,816,130 | -141,486,532,146 |
| Cost of goods sold | 541,818,436,999 | 583,626,879,468 | -41,808,442,469 |
| Gross profit | -129,395,153,015 | -29,717,063,338 | -99,678,089,677 |
| Other profits | 1,472,270,996 | -1,248,915,792 | 2,721,186,788 |
| Profit before tax | -159,006,188,084 | -64,627,922,313 | -94,378,265,771 |
| Profit after tax | -159,006,188,084 | -64,627,922,313 | -94,378,265,771 |

With this document, PXS would like to explain its production and business results in 2023 as follows:

PVC MS's revenue in 2023 decreases by about VND 141.48 billion and profit before tax decreases by about VND 94.37 billion compared to those in the same period last year. Cost of goods sold decreases by about VND 41.8 billion compared to that in the same period last year. Gross profit decreases by about VND 99.678 billion compared to that in the same period last year.

Because in 2023, the bidding package at the Thai Binh 2 Thermal Power Plant Project is in the final stage, the construction bidding package for package A2 of the Southern Vietnam Petrochemical Complex Project and the construction bidding package for JA & KA base project No. 02 under the Gallaf 3 mine development project is settled, hence, the output decreases, leading to a corresponding decrease in revenue. Currently, PVC MS is implementing the construction bidding package of providing services for manufacturing the superstructure of the DH01 wellhead platform under Dai Hung project phase 3 and the bidding package of providing services for manufacturing and constructing wind power bases (Provision of Prefabrication Service and Construction Work - Jacket) for the Greater Changhua Offshore Wind Farm CHW2204 Project,... that have less output and revenue than bidding package A2 of the Southern Vietnam Petrochemical Complex Project,... In addition, PVC MS also has to bear large depreciation and fixed expenses,…

The combination of the above effects has resulted in a loss of about VND 159.0 billion in profit after tax in 2023.