

No: 007.../2025/CV-HBC

Subject: Explanation of Profit Discrepancy

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Hồ Chí Minh City, January 24, 2025

TO: THE STATE SECURITIES COMMISSION HANOI STOCK EXCHANGE

- Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020;
- Pursuant to the financial statements for Q4 of 2024.

Hoa Binh Construction Group Joint Stock Company, stock code HBC, would like to explain the discrepancy in net profit after tax for Q4 of 2024 compared to net profit after tax for Q4 of 2023 as follows:

I. SEPARATE FINANCIAL STATEMENTS

Unit: VND

Item	Q4 2024	Q4 2023	Increase/Decrease
Revenue from sales of goods and rendering of services	829,279,506,666	2,081,362,089,458	(1,252,082,582,792)
Net revenue from sales of goods and rendering of services	829,279,506,666	2,081,362,089,458	(1,252,082,582,792)
Cost of goods sold and services rendered	807,195,011,645	2,049,936,125,013	(1,242,741,113,368)
Gross profit from sales of goods and rendering of services	22,084,495,021	31,425,964,445	(9,341,469,424)
Finance income	51,030,707,964	60,715,705,955	(9,684,997,991)
Finance expenses	64,524,661,591	136,007,670,638	(71,483,009,047)
- In which: Interest expenses	99,163,933,607	131,559,974,020	(32,396,040,413)
Selling expenses	-	-	-
General and administrative expenses	22,114,418,712	(236,723,998,711)	258,838,417,423
Operating profit	(13,523,877,318)	192,857,998,473	(206,381,875,791)
Other profit	41,580,835,713	13,120,492,582	28,460,343,131
Accounting profit before tax	28,056,958,395	205,978,491,055	(177,921,532,660)
Current corporate income tax expense	-	-	-
Deferred tax expense	511,863,313	440,526,667	71,336,646
Net profit after tax	27,545,095,082	205,537,964,388	(177,992,869,306)

Reasons:

- Q4 2024 revenue decreased due to the general economic impact, leading to a decrease in gross profit for Q4 2024 compared to Q4 2023 by VND (9,341,469,424).
- Financial expenses decreased due to a reduction in outstanding loans. Additionally, the reversal of investment provisions resulted in increased financial income, leading to higher profits by VND 61,798,011,056.
- Administrative expenses increased, which reduced profits by VND (258,838,417,423).
- Other Profit increased, mainly due to income from the liquidation of construction equipment, which raised profits by VND 28,460,343,131.
- The effect of corporate income tax resulted in a decrease in profits by VND (71,336,646).

II. CONSOLIDATED FINANCIAL STATEMENTS

Unit: VND

Item	Q4 2024	Q4 2023	Increase/Decrease
Net revenue from sales of goods and rendering of services	1,587,390,152,238	2,190,575,113,153	(603,184,960,915)
Cost of goods sold and services rendered	1,451,285,969,510	2,137,116,533,410	(685,830,563,900)
Gross profit from sales of goods and rendering of services	136,104,182,728	53,458,579,743	82,645,602,985
Finance profit	(57,566,101,398)	(115,397,348,806)	57,831,247,408
Shares of profit of associates and a joint venture	(8,122,021,971)	(32,462,805,228)	24,340,783,257
Selling expenses	15,244,505,445	16,803,151,412	(1,558,645,967)
General and administrative expenses	84,331,286,292	(223,021,052,825)	307,352,339,117
Operating profit	(29,159,732,378)	111,816,327,122	(140,976,059,500)
Other profit	43,710,572,447	(2,534,166,890)	46,244,739,337
Corporate income tax	5,097,971,960	7,986,877,184	(2,888,905,224)
Net profit after tax	9,452,868,109	101,295,283,048	(91,842,414,939)

Reasons:

- Net revenue for Q4 2024 decreased by VND (603,184,960,915), mainly due to a decline in the parent company's construction contract revenue (VND 1,252,082,582,792), while subsidiary revenue increased by VND 648,897,621,877.

- Cost of goods sold decreased by VND (685,830,563,900), with a significant reduction in the parent company's construction costs (VND 1,242,741,113,368), and increased costs from subsidiaries VND 556,910,549,468.
- Gross profit increased by VND 82,645,602,985 due to land leasing, real estate sales, and other activities from subsidiaries 91,987,072,409 VND, although the parent company's construction gross profit decreased VND (9,341,469,424).
- Finance profit increased by VND 57,831,247,408, mainly from joint venture and affiliate company transfers.
- Loss in joint venture and affiliate companies decreased, increasing profit by VND 24,340,783,257.
- Selling expenses decreased by VND (1,558,645,967), primarily due to a reduction in staff costs, which increased profit.
- The increase in business management costs is primarily due to the parent company increasing the provision for bad debts of short term receivables, along with an increase in other costs, leading to a decrease in profit of (307,352,339,117) VND.
- Other income increased by VND 46,244,739,337 due to gains from the liquidation of construction equipment in the parent company.

As a result, the Group's net profit after tax for Q4 of 2024 decreased by VND(91,842,414,939) compared to Q4 of 2023.

Sincerely,

Sent to:

- As above
- Archive



Chief Executive Officer

LE VAN NAM