

No.: 30121-1/CV-HAGL
(Re: Interpretation of income statement in the
Consolidated financial statements for the
Quarter IV/2020)

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness



Gia Lai, 30 January 2021

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 IV/2020 as follows:

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

Loss before tax in Quarter IV/2020 was VND 1,521 billion, including operating loss of VND 868 billion and others VND 653 billion. The major elements are as follows:

1. Loss from operating activities

- Gross profit	:	VND (168) billion
- Financial income	:	VND 784 billion
- Financial expenses	:	VND (503) billion
- Selling expenses	:	VND (65) billion
- General and administrative expenses	:	VND (920) billion
- Profits from associates	:	VND 5 billion
- Loss from operating activities	:	VND (868) billion

It was mainly due to product pricing affected by Covid-19 pandemic resulting in gross loss in quarter IV/2020. During the year, the Group recorded provisions on the principle of prudence in the context of complicated development of Covid-19 pandemic. Besides, loan interest expense remain high..

2. Other losses

It was mainly due to the Group's provision for an investment in Gia Lai Lives stock JSC.

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 318 billion as compared with that of the same period in 2019 (Quarter IV/2019: VND 596 billion; Quarter IV/2020: VND 914 billion). Major fluctuations are as follows:
 - + Revenue from fruits increased by VND 213 billion as compared with that of the same period in 2019 (Quarter IV/2019: 325 billion; Quarter IV/2020: 538 billion). It was mainly due to an increase in the fruit harvest area
 - + Revenue from pigs increased by VND 121 billion as compared with that of the same period in 2019 (Quarter IV/2019: not generating; Quarter IV/2020: VND 121 billion).
 - + Revenue from sale of rubber latex decreased by VND 49 billion as compared with that of the same period in 2019 (Quarter IV/2019: 154 billion; Quarter IV/2020: 105 billion).
 - + Revenue from provision of other services increased by VND 56 billion as compared with that of the same period in 2019 (Quarter IV/2019: 60 billion; Quarter IV/2020: 116 billion).
 - + Revenue from sale of goods and commodity decreased by VND 22 billion as compared with that of the same period in 2019 (Quarter IV/2019: 56 billion; Quarter IV/2020: 34 billion). It was mainly due to the Group's focus on investment in fruit production.

- Cost of goods sold in the period increased by VND 474 billion as compared with that of the same period in 2019 (Quarter IV/2019: 608 billion; Quarter IV/2020: 1.082 billion). Major fluctuations are as follows:
 - + Cost of fruits increased by VND 430 billion as compared with that of the same period in 2019 (Quarter IV/2019: 302 billion; Quarter IV/2020: 732 billion).
 - + Cost of pigs increased by VND 114 billion as compared with that of the same period in 2019 (Quarter IV/2019: không phát sinh; Quarter IV/2020: 114 billion).
 - + Cost of rubber latex decreased by VND 83 billion as compared with that of the same period in 2019 (Quarter IV/2019: 201 billion; Quarter IV/2020: 118 billion).
 - + Cost of provision of other services increased by VND 35 billion as compared with that of the same period in 2019 (Quarter IV/2019: 57 billion; Quarter IV/2020: 92 billion).
 - + Cost of other goods and commodity decreased by VND 22 billion as compared with that of the same period in 2019 (Quarter IV/2019: 48 billion; Quarter IV/2020: 26 billion).

2. Financing activities

- Financial income increased by VND 471 billion as compared with that of the same period in 2019 (Quarter IV/2019: 313 billion; Quarter IV/2020: 784 billion). It was mainly because in Quarter IV/2020 the Group recognized profit from disposal of investments. This income did not generate the same period of 2019.
- Financial expenses decreased by VND 439 billion as compared with that of the same period in 2019 (Quarter IV/2019: 942 billion; Quarter IV/2020: 503 billion). Major fluctuations are as follows:
 - + Loan interest expenses increased by VND 166 billion as compared with that of the same period in 2019 (Quarter IV/2019: 331 billion; Quarter IV/2020: 497 billion). It was mainly due to decreased loan balance.
 - + Loss on disposal of investments decreased by VND 589 billion as compared with that of the same period in 2019 (Quarter IV/2019: VND 589 billion; Quarter IV/2020: not generating). It was mainly because in Quarter IV/2019 the Group recorded loss from disposal of investments, which did not generate in the same period in 2020.
 - + Loss on exchange rate difference decreased by VND 42 billion as compared with that of the same period in 2019 (Quarter IV/2019: 42 billion; Quarter IV/2020: 0 billion).

3. Other activities

- Other expenses increased by 193 billion as compared with that of the same period in 2019 (Quarter IV/2019: 486 billion; Quarter IV/2020: 679 billion). It was mainly due to the Group's reassessment of non-performing assets. More of this expense generated than that of the same period in /2019.

No significant fluctuations in other sectors are recorded.

III. Interpretation of retrospective adjustment the audited consolidated financial statements of 2019:

In the audited consolidated financial statements of 2018 and 2019, Ernst & Young gave qualified opinion regarding outstanding short-term and long-term receivables. So far, the group operating activities have been under the influence of Covid-19 pandemic, the Company management, on the principle of prudence, reviewed the past figures regarding estimation and provision for the value of the receivables and decided to retrospectively adjust the consolidated financial statements for the fiscal year ended December 31, 201 by making appropriation to provisions for outstanding receivables so that the Financial statements 2020 is not subject to qualified opinion.

In the future, as projects and assets serve as a basis for growth and increase in value, gradual reversal of these provisions is possible. The Management believes that appropriation to these provisions

on the principle of prudence will help improve the transparency of the financial statements and, on that basis, better serve shareholders' access to information.

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