



To: - **The State Securities Commission**  
- **Ho Chi Minh Stock Exchange**

Hoang Anh Gia Lai Joint Stock Company (“the Company”) and its subsidiaries (“the Group”) (stock code: VND HAG) would like to interpret the losses and fluctuation in the income statement in the Consolidated financial statements for Quarter III/2020 as follows:

**I. Interpretation of the losses in Quarter III/2020:**

Loss before tax in Quarter III/2020 was VND 570 billion, including operating loss of VND 407 billion and others VND 163 billion. The major elements are as follows:

**1. Loss from operating activities**

- Gross profit	:	(56) VND billion
- Financial income	:	139 VND billion
- Financial expenses	:	(264) VND billion
- Selling expenses	:	(74) VND billion
- General and administrative expenses	:	(155) VND billion
- Profits from associates	:	2 VND billion
- Loss from operating activities	:	(407) VND billion

It was mainly due to product pricing affected by Covid-19 pandemic resulting in gross loss in quarter III/2020. Besides, loan interest expense, selling expenses and General and administrative expenses remain high.

**2. Other losses**

It was mainly due to the group’s reassessment of non-performing assets

**II. Interpretation of fluctuations in the income statement:**

**1. Operating activities**

- Revenue from sale of goods and commodity and provision of services in the period increased by VND 135 billion as compared with that of the same period in 2019 (Quarter III/2019: VND 566 billion; Quarter III/2020: VND 701 billion). Major fluctuations are as follows:
  - + Revenue from fruits increased by VND 175 billion as compared with that of the same period in 2019 (Quarter III/2019: 352 VND billion; Quarter III/2020: VND 527 billion). It was mainly due to an increase in the fruit harvest area.
  - + Revenue from sale of rubber latex decreased by VND 15 billion as compared with that of the same period in 2019 (Quarter III/2019: 69 VND billion; Quarter III/2020: VND 54 billion).
  - + Revenue from provision of other services increased by 37 VND billion as compared with that of the same period in 2019 (Quarter III/2019: VND 62 billion; Quarter III/2020: VND 99 billion).
  - + Revenue from sale of goods and commodity decreased by VND 63 billion as compared with that of the same period in 2019 (Quarter III/2019: VND 84 billion; Quarter III/2020: VND 21 billion). It was mainly due to the Group’s focus on investment in fruit production

- Cost of goods sold in the period increased by 203 VND billion as compared with that of the same period in 2019 (Quarter III/2019: VND 554 billion; Quarter III/2020: VND 757 billion). Major fluctuations are as follows:
  - + Cost of fruits increased by VND 266 billion as compared with that of the same period in 2019 (Quarter III/2019: 309 VND billion; Quarter III/2020: VND 575 billion).
  - + Cost of rubber latex decreased by VND 37 billion as compared with that of the same period in 2019 (Quarter III/2019: 129 VND billion; Quarter III/2020: VND 92 billion).
  - + Cost of provision of other services increased by VND 27 billion as compared with that of the same period in 2019 (Quarter III/2019: VND 49 billion; Quarter III/2020: VND 76 billion).
  - + Cost of other goods and commodity decreased by 51 VND billion as compared with that of the same period in 2019 (Quarter III/2019: VND 66 billion; Quarter III/2020: VND 15 billion).

## **2. Financing activities**

- Financial income in the period decreased by 1.308 VND billion as compared with that of the same period in 2019 (Quarter III/2019: VND 1.447 billion; Quarter III/2020: VND 139 billion). It was mainly because in Quarter III/2019 the Group recognized profit from disposal of investments. This income did not generate the same period of 2020.
- Financial expenses decreased by 17 VND billion as compared with that of the same period in 2019 (Quarter III/2019: 281 VND billion; Quarter III/2020: VND 264 billion ). Major fluctuations are as follows:
  - + Interest expenses decreased by 36 VND billion as compared with that of the same period in 2019 (Quarter III/2019: 249 VND billion ; Quarter III/2020: VND 213 billion). It was mainly due to decreased loan balance.
  - + Loss on exchange rate difference increased by 25 VND billion as compared with that of the same period in 2019 (Quarter III/2019: VND 21 billion ; Quarter III/2020: VND 46 billion ).

## **3. Other activities**

- Other expenses decreased by VND 613 billion as compared with that of the same period in 2019 (Quarter III/2019: VND 778 billion; Quarter III/2020: VND 165 billion). It was mainly because in Quarter III/2019 the Group adjusted investments in rubber, oil palm plantations to expenses of fruit planting conversion. Khoản chi phí này không phát sinh trong Quarter III/2020.

No significant fluctuations in other sectors are recorded.

Above is the Company's interpretation of income statement in the Consolidated financial statements for III/2020.

Yours faithfully,

***Recipients:***

- *As above;*
- *Archived at Filing and Planning and Investment Department.*

**HOANG ANH GIA LAI JOINT STOCK  
COMPANY  
GENERAL DIRECTOR**

**VO TRUONG SON**