

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness
Ho Chi Minh City, May 5, 2025

No: 1024 /2025/CV-KTTV
Re: Explanation of the Difference in Net Profit
between Q1/2025 and Q1/2024.

To: STATE SECURITIES COMMISSION
HANOI STOCK EXCHANGE

Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020;
Pursuant to the Separate and Consolidated Financial Statements for the first quarter of 2025;

Hoa Binh Construction Group Joint Stock Company (stock code: HBC) hereby provides an
explanation for the difference in net profit after corporate income tax between Q1/2025 and
Q1/2024 as follows:

I. Parent Company Financial Statements

Unit: VND

ITEMS	The first quarter of 2025	The first quarter of 2024	INCREASE/ DECREASE
Revenue from sales of goods and rendering of services	626,258,776,256	1,583,787,445,753	(957,528,669,497)
Deductions	-	-	-
Net revenue from sales of goods and rendering of services	626,258,776,256	1,583,787,445,753	(957,528,669,497)
Cost of goods sold and services rendered	592,095,210,326	1,573,981,476,754	(981,886,266,428)
Gross profit from sale of goods and rendering of services	34,163,565,930	9,805,968,999	24,357,596,931
Finance income	82,158,930,913	131,352,922,903	(49,193,991,990)
Finance expenses	94,616,708,098	82,821,036,665	11,795,671,433
- In which: Interest expenses	93,955,871,644	94,829,379,563	(873,507,919)
Selling expenses	-	-	-
General and administrative expenses	(61,165,385,313)	(44,528,866,640)	(16,636,518,673)
Operating (loss) profit	82,871,174,058	102,866,721,877	(19,995,547,819)
Other profit	14,257,236,548	4,653,632,892	9,603,603,656
Accounting (loss) profit before tax	97,128,410,606	107,520,354,769	(10,391,944,163)
Current corporate income tax expense	-	-	-
Deferred tax expense	-	-	-
Net (loss) profit after tax	97,128,410,606	107,520,354,769	(10,391,944,163)

Explanation of the Variance:

- **Increase in gross profit: VND 24,357,596,931**
Reason: Despite the decrease in revenue by VND 957,528,669,497 due to difficulties in the construction market and macroeconomic impacts, the Group's restructuring efforts and improvements in labor productivity led to a significant reduction in cost of goods sold by VND 981,886,266,428, resulting in an increase in gross profit.
- **Decrease in profit from financial activities: VND (60,989,663,423)**
Reason: A decrease in financial income reduced profit by VND 49,193,991,990, along with an increase in financial expenses, which further reduced profit by VND 11,795,671,433.
- **Decrease in administrative expenses resulting in increased profit: VND 16,636,518,673**
Reason: The reversal of provisions for doubtful debts led to a profit increase of VND 16,636,518,673.
- **Increase in other income resulting in increased profit: VND 9,603,603,656**
Reason: Profit increased due to higher other income from the liquidation of machinery and equipment, totaling VND 9,603,603,656.

II. CONSOLIDATED FINANCIAL STATEMENTS

ITEMS	The first quarter of 2025	The first quarter of 2024	INCREASE/ DECREASE
Revenue from sales of goods and rendering of services	691,959,938,821	1,650,919,949,666	(958,960,010,845)
Deductions	-	(21,242,074)	21,242,074
Net revenue from sales of goods and rendering of services	691,959,938,821	1,650,898,707,592	(958,938,768,771)
Cost of goods sold and services rendered	639,496,317,218	1,629,561,102,479	(990,064,785,261)
Gross profit from sales of goods and rendering of services	52,463,621,603	21,337,605,113	31,126,016,490
Finance income	10,804,990,949	113,686,782,432	(102,881,791,483)
Finance expenses	96,881,818,613	99,834,121,977	(2,952,303,364)
- In which: Interest expenses	96,375,947,250	98,563,775,943	(2,187,828,693)
Shares of profit of associates and a joint venture	981,005,877	1,444,802,771	(463,796,894)
Selling expenses	7,275,239,793	6,625,537,206	649,702,587
General and administrative expenses	(39,780,095,628)	(21,114,883,939)	(18,665,211,689)
Operating profit	(127,344,349)	51,124,415,072	(51,251,759,421)
Other income	15,588,455,171	7,263,733,917	8,324,721,254
Other expenses	5,918,862,678	4,044,885,256	1,873,977,422
Other profit	9,669,592,493	3,218,848,661	6,450,743,832
Accounting profit before tax	9,542,248,144	54,343,263,733	(44,801,015,589)
Current corporate income tax expense	94,497,540	50,765,499	43,732,041
Deferred tax expense	4,053,028,547	(2,258,832,312)	6,311,860,859
Net profit after tax	5,394,722,057	56,551,330,546	(51,156,608,489)

Net profit after corporate income tax (CIT) for Q1/2025 decreased by VND 51,156,608,489 compared to Q1/2024, due to the following factors:

- **Gross profit increased by VND 31,126,016,490**, including:
 - Construction activities of the parent company: VND 24,357,596,931
 - Leasing activities (land, infrastructure, factory, etc.): VND 6,768,419,559
- **Financial income decreased by VND 102,881,791,483**, primarily due to:
 - Parent company: VND 49,193,991,990
 - Other activities of subsidiaries: VND 53,878,011,256
- **Financial expenses decreased, increasing profit by VND 2,952,303,364**, specifically:
 - Although the parent company's financial expenses increased (decreasing profit by VND 11,795,671,433),
 - This was offset by the reversal of provisions at subsidiaries: VND 14,747,974,797
- **Share of profit from associates and joint ventures decreased by VND 463,796,894**, due to lower earnings from those companies.
- **Selling expenses increased by VND 649,702,587**, mainly due to higher outsourced service costs.
- **Administrative expenses decreased, increasing profit by VND 18,665,211,689**, mainly due to reversal of provisions for doubtful debts.
- **Other income increased by VND 6,450,743,832**, mainly due to gains from liquidation of machinery and equipment.

HOA BINH CONSTRUCTION GROUP JOINT STOCK COMPANY

ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN OF THE BOARD OF DIRECTORS



LE VIET HAI

Recipients:

- As above;
- Archived.