**HDA: Information disclosure on the solution and route to overcome the situation of securities being put under alert.**

On April 22, 2024, DONG A Paint JSC announced Official Dispatch No. 22/2024/HDA on the solution and route to overcome the situation of securities being put under alert as follows:

1. Regarding the negative undistributed profit after tax target in the Audited Consolidated Financial Statements 2023:

Since its establishment in 2006 and listing on the Hanoi Stock Exchange (in 2010), DONG A Paint JSC has undergone over 17 years of development. We take pride in the fact that our Company's production and business activities have consistently yielded positive results, with profitability throughout this journey.

However, in 2023, the real estate market nearly came to a standstill, and the operations of companies in the construction materials sector were severely affected due to decreased investment and weakened consumer demand. In the context of numerous challenges in the market, with output encountering significant difficulties, input costs continue to fluctuate (increase) sharply. The Company itself had to enhance promotional costs, product promotion, etc., in order to find ways to inject its products into the market. The aforementioned factors have directly impacted the Company's production and business activities negatively, resulting in a decline in business efficiency.

Furthermore, the provision for slow-moving receivables also contributed to the Company's profit after tax 2023 being negative.

1. The measures and route to overcome the situation of securities being put under alert:
	1. Measures:
* Market work:

Entering 2024, the general economic market has shown signs of relatively strong recovery. The real estate market, as well as construction materials industries, are also beginning to revive.

The Company’s Executive Board has convened and reoriented the targets for production and business activities, adjusting sales policies to be more proactive and flexible in order to respond promptly to market fluctuations. Concurrently, a review and evaluation of the current quality of sales personnel are being conducted, with plans to supplement human resources in a timely manner to fulfill business requirements.

Additionally, the company is deploying investments in marketing on modern advertising platforms such as: Facebook, YouTube, TikTok, etc., to introduce and promote products, expand the market, and enhance the Company's position and brand.

* Governance:
* Strengthen inventory management with the principles of caution, appropriateness, flexibility, ensuring optimal inventory levels closely aligned with market fluctuation. Optimize production processes to improve product quality, production efficiency, and productivity. Implement cost-saving measures to prevent wastage of expenses related to operations, production, etc., minimizing costs to increase profitability for the company.
* Strengthen monitoring and tight management of accounts receivables, identifying and classifying the aging of receivables, and formulating appropriate policies based on the severity of the situation.
	1. Route:
* The profit after tax in Q1/2024 is expected to be positive, as the Company's sales revenue in this quarter is relatively positive. According to the Company's flash Report, the total consolidated net revenue in Q1/2024 is estimated to exceed VND 55.2 billion, achieving over 130% of the Company's revenue plan for Q1.
* For Q2/2024, the Company plans to continue closely monitoring the industry's actual situation and timely implementing operational measures to ensure positive outcomes for production and business activities.

With the expected results mentioned above, DONG A Paint JSC expects to offset the entire negative undistributed profit after tax from 2023 and overcome the situation of HDA securities being put under alert in 2024.