

No: 27420-1/CV-HAGL  
(Re: Interpretation of income statement in the  
Consolidated financial statements for the  
Quarter I/2020)

**THE SOCIALIST REPUBLIC OF VIETNAM**

Independence – Freedom – Happiness



Gia Lai, 27<sup>th</sup> April 2020

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 in the Consolidated financial statements for Quarter I/2020 as follows:

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

Loss before tax in Quarter I/2020 was 79 billion VND, including operating loss of 65 billion VND and others 14 billion VND. The major elements are as follows:

**1. Operating loss**

- Gross profit	:	283 billion VND
- Financial income	:	157 billion VND
- Financial expenses	:	(324) billion VND
- Selling expenses	:	(84) billion VND
- General and administrative expenses	:	(99) billion VND
- Profits from associates	:	2 billion VND
- Loss from operating activities	:	(65) billion VND

It was mainly due to loan interest expense and assessment of high foreign exchange rate.

**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 426 billion VND as compared with that of the same period in 2019 (Quarter I/2019: 410 billion VND; Quarter I/2020: 836 billion VND). Major fluctuations are as follows:
  - + Revenue from fruits increased by 496 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 199 billion VND; Quarter I/2020: 695 billion VND). It was mainly due to an increase in the fruit harvest area in Quarter I/2020 as compared with that of Quarter I/2019.
  - + Revenue from sale of goods and commodities increased by 10 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 21 billion VND; Quarter I/2020: 31 billion VND).
  - + Revenue from sale of chili decreased by 39 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 39 billion VND; Quarter I/2020: not generating).
  - + Revenue from sale of rubber latex decreased by 33 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 101 billion VND; Quarter I/2020: 68 billion VND).
  - + Revenue from sale of other services decreased by 8 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 50 billion VND; Quarter I/2020: 42 billion VND).

- Cost of goods sold increased by 226 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 325 billion VND; Quarter I/2020: 551 billion VND). Major fluctuations are as follows:
  - + Cost of fruits increased by 252 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 140 billion VND; Quarter I/2020: 392 billion VND).
  - + Cost of goods and commodities increased by 7 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 13 billion VND; Quarter I/2020: 20 billion VND).
  - + Cost of chilli decreased by 39 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 39 billion VND; Quarter I/2020: not generating).
  - + Cost of rubber latex increased by 1 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 90 billion VND; Quarter I/2020: 91 billion VND).
  - + Cost of other services increased by 6 billion VND as compared with that of the same period in 2019 (Quarter I/2019: 42 billion VND; Quarter I/2020: 48 billion VND).

## **2. Financing activities**

- Financial income decreased by 42 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 199 billion VND; Quarter I/2020: 157 billion VND). Major fluctuations were as follows:
  - + Interest income decreased by 22 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 177 billion VND; Quarter I/2020: 155 billion VND).
  - + Gain from exchange rate difference decreased by 19 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 21 billion VND; Quarter I/2020: 2 billion VND).
- Financial expenses decreased by 36 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 360 billion VND; Quarter I/2020: 324 billion VND). Major fluctuations were as follows:
  - + Interest expenses decreased by 61 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 328 billion VND; Quarter I/2020: 267 billion VND). It was mainly due to a decrease in the loan balance.
  - + Loss on exchange rate difference increased by 21 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 24 billion VND; Quarter I/2020: 45 billion VND).

## **3. Other activities**

Other losses decreased by 286 billion VND as compared with that of the same period in 2019 2019 (Quarter I/2019: 272 billion VND; Quarter I/2020: (14) billion VND). It was mainly due to in Quarter I/2019 the Group's reversal of the provisions related to operating activities in 2017, 2018. This amount did not generate substantially in Quarter I/2020.

The Group's other operations have been going on normally with no significant fluctuations.

Above is the Company's interpretation of income statement in the Consolidated financial statements for Quarter I/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**