

**NAGAKAWA GROUP JOINT STOCK COMPANY**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ending December 31, 2024, audited by**  
**NHAN TAM VIET AUDITING COMPANY LIMITED**

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## REPORT OF THE BOARD OF DIRECTORS

The Executive Board of the Company presents its report together with the audited consolidated financial statements for the fiscal year ending December 31, 2024.

### FINANCIAL SITUATION AND BUSINESS OPERATIONS

The financial situation as of December 31, 2024, along with the business performance and cash flows for the fiscal year ending on the same date, is presented in the Financial Statements attached to this report (from page 06 to page 60).

### EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

According to the resolution of the Extraordinary General Meeting of Shareholders in 2024, No. 02/2024/NQ-ĐHĐCĐ-NAG dated October 24, 2024, the Company approved the issuance plan of shares under the Employee Stock Ownership Plan (ESOP). On March 5, 2025, the Company received Official Letter No. 31/UBCK-QLCB from the State Securities Commission regarding the report on the results of the share issuance under the Employee Stock Ownership Plan, whereby the Company issued an additional 1,582,300 shares. The total number of shares currently outstanding is 35,760,069 shares.

### BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The members of the Board of Directors during the year and as of the date of this report include:

Full name	Position
Mr Nguyen Ngoc Quy	Chairman
Mrs Nguyen Thi Huyen Thuong	Vice Chairman
Mrs Truong Dao Hai Ha	Member
Mr Pham Anh Tuan	Member
Mr Doan Duc Hoa	Member

The members of the Supervisory Board during the year and as of the date of this report include:

Full name	Position
Mrs Nguyen Thi Thu Thao	Head of the Board
Mrs Vu Thi Hai Yen	Member
Mrs Pham Thi Hue Anh	Member

The members of the Executive Board during the year and as of the date of this report include:

Full name	Position
Mrs Nguyen Thi Huyen Thuong	General Director
Mrs Huy Thi Dung	Deputy General
Mr Tran Ba Dat	Deputy General
Mrs Nguyen Thi Thuy	Deputy General
Mrs Trinh Thi Phuong	Chief Accountant

### AUDITOR

Nhan Tam Viet Auditing Co., Ltd. has audited the Financial Statements for the fiscal year ending December 31, 2024.

### STATEMENT OF RESPONSIBILITY OF THE EXECUTIVE BOARD FOR THE COMBINED FINANCIAL STATEMENTS

The Company's Executive Board is responsible for preparing the Financial Statements that fairly and accurately reflect the Company's financial position, business performance, and cash flows for the year.



**NAGAKAWA GROUP JOINT STOCK COMPANY**  
**REPORT OF THE BOARD OF DIRECTORS (Cont)**

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During the preparation of the Financial Statements, the Company's Executive Board commits to complying with the following requirements:

- Establishing and maintaining internal controls as determined necessary by the Executive Board and the Board of Directors to ensure that the preparation and presentation of the Financial Statements are free from material misstatements due to fraud or error;
- Selecting appropriate accounting policies and applying them consistently;
- Making reasonable and prudent assessments and estimates;
- Stating whether the applied accounting standards have been complied with and disclosing any material deviations that require explanation in the Financial Statements;
- Preparing and presenting the Financial Statements in compliance with the Accounting Standards, the Vietnamese Corporate Accounting System, and relevant legal regulations governing financial reporting;
- Preparing the Financial Statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations.

The Board of Directors of the Company ensures that the accounting records are maintained to reflect the Company's financial position, fairly and reasonably at any given time, and that consolidated financial statements comply with the current regulations of the State. At the same time, they are responsible for ensuring the safety of the Company's assets and implementing appropriate measures to prevent and detect fraud and other violations of the Company as of December 31, 2024. The results of operations and cash flow for the fiscal year ending December 31, 2024, are in accordance with Accounting Standards, the Vietnamese Enterprise Accounting System, and comply with the legal regulations related to the preparation and presentation of the consolidated financial statements.

**OTHER COMMITMENTS**

The Board of Directors commits that the Company complies with Decree No. 155/2020/ND-CP dated December 31, 2020, providing guidance on corporate governance for public companies, and that the Company does not violate its information disclosure obligations as stipulated in Circular No. 96/2020/TT-BTC dated November 16, 2020, of the Ministry of Finance, which provides guidance on information disclosure on the securities market.

Vinh Phuc, March 26, 2025

On behalf of the Executive Board

**General Director**



**Nguyen Thi Huyen Thuong**



No : 0107.01.06/2024/BCTC-NTV2

**SEPARATE AUDITOR'S REPORT**  
**Regarding the consolidated financial statements for the year 2024**

Dear : **Board of Members and Board of General Directors**  
**Nagakawa Group Joint Stock Company**

We have audited the consolidated financial statements of Nagakawa Group Joint Stock Company, which were prepared on March 26, 2025, from page 06 to page 60, including: the consolidated balance sheet as of December 31, 2024, the consolidated income statement, the consolidated cash flow statement for the fiscal year ending on that date, and the notes to the consolidated financial statements.

**Responsibility of the Board of Director**

The Executive Board of Nagakawa Group Joint Stock Company is responsible for the preparation and fair presentation of the Company's consolidated financial statements in accordance with accounting standards, the Vietnamese Enterprise Accounting System, and relevant legal regulations concerning the preparation and presentation of consolidated financial statements. The Executive Board is also responsible for the internal controls it determines are necessary to ensure that the preparation and presentation of the consolidated financial statements are free from material misstatements due to fraud or error.

**Responsibility of the Auditor**

Our responsibility is to express our opinions on these separate financial statements on the basis of our audit. Our audit is conducted in accordance with the Vietnamese Independent Auditing Regulations and Standards. These standards require that we comply with the standards and professional ethical requirements, plan and perform the audit procedures to obtain a reasonable assurance that the financial statements are free from material mistakes.

The audit fieldwork includes the implementation of procedures to obtain audit evidence supporting the amounts and the disclosures in the separate financial statements. The audit procedures are selected on the basis of the auditor's judgment, including the assessments of risks of material mistakes in the financial statements due to errors or fraud. When assessing these risks, the auditor had considered whether the internal control system of the Company related to the preparation and presentation of the separate financial statements is true and fair to design audit procedures that are appropriate with actual situation, however, not provide the opinion on the effectiveness of the internal control system of the Company. The audit also includes our assessment on the appropriateness of the accounting policies applied, the accounting estimates of the Company's Director as well as our evaluation on the overall presentation of the separate financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate for our audit opinion.

SEPARATE AUDITOR'S REPORT(CONT)

**Auditor's Opinion**

In our opinion, the combined financial statements referred to have fairly and reasonably reflected, in all material respects, the financial position of Nagakawa Group Joint Stock Company as of December 31, 2024, as well as its results of operations and cash flows for the fiscal year ending on the same date, in accordance with accounting standards, the Vietnamese Enterprise Accounting System, and relevant legal regulations concerning the preparation and presentation of the consolidated financial statements.

*Hanoi, March 26, 2025*

**NHAN TAM VIET AUDITING CO.,LTD**

**Deputy General Director**

**Auditor**



**Nguyen Thi Hanh**

Certificate of Auditing Registration No:  
1690-2023-124-1

**Pham Van Tuan**

Certificate of Auditing Registration No:  
4497-2023-124-1



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**CONSOLIDATED BALANCE SHEET**

As of December 31, 2024

Unit: VND

ASSET	Code	Explanat ion	Year-end Balance	Beginning Balance
<b>A - SHORT-TERM ASSETS</b>	<b>100</b>		<b>1,632,242,146,601</b>	<b>1,412,998,560,904</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>71,646,409,892</b>	<b>46,548,089,328</b>
1. Cash	111		21,646,409,892	16,548,089,328
2. Cash equivalents	112		50,000,000,000	30,000,000,000
<b>II. Short-term financial investment</b>	<b>120</b>		<b>326,625,754,419</b>	<b>198,663,624,959</b>
1. Trading securities	121		-	-
2. Provision for impairment of trading securities	122		-	-
3. Held to maturity investment	123	V.2a	326,625,754,419	198,663,624,959
<b>III. Short-term receivables</b>	<b>130</b>		<b>486,437,626,352</b>	<b>419,056,123,819</b>
1. Short-term trade receivables	131	V.3	410,181,287,521	384,435,061,207
2. Short-term vendor advance	132	V.4	32,794,597,855	13,547,258,566
3. Short-term internal receivables	133		-	-
4. Receivable according to construction contract progr	134		-	-
5. Short-term loan receivable	135	V.5	35,096,000,000	20,600,000,000
6. Other short-term receivables	136	V.6a	13,059,730,141	5,151,625,759
7. Provision for doubtful short-term receivables	137	V.7	(4,693,989,165)	(4,677,821,713)
8. Assets missing pending resolution	139		-	-
<b>IV. Inventory</b>	<b>140</b>	<b>V.8</b>	<b>739,136,355,910</b>	<b>737,231,226,953</b>
1. Inventory	141		743,349,146,847	740,401,658,350
2. Provision for inventory write-down	149		(4,212,790,937)	(3,170,431,397)
<b>V. Other short-term assets</b>	<b>150</b>		<b>8,396,000,028</b>	<b>11,499,495,845</b>
1. Short-term prepaid expenses	151	V.9a	3,108,368,785	5,424,438,603
2. Deductible value added tax	152		5,245,907,999	6,034,350,194
3. Taxes and other amounts receivable from the State	153	V.17	41,723,244	40,707,048
4. Government bond repurchase transaction	154		-	-
5. Other short-term assets	155		-	-



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**Consolidated balance Sheet (continued)**

ASSET	Code	Explanat ion	Year-end Balance	Beginning Balance
<b>B - LONG-TERM ASSETS</b>	<b>200</b>		<b>172,841,345,781</b>	<b>177,992,768,469</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>2,167,151,526</b>	<b>2,281,160,820</b>
1. Long-term receivables from customers	211		-	-
2. Long-term prepayment to seller	212		-	-
3. Working capital in affiliated units	213		-	-
4. Long-term internal receivables	214		-	-
5. Long-term loan receivable	215		-	-
6. Other long-term receivables	216	V.6b	2,167,151,526	2,281,160,820
7. Provision for doubtful long-term receivables	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>94,436,662,507</b>	<b>102,807,476,706</b>
1. Tangible fixed assets	221	V.10	87,940,523,560	96,442,324,418
<i>Original price</i>	222		179,098,245,872	177,184,240,888
<i>Accumulated depreciation</i>	223		(91,157,722,312)	(80,741,916,470)
2. Financial lease fixed assets	224		-	-
<i>Original price</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.11	6,496,138,947	6,365,152,288
<i>Original price</i>	228		8,687,008,519	7,987,008,519
<i>Accumulated depreciation</i>	229		(2,190,869,572)	(1,621,856,231)
<b>III. Investment real estate</b>	<b>230</b>		-	-
<i>Original price</i>	231		-	-
<i>Accumulated depreciation</i>	232		-	-
<b>IV. Long-term unfinished assets</b>	<b>240</b>		<b>193,780,000</b>	<b>613,780,000</b>
1. Long-term unfinished production and business costs	241		-	-
2. Cost of unfinished basic construction	242	V.12	193,780,000	613,780,000
<b>V. Long-term financial investment</b>	<b>250</b>	<b>V.2b</b>	<b>48,134,609,114</b>	<b>35,904,790,933</b>
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures and associates	252		28,134,609,114	15,904,790,933
3. Investing in other entities	253		-	-
4. Long-term financial investment reserve	254		-	-
5. Held to maturity investment	255		20,000,000,000	20,000,000,000
<b>VI. Other long-term assets</b>	<b>260</b>		<b>27,909,142,634</b>	<b>36,385,560,010</b>
1. Long-term prepaid expenses	261	V.9b	4,391,473,182	9,352,031,088
2. Deferred income tax assets	262	V.13	3,611,655,954	3,855,294,027
3. Long-term replacement equipment, supplies and sp	263		-	-
4. Other long-term assets	268		-	-
5. Goodwill	269	V.14	19,906,013,498	23,178,234,895
<b>TOTAL ASSET</b>	<b>270</b>		<b>1,805,083,492,382</b>	<b>1,590,991,329,373</b>

**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**Consolidated balance Sheet (continued)**

<b>CAPITAL SOURCE</b>	<b>Code</b>	<b>Explanat ion</b>	<b>Year-end Balance</b>	<b>Beginning Balance</b>
<b>C - LIABILITIES PAYABLE</b>	<b>300</b>		<b>1,376,101,070,986</b>	<b>1,189,350,082,750</b>
<b>I. Short-term debt</b>	<b>310</b>		<b>1,374,609,613,734</b>	<b>1,187,854,744,156</b>
1. Short-term trade payables	311	V.15	182,004,186,374	136,596,419,806
2. Short-term advance payment buyer	312	V.16	14,778,405,623	37,362,995,977
3. Taxes and other payments to the State	313	V.17	22,949,340,668	18,472,544,763
4. Payable to workers	314		4,284,315,817	4,676,334,939
5. Short-term payable expenses	315	V.18	5,188,714,834	3,284,778,959
6. Short-term internal payables	316		-	-
7. Payable according to construction contract progress	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.19	2,902,233,669	2,610,642,825
10. Short-term loans and finance leases	320	V.20	1,137,306,992,519	980,284,289,358
11. Provision for short-term payables	321	V.21	3,891,581,609	3,661,552,972
12. Bonus and welfare fund	322	V.22	1,303,842,621	905,184,557
13. Price stabilization fund	323		-	-
14. Government bond repurchase transaction	324		-	-
<b>II. Long-term debt</b>	<b>330</b>		<b>1,491,457,252</b>	<b>1,495,338,594</b>
1. Long-term trade payables	331		-	-
2. Long term prepayment buyer	332		-	-
3. Long-term payable expenses	333		-	-
4. Internal payable on working capital	334		-	-
5. Long-term internal payables	335		-	-
6. Long-term unrealized revenue	336		-	-
7. Other long-term payables	337		-	-
8. Long-term loans and financial leases	338		-	-
9. Convertible bonds	339		-	-
10. Preferred stock	340		-	-
11. Deferred income tax payable	341	V.23	1,491,457,252	1,495,338,594
12. Long-term payables provision	342		-	-
13. Science and Technology Development Fund	343		-	-



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**Consolidated balance Sheet (continued)**

<b>CAPITAL SOURCE</b>	<b>Code</b>	<b>Explanat ion</b>	<b>Year-end Balance</b>	<b>Beginning Balance</b>
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>428,982,421,396</b>	<b>401,641,246,623</b>
<b>I. Equity</b>	<b>410</b>	<b>V.24</b>	<b>428,982,421,396</b>	<b>401,641,246,623</b>
1. Owner's equity	411		341,777,690,000	316,465,410,000
- Common shares with voting rights	411a		341,777,690,000	316,465,410,000
- Preferred stock	411b		-	-
2. Capital surplus	412		5,348,010,000	5,348,010,000
3. Bond conversion option	413		-	-
4. Other owners' equity	414		-	-
5. Treasury stock	415		(20,000)	(20,000)
6. Asset revaluation difference	416		-	-
7. Exchange rate difference	417		-	-
8. Development investment fund	418		9,827,781,376	8,570,273,947
9. Enterprise Reorganization Support Fund	419		-	-
10. Other equity funds	420		-	-
11. Undistributed profit after tax	421		52,265,629,264	52,365,799,875
- Undistributed profit after tax accumulated to the en	421a		25,293,009,474	27,910,522,319
- Undistributed profit this period	421b		26,972,619,790	24,455,277,556
12. Source of capital for basic construction investment	422		-	-
13. Non-controlling interest	429		19,763,330,756	18,891,772,801
<b>II. Other funding sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Funding sources	431		-	-
2. Funds for forming fixed assets	432		-	-
<b>TOTAL CAPITAL</b>	<b>440</b>		<b>1,805,083,492,382</b>	<b>1,590,991,329,373</b>

Prepared by



Truong Binh Duong

Chief Accountant



Trinh Thi Phuong

Prepared on 26 March, 2025

General Director


  
 Nguyen Thi Huyen Thuong



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**CONSOLIDATED BUSINESS PERFORMANCE REPORT**

Year 2024

Unit: VND

INDICATORS	Cod e	Explanati on	This year	Last year
1. Sales and service revenue	1	VI.1	2,744,023,280,166	2,140,625,746,499
2. Revenue deductions	2	VI.1	20,768,667,379	22,490,122,188
3. Net revenue from sales and services	10	VI.1	2,723,254,612,787	2,118,135,624,311
4. Cost of goods sold	11	VI.2	2,425,860,285,621	1,809,730,124,663
5. Gross profit from sales and service provision	20		297,394,327,166	308,405,499,648
6. Financial revenue	21	VI.3	25,038,825,613	15,934,966,929
7. Financial costs	22	VI.4	77,496,228,258	81,927,246,233
Including: interest expense	23		63,701,223,983	75,384,010,583
8. Share of profit or loss from joint ventures and associ	24		229,818,181	209,458,282
9. Cost of sales	25	VI.5	169,619,119,432	177,727,264,997
10. Business management costs	26	VI.6	42,436,542,835	48,861,083,290
11. Net operating profit	30		33,111,080,435	16,034,330,339
12. Other income	31	VI.7	4,652,757,619	17,747,935,208
13. Other costs	32	VI.8	2,393,931,214	1,750,600,479
14. Other profits	40		2,258,826,405	15,997,334,729
15. Total accounting profit before tax	50		35,369,906,840	32,031,665,068
16. Current corporate income tax expense	51	VI.9	8,185,972,364	9,262,265,638
17. Deferred corporate income tax expense	52	VI.10	239,756,731	(2,380,749,159)
18. Profit after corporate income tax	60		26,944,177,745	25,150,148,589
19. Net profit after tax of the parent company	61		26,972,619,790	24,455,277,556
20. After-tax profit of non-controlling shareholders	62		(28,442,045)	694,871,033
21. Basic Earnings Per Share	70	VI.11	773	701
22. Diluted Earnings Per Share	71	VI.11	773	701

Prepared by



Trương Bình Dương

Chief Accountant



Trịnh Thị Phương

Prepared on 26 March, 2025

General Director




**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**CONSOLIDATED CASH FLOW STATEMENT**

(By indirect method)

2024

Unit: VND

INDICATORS	Co de	Explan ation	This year	Last year
<b>I. Cash flow from operating activities</b>				
1. Profit before tax	01		35,369,906,840	32,031,665,068
2. Adjustments for the following items:				
- Depreciation of fixed assets and investment real estate	02		11,848,781,365	10,656,667,519
- Provisions	03		1,288,555,629	(5,484,259,413)
- Exchange rate gains and losses due to revaluation foreign currency monetary items	04		(180,171,314)	406,401,833
- Profit and loss from investment activities	05		(21,287,000,746)	(17,773,237,016)
- Interest expense	06		63,701,223,983	75,384,010,583
- Other adjustments	07		-	-
3. Profit from operations before changes in working capital	08		90,741,295,757	95,221,248,574
- Increase, decrease receivables	09		(41,929,951,052)	33,689,726,847
- Increase, decrease inventory	10		(2,947,488,497)	(50,368,360,562)
- Increase, decrease payables	11		32,378,152,811	16,245,549,303
- Increase, decrease prepaid expenses	12		7,276,627,724	(791,945,843)
- Increase, decrease trading securities	13		-	-
- Interest paid	14		(64,199,417,841)	(74,924,338,228)
- Corporate income tax paid	15		(9,886,161,629)	(5,837,628,637)
- Other income from operating activities	16		-	(15,823,269,500)
- Other expenses for business activities	17		(104,344,908)	(46,738,000)
<b>Net cash flow from operating activities</b>	20		<b>11,328,712,365</b>	<b>(2,635,756,046)</b>
<b>II. Cash flow from investing activities</b>				
1. Money spent on purchasing and constructing fixed assets and other long-term assets	21		(3,057,967,166)	(31,702,252,763)
2. Proceeds from liquidation and sale of fixed assets and other long-term assets	22		150,000,000	5,664,644,600
3. Money spent on lending, buying debt instruments other units	23		335,774,194,942	(179,059,915,728)
4. Proceeds from loan recovery, resale of debt instruments other units	24		(478,232,324,402)	132,071,285,808
5. Money spent on investment in other entities	25		(12,000,000,000)	-
6. Proceeds from capital investment in other entities	26		-	-
7. Interest income, dividends and profits	27		14,113,001,664	10,090,896,247
<b>Net cash flow from investing activities</b>	30		<b>(143,253,094,962)</b>	<b>(62,935,341,836)</b>



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Area 9, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending December 31, 2024

**Consolidated cash Flow Statement (continued)**

INDICATORS	Co de	Explan ation	This year	Last year
<b>III. Cash flow from financing activities</b>				
1. Proceeds from issuing shares, receiving capital contributions owner	31		-	-
2. Money returned to owners, buyback issued company shares	32		-	-
3. Proceeds from borrowing	33		2,616,068,927,092	2,142,532,485,901
4. Loan principal repayment	34		(2,459,046,223,931)	(2,030,848,734,849)
5. Lease principal repayment	35		-	-
6. Dividends, profits paid to owners	36		-	(14,302,782,772)
<i>Net cash flow from financing activities</i>	<i>40</i>		<i>157,022,703,161</i>	<i>97,380,968,280</i>
<b>Net cash flow during the year</b>	<b>50</b>		<b>25,098,320,564</b>	<b>31,809,870,398</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>V.1</b>	<b>46,548,089,328</b>	<b>14,738,218,930</b>
Impact of Foreign Exchange Rate Fluctuations on Current	61		-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>		<b>71,646,409,892</b>	<b>46,548,089,328</b>

Prepared by



Truong Binh Duong

Chief Accountant



Trinh Thi Phuong

Prepared on 26 March, 2025

General Director


  
 Nguyen Thi Huyen Thuong



## NAGAKAWA GROUP JOINT STOCK COMPANY

Address: Xuan Thuong 1 Residential Group, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam

### CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ending on December 31, 2024

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ending on December 31, 2024

### I. OPERATION FEATURES

1. **Ownership form:** Nagakawa Group Joint Stock Company (hereinafter referred to as the "Company") is a joint-stock company.

2. **Business Sector:** Manufacturing, trading

3. **Business Highlights**

Venture Company, was established and operated under Investment License No. 24/CP – VP issued on August 22, 2002, by the People's Committee of Vinh Phuc Province. The company transitioned from the Nagakawa Vietnam Joint Venture Company to a Vietnamese-owned enterprise under Decision No. 853/QĐ-UBND on March 21, 2007, issued by the People's Committee of Vinh Phuc Province. It operates under Business Registration Certificate No. 1903000273, issued on March 21, 2007, by the Department of Planning and Investment of Vinh Phuc Province.

During its operations, the company has been granted 23 business registration certificates regarding changes in capital, the capital structure of founding shareholders, the addition of business sectors, and changes to the company name. The 23rd amended business registration certificate, No. 2500217389, was issued by the Business Registration Office of the Department of Planning and Investment of Vinh Phuc Province on December 24, 2024, regarding changes in the charter capital.

*The charter capital according to the 23rd business registration certificate is 341,777,690,000 VND*

#### HEAD OFFICE:

Address : Xuan Thuong 1 Residential Group, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam

Telephone : 0211 3873568

Fax : 0211 3873569

E-mail : Info@nagakawa.com.vn

Tax code : 2 5 0 0 2 1 7 3 8 9

4. **Business Activities:**

The Company's business activities include:

- Manufacturing of consumer electronics products;
- Manufacturing of household electrical appliances. Details: Manufacturing of household electrical appliances, air conditioners;
- Installation of water supply and drainage systems, heating systems, and air conditioning systems;
- Installation of other building systems. Details: Design of ventilation, heating, and air conditioning systems for construction projects; Installation of other building systems;
- Manufacturing of other electrical equipment. Details: Manufacturing and trading of electrical machinery and equipment, electrical materials./.

**NAGAKAWA GROUP JOINT STOCK COMPANY**

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**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending on December 31, 2024

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****5. Usual Production and Business Cycle**

The company's normal business production cycle does not exceed 12 months.

**6. Employees**

As of the end of the fiscal year, the company has 228 employees working (the number at the beginning of the year was 253 employees).

**7. Corporate Structure:**

*Consolidated subsidiaries (\*):*

Company Name	Head office address	Main activities	Actual Capital Contribution Ratio	The ratio according to the Business Registration Certificate
Nagakawa Technical Investment and Development Joint Stock Company	Xuan Thuong 1 Neighborhood, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam	Retail and wholesale of electronic equipment and components, installation of air conditioning systems for construction projects	80%	80%
Nagakawa Da Nang Joint Stock Company	94 Nam Tran, Thanh Khe Tay Ward, Thanh Khe District, Da Nang City, Vietnam	Retail and wholesale of electronic equipment and components, leather goods	52%	52%
Nagakawa Ho Chi Minh City Joint Stock Company	25 Doan Thi Diem, Ward 01, Phu Nhuan District, Ho Chi Minh City, Vietnam.	Retail and wholesale of electronic equipment and components, leather goods	51%	51%
Nagakawa Electronics Joint Stock Company	3rd Floor, Gold Tower Building, 275 Nguyen Trai, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi City, Vietnam	Retail and wholesale of electronic equipment and components, leather goods	51%	51 %
Viet Phuc Hung Yen Joint Stock Company	Vinh Bao Village, Vinh Khuc Commune, Van Giang District, Hung Yen Province, Vietnam	Retail and wholesale of electronic equipment and components, leather goods	96,92%	96,92%
Nagakawa High Technology Joint Stock Company	House No. 56, Alley 92, Cau Buou Street, Group 15, Kien Hung Ward, Ha Dong District, Hanoi City, Vietnam	Retail and wholesale of electronic equipment and components, leather goods, providing digital services.	55%	55%

(\*) The subsidiaries of the company are all operating normally

*Joint ventures and associates are consolidated using the equity method:*

Company Name	Head office address	Main activities	Actual Capital Contribution Ratio	The ratio according to the Business Registration Certificate
KLW Vietnam Garment Joint Stock Company	Xuan Thuong 1 Residential Group, Phuc Thang Ward,	Garment processing (Operating normally)	48%	48%



**NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Xuan Thuong 1 Residential Group, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending on December 31, 2024

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

Company Name	Head office address	Main activities	Actual Capital Contribution Ratio	The ratio according to the Business Registration Certificate
	Phuc Yen City, Vinh Phuc Province, Vietnam			

***Affiliated units with independent accounting:***

Unit name	Address	Main activities
Nagakawa Group Joint Stock Company - Hanoi Branch	3rd Floor, Gold Tower Building, No. 275 Nguyen Trai Street, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi City, Vietnam	Retail and wholesale of electronic equipment, components, and household appliances (Operating normally)

8. **Statement on Comparability of Consolidated Financial Statements:** The consolidated financial statement data for 2024 is entirely consistent and ensures comparability with the consolidated financial statement data for 2023.

**II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING****1. Fiscal year**

Fiscal year of the Company is from 1 January to 31 December annually.

**2. Standard currency unit used in accounting**

The currency used in accounting is the Vietnamese Dong (VND).

**III. ACCOUNTING STANDARDS AND SYSTEM APPLIED****1. Accounting System Applied**

The Company applies the Vietnamese Enterprise Accounting System issued under Circular No. 200/2014/TT-BTC dated December 22, 2014, Circular No. 53/2016/TT-BTC of 2016 amending and supplementing Circular No. 200/2014/TT-BTC, and other guiding circulars for the implementation of the accounting standards and system issued by the Ministry of Finance.

**2. Statement of Compliance with Accounting Standards and Accounting System**

The Management assures that the requirements of the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System issued under Circular No. 200/2014/TT-BTC dated December 22, 2014, Circular No. 53/2016/TT-BTC of 2016 amending and supplementing Circular No. 200/2014/TT-BTC, as well as the guiding circulars for the implementation of the accounting standards issued by the Ministry of Finance, have been fully complied with in the preparation of the Financial Statements.

**3. Accounting method applied**

The company uses the general journal accounting method on a computer.



## **NAGAKAWA GROUP JOINT STOCK COMPANY**

Address: Xuan Thuong 1 Residential Group, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam

### **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending on December 31, 2024

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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#### **IV. ACCOUNTING POLICIES**

##### **1. Basis of preparing financial statements**

The financial statements are prepared on an accrual basis (except for information related to cash flows).

The consolidated financial statements include the financial statements of Nagakawa Group Joint Stock Company (the parent company) and its subsidiaries. A subsidiary is an entity controlled by the parent company. Control exists when the parent company has the ability to directly or indirectly influence the financial and operational policies of the subsidiary to obtain economic benefits from its activities. In assessing control, the potential voting rights that are currently exercisable or convertible will be considered.

The results of operations of subsidiaries acquired or disposed of during the year are presented in the Consolidated Statement of Profit or Loss from the date of acquisition or up to the date of sale of the investment in the subsidiary.

In the event that the accounting policies of a subsidiary differ from the accounting policies consistently applied within the Group, the financial statements of the subsidiary will be appropriately adjusted before being used for the preparation of the consolidated financial statements.

The balances of accounts on the balance sheets between companies within the same Group, internal transactions, and unrealized internal profits arising from these transactions are eliminated in the preparation of the consolidated financial statements. Unrealized losses arising from internal transactions are also eliminated unless the costs that resulted in the loss are not recoverable.

The interests of non-controlling shareholders represent the portion of the profit and net assets of the subsidiary not held by the parent company's shareholders and are presented separately in the Consolidated Statement of Profit or Loss and the Consolidated Balance Sheet. The interests of minority shareholders include the value of the minority shareholders' interests at the date of the initial business combination and their share of the changes in equity since the date of the business combination. Losses corresponding to the minority shareholders' portion of equity exceeding their share of the subsidiary's equity are charged against the Group's interest, unless the minority shareholders have a binding obligation and the ability to absorb those losses.

##### **2. Business combination**

The assets, liabilities, and contingent liabilities of the company are determined at fair value as of the acquisition date of the subsidiary. Any excess of the purchase price over the fair value of the acquired assets is recognized as goodwill. Any shortfall between the purchase price and the fair value of the acquired assets is recognized in the profit or loss for the period in which the acquisition occurs.

The interests of non-controlling shareholders at the initial business combination date are determined based on the proportion of the non-controlling shareholders' interest in the total fair value of the recognized assets, liabilities, and contingent liabilities.

##### **3. Cash and cash equivalents**

Cash includes cash on hand, demand deposits in banks, and monetary gold used for the purpose of storing value, excluding gold classified as inventory used as raw materials for product manufacturing or goods for sale.



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### **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending on December 31, 2024

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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Cash equivalents are short-term investments with a maturity or due date of not more than 3 months from the date of purchase, easily convertible into a known amount of cash, and subject to insignificant risk of changes in value.

#### **4. Exchange rates applied in accounting and principles for recording exchange rate differences**

The company has transactions in foreign currencies: USD.

Exchange rate differences arising during the period and those from the revaluation of foreign currency-denominated monetary items at the end of the period are recognized as income or expenses in the period. The revaluation of foreign currency-denominated balances at the end of the period is carried out in accordance with Circular 200/2014/TT-BTC dated December 22, 2014, issued by the Ministry of Finance.

Transactions in foreign currencies are converted at the exchange rate on the transaction date. The balances of foreign currency-denominated monetary items at the end of the period are revalued at the exchange rate on the financial year-end date.

Exchange rate differences arising during the period from foreign currency transactions of monetary items and those from the revaluation of foreign currency-denominated monetary items at the end of the period, after offsetting gains and losses, are recognized in financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate at the transaction date applied by the commercial bank where the Company conducts transactions. The exchange rate used to revalue the balances of foreign currency-denominated monetary items at the end of the period is the buying rate of the commercial bank or the average buying rate of commercial banks where the Company holds accounts, as announced on the financial year-end/accounting period-end date.

The exchange rates used for conversion as of December 31, 2024, are as follows:

Bank deposits, margin deposits, and receivables are converted at the buying exchange rate of the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), which is 25,355 VND/USD.

Liabilities are converted at the selling exchange rate of the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), which is 25,715 VND/USD.

#### **5. Accounting principles for financial investments**

##### ***Held-to-maturity investments***

An investment is classified as held-to-maturity when the Company has both the intention and the ability to hold it until maturity. Held-to-maturity investments include term bank deposits (including treasury bills and promissory notes), bonds, preferred shares that the issuer is obligated to repurchase at a specific future date, and loans held to maturity for the purpose of earning periodic interest, as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost, including the purchase price and any related transaction costs. After initial recognition, these investments are recorded at their recoverable value. Interest income from held-to-maturity investments after the purchase date is recognized in the Income Statement on an accrual basis. Interest earned before the Company acquires the investment is deducted from the initial cost at the time of purchase.



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### **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ending on December 31, 2024

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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When there is conclusive evidence that a portion or the entire investment may not be recoverable, and the loss can be reliably measured, the loss is recognized as a financial expense for the year and directly deducted from the investment's value.

#### ***Investments in subsidiaries, joint ventures, and associates***

##### ***Subsidiaries***

A subsidiary is a company controlled by the Company. Control is achieved when the Company has the ability to govern the financial and operating policies of the investee to derive economic benefits from its activities.

##### ***Joint Ventures***

A joint venture is a company established based on a contractual agreement in which the Company and other participating parties undertake economic activities under joint control. Joint control means that strategic decisions related to the joint venture's financial and operating policies require unanimous consent from all participating parties.

##### ***Associates***

An associate is a company in which the Company has significant influence but does not have control over its financial and operating policies. Significant influence is the power to participate in decision-making regarding the financial and operating policies of the investee but does not include control over those policies.

Investments in subsidiaries, joint ventures, and associates are initially recognized at cost, including the purchase price or contributed capital, along with any directly attributable investment costs. If the investment is made using non-monetary assets, the investment cost is recorded at the fair value of the non-monetary assets at the transaction date.

Dividends and profits from periods before the investment acquisition are deducted from the investment's value. Dividends and profits from periods after the investment acquisition are recognized as revenue. Dividends received in the form of shares are only recorded as an increase in the number of shares held, without recognizing their value / are recorded at their par value.

A provision for impairment of investments in subsidiaries, joint ventures, and associates is recognized when these entities incur losses. The provision amount is determined as the difference between the actual contributed capital of all parties in the subsidiary, joint venture, or associate and the entity's actual equity, multiplied by the Company's ownership percentage relative to the total actual contributed capital. If the subsidiary, joint venture, or associate is required to prepare consolidated financial statements, the basis for determining the impairment provision is the consolidated financial statements.

Increases or decreases in the provision for impairment of investments in subsidiaries, joint ventures, and associates that need to be recognized at the financial year-end are recorded as financial expenses.

#### **6. Trade Receivables and Other Receivables**

Trade receivables and other receivables are recognized based on actual amounts incurred. Receivables are presented at their carrying amount, net of any allowance for doubtful debts.



## NAGAKAWA GROUP JOINT STOCK COMPANY

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### CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ending on December 31, 2024

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

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The classification of receivables into customer receivables and other receivables is carried out according to the following principles:

- Customer receivables reflect trade-related receivables arising from purchase-sale transactions between the company and buyers who are independent entities from the parent company, including receivables from entrusted export sales to other entities.
- Internal receivables represent amounts receivable from dependent units that do not have legal personality and operate under the Company's accounting system.
- Other receivables reflect non-trade receivables that are not related to purchase-sale transactions.

A provision for doubtful debts is established for each doubtful receivable based on the overdue age of the debts or the estimated potential loss, as specified below:

- For overdue receivables:
  - 30% of the value for receivables overdue from 6 months to less than 1 year.
  - 50% of the value for receivables overdue from 1 year to less than 2 years.
  - 70% of the value for receivables overdue from 2 years to less than 3 years.
  - 100% of the value for receivables overdue for 3 years or more.

For receivables that are not yet overdue but are unlikely to be recovered: the provision is established based on the estimated potential loss.

#### 7. Principles for Inventory Recognition

Inventories are recognized at the lower of cost and net realizable value.

The cost of inventories is determined as follows:

- Raw materials, goods: include purchase costs and other directly attributable costs incurred to bring the inventory to its current location and condition.
- Finished goods include the cost of raw materials, direct labor, and related manufacturing overhead allocated based on normal operating capacity, as well as land use right costs, direct costs, and related overhead incurred during the investment and construction of real estate finished goods
- Work-in-progress costs include only the costs of main raw materials, labor costs, depreciation of assets used in production activities, and other manufacturing overheads related to production operations.

Net realizable value is the estimated selling price of inventory in the normal course of production and business operations, minus the estimated costs of completion and the estimated costs necessary to sell them.

The value of inventory is determined using the weighted average method and is accounted for using the perpetual inventory system.

A provision for inventory devaluation is established for each inventory item whose cost exceeds its net realizable value. For unfinished services, the provision is determined based on each type of service with a separate pricing structure. Increases or decreases in the provision for inventory devaluation that need to be recognized at the financial year-end are recorded in cost of goods sold.

#### 8. Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation. The cost of tangible fixed assets includes all expenses incurred by the company to acquire the asset and bring it into a condition ready for use. Costs incurred after initial recognition are only added to the cost of



## NAGAKAWA GROUP JOINT STOCK COMPANY

Address: Xuan Thuong 1 Residential Group, Phuc Thang Ward, Phuc Yen City, Vinh Phuc Province, Vietnam

### CONSOLIDATED FINANCIAL STATEMENTS

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

tangible fixed assets if these costs are expected to result in future economic benefits from the use of the asset. Costs that do not meet this condition are immediately recognized as expenses.

When tangible fixed assets are sold or disposed of, the cost and accumulated depreciation are removed, and any resulting gain or loss from the disposal is recognized as income or expense in the year.

Tangible fixed assets are depreciated using the straight-line method based on the estimated useful life. The depreciation periods for various types of tangible fixed assets are as follows:

<u>Type of fixed assets</u>	<u>Number of years</u>
Buildings and structures	10 - 25
Machinery and equipment	06 – 10
Transportation vehicles and transmission equipment	06 –08
Management Tools and Equipment	03-05
Other type of fixed assets	05

#### 9. Intangible Assets

Intangible assets are presented at their cost less accumulated amortization.

The cost of an intangible asset includes all expenses incurred by the Company to acquire the asset until it is ready for use. Expenses related to intangible assets incurred after initial recognition are recognized as production or business expenses for the period, unless these costs are directly associated with a specific intangible asset and enhance its economic benefits.

When an intangible asset is sold or disposed of, its cost and accumulated amortization are removed from the books, and any resulting gain or loss from the disposal is recognized as income or expense in the year.

The Company's intangible assets include:

##### ***Land use rights***

Land use rights refer to all actual costs incurred by the Company directly related to the use of land, including: expenses for acquiring land use rights, compensation costs, site clearance costs, land leveling costs, and registration fees,....

The land use rights of the Company are depreciated as follows:

- Legal transfer acquisition: Depreciated using the straight-line method based on the land lease term. Land use rights with no specified time limit are not subject to depreciation.

##### ***Software programs***

Costs related to computer software programs that are not integral to the associated hardware should not be capitalized. The cost of computer software is the total amount the Company has spent up until the software is ready for use. The computer software is amortized using the straight-line method over a period of 5 years.

#### 10. Prepaid expenses

Prepaid expenses are recognized as costs that have been incurred but relate to the operating results of multiple accounting years, with these costs being allocated to the operating expenses of future accounting years.

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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#### ***Tools and equipments***

Tools and equipments that are put into use are amortized over a straight-line basis with an allocation period not exceeding 3 years.

#### ***Other prepaid expenses***

It refers to costs that serve multiple production periods and are allocated to the production periods over a period not exceeding 3 years.

#### **11. Construction in Progress**

Construction in progress reflects costs directly related (including interest expenses in accordance with the Company's accounting policy) to assets under construction, machinery and equipment being installed for production, leasing, and management purposes, as well as costs related to the repair of fixed assets under renovation. These assets are recorded at cost and are not subject to depreciation.

#### **12. Accounting principles for payables and accrued expenses**

Payables and accrued expenses are recognized for amounts owed in the future related to goods and services that have been received. Accrued expenses are recognized based on reasonable estimates of the amounts payable.

The classification of payables as trade payables, accrued expenses, and other payables is carried out according to the following principles:

- Accounts payable to suppliers reflect trade payables arising from transactions involving the purchase of goods, services, and assets, where the supplier is an independent entity from the Company. This includes payables arising from imports through a consignee.
- Accrued expenses reflect amounts owed for goods or services received from the supplier or provided to the buyer but not yet paid due to the absence of invoices or incomplete accounting documentation. It also includes payables to employees for wages, vacation pay, and other production or business expenses that need to be accrued.
- Internal payables reflect amounts owed between the parent company and its subordinate units that do not have legal status and are dependent on the parent company's accounting system.

Other payables reflect amounts owed that are non-commercial in nature and not related to the purchase, sale, or provision of goods and services.

#### **13. Principles for recognizing loans and financial lease payables**

The company must closely monitor the repayment terms of loans and financial lease liabilities. Amounts with a repayment period of more than 12 months from the reporting date of the parent company are classified as long-term loans and financial lease payables. Amounts due for repayment within the next 12 months from the reporting date are classified as short-term loans and financial lease payables to facilitate payment planning.

For financial lease liabilities, the total lease liability reflected on the credit side of account 341 is the total amount payable, calculated as the present value of the minimum lease payments or the fair value of the leased asset.



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

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Loans and liabilities in foreign currencies must be converted into the accounting currency at the actual exchange rate at the transaction date;

- When repaying foreign currency loans or liabilities, the debit side of account 341 is converted according to the actual exchange rate recorded in the accounting books for each specific item;
- When preparing the financial statements, the balances of foreign currency loans and financial lease liabilities must be revalued according to the actual exchange rate at the reporting date.
- The exchange rate differences arising from the settlement and revaluation at the end of the period of foreign currency loans and financial lease liabilities are recognized in the financial income or financial expenses.

#### 14. Provisions payable

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event, and the settlement of this obligation is expected to result in an outflow of economic benefits, with the value of the obligation being reliably estimated.

If the time value is material, the provision will be determined by discounting the future amount required to settle the obligation using a pre-tax discount rate, reflecting current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

The Company's provisions payable include:

##### ***Provision for product and goods warranties***

Provision for product and goods warranty costs is made for each type of product or goods with a warranty commitment.

The provision for product and goods warranty costs is set at 0.5% - 1% of the revenue from the products and goods. This ratio is estimated based on historical warranty cost data from previous years and the weighted probability of all possible outcomes with their corresponding probabilities. Increases or decreases in the warranty provision that need to be recognized at the financial year-end are recorded as selling expenses.

##### ***Provision for construction warranty***

Provision for construction warranty is made for each construction project with a warranty commitment.

The provision for construction warranty is set at 5% of the revenue from construction projects that require a warranty. This ratio is estimated based on historical warranty cost data from previous years and the weighted probability of all possible outcomes with their corresponding probabilities. When the warranty period expires, any unused or partially used construction warranty provision is recognized as other income.

#### 15. Owners' Equity

##### ***Owner's Contributed Capital***

The owner's contributed capital is recognized based on the actual amount contributed by shareholders.

##### ***Share premium***

Share premium is recognized as the difference between the issue price and the par value of the shares when they are initially issued, when additional shares are issued, the difference between the reissue price and the book value of treasury shares, and the equity component of convertible



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

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bonds upon maturity. Direct costs related to the issuance of additional shares and the reissue of treasury shares are deducted from the share premium.

#### *Other equity of the shareholders*

Other equity is formed from additions from business operations, asset revaluation, and the remaining value between the fair value of donated, gifted, or funded assets after deducting any related taxes payable (if applicable).

#### *Treasury shares*

When the company repurchases its own shares, the amount paid, including related transaction costs, is recognized as treasury shares and reflected as a deduction in shareholders' equity. Upon reissue, the difference between the reissue price and the book value of the treasury shares is recorded under the "Share Premium".

#### *Dividends*

In the year, the company approved the dividend distribution plan for 2024 according to Resolution No. 01/2024/NQ-ĐHĐCĐ-NAG of the Annual General Meeting of Shareholders on April 26, 2024. According to this, the dividend payment to shareholders is VND 25,312,280,000 in the form of shares.

#### **16. Profit distribution**

The net profit after corporate income tax is distributed to shareholders after setting aside funds in accordance with the resolutions of the company's general meeting of shareholders and the regulations of the law.

The distribution of profits to shareholders takes into account non-cash items within the undistributed after-tax profit that may affect cash flow and the ability to pay dividends, such as gains from revaluation of assets contributed as capital, gains from revaluation of monetary items, financial instruments, and other non-cash items.

Dividends are recognized as a liability when approved by the General Meeting of Shareholders.

#### **17. Recognition of revenue and income**

##### *Revenue from the sale of goods and finished products*

Revenue from the sale of goods and finished products is recognized when the following conditions are simultaneously met:

- The enterprise has transferred most of the risks and rewards associated with the ownership of the product or goods to the buyer.
- The enterprise no longer retains control over the goods as the owner or has control over the goods.
- The revenue is determined to be reasonably certain. When the contract stipulates that the buyer has the right to return the purchased products or goods under specific conditions, revenue is only recognized when those specific conditions no longer exist, and the buyer no longer has the right to return the products or goods (except in cases where the customer has the right to return goods in exchange for other goods or services).
- The enterprise has received or will receive economic benefits from the sales transaction.
- The costs related to the sales transaction can be reliably estimated.



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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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#### ***Revenue from service provision***

The revenue from a service provision transaction is recognized when the outcome of the transaction can be reliably determined. In cases where the service is performed over multiple periods, the revenue is recognized in the period based on the extent of work completed as of the end of the accounting period. The outcome of the service provision transaction is determined when all of the following conditions are met:

- The revenue is determined to be reasonably certain. When the contract specifies that the buyer has the right to return the purchased service under certain conditions, revenue is only recognized when those specific conditions no longer exist, and the buyer no longer has the right to return the provided service.
- There is a possibility of obtaining economic benefits from the service provision transaction.
- The portion of work completed as of the end of the financial year can be determined.
- The costs incurred for the transaction and the costs to complete the service provision transaction can be determined.

#### ***Interest***

Interest is recognized on an accrual basis and is determined based on the balance of deposit accounts and the actual interest rate for each period.

#### **18. Accounting principles for revenue deductions**

Revenue deductions include: Trade discounts, sales allowances, and sales returns.

Trade discounts, sales allowances, and sales returns that occur in the same period as the sale of products, goods, or services are adjusted to reduce the revenue of the period in which they arise;

In cases where products, goods, or services have been sold in previous periods, and trade discounts, sales allowances, or sales returns occur in a later period, the company is allowed to reduce revenue based on the principle of adjusting the revenue in the period in which the discount, allowance, or return is recognized:

- + If products, goods, or services that were consumed in previous periods require a price reduction, a trade discount, or are returned, but the events occur before the financial report is issued, accounting must treat this as an event requiring adjustment after the balance sheet date and reduce revenue in the financial statements of the reporting period (the previous period).
- + In the case where products, goods, or services are subject to price reductions, trade discounts, or returns after the financial report has been issued, the company must reduce the revenue of the period in which the event occurs (the subsequent period).

#### **19. Accounting Principle for Cost of Goods Sold**

The cost of goods sold for the year is recognized in accordance with the revenue generated during the period and ensures compliance with the prudence principle.

For direct material costs that exceed normal consumption, labor costs, and fixed production overheads that are not allocated to the value of goods in inventory, accounting must immediately include them in the cost of goods sold (after deducting any compensation, if applicable), even when the products or goods have not been recognized as sold.

The provision for inventory write-down is included in the cost of goods sold based on the quantity of inventory and the difference between the net realizable value and the original cost of



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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

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the inventory. When determining the volume of inventory to be written down, accounting must exclude inventory that has been contracted for sale (with a net realizable value not lower than its carrying value) but has not yet been transferred to the customer, if there is reliable evidence that the customer will not withdraw from fulfilling the contract.

#### **20. Accounting principles for financial costs**

It reflects financial operating costs, including expenses or losses related to financial investment activities, loan and borrowing costs, joint venture and affiliate capital contribution costs, short-term securities disposal losses, securities transaction costs; provision for impairment of trading securities, provision for investment losses in other entities, losses arising from the sale of foreign currencies, and foreign exchange rate losses....

#### **21. Accounting principles for selling expenses and administrative expenses**

Selling expenses reflect the actual costs incurred during the process of selling products, goods, or providing services, including costs for offering, product promotion, advertising, sales commissions, product warranty costs (excluding construction activities), storage, packaging, and transportation costs...

Administrative expenses reflect the general management costs of the company, including expenses for the salaries of company management staff (wages, salaries, allowances, etc.); social insurance, health insurance, trade union funds, and unemployment insurance for the company's management staff; office materials, labor tools, and depreciation of fixed assets used for company management; land rent, business license tax; provisions for doubtful accounts receivable; outsourced services (electricity, water, telephone, fax, property insurance, fire insurance, etc.); and other cash expenses (entertainment, client meetings, etc...).

#### **22. Corporate Income Tax**

##### ***Current Income Tax***

Current income tax is the tax calculated based on taxable income. The taxable income differs from accounting profit due to adjustments for temporary differences between tax and accounting, non-deductible expenses, as well as adjustments for income that is exempt from tax and carried-forward losses.

##### ***Deferred income tax***

Deferred income tax is the income tax that will be paid or refunded due to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax base. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized only when it is probable that there will be sufficient taxable profits in the future to utilize the temporary differences that can be deducted.

The carrying amount of deferred income tax assets is reviewed at the end of each fiscal year and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of some or all of the deferred tax asset to be utilized. Deferred income tax assets that have not been previously recognized are reviewed at the end of each fiscal year and are recognized when it becomes probable that sufficient taxable profits will be available to utilize the unrecognized deferred tax assets.

Deferred income tax assets and deferred income tax liabilities are determined based on the tax rates expected to apply in the years when the asset is realized or the liability is settled, using the



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tax rates enacted at the end of the fiscal year. Deferred income tax is recognized in the statement of profit or loss and is only directly recognized in equity when the tax is related to items recognized directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset when:

- The company has the legal right to offset the current income tax assets with the current income tax liabilities payable.
- The deferred income tax assets and deferred income tax liabilities are related to corporate income tax managed by the same tax authority.

The company intends to settle the current income tax liabilities and current income tax assets on a net basis or recover the assets simultaneously with the settlement of liabilities in each future period when the significant amounts of deferred income tax liabilities or deferred income tax assets are settled or recovered.

## 23. Financial Instruments

### a) Financial assets

#### *Classification of Financial Assets*

The company classifies financial assets into the following categories: financial assets measured at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification of these financial assets depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

#### *Financial assets are recognized at fair value through the income statement*

Financial assets are classified as measured at fair value through profit or loss if they are held for trading or are designated as fair value through profit or loss at initial recognition.

Financial assets are classified as held-for-trading securities if:

- Purchased or created primarily for the purpose of selling in the short term;
- The company intends to hold them for the purpose of short-term profit;
- Derivative financial instruments (except for derivative financial instruments designated as a financial guarantee contract or an effective hedging instrument).

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity date that the company intends and has the ability to hold until maturity.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on the market.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as financial assets measured at fair value through profit or loss, held-to-maturity investments, or loans and receivables.

#### *The initial carrying amount of a financial asset*

Financial assets are recognized on the purchase date and derecognized on the sale date. At the initial recognition, the financial asset is determined at the purchase price/issuance cost plus any other costs directly attributable to the acquisition or issuance of the financial asset.



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#### ***b) Financial liabilities***

The company classifies financial liabilities into the following categories: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. The classification of financial liabilities depends on the nature and purpose of the liability and is determined at the time of initial recognition.

##### *Financial liabilities measured at fair value through profit or loss*

Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading or are designated as fair value through profit or loss at initial recognition.

Financial liabilities are classified as held-for-trading securities if:

- Issued or created primarily for the purpose of repurchasing in the short term;
- The company intends to hold them for the purpose of short-term profit;
- Derivative financial instruments (except for derivative financial instruments designated as a financial guarantee contract or an effective hedging instrument).

##### *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost are determined by the initial carrying amount of the financial liability, less any principal repayments, plus or minus the cumulative amortization of the difference between the initial carrying amount and the maturity value, calculated using the effective interest method, less any impairments (either directly or through the use of a provision account) due to a decrease in value or non-recovery.

The effective interest method is the method used to calculate the amortized cost of a financial liability or group of financial liabilities and allocate interest income or expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows that will be paid or received throughout the expected life of the financial instrument, or shorter if necessary, to the net present value of the financial liability.

##### *The initial carrying amount of a financial liability*

At initial recognition, financial liabilities are determined at the issue price plus any directly attributable costs incurred in issuing the financial liability.

#### ***c) Equity instruments***

Equity instruments are contracts that represent a residual interest in the assets of the company after deducting all liabilities.

## **24. Segment Reporting**

A business segment is a distinguishable part that engages in the production or provision of goods or services and has risks and economic benefits that are different from those of other business segments.

A geographical segment is a distinguishable part that engages in the production or provision of goods or services within a specific economic environment and has risks and economic benefits that are different from those of business segments in other economic environments.

## **25. Related parties**

Parties are considered related if one party has the ability to control or exert significant influence over the other party in making financial and operating policy decisions. Parties are also considered related if they share joint control or significant common influence. In considering the relationship between related parties, the nature of the relationship is emphasized more than the legal form.

Transactions with related parties during the year are presented in note VIII.1



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****V. SUPPLEMENTARY INFORMATION FOR ITEMS PRESENTED IN THE CONSOLIDATED BALANCE SHEET****1. Cash and cash equivalents**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
Cash	8,303,763,064	7,690,097,330
Non-term bank deposits	13,342,646,828	8,857,991,998
Cash equivalents	50,000,000,000	30,000,000,000
<b>Total</b>	<b>71,646,409,892</b>	<b>46,548,089,328</b>

**2. Financial Investments****a) Short-term financial investments**

	<u>Year-end Balance</u>		<u>Beginning Balance</u>	
	<u>Original Cost</u>	<u>Book Value</u>	<u>Original Cost</u>	<u>Book Value</u>
Term deposits	326,625,754,419	326,625,754,419	198,663,624,959	198,663,624,959
<b>Total</b>	<b>326,625,754,419</b>	<b>326,625,754,419</b>	<b>198,663,624,959</b>	<b>198,663,624,959</b>

+ Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch: 34,735,000,000 VND.

+ Vietnam Joint Stock Commercial Bank for Industry and Trade – Thanh An Branch: 94,420,546,000 VND.

+ Vietnam Joint Stock Commercial Bank for Defense and Industry - Thang Long Branch - Le Trong Tan Transaction Office: 37,800,000,000 VND.

+ Vietnam International Bank - Dong Da Branch: 33,512,115,745 VND.

+ Vietnam Joint Stock Commercial Bank for Foreign Trade - Hoang Mai Branch: 6,158,092,674 VND.

+ Kasikornbank Public Company Limited – Ho Chi Minh City Branch: 70,000,000,000 VND.

+ Vietnam Joint Stock Commercial Bank for Export and Import: 50,000,000,000 VND.

These deposits are being used to secure loans with the above-mentioned banks. (Note V.20)

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	<u>Year-end Balance</u>		<u>Beginning Balance</u>	
	<u>Ownership percentage according to the Business Registration Certificate</u>	<u>Value</u>	<u>Ownership percentage according to the Business Registration Certificate</u>	<u>Value</u>
<i>Investment in joint ventures and associates</i>		<i>28,134,609,114</i>		<i>15,904,790,933</i>
KLW Vietnam Garment Joint Stock Company (*)	48 %	28,134,609,114	48 %	15,904,790,933
<i>Held-to-maturity investments</i>		<i>20,000,000,000</i>		<i>20,000,000,000</i>
Bonds of Vietnam Joint Stock Commercial Bank for Industry and Trade - Thanh An Branch (**)		20,000,000,000		20,000,000,000
<b>Total</b>		<b>48,134,609,114</b>		<b>35,904,790,933</b>

(\*) According to the Board of Directors' resolution No. 08/HĐQT/NQ-NAG dated August 2, 2024, the company has made an additional contribution of VND 12,000,000,000, bringing the total charter capital owned by the company in KLW Vietnam Garment Joint Stock Company to VND 24,000,000,000, representing 48% of the charter capital. This investment is adjusted to be recognized using the equity method as follows:

	<u>This year</u>	<u>Previous year</u>
The original cost of the investment	24,000,000,000	12,000,000,000
Ownership percentage	48%	48%
Increase/decrease in the investment value due to consolidation using the equity method	4,134,609,114	3,904,790,933
<b>The investment value at the end of the financial year</b>	<b>28,134,609,114</b>	<b>15,904,790,933</b>

(\*\*) It is the purchase of bonds from Vietnam Joint Stock Commercial Bank for Industry and Trade – Thanh An Branch, according to bond ownership certificate number CTG2232T2/01-1269, issued on July 20, 2023, with a maturity date of July 20, 2033. The quantity of bonds is 200,000, with a value of VND 20,000,000,000. These bonds are currently pledged as collateral for a loan at Vietnam Joint Stock Commercial Bank for Industry and Trade – Thanh An Branch.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****3. Short-term receivables from customers**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Receivables from related parties</i>	-	145,361,586,949
Anh Vu International Economic Development Co., Ltd	-	145,361,586,949
<i>Other receivables from customers (*)</i>	410,181,287,521	239,073,474,258
Anh Vu International Economic Development Co., Ltd	130,040,453,329	-
Ngoc Nguyen Chau Refrigeration Joint Stock Company	10,244,048,468	7,756,311,327
HC Global Refrigeration Electrical Mechanical Company Limited	35,686,610,505	33,993,090,096
Cao Trading and Technical Consulting Company Limited	63,392,486,650	77,440,000
Other customers	170,817,688,569	197,246,632,835
<b>Total</b>	<b>410,181,287,521</b>	<b>384,435,061,207</b>

(\*) In which, the receivables from customers are provisioned as shown in Appendix No. 01.

**4. Short-term prepayments to suppliers**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Advance payment to other sellers (*)</i>	32,794,597,855	13,547,258,566
Penseur Industries Sdn Bhd (587108-T)	6,404,962,305	-
Unico Consumer Products Co., Ltd	12,896,043,546	-
HC Global Electromechanical Refrigeration Co., Ltd	6,528,221,900	7,589,479,100
Other suppliers	6,965,370,104	5,957,779,466
<b>Total</b>	<b>32,794,597,855</b>	<b>13,547,258,566</b>

(\*) In which, the advance payments are provisioned as shown in Appendix No. 01.

**5. Short-term loan receivables**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Receivables from related parties</i>	22,996,000,000	-
KLW Vietnam Garment Joint Stock Company	22,996,000,000	-
<i>Receivables from other organizations and individuals</i>	12,100,000,000	20,600,000,000
Mrs Bui Le Hang	-	8,500,000,000
Mr Bui Van Tu	5,000,000,000	5,000,000,000
Other loans	7,100,000,000	7,100,000,000
<b>Total</b>	<b>35,096,000,000</b>	<b>20,600,000,000</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****6. Other receivables****a) Other short-term receivables**

	Year-end Balance		Beginning Balance	
	Value	Provision	Value	Provision
<i>Receivables from related parties</i>	<i>643,546,302</i>	-	-	-
KLW Vietnam Garment Joint Stock Company – Loan Interest	643,546,302	-	-	-
<i>Receivables from other organizations and individuals</i>	<i>12,416,183,839</i>	-	<i>5,151,625,759</i>	-
Advance payments	117,147,504	-	341,625,930	-
Deposits and guarantees	828,271,335	-	114,377,642	-
Interest receivables from bank savings deposits	10,857,688,200	-	4,693,417,237	-
Other short-term receivables	613,076,800	-	2,204,950	-
<b>Total</b>	<b>13,059,730,141</b>	-	<b>5,151,625,759</b>	-

**b) Other long-term receivables**

	Year-end Balance		Beginning Balance	
	Value	Provision	Value	Provision
Deposits and guarantees	2,167,151,526	-	2,281,160,820	-
<b>Total</b>	<b>2,167,151,526</b>	-	<b>2,281,160,820</b>	-

**7. Provision for doubtful short-term receivables**

Changes in provisions during the year:

	Short-term receivables and loans	Long-term receivables and loans	Total
Beginning Balance	(4,677,821,713)	-	(4,677,821,713)
Provision for additional reserve	(154,633,940)	-	(154,633,940)
Reversal of provision	138,466,488	-	138,466,488
<b>Year-end Balance</b>	<b>(4,693,989,165)</b>	-	<b>(4,693,989,165)</b>

*Bad debts and provision for doubtful short-term receivables are presented in Appendix No. 01.***8. Inventory**

	Year-end Balance		Beginning Balance	
	Value	Provision (*)	Value	Provision
Goods in transit	34,132,326,855	-	25,137,921,055	-
Raw materials and supplies	206,675,422,758	-	180,928,998,033	-
Tools and equipment	533,938,080	-	413,884,400	-
Work-in-progress production and business expenses	2,327,596,059	-	3,120,673,425	-
Finished goods	3,197,141,782	-	3,188,731,782	-
Merchandise	477,507,140,247	(4,212,790,937)	511,569,456,958	(3,170,431,397)
Goods in transit for sale	18,975,581,066	-	16,041,992,697	-
<b>Total</b>	<b>743,349,146,847</b>	<b>(4,212,790,937)</b>	<b>740,401,658,350</b>	<b>(3,170,431,397)</b>



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(\*) The inventory provision recorded during the year consists of long-standing, outdated items that no longer align with consumer preferences and have low marketability. The company continues to liquidate and separate usable components from these items and makes additional provisions to accurately reflect the net realizable value of the inventory.

Changes in inventory devaluation provision are as follows:

	<b>This year</b>	<b>Previous year</b>
Beginning Balance	(3,170,431,397)	(7,865,870,939)
Additional provision	(1,249,588,214)	(301,905,344)
Provision reversal	207,228,674	4,997,344,886
<b>Year-end Balance</b>	<b>(4,212,790,937)</b>	<b>(3,170,431,397)</b>

**9. Prepaid expenses****a) Short-term prepaid expenses**

	<b>Year-end Balance</b>	<b>Beginning Balance</b>
Costs of tools and equipment put into use	37,961,009	538,426,341
Product conformity certification	36,728,494	68,928,566
Property insurance costs	66,075,823	130,344,474
Advertising signs, shelves, and product display walls	2,259,593,333	3,208,237,296
Software maintenance costs	152,536,429	282,818,631
Electrical and electronic testing costs	324,029,980	329,433,068
Advertising expenses	-	87,512,756
Other prepaid expenses	231,443,717	778,737,471
<b>Total</b>	<b>3,108,368,785</b>	<b>5,424,438,603</b>

**b) Long-term prepaid expenses**

	<b>Year-end Balance</b>	<b>Beginning Balance</b>
Tools and equipments	528,707,972	1,656,738,598
Prepaid land lease expenses	713,065,783	734,673,835
Advertising signboard costs	2,917,847,898	6,706,970,627
Renovation and repair expenses	19,215,000	104,901,171
Software purchase costs	65,888,649	43,776,369
Other prepaid expenses	146,747,880	104,970,488
<b>Total</b>	<b>4,391,473,182</b>	<b>9,352,031,088</b>

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#### 10. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Transportation and transmission means	Management equipment and tools	Other fixed assets	Total
<b>Original Cost</b>						
Beginning Balance	108,766,281,270	35,995,505,597	22,522,185,333	9,027,813,725	872,454,963	177,184,240,888
Purchased during the year	-	697,127,200	2,080,839,966	-	-	2,777,967,166
Liquidation, sale	-	-	(863,962,182)	-	-	(863,962,182)
<b>Year-end Balance</b>	<b>108,766,281,270</b>	<b>36,692,632,797</b>	<b>23,739,063,117</b>	<b>9,027,813,725</b>	<b>872,454,963</b>	<b>179,098,245,872</b>
<i>Including:</i>						
Fully depreciated but still in use	8,382,256,282	28,752,666,444	7,813,457,290	456,123,780	803,353,985	46,207,857,781
<b>Accumulated depreciation</b>						
Beginning Balance	33,708,846,683	29,241,713,203	15,980,417,841	1,044,050,380	766,888,363	80,741,916,470
Depreciation during the year	7,012,355,092	857,257,543	2,441,115,623	901,774,416	67,265,350	11,279,768,024
Liquidation, sale	-	-	(863,962,182)	-	-	(863,962,182)
<b>Year-end Balance</b>	<b>40,721,201,775</b>	<b>30,098,970,746</b>	<b>17,557,571,282</b>	<b>1,945,824,796</b>	<b>834,153,713</b>	<b>91,157,722,312</b>

#### Remaining value

Beginning Balance	75,057,434,587	6,753,792,394	6,541,767,492	7,983,763,345	105,566,600	96,442,324,418
<b>Year-end Balance</b>	<b>68,045,079,495</b>	<b>6,593,662,051</b>	<b>6,181,491,835</b>	<b>7,081,988,929</b>	<b>38,301,250</b>	<b>87,940,523,560</b>

+ Some assets with the original cost and residual value of VND 70,292,398,839 and VND 14,114,771,713, respectively, are pledged at the Bank for Investment and Development of Vietnam – Hanoi Branch, including the entire factory used for air conditioner production.

+ The fixed assets include a Mercedes vehicle with license plate number 30F-840.98 and a Mercedes-Benz vehicle with license plate number 30F-798.91, with an original cost and residual value of VND 3,305,978,182 and VND 272,437,068, respectively. Additionally, a Mercedes vehicle with license plate number 30G-381.66, with an original cost and residual value of VND 3,799,952,727 and VND 951,690,681, respectively, are pledged at Vietnam Joint Stock Commercial Bank for Industry and Trade – Thanh An Branch to secure the credit line for Nagakawa Group Joint Stock Company.

+ The office building has an original cost and residual value of VND 3,506,097,039 and VND 2,352,006,737, respectively, and is pledged at Asia Commercial Bank – Da Nang Branch to secure the credit line for Nagakawa Da Nang Joint Stock Company.



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	<u>Land use rights</u>	<u>Software program</u>	<u>Total</u>
<b>Original Cost</b>			
Beginning Balance	4,614,795,919	3,372,212,600	7,987,008,519
Increase due to acquisition	-	700,000,000	700,000,000
<b>Year-end Balance</b>	<b>4,614,795,919</b>	<b>4,072,212,600</b>	<b>8,687,008,519</b>
<i>Including</i>			
Fully depreciated but still in use	-	1,353,212,600	1,353,212,600
<b>Depreciation value</b>			
Beginning Balance	-	1,621,856,231	1,621,856,231
Depreciation during the year	-	569,013,341	569,013,341
<b>Year-end Balance</b>	<b>-</b>	<b>2,190,869,572</b>	<b>2,190,869,572</b>
<b>Remaining Value</b>			
Beginning Balance	4,614,795,919	1,750,356,369	6,365,152,288
<b>Year-end Balance</b>	<b>4,614,795,919</b>	<b>1,881,343,028</b>	<b>6,496,138,947</b>

The asset is the land use rights with an original cost and remaining value of 4,614,795,919 VND and 4,614,795,919 VND, respectively, and is currently pledged at Asia Commercial Bank - Da Nang branch.

**12. Construction in progress costs**

	<u>Beginning Balance</u>	<u>Costs incurred during the year</u>	<u>Transferred to fixed assets during the year</u>	<u>Year-end Balance</u>
Fixed asset purchases	573,780,000	280,000,000	(700,000,000)	153,780,000
Advertising film production and brand identity costs	153,780,000	-	-	153,780,000
Warranty management software	420,000,000	280,000,000	(700,000,000)	-
Construction in progress	40,000,000	-	-	40,000,000
Implementation of chemical prevention measures	40,000,000	-	-	40,000,000
<b>Total</b>	<b>613,780,000</b>	<b>280,000,000</b>	<b>(700,000,000)</b>	<b>193,780,000</b>

**13. Deferred income tax asset**

Deferred income tax asset arising in the year related to internal group profit in inventory and the sale of unrealized tangible fixed assets, details:

	<u>This year</u>	<u>Previous year</u>
Beginning Balance	3,855,294,027	2,160,381,472
Arising in the year	3,596,389,598	3,841,851,612
Reversed in the year	(3,840,027,671)	(2,146,939,057)
<b>Year-end Balance</b>	<b>3,611,655,954</b>	<b>3,855,294,027</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****14. Goodwill**

Goodwill is amortized using the straight-line method over a period of 10 years.

	<u>This year</u>	<u>Previous year</u>
Beginning Balance	23,178,234,895	26,450,456,292
Goodwill arising in the year	-	-
Amortizing goodwill into expenses	(3,272,221,397)	(3,272,221,397)
<b>Total</b>	<b>19,906,013,498</b>	<b>23,178,234,895</b>

**15. Short-term accounts payable to suppliers**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Accounts payable to other suppliers</i>	<i>182,004,186,374</i>	<i>136,596,419,806</i>
Minh Long Electronics Manufacturing and Trading Limited Liability Company	31,120,543,889	15,811,127,688
Hanoi Business and Technical Development Limited Liability Company	2,796,035,977	11,161,521,847
Cao Trading and Technical Consulting Limited Liability Company	3,967,523,254	19,133,390,885
CJ Century Technology SDN.BHD	28,470,745,985	6,208,657,674
TCL Air Conditioner (Zhongshan) Co., LTD.	5,027,619,168	2,673,819,405
Petroleum High-Tech Product Distribution Joint Stock Company	44,094,105,001	-
Other suppliers	66,527,613,100	81,607,902,307
<b>Total</b>	<b>182,004,186,374</b>	<b>136,596,419,806</b>

**16. Advance payments from customers**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Prepayments from related parties</i>	<i>3,471,566,449</i>	<i>1,038,468,411</i>
KLW Vietnam Garment Joint Stock Company	3,471,566,449	1,038,468,411
<i>Prepayments from other customers</i>	<i>11,306,839,174</i>	<i>36,324,527,566</i>
Branch of BCA - Thang Long One Member Limited Liability Company in Hai Phong	-	17,820,546,000
SH Vietnam Technical Construction Joint Stock Company	2,315,855,100	2,232,255,100
Hung Son Investment One Member Limited Liability Company	2,512,248,637	-
Toan Thang Trading, Services, and Construction Limited Liability Company	1,446,913,000	1,485,793,000
Cao Trading and Technical Consulting Limited Liability Company	-	4,547,941,194
Minh Long Electronics Manufacturing and Trading Limited Liability Company	-	1,954,320,771
Other customers	5,031,822,437	8,283,671,501
<b>Total</b>	<b>14,778,405,623</b>	<b>37,362,995,977</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****17. Taxes and amounts payable to the State**

	Beginning Balance		Amounts incurred during the year		Year-end Balance	
	Payable	Receivable	Amount payable	Amount paid	Payable	Receivable
VAT on domestic sales	5,452,150,622	-	20,714,867,176	(12,822,293,587)	13,344,078,758	645,453
VAT on imported goods	-	-	113,315,976,717	(113,315,976,717)	-	-
Special consumption tax	2,580,874,452	-	103,876,525,501	(104,799,038,828)	1,658,361,125	-
Export and import duties	-	1,344,099	33,280,204,652	(33,278,860,553)	-	-
Corporate income tax	8,955,489,656	39,362,949	8,185,972,364	(9,886,161,629)	7,255,300,391	39,362,949
Personal income tax	1,052,970,479	-	1,613,087,340	(2,341,514,922)	324,542,897	-
Land lease payments	-	-	433,597,625	(435,312,467)	-	1,714,842
Other type of taxes	431,059,554	-	166,950,819	(230,952,876)	367,057,497	-
<b>Total</b>	<b>18,472,544,763</b>	<b>40,707,048</b>	<b>281,587,182,194</b>	<b>(277,110,111,579)</b>	<b>22,949,340,668</b>	<b>41,723,244</b>

The company's tax settlement will be subject to inspection by the tax authorities. Due to the application of laws and regulations on taxes for various types of transactions, which can be interpreted in different ways, the tax amount presented in the financial statements may change based on the tax authorities' decision.

**Value Added Tax**

The company pays value-added tax (VAT) under the credit-invoice method. The VAT rate is as follows:

- Revenue from sales of finished goods and merchandise 10%
- Revenue from service provision 8%

**Corporate income tax**

Corporate income tax is calculated based on taxable income for the year, with an applicable tax rate of 20%.

**Other type of taxes**

Other taxes, which the company declares and pays according to regulations.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****18. Short-term payable expenses**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
Interest expenses payable	2,412,592,042	3,040,185,790
Accrued expenses for sales discounts and promotional programs	2,598,732,194	225,219,010
Other short-term payable expenses	177,390,598	19,374,159
<b>Total</b>	<b>5,188,714,834</b>	<b>3,284,778,959</b>

**19. Other short-term payables**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
<i>Payables to related parties</i>	<i>129,782,821</i>	<i>382,931</i>
KLW Vietnam Garment Joint Stock Company - Payables for interest expenses	129,782,821	382,931
<i>Payables to other organizations and individuals</i>	<i>2,772,450,848</i>	<i>2,610,259,894</i>
Trade union funds	787,155,182	641,827,260
Dividends and profits payable	1,875,577,268	1,875,577,268
Other short-term payables	109,718,398	92,855,366
<b>Total</b>	<b>2,902,233,669</b>	<b>2,610,642,825</b>

**20. Short-term borrowings and financial lease liabilities**

	<u>Year-end Balance</u>		<u>Beginning Balance</u>	
	<u>Value</u>	<u>Debt repayment ability</u>	<u>Value</u>	<u>Debt repayment ability</u>
<b>Short-term borrowings and financial lease liabilities</b>	-	-	6,002,000,000	6,002,000,000
KLW Vietnam Garment Joint Stock Company	-	-	6,002,000,000	6,002,000,000
<i>financial lease liabilities payable to other organizations and individuals</i>	<i>1,137,306,992,519</i>	<i>1,137,306,992,519</i>	<i>974,282,289,358</i>	<i>974,282,289,358</i>
Short-term bank loans				
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thanh An Branch (1)	385,276,762,665	385,276,762,665	387,313,009,352	387,313,009,352
Military Joint Stock Commercial Bank - Dien Bien Phu Branch (2)	79,963,217,714	79,963,217,714	79,739,506,428	79,739,506,428
Bank for Investment and Development of Vietnam - Hanoi Branch (3)	306,424,549,728	306,424,549,728	382,088,494,422	382,088,494,422
Tien Phong Commercial Joint Stock Bank - Thang Long Branch	-	-	17,656,192,000	17,656,192,000
Vietnam Foreign Trade Commercial Joint Stock Bank - Hanoi Branch	-	-	33,745,501,839	33,745,501,839
Kasikornbank Public Company Limited (KBank) - Ho Chi Minh City Branch (4)	187,337,034,666	187,337,034,666	-	-
Vietnam International Commercial Joint Stock Bank - Dong Da Branch (5)	76,988,376,825	76,988,376,825	49,869,597,933	49,869,597,933
Vietnam Export-Import Commercial Joint Stock Bank (6)	99,917,050,921	99,917,050,921	-	-
Asia Commercial Bank - Da Nang Branch	-	-	7,000,000,000	7,000,000,000
Vietnam Foreign Trade Commercial Joint Stock Bank - Hanoi Branch	-	-	14,290,287,384	14,290,287,384



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## Short-term loans from individuals

<i>Mrs Bui Le Hang</i>	<u>1,400,000,000</u>	<u>1,400,000,000</u>	<u>2,579,700,000</u>	<u>2,579,700,000</u>
<b>Total</b>	<b><u>1,137,306,992,519</u></b>	<b><u>1,137,306,992,519</u></b>	<b><u>980,284,289,358</u></b>	<b><u>980,284,289,358</u></b>

(1) It is a loan from the Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) – Thanh An Branch, according to the credit limit loan agreement number 0103/2024-HĐCVHM/NHCT320-NAG dated March 8, 2024, with a total loan limit and the balance of guarantees, L/Cs issued at any given time not exceeding 400,000,000,000 VND. The duration of the credit limit is 12 months from the signing date of the contract. The loan term for each debt does not exceed 7 months. The purpose of the loan is to supplement working capital for business operations. The interest rate is specified in each promissory note. The loan agreement is secured by:

+ The ownership of the residential property and the right to use the residential land with the number 10111071095, the original record number 6586 2003 2640. 203, Decision No. QĐUB issued by the People's Committee of Hanoi City on May 14, 2002, to Mrs. Dao Thi Soi and Mr. Nguyen Duc Kha, according to the Contract No. 02/2019/HĐBD/NHCT320-NAG dated December 3, 2019.

+ The ownership of the residential property and the right to use the residential land at the address 106, Alley 155/206, Truong Chinh Street, Phuong Liet Ward, Thanh Xuan District, Hanoi (now 86, Alley 274, Nguyen Lan Street, Phuong Liet Ward, Thanh Xuan District, Hanoi City), according to the certificate of ownership of the house and land use rights number 10111071019, original record number 3015-2003-QĐUB/8623.2003 issued by the People's Committee of Hanoi City on June 2, 2003, to Mr. Luu Van That and Mrs. La Thi Nga. On November 21, 2012, the Land Use Rights Registration Office of Thanh Xuan District, Hanoi City confirmed the transfer to Mrs. Dao Thi Soi according to the transfer contract number 10121293/ HHĐCN dated October 29, 2012, at My Dinh Notary Office, Hanoi City, according to the mortgage contract number 01/2020/HĐBD/NHCT320-NAG dated November 2, 2020.

+ The land use rights for plot number 99, map sheet number 16, located at Dai Kim Ward, Hoang Mai District, Hanoi City, are granted under the land use rights certificate number AD537451, certificate number: 01674-2144 QD-UB issued by the People's Committee of Hoang Mai District, Hanoi City on December 21, 2005, to Mr. Do Quach Cuong. On April 17, 2015, the land registration office of Hoang Mai District confirmed the transfer to Mr. Nguyen Duc Kha and Mrs. Dao Thi Soi according to file number 1181 dated April 14, 2015, based on mortgage contract number 02/2020/HĐBD/NHCT320-NAG dated November 2, 2020.

+ The bond issued by VietinBank (Vietnam Joint Stock Commercial Bank for Industry and Trade), bond code: CTG2232T2/01, with a total bond value of 20,000,000,000 VND, according to the bond pledge contract number: 2007/2023/HĐBD/NHCT320-TP-NAGAKAWA established on July 20, 2023.

+ The shares of Nagakawa Group Joint Stock Company, according to the securities pledge contract number 02/2021/HĐBD/NHCT/320-NAG dated February 25, 2021.

+ The machinery and equipment owned by KLV Vietnam Garment Joint Stock Company, according to the movable property mortgage contract number 2804/2021/HĐBD/NHCT320-MAYMOCKLW dated April 28, 2021.

+ The Mercedes car, license plate number 30G-381.66, owned by Nagakawa Group Joint Stock Company, Hanoi Branch, according to the asset mortgage contract number 0309/2020/HĐBD/NHCT320-NAGAKAWA signed on October 19, 2020.



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+ The entire inventory in circulation owned by Nagakawa Group Joint Stock Company, with a value of 60,000,000,000 VND, according to the asset valuation report dated January 30, 2018, and the goods mortgage contract number 01/2018/HĐTC/NHCT320-NAG-HTK signed on February 6, 2018. According to the amendment document to the goods mortgage contract number 01/2020/HĐBD/NHCT320-NAG-HTK dated January 21, 2020, the parties agreed to re-evaluate the mortgaged asset value at 101,508,541,889 VND.

+ The land use rights, ownership of the house, and other assets attached to the land with certificate number DE 216785, certificate registration number CS 31027, issued by the Department of Natural Resources and Environment of Hanoi City on June 11, 2022, are owned by Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong, according to the asset mortgage contract number 06/2022/HĐBD/NHCT320-CANHOR1 signed on July 6, 2022. The mortgaged asset value is 8,815,000,000 VND.

+ The land use rights and assets attached to the land at address number 5, alley 105, Xa Dan 2 lane, Nam Dong Ward, Dong Da District, Hanoi, according to the Certificate of Ownership of the House and Land Use Rights number 3835/2009/QĐ-08 issued by the People's Committee of Dong Da District on November 10, 2009; owners: Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong

+ The term deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) with a total value of 94,420,546,000 VND is currently being mortgaged at the bank.

(2) It is a loan from the Vietnam Military Joint Stock Commercial Bank – Dien Bien Phu Branch under the credit facility agreement number 198467.24.051.879737.TD dated April 1, 2024, with a credit limit value of 150 billion VND: a loan limit of 100 billion VND, a guarantee limit (excluding payment guarantees) of 50 billion VND, and an L/C issuance limit of 50 billion VND. The credit limit for the total of these limits is 100 billion VND; the loan and payment guarantee limit for the import of components/equipment for assembly is up to 30 billion VND. The credit limit validity period is until March 15, 2025, from the date of signing the contract, and the loan term is specified in the debt acknowledgment document but will not exceed 6 months. The loan purpose is to supplement working capital for the production and business activities of the customer in the fields of refrigeration, home appliances, and kitchen equipment. The interest rate, interest adjustment date, and interest adjustment period will be according to the debt acknowledgment document from the bank. The collateral includes:

+ The real estate according to the Land Use Rights Certificate number AI 272273 issued by the People's Committee of Hoang Mai District on September 18, 2007, to Mrs. Dao Thi Soi.

+ The right to claim debts arising from the payment requests, debt reconciliation confirmation records, and VAT invoices, as specified in the mortgage contract number 126540.23.051.879737.BD dated April 7, 2023.

+ The term deposit contract at the Vietnam Military Joint Stock Commercial Bank – Thang Long Branch - Le Trong Tan Transaction Office, with a total value of 37,800,000,000 VND, is currently being mortgaged at the bank.

(3) It is a loan from the Vietnam Investment and Development Bank - Hanoi Branch under the credit facility agreement number 01/2024/367653/HĐTD dated September 15, 2024, with a total credit limit at any time not exceeding 400,000,000,000 VND. The credit limit includes the entire



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short-term loan balance under the contract 01/2023/367653/HĐTD dated September 22, 2023. The credit limit validity period is 12 months from the date of signing the contract. The interest rate for the loan is specified in each debt acknowledgment document, and the overdue interest rate is 150% of the applicable interest rate. The principal loan amount is to be repaid in full on the loan maturity date according to each debt acknowledgment document. The loan contract is secured by:

+ The real estate numbered HD03-16, Vinhomes Riverside 2 Ecological Urban Area, Phuc Dong Ward, Long Bien District, Hanoi City, according to the Land Use Rights Certificate, House Ownership Rights, and Other Assets Attached to the Land number CT274326, certificate registration number CT-DA 00886, issued by the Department of Natural Resources and Environment of Hanoi City on August 30, 2019, is owned by Anh Vu International Economic Development Co., Ltd, a capital contributor (as per the mortgage contract number 02/2019/367653/HĐBĐ dated September 18, 2019).

+ The entire factory on the land at plot number 340, map sheet number 26, Phuc Thang Ward, Phuc Yen, Vinh Phuc, owned by the company, according to the real estate mortgage contract number 03/2019/367653/HĐBĐ dated November 18, 2019.

+ The land use rights and assets attached to the land at address number 5, alley 105, Xa Dan 2 lane, Nam Dong Ward, Dong Da District, Hanoi, according to the Certificate of Ownership of the House and Land Use Rights number 3835/2009/QĐ-08 issued by the People's Committee of Dong Da District on November 10, 2009; owners: Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong, according to the mortgage contract number 01/2020/367653/HĐBĐ.

+ The shares of Nagakawa Group Joint Stock Company owned by Mr. Nguyen Duc Kha, according to the pledge contract number 02/2020/367653/HĐBĐ dated June 30, 2020.

+ The entire factory on plot number 288, map sheet number 10, Vinh Khuc Commune, Van Giang District, Hung Yen Province, owned by Viet Phuc Hung Yen Joint Stock Company, is mortgaged according to the asset mortgage contract attached to the land number 01/2021/367653/HĐBĐ dated May 26, 2021.

+ A term deposit contract at Vietnam Investment and Development Bank - Hanoi Branch with a total value of 28,500,000,000 VND, which is currently pledged at the bank.

(4) It is a loan from Kasikornbank Public Company Limited - Ho Chi Minh Branch under contract number 143/2023/FA.01 dated December 27, 2023, with a credit limit not exceeding 200,000,000,000 VND. The validity period of the credit facility is 12 months from the effective date of the contract. The loan term for each debt is no longer than 03 months. The purpose of the loan is to supplement working capital for business activities related to air conditioners, air conditioner components, kitchen equipment, and household appliances. The loan contract is secured b:

+ A term deposit contract at Kasikornbank Public Company Limited - Ho Chi Minh Branch with a total value of 70,000,000,000 VND, which is currently pledged at the bank.

(5) It is a loan from the Vietnam International Joint Stock Commercial Bank – Dong Da Branch under contract number 7256129.24 dated March 7, 2024, with a credit limit not exceeding 80,000,000,000 VND. The credit limit validity period is 12 months from the effective date of the contract. The loan term for each debt is no more than 7 months. The loan purpose is to supplement working capital for the business activities of air conditioners, air conditioner components, kitchen equipment, and household appliances. The loan contract is secured by:



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

+ The mortgage of receivables formed from Nagakawa Joint Stock Company in Ho Chi Minh City and Anh Vu International Economic Development Joint Stock Company, with a value of 46,000,000,000 VND.

+ The term deposit contract at Vietnam International Joint Stock Commercial Bank – Dong Da Branch, with a total value of 32,512,115,745 VND, is currently being mortgaged at the bank.

(6) It is a loan from Vietnam Export-Import Commercial Joint Stock Bank under contract number 1703LAV240112981 dated October 10, 2024, with a total credit limit of 200,000,000,000 VND. The validity period of the credit facility is until October 9, 2025, from the effective date of the contract. The loan term for each debt is no longer than 06 months and is specifically stated in the Promissory Note. The purpose of the loan is to supplement short-term working capital for the production of household electrical appliances, air conditioners, and other products. The loan contract is secured by:

+ A term deposit contract at Vietnam Export-Import Commercial Joint Stock Bank with a total value of 50,000,000,000 VND, which is currently pledged at the bank.

The details of the movements in short-term loans and financial lease liabilities during the year are as follows:

	<b>Beginning Balance</b>	<b>Loan amounts incurred during the year</b>	<b>Loan amounts repaid during the year</b>	<b>Year-end Balance</b>
Short-term bank loans	971,702,589,358	2,608,069,665,549	(2,443,954,523,931)	1,035,989,941,598
Short-term loans from related parties	6,002,000,000	5,000,000,000	(11,002,000,000)	-
Short-term loans from individuals	2,579,700,000	2,910,000,000	(4,089,700,000)	1,400,000,000
<b>Total</b>	<b>980,284,289,358</b>	<b>2,616,068,927,092</b>	<b>(2,459,046,223,931)</b>	<b>1,137,306,992,519</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****21. Short-term provisions**

	<u>Beginning Balance</u>	<u>Increase due to provisions made during the year</u>	<u>Amount used during the year</u>	<u>Amount reversed during the year</u>	<u>Year-end Balance</u>
Product and goods warranty provisions	3,661,552,972	7,998,119,357	(1,907,753,974)	(5,860,336,746)	3,891,581,609
<b>Total</b>	<b>3,661,552,972</b>	<b>7,998,119,357</b>	<b>(1,907,753,974)</b>	<b>(5,860,336,746)</b>	<b>3,891,581,609</b>

**22. Welfare and bonus fund**

	<u>Beginning Balance</u>	<u>Increase due to provisions from profits</u>	<u>Expenditure from the fund during the year</u>	<u>Year-end Balance</u>
Bonus fund	666,514,771	251,501,486	-	918,016,257
Welfare fund	238,669,786	251,501,486	(104,344,908)	385,826,364
<b>Total</b>	<b>905,184,557</b>	<b>503,002,972</b>	<b>(104,344,908)</b>	<b>1,303,842,621</b>

**23. Deferred income tax liabilities**

Deferred income tax liabilities arising in the year related to provisions/reversals of investment loss, details:

	<u>This year</u>	<u>Previous year</u>
Beginning Balance	1,495,338,594	2,181,175,198
Arising in the year	-	(685,836,604)
Reversed in the year	(3,881,342)	-
<b>Year-end Balance</b>	<b>1,491,457,252</b>	<b>1,495,338,594</b>

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#### 24. Owner's equity

##### a) Statement of changes in owner's equity

	Owner's investment capital	Share premium	Treasury shares	Development investment fund	Undistributed after-tax profit	Non- controlling interests	Total
The beginning number of last year	316,465,410,000	5,348,010,000	(20,000)	7,113,479,352	45,741,564,871	19,119,327,544	393,787,771,767
Profit remitted by branch	-	-	-	-	(15,823,269,500)	(902,588,662)	(16,725,858,162)
Profit in the previous year	-	-	-	-	24,455,277,556	694,871,033	25,150,148,589
Provision for funds	-	-	-	1,456,794,595	(2,007,773,052)	(19,837,114)	(570,815,571)
<b>Beginning balance of last year</b>	<b>316,465,410,000</b>	<b>5,348,010,000</b>	<b>(20,000)</b>	<b>8,570,273,947</b>	<b>52,365,799,875</b>	<b>18,891,772,801</b>	<b>401,641,246,623</b>
Beginning balance of this year	316,465,410,000	5,348,010,000	(20,000)	8,570,273,947	52,365,799,875	18,891,772,801	401,641,246,623
Increase in capital at the subsidiary	-	-	-	-	-	900,000,000	900,000,000
Increase in capital from retained earnings	25,312,280,000	-	-	-	(25,312,280,000)	-	-
Profit for the current year	-	-	-	-	26,972,619,790	(28,442,045)	26,944,177,745
Provision for funds	-	-	-	1,257,507,429	(1,760,510,401)	-	(503,002,972)
<b>Ending balance of this year</b>	<b>341,777,690,000</b>	<b>5,348,010,000</b>	<b>(20,000)</b>	<b>9,827,781,376</b>	<b>52,265,629,264</b>	<b>19,763,330,756</b>	<b>428,982,421,396</b>



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The company has approved the 2023 profit distribution plan in accordance with the Resolution of the 2024 Annual General Meeting of Shareholders No. 01/2024/NQ-ĐHĐCĐ-NAG dated April 26, 2024, as follows:

	VND
• Stock dividend payment at 5% of charter capital	: 25,317,232,800
• Development investment fund: 5% of after-tax profit	: 1,257,507,429
• Bonus and welfare fund: 2% of after-tax profit	: 503,002,972

**c) Details of owner's investment capital**

	<u>Year-end Balance</u>		<u>Beginning Balance</u>	
	<u>Value</u>	<u>Holding ratio</u>	<u>Value</u>	<u>Holding ratio</u>
Mr Nguyen Duc Kha	128,993,610,000	37.74%	119,438,540,000	37.74%
Anh Vu International Economic Development Co., Ltd	-	0.00%	32,167,960,000	10.16%
Treasury shares	20,000	0.00%	20,000	0.00%
Other shareholders	212,784,060,000	62.26%	164,858,890,000	52.09%
<b>Total</b>	<b>341,777,690,000</b>	<b>100%</b>	<b>316,465,410,000</b>	<b>100%</b>

**d) Stocks**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
Number of shares registered for issuance	34,177,769	31,646,541
Number of shares issued/sold to the public	34,177,769	31,646,541
- Common shares	34,177,769	31,646,541
Number of shares repurchased	(2)	(2)
- Common shares	(2)	(2)
Number of outstanding shares	34,177,767	31,646,539
- Common shares	34,177,767	31,646,539

Par value of outstanding shares: 10,000 VND per share.

**25. Off-balance sheet items****a, Various foreign currencies**

	<u>Year-end Balance</u>	<u>Beginning Balance</u>
US DOLLAR (USD)	390,24	390,24

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****b, Bad debts written off**

Entity	Year-end Balance	Beginning Balance	Reason for write-off
Tien Phong Newspaper Editorial Office	47,723,000	47,723,000	Uncollectible
Thuan An Company	525,607,000	525,607,000	Uncollectible
Phu Tai Private Company	283,250,000	283,250,000	Uncollectible
Nhat Anh Store	125,087,382	125,087,382	Uncollectible
Zhe Jiang Phidas Electric Appliance Manufacturing Company	104,612,027	104,612,027	Uncollectible
Trang An Technology and Trade Joint Stock Company	30,000,000	30,000,000	Uncollectible
<b>Total</b>	<b>1,116,279,409</b>	<b>1,116,279,409</b>	

**VI. ADDITIONAL INFORMATION ON ITEMS PRESENTED IN THE CONSOLIDATED INCOME STATEMENT****1. Revenue from sales of goods and provision of services****a, Total revenue**

	<u>This year</u>	<u>Previous year</u>
Total revenue	2,744,023,280,166	2,140,625,746,499
Revenue from sales of goods and finished products	2,734,208,597,769	2,124,672,290,001
Revenue from air conditioner installation contracts	-	8,020,804,467
Revenue from service provision	9,814,682,397	7,932,652,031
Deductions from revenue:	(20,768,667,379)	(22,490,122,188)
Trade discount	(12,145,018,915)	(9,863,358,017)
Sales discounts	-	-
Sales returns	(8,623,648,464)	(12,626,764,171)
<b>Net revenue</b>	<b>2,723,254,612,787</b>	<b>2,118,135,624,311</b>

**Including:**

Net revenue from sales of goods and finished products	2,713,439,930,390	2,102,182,167,813
Revenue from air conditioner installation contracts	-	8,020,804,467
Net revenue from service provision	9,814,682,397	7,932,652,031

**b, Net revenue from sales of goods and service provision to related parties**

	<u>This year</u>	<u>Previous year</u>
Anh Vu International Economic Development Co., Ltd	173,128,680,590	678,556,549,834
KLW Vietnam Garment Joint Stock Company	9,354,869,012	7,929,279,998
<b>Total</b>	<b>182,483,549,602</b>	<b>686,485,829,832</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****2. Cost of good sold**

	<u>This year</u>	<u>Previous year</u>
Cost of goods sold for goods and finished products	2,418,792,770,766	1,804,490,164,925
Cost of sales for air conditioner installation contracts	-	4,107,266,241
Cost of services rendered	6,165,369,707	5,301,994,629
Provision/(Reversal) for warranty provisions on projects	-	(1,600,866)
Provision/(Reversal) for inventory write-downs	902,145,148	(4,167,700,266)
<b>Total</b>	<b><u>2,425,860,285,621</u></b>	<b><u>1,809,730,124,663</u></b>

**3. Financial income**

	<u>This year</u>	<u>Previous year</u>
Interest income from deposits, loans, and bonds	20,920,818,929	12,414,101,825
Realized foreign exchange gains	3,937,835,370	2,099,699,013
The exchange rate differential income from revaluation of monetary items with foreign currency denominated origins	180,171,314	
Late payment interest	-	1,421,166,091
<b>Total</b>	<b><u>25,038,825,613</u></b>	<b><u>15,934,966,929</u></b>

**4. Financial expenses**

	<u>This year</u>	<u>Previous year</u>
Interest expense	63,701,223,983	75,384,010,583
Cash discounts for customers	10,376,408,648	3,098,969,331
Foreign exchange loss incurred	3,418,595,627	3,034,414,486
Foreign exchange loss from revaluation of monetary items with foreign currency denominated origins	-	406,401,833
Other financial expenses	-	3,450,000
<b>Total</b>	<b><u>77,496,228,258</u></b>	<b><u>81,927,246,233</u></b>

**5. Selling expenses**

	<u>This year</u>	<u>Previous year</u>
Staff expenses	31,563,501,680	33,448,271,162
Material and packaging costs	101,492,000	62,033,771
Cost of tools and supplies	982,629,909	1,172,473,998
Depreciation expense of fixed assets	3,260,720,486	3,431,867,771
Warranty station expenses	7,567,407,092	1,999,226,754
Provision for warranty expenses	7,998,119,357	5,421,991,499
Reversal of warranty provision	(5,860,336,746)	(1,335,022,233)
Advertising and customer conference expenses	34,515,950,372	51,556,761,253
Outsourced service expenses	77,597,287,037	70,154,809,825
Other expenses	11,892,348,245	11,814,851,197
<b>Total</b>	<b><u>169,619,119,432</u></b>	<b><u>177,727,264,997</u></b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****6. Business management expenses**

	<b>This year</b>	<b>Previous year</b>
Employee expenses	23,380,974,344	27,183,990,884
Management material costs	207,467,158	236,869,889
Office supplies expenses	578,931,821	870,123,894
Depreciation expense of fixed assets	3,207,684,400	2,251,517,634
Taxes, fees, and charges	26,713,544	49,933,333
Goodwill	3,272,221,397	3,272,221,397
Outsourced service costs	6,593,789,368	7,241,291,540
Provision/(Reversal) for doubtful accounts	4,167,512	(597,721)
Other expenses	5,164,593,291	7,755,732,440
<b>Total</b>	<b>42,436,542,835</b>	<b>48,861,083,290</b>

**7. Other income**

	<b>This year</b>	<b>Previous year</b>
Profit from the disposal or sale of fixed assets and investment property	136,363,636	5,149,676,909
Suppliers support for market development	715,509,431	5,001,236,966
World Bank funding	-	7,322,492,371
Debt settlement	1,746,000	-
Accounts payable written off	3,549,355,695	-
Other income	249,782,857	274,528,962
<b>Total</b>	<b>4,652,757,619</b>	<b>17,747,935,208</b>

**8. Other expenses**

	<b>This year</b>	<b>Previous year</b>
Non-deductible expenses for tax purposes	183,758,916	196,980,000
Tax penalties and arrears	1,917,320,938	610,219,572
Other expenses	292,851,360	943,400,907
<b>Total</b>	<b>2,393,931,214</b>	<b>1,750,600,479</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****9. Current corporate income tax expense**

The corporate income tax expense for the year is estimated as follows:

	<u>This year</u>	<u>Previous year</u>
Total accounting profit before tax	35,369,906,840	32,031,665,068
Adjustments to increase or decrease accounting profit to determine the taxable income for corporate income tax:		
- Adjustments to increase income	5,486,985,340	16,730,042,145
<i>Cars with a value over 1.6 billion VND</i>	6,903,415,660	16,730,042,145
<i>Other non-deductible expenses</i>	384,321,816	384,321,816
<i>Losses from subsidiaries filing separately</i>	206,350,274	461,902,171
<i>Remuneration for the Board of Directors and the Supervisory Board not directly involved in management</i>	757,494,318	-
<i>Tax penalties and arrears</i>	310,000,000	310,000,000
<i>Interest expenses excluded for tax calculation</i>	1,922,230,211	607,309,253
<i>Goodwill</i>	50,797,644	-
<i>Losses arising from the consolidation process</i>	3,272,221,397	3,272,221,397
- Adjustments to decrease income	-	11,694,287,508
<i>Profit arising from the consolidation process</i>	(1,416,430,320)	-
Taxable income	(1,416,430,320)	-
Losses from previous years carried forward	40,856,892,180	48,761,707,213
Taxable income	(566,596,436)	(3,386,382,468)
Corporate income tax rate	<u>40,290,295,744</u>	<u>45,375,324,745</u>
<i>Corporate income tax payable</i>	20%	20%
<i>Adjustment of corporate income tax payable from previous years</i>	8,058,059,148	9,075,064,949
<i>Total current corporate income tax</i>	127,913,216	187,200,689
	<u>8,185,972,364</u>	<u>9,262,265,638</u>

**10. Deferred corporate income tax expenses**

	<u>This year</u>	<u>Previous year</u>
Deferred corporate income tax expenses arising from taxable temporary differences	(3,596,389,598)	(3,841,851,612)
Deferred corporate income tax expenses arising from the reversal of deferred tax assets	3,840,027,671	2,146,939,057
Deferred corporate income tax income arising from deductible temporary differences	(3,881,342)	(685,836,604)
<b>Total</b>	<u>239,756,731</u>	<u>(2,380,749,159)</u>

**11. Basic/diluted earnings per share**

	<u>This year</u>	<u>Previous year</u>
Net accounting profit after corporate income tax	26,972,619,790	24,455,277,556
Adjustments to increase or decrease accounting profit to determine the profit attributable to common shareholders:		
- Provision for reward and welfare fund (*)	(539,452,396)	(489,105,551)
	<u>(539,452,396)</u>	<u>(489,105,551)</u>

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	<b>This year</b>	<b>Previous year</b>
Profit used to calculate basic earnings per share	26,433,167,394	23,966,172,005
Weighted average number of common shares outstanding during the year	34,177,767	34,177,767
<b>Basic/diluted earnings per share</b>	<b>773</b>	<b>701</b>

(\*) The provision for the reward and welfare fund for this year is estimated at 2% of the net profit after tax.

The weighted average number of common shares outstanding during the year is calculated as follows:

	<b>This year</b>	<b>Previous year</b>
Common shares outstanding at the beginning of the year	34,177,767	31,646,539
The impact of additional common shares issued from retained earnings	-	2,531,228
<b>Weighted average number of common shares outstanding during the year</b>	<b>34,177,767</b>	<b>34,177,767</b>

**12. Expenses by category**

	<b>This year</b>	<b>Previous year</b>
Costs of raw materials, materials, tools, and supplies	1,000,597,793	9,248,067,869
Labor costs	66,196,485,597	58,726,235,741
Depreciation expenses of fixed assets	11,848,781,365	10,656,667,519
Outsourced service costs	149,918,544,139	133,400,790,230
Warranty station expenses	15,932,180,326	4,406,486,789
Goodwill	3,272,221,397	3,272,221,397
Provision expense	4,167,512	(1,616,281)
Other cash expenses	21,412,006,947	15,222,373,485
<b>Total</b>	<b>269,584,985,076</b>	<b>234,931,226,749</b>

**VII. ADDITIONAL INFORMATION FOR ITEMS PRESENTED IN THE CONSOLIDATED CASH FLOW STATEMENT****1. Non-cash transactions**

During the year, the company had non-cash transactions as follows:

	<b>This year</b>	<b>Previous year</b>
Interest on loans added to principal	-	1,551,427,787
Dividend payment in the form of shares	25,312,280,000	-
Offsetting loans receivable with accounts payable to suppliers	-	12,908,310,002

**VIII. OTHER INFORMATION****1. Transactions with related parties**

The related parties of the Company include: key management personnel, individuals related to key management personnel, and other related parties.



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Key management personnel include the members of the Executive Board. Individuals related to key management personnel are close family members of the key management personnel.

During the year, the company did not have any transactions with key management personnel or individuals related to them.

The income of key management personnel is as follows:

	<u>This year</u>	<u>Previous year</u>
Salaries and bonuses		
<i>Mr Nguyen Ngoc Quy</i>	315,710,082	326,207,440
<i>Mrs Nguyen Thi Huyen Thuong</i>	712,618,950	852,282,295
<i>Mrs Huy Thi Dung</i>	538,846,175	565,723,880
<i>Mr Tran Ba Dat</i>	521,378,568	620,801,039
<i>Mrs Nguyen Thi Bich Thuy</i>	580,605,007	622,184,906
<i>Mrs Trinh Thi Phuong</i>	436,214,556	460,152,000
<i>Mrs Truong Dao Hai Ha</i>	95,948,300	95,948,300
<i>Mr Pham Anh Tuan</i>	95,948,300	95,948,300
<i>Mr Doan Duc Hoa</i>	95,948,300	95,948,300
<i>Mrs Nguyen Thi Thu Thao</i>	38,600,000	38,600,000
<i>Mrs Pham Thi Hue Anh</i>	38,600,000	38,600,000
<i>Mrs Vu Thi Hai Yen</i>	38,600,000	38,600,000
<b>Total</b>	<b>3,509,018,238</b>	<b>3,850,996,460</b>

***B, Transactions with other related parties***

Other related parties of the Company include:

<u>Related parties</u>	<u>Relationship</u>
Anh Vu International Economic Development Co., Ltd (*)	Major shareholder.
KLW Vietnam Garment Joint Stock Company	Subsidiary company
(*) From April 4, 2024, Anh Vu International Economic Development Limited Liability Company has fully divested its capital in Nagakwa Group Joint Stock Company and is no longer a related party.	

The main transactions that occurred during the year between the company and other related parties are as follows:

	<u>This year</u>	<u>Previous year</u>
<b><i>Anh Vu International Economic Development Co., Ltd</i></b>		
Accounts receivable from sales	190,441,548,649	744,621,713,919
Interest receivable on late payments	-	1,421,166,091
Cash receipts from sales of goods and provision of services	220,272,000,000	771,360,979,930
Debt offsetting	-	8,684,340,370
<b><i>KLW Vietnam Garment Joint Stock Company</i></b>		
Accounts receivable from sales and service provision	-	14,048,000
Receivables from warehouse rental	10,286,301,962	8,708,159,999

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	<u>This year</u>	<u>Previous year</u>
Accounts payable for goods and services purchased	259,200,000	-
Sales returns	-	7,960,000
Cash received from sales of goods and provision of services	12,460,200,000	10,485,703,904
Offsetting receivables and payables	259,200,000	-
Short-term loans receivable	46,296,000,000	-
Cash received from short-term loans	23,300,000,000	-
Interest receivable	643,546,302	-
Accounts payable for short-term loans	5,000,000,000	25,700,000,000
Repayment of short-term loans	11,002,000,000	37,469,000,000
Accounts payable for interest on loans	129,399,890	635,731,397
Payment of interest on loans	-	1,525,985,929

The prices of goods and services provided to related parties are at market prices. The purchase of goods and services from related parties is conducted at market prices.

Accounts receivable are unsecured and will be settled in cash. No allowance for doubtful accounts has been made for receivables from related parties.

As of the end of the accounting period, the liabilities with related parties are disclosed in note V.3; V.5; V.6; V.16; V.19; V.20.

***Guarantee commitment***

In addition, other related parties of the company are using assets as collateral for the company's loans from banks as follows: (Details in note V.20)

<b>Assets</b>	<b>Fair value</b>	<b>Ownership entity</b>
Land Use Rights Certificate No. V930401, entered in the land use rights certificate registry under No. 01510/QSDĐ/449B/2003/QĐ-UB issued by the People's Committee of Tien Lu District, Hung Yen Province, on June 26, 2003. Asset Collateral Agreement No. 50/2018/HDBD/NHCT320-NAG-HUNGYEN dated June 18, 2018	2,313,000,000	Mrs Nguyen Thi Huyen Thuong
Certificate of Homeownership and Land Use Rights No. 10111071095, with original file No. 6586 2003 2640. 203. QĐUB issued by the People's Committee of Hanoi City on May 14, 2002, to Mrs. Dao Thi Soi and Mr. Nguyen Duc Kha, according to the Collateral Agreement No. 02/2019/HDBD/NHCT320-NAG dated December 3, 2019	6,203,773,000	Mrs Dao Thi Soi và Mr Nguyen Duc Kha
Certificate of Homeownership and Land Use Rights No. 10111071019, with original file No. 3015-2003-QĐUB/8623.2003 issued by the People's Committee of Hanoi City on June 2, 2003, with owner: Mrs. Dao Thi Soi.	7,255,000,000	Mrs Dao Thi Soi



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

<b>Assets</b>	<b>Fair value</b>	<b>Ownership entity</b>
Address: 106 Alley 155/206, Truong Chinh Street, Phuong Liet Ward, Thanh Xuan District, Hanoi City (currently: No. 86 Alley 274, Nguyen Lan Street, Phuong Liet Ward, Thanh Xuan District, Hanoi City). Real Estate Mortgage Agreement No. 01/2020/HDBD/NHCT320-NAG dated November 2, 2020		
Land Use Rights Certificate No. AD537451, with registration number 01674-2144/QĐ-UB issued by the People's Committee of Hoang Mai District on December 21, 2005, with owners: Mr. Nguyen Duc Kha and Mrs. Dao Thi Soi. Address: Plot No. 99, Map No. 16, Dai Kim Ward, Hoang Mai District, Hanoi City (388 Kim Giang). Real Estate Mortgage Agreement No. 02/2020/HDBD/NHCT320-NAG dated November 2, 2020	11,700,000,000	Mrs Dao Thi Soi and Mr Nguyen Duc Kha
Land ownership certificate No. DE 216785, registered in the certificate book as CS 31027, issued by the Department of Natural Resources and Environment of Hanoi City on June 11, 2022, in the names of Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong, for Apartment No. 329, Building R1-72A Nguyen Trai, Thuong Dinh Ward, Thanh Xuan District, Hanoi City	8.815.000.000	Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong
Land Use Rights Certificate No. CV459142, with registration number CS28044, issued by the Department of Natural Resources and Environment of Hanoi City on July 13, 2020, in the name of Trinh Thi Phuong. Plot No. 6, Map No. 7, Capitaland-Hoang Thanh CT08 Mixed Residential and Commercial Service Area, Co Nga Area, Mo Lao New Urban Area, Ha Dong District,	4,173,000,000	Mrs Trinh Thi Phuong
Real estate No. HD03-16, Vinhomes Riverside 2 Ecological Urban Area, Phuc Dong Ward, Long Bien District, Hanoi City, according to the Land Use Rights, Homeownership and Other Assets Attached to the Land Certificate No. CT274326, with registration number CT-DA 00886, issued by the Department of Natural Resources and Environment of Hanoi City on August 30, 2019, owned by Anh Vu International Economic Development Co., Ltd, a contributing shareholder (according to Mortgage Agreement No. 02/2019//367653/HDBD dated September 18, 2019).	72,494,000,000	Anh Vu International Economic Development Co., Ltd
The shares of Nagakawa Group Joint Stock	43,059,000,000	Mr Nguyen Duc Kha

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<b>Assets</b>	<b>Fair value</b>	<b>Ownership entity</b>
Company are owned by Mr. Nguyen Duc Kha according to Pledge Agreement No. 02/2020/367653/HDBD dated June 30, 2020.		
The entire factory located on Plot No. 288, Map No. 10, Vinh Khuc Commune, Van Giang District, Hung Yen Province, owned by Viet Phuc Hung Yen Joint Stock Company, is mortgaged according to the Mortgage Agreement on Assets Attached to Land No. 01/2021/367653/HDBD dated May 26, 2021.	51,087,000,000	Viet Phuc Hung Yen Joint Stock Company
The land use rights and assets attached to the land at No. 5, Alley 105, Xa Dan 2 Lane, Nam Dong Ward, Dong Da District, Hanoi, according to the Homeownership and Land Use Rights Certificate No. 3835/2009/QD-08 issued by the People's Committee of Dong Da District on November 10, 2009; owners: Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong, according to the Mortgage Agreement No. 01/2020/367653/HDBD.	3,812,000,000	Mr. Nguyen Manh Cuong and Mrs. Nguyen Thi Huyen Thuong
The machinery and equipment owned by KLV Vietnam Garment Joint Stock Company	12,251,190,886	KLV Vietnam Garment Joint Stock Company

**2. Department information**

Information about the department is presented by geographical area. The primary departmental report is based on the geographical area according to the organizational structure, internal management, and the Company's internal financial reporting system.

***Geographical area***

The Company's operations are primarily distributed in the Northern region, Central region, and Southern region.

Information about business results, fixed assets, other long-term assets, and the value of major non-cash expenses of the department by geographical area based on the location of the Company's customers is as follows:



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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

	Northern region	Central region	Southern region	Exclusions	Total
<b>This year</b>					
Net revenue from sales and provision of services to external parties	1,981,036,974,305	113,388,094,805	628,829,543,677	-	2,723,254,612,787
Net revenue from sales and provision of services between departments	1,841,041,589,987	4,791,026,048	20,765,492,392	(1,866,598,108,427)	-
<i>Total net revenue from sales and provision of services</i>	<i>3,822,078,564,292</i>	<i>118,179,120,853</i>	<i>649,595,036,069</i>	<i>(1,866,598,108,427)</i>	<i>2,723,254,612,787</i>
Departmental expenses	(3,589,471,632,875)	(110,564,159,137)	(592,632,177,955)	1,866,807,684,346	(2,425,860,285,621)
Business results by department	232,606,931,417	7,614,961,716	56,962,858,114	209,575,919	297,394,327,166
Unallocated expenses by department					(212,055,662,267)
Profit from business operations					85,338,664,899
Revenue from financial activities					25,038,825,613
Financial expenses					(77,496,228,258)
Share of profit or loss in joint ventures and associates					229,818,181
Other income					4,652,757,619
Other expenses					(2,393,931,214)
Current income tax expenses					(8,185,972,364)
Deferred income tax expenses					(239,756,731)
<i>Net profit after corporate income tax</i>					<i>26,944,177,745</i>
<i>Total expenses incurred to purchase fixed assets and other long-term assets</i>	<i>6,283,868,252</i>	<i>75,643,097</i>	<i>609,000,000</i>	-	<i>6,968,511,349</i>
<i>Total depreciation expenses and allocation of long-term prepaid expenses</i>	<i>19,655,925,565</i>	<i>445,657,248</i>	<i>682,460,904</i>	<i>(64,160,263)</i>	<i>20,719,883,454</i>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Assets and liabilities of the department by geographical area based on the location of the Company's customers are as follows:

	Northern region	Central region	Southern region	Exclusions	Total
<b>Year-end Balance</b>					
Direct assets of the department	2,267,041,322,917	26,796,392,764	116,401,448,150	(605,155,671,449)	1,805,083,492,382
<b>Total assets</b>					<u>1,805,083,492,382</u>
Direct liabilities of the department	1,682,642,826,421	26,623,866,337	123,836,411,780	(457,002,033,552)	1,376,101,070,986
<b>Total liabilities</b>					<u>1,376,101,070,986</u>
<b>Beginning Balance</b>					
Direct assets of the department	2,017,529,833,094	30,624,847,060	83,218,188,029	(540,381,538,810)	1,590,991,329,373
<b>Total assets</b>					<u>1,590,991,329,373</u>
Direct liabilities of the department	1,461,995,610,850	30,489,641,231	90,971,986,874	(394,107,156,205)	1,189,350,082,750
<b>Total liabilities</b>					<u>1,189,350,082,750</u>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****3. Financial Risk Management**

The Company's operations give rise to the following financial risks: credit risk, liquidity risk, and market risk. The Board of Directors is responsible for establishing policies and controls to mitigate financial risks, as well as overseeing the implementation of the established policies and controls.

**A, Credit risk**

Credit risk is the risk that one party involved in a contract is unable to fulfill its obligations, resulting in financial losses for the Company.

The Company faces credit risks primarily arising from accounts receivable from customers and bank deposits.

*Accounts receivable from customers*

The Company minimizes credit risk by only engaging in transactions with financially stable entities, requiring the opening of letters of credit or securing assets for first-time or unknown financial entities. Additionally, the accounts receivable staff regularly monitors outstanding debts to expedite collections.

The Company's accounts receivable from customers are related to multiple entities and individuals, so the credit risk concentration for accounts receivable is low.

*Bank deposits*

The Company's term and non-term bank deposits are placed at domestic banks. The Board of Directors does not perceive any significant credit risk from these deposits.

**B, Liquidity risk**

Liquidity risk is the risk that the company faces difficulties in meeting its financial obligations due to a lack of cash.

The Board of General Directors is ultimately responsible for managing liquidity risk. The company's liquidity risk primarily arises from the mismatch in the maturity dates of financial assets and financial liabilities.

The Company manages liquidity risk by maintaining an appropriate amount of cash and cash equivalents, as well as loans at a level deemed sufficient by the Board of Directors to meet the Company's operational needs, in order to minimize the impact of cash flow fluctuations.

The payment terms of the financial liabilities are based on the expected payments under the contracts, undiscounted, as follows:

	1 Year or Less	Over 1 Year to 5 Years	Over 5 years	Total
<b>Year-end Balance</b>				
Loans and Debts	1,137,306,992,519	-	-	1,137,306,992,519
Payables to Suppliers	182,004,186,374	-	-	182,004,186,374
Other Payables	16,266,845,929	-	-	16,266,845,929
<b>Total</b>	<b>1,335,578,024,822</b>	<b>-</b>	<b>-</b>	<b>1,335,578,024,822</b>
<b>Beginning Balance</b>				
Loans and Debts	980,284,289,358	-	-	980,284,289,358
Payables to Suppliers	136,596,419,806	-	-	136,596,419,806
Other Payables	14,233,309,695	-	-	14,233,309,695
<b>Total</b>	<b>1,131,114,018,859</b>	<b>-</b>	<b>-</b>	<b>1,131,114,018,859</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

The Company believes that the level of concentration risk related to debt repayment is low. The Company has the ability to settle due debts through cash flows from operating activities and proceeds from maturing financial assets.

**C, Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes three types: foreign exchange risk, interest rate risk, and other price risks.

The sensitivity analysis presented below is based on the value of net debt, with the ratio between fixed-interest debt and floating-interest debt remaining unchanged.

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk is primarily related to its borrowings.

The company manages interest rate risk by analyzing market conditions to secure the most favorable interest rates while staying within its risk management limits.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than changes in interest rates and exchange rates.

**4. Fair value of financial assets and liabilities**

	Book value		Fair value	
	Year-end Balance	Beginning Balance	Year-end Balance	Beginning Balance
<b>Financial Assets</b>				
Cash and cash equivalents	71,646,409,892	46,548,089,328	71,646,409,892	46,548,089,328
Held-to-maturity investments	346,625,754,419	218,663,624,959	346,625,754,419	218,663,624,959
Accounts receivable from customers	408,145,350,851	382,415,291,989	408,145,350,851	382,415,291,989
Loans receivable	35,096,000,000	20,600,000,000	35,096,000,000	20,600,000,000
Other receivables	15,226,881,667	7,432,786,579	15,226,881,667	7,432,786,579
Financial assets available for sale	28,134,609,114	15,904,790,933	28,134,609,114	15,904,790,933
<b>Total</b>	<b>904,875,005,943</b>	<b>691,564,583,788</b>	<b>904,875,005,943</b>	<b>691,564,583,788</b>
<b>Financial liabilities</b>				
Loan and debts	1,137,306,992,519	980,284,289,358	1,137,306,992,519	980,284,289,358
Payables to suppliers	182,004,186,374	136,596,419,806	182,004,186,374	136,596,419,806
Other payables	16,266,845,929	14,233,309,695	16,266,845,929	14,233,309,695
<b>Total</b>	<b>1,335,578,024,822</b>	<b>1,131,114,018,859</b>	<b>1,335,578,024,822</b>	<b>1,131,114,018,859</b>



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

The fair value of financial assets and financial liabilities is reflected at the value that the financial instrument could be exchanged for in a current transaction between knowledgeable and willing parties.

The company uses the following methods and assumptions to estimate fair value:

- The fair value of cash, short-term bank deposits, accounts receivable from customers, payables to suppliers, and other short-term payables is equivalent to the book value of these items due to their short-term nature.
- The fair value of receivables and loans with fixed or variable interest rates is assessed based on information such as interest rates, risks, repayment ability, and the nature of the risk associated with the debt. Based on this assessment, the company estimates provisions for the portion that may not be recoverable.
- The fair value of financial assets available for sale that are listed on the stock exchange is the quoted transaction price at the end of the fiscal year. The fair value of unlisted financial assets available for sale is estimated using appropriate valuation methods.

#### 5. Comparative Information

The comparative figures are taken from the financial statements of the parent company for the year 2023, which have been audited by Nhan Tam Viet Auditing Company Limited.

Some indicators on the consolidated financial statements for 2024 have been adjusted due to changes in the outstanding shares, as follows:

	Code	Figures before adjustment	Adjustment s	Figures after adjustment
<b>Business operating results</b>				
Basic earnings per share	70	757	(56)	701
Diluted earnings per share	71	757	(56)	701

Prepared on March 26, 2025

Prepared by



Truong Binh Duong

Chief Accountant



Trinh Thi Phuong

General Director



Nguyen Thi Huyen Thuong

# **NAGAKAWA GROUP JOINT STOCK COMPANY**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

### **Appendix 01: Details of Bad Debts and Provision for Doubtful Short-Term Receivables**

	Year-end Balance			Beginning Balance		
	Overdue period	Original Cost	Provision	Overdue period	Original Cost	Provision
<b>Short-term Accounts Receivable from Customers</b>						
Nagakawa Household Electrical Appliances Joint Stock Company	<i>Unlikely to be recoverable</i>	2,035,936,670	2,035,936,670	<i>Unlikely to be recoverable</i>	2,474,237,803	2,019,769,218
Construction and Investment Joint Stock Company No. 4	<i>Unlikely to be recoverable</i>	355,675,942	355,675,942	<i>Unlikely to be recoverable</i>	355,675,942	355,675,942
Thien Duc Electronics Business Household Engineering Co., Ltd	More than 3 years	235,294,153	235,294,153	From 2-3 years	470,588,306	235,294,153
Tuong Hung Electric and Refrigeration Engineering Co., Ltd	More than 3 years	444,688,013	444,688,013	Over 3 years	444,688,013	444,688,013
Phu Hoang Thanh General Trading Co., Ltd	More than 3 years	39,540,493	39,540,493	From 2-3 years	79,080,985	39,540,493
GRB Vietnam Joint Stock Company	More than 3 years	104,483,270	104,483,270	Over 3 years	104,483,270	104,483,270
VINAINCON Investment Joint Stock Company	More than 3 years	195,550,000	195,550,000	From 2-3 years	195,550,000	195,550,000
Minh Dung Technology and Trading Co., Ltd	More than 3 years	533,780,000	533,780,000	From 2-3 years	558,780,000	391,146,000
Sunviet Co., Ltd	More than 3 years	39,999,799	39,999,799	From 2-3 years	39,999,799	27,999,859
Minh Hien Trading Co., Ltd	Has been retrieved	-	-	Over 3 years	78,775,390	78,775,390
Nguyen Van Thao Business Establishment	Has been retrieved	-	-	Over 3 years	59,691,098	59,691,098
<b>Advance payments to suppliers</b>						
Nagakawa Household Electrical Appliances Joint Stock Company	<i>Unlikely to be recoverable</i>	2,666,667,695	2,658,052,495	<i>Unlikely to be recoverable</i>	2,666,667,695	2,658,052,495
Vietnam Architecture and Culture Joint Stock Company	<i>Unlikely to be recoverable</i>	1,300,951,400	1,300,951,400	<i>Unlikely to be recoverable</i>	1,300,951,400	1,300,951,400
Bach Khoa Refrigeration Technology Joint Stock Company	<i>Unlikely to be recoverable</i>	154,815,000	154,815,000	<i>Unlikely to be recoverable</i>	154,815,000	154,815,000
Vitech Automation Equipment Joint Stock Company	<i>Unlikely to be recoverable</i>	506,373,900	506,373,900	<i>Unlikely to be recoverable</i>	506,373,900	506,373,900
	<i>Unlikely to be recoverable</i>	56,700,000	56,700,000	<i>Unlikely to be recoverable</i>	56,700,000	56,700,000



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)**

**Appendix 01: Details of Bad Debts and Provision for Doubtful Short-Term Receivables**

	Year-end Balance			Beginning Balance		
	Overdue period	Original Cost	Provision	Overdue period	Original Cost	Provision
Guangdong Sky bright Group Co.,ltd	Unlikely to be recoverable	156,765,699	156,765,699	Unlikely to be recoverable	156,765,699	156,765,699
	Unlikely to be recoverable	377,031,887	377,031,887	Unlikely to be recoverable	377,031,887	377,031,887
	Unlikely to be recoverable	96,799,409	96,799,409	Unlikely to be recoverable	96,799,409	96,799,409
Kelon International Inc	From 1 year to less than 2 years	17,230,400	8,615,200	From 6 months to less than 1 year	17,230,400	8,615,200
<b>VIETPICTURES AUTO Joint Stock Company</b>		<b>4,702,604,365</b>	<b>4,693,989,165</b>		<b>5,140,905,498</b>	<b>4,677,821,713</b>
<b>Total</b>						

