

HOA VIET JOINT STOCK COMPANY
AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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BOARD OF DIRECTOR'S REPORT

The Board of Directors of Hoa Viet Joint Stock Company (the "Company") presents this report together with the Company's audited financial statements for the year ended 31 December 2024.

Board of Management and Board of Directors

The members of the Boards of Management and Directors of the Company who held office during the year and to the date of this report are as follows:

- | | |
|-------------------------|--|
| - Mr. Chau Tuan | Chairman |
| - Mr. Luong Huu Hung | Member, Director |
| - Ms. Nguyen Dieu Huong | Member (Resigned on 21 February 2024) |
| - Mr. Tran Quang Ha | Member (Appointed on 21 February 2024) |
| - Mr. Dinh Tien Loc | Member |
| - Mr. Phan Quoc Toan | Member, Deputy Director |
| - Mr. Nguyen Duc Luong | Deputy Director
(Termination of employment contract on 31 August, 2024) |

Management's responsibility

The Board of Directors is responsible for preparing the financial statements for the year ended 31 December 2024, which give a true and fair view of the financial position of the Company as at 31 December 2024 and business results, cash flows of the Company for the year. In preparing these financial statements, the Board of Directors is required to:

- Comply with Vietnamese Accounting Standards, Corporate Accounting System and the relevant statutory requirements applicable to the preparation and presentation of the financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material misstated applications that need to be disclosed and explained in the financial statements;
- Design and implement an effective internal control system for the purpose of proper preparation and presentation of the financial statements so as to minimize errors and frauds; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Board of Directors is responsible for ensuring that accounting books are properly recorded to disclose the financial position of the Company reasonably at any time and the financial statements are prepared and presented in compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the relevant statutory requirements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable methods to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing and presenting these financial statements.

For and on behalf of the Board of Directors,



Luong Huu Hung
Director

Dong Nai, 21 March 2025

No: 18/2025/KT-AVI-TC2

INDEPENDENT AUDITOR'S REPORT

To: **The Shareholders
The Board of Management and Board of Directors
Hoa Viet Joint Stock Company**

We have audited the accompanying financial statements of Hoa Viet Joint Stock Company (the "Company"), prepared on 21 March 2025 as set out from page 5 to page 31, which comprise the balance sheet as at 31 December 2024, the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Corporate Accounting System and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

As detailed in Note 16 of the Financial Statements, in the past, the Company has received notices of land rent arrears from the Dong Nai Provincial Tax Department, including Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, on land rent arrears (land rent arrears) for the period 2011 - 2015 with an amount of about VND 22.6 billion; Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, on the collection of land and water surface rent for the period 2016 - 2020 with the amount of 16.97 billion VND and on August 19, 2021, Dong Nai Provincial Tax Department sent Official Dispatch No. 7056/CTDON-QLHKDCNTK on correcting the content of the dispatch and the problem in determining the land rent price of Hoa Viet Joint Stock Company, recording the content "According to the opinion of the Company, the amount has been paid in the period from January 1, 2016 to the date of payment. December 31, 2020, is VND 8,785,470,000, the above amount if the unit has paid the State budget in accordance with the provisions of the Tax Law (no late payment according to the notices of provisional annual land rent payment from January 1, 2016, to December 31, 2020, and Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, of Dong Nai Tax Department, the unit has paid the full annual land rent and additional land rent due to price difference".

During the period from 2021 to 2024, the Dong Nai Provincial Tax Department sent Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, Notice No. 100/TB-CTDON dated May 5, 2022, Notice No. 108/TB-CTDON dated May 5, 2023, and Notice No. 103/TB-CTDON dated April 25, 2024, regarding the payment of land rent and water surface rent. According to the above notifications, the annual land and water surface rent amount that the company must pay is 11.59 billion VND. The Company has declared and paid land rent for 1.75 billion VND, short of the notice of 9.84 billion VND. By the time of issuing the accompanying financial statements, the Company had received Judgment No. 130/2024/HC-PT dated March 1, 2024, of the High People's Court in Ho Chi Minh City with the verdict "Accepting the lawsuit request of Hoa Viet Joint Stock Company, declaring to cancel the administrative decisions of the Director of the Dong Nai Provincial Tax Department including Notice No. 2863/TB-CT dated April 14, 2020 of the Director of the Dong Nai Provincial Tax Department on land rental price; Notice No. 5546/TB-QLHKDCNTK dated June 18, 2020 of the Director of the Dong Nai Provincial Tax Department on correcting the notice on land rental price No. 2863/TB-CT dated April 14, 2020, Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, of the Dong Nai Provincial Tax Department on land rental payment (land rental arrears collection); After receiving Judgment 130, the Company is continuing to make recommendations and work with competent authorities in Dong Nai province to negotiate and agree on land rental price as the basis for signing contract appendices of land rental contract No. 47/HDTD dated October 12, 2009 to accurately determine the amount of land rental payable, as a solid basis for recording in the Financial Statements. The accompanying financial statements do not include any adjustments necessary to account for the effects of the above matters.

Qualified Audit Opinion

Based on our audit, except for the matter described in the "Basis for Qualified Opinion" paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese corporate accounting system and the relevant statutory requirements applicable to financial reporting.



Nguyen Duc Duong
Deputy General Director
Audit Practising Registration Certificate
No. 0387-2023-055-1

For and on behalf of
AN VIET AUDITING COMPANY LIMITED
Hanoi, 21 March 2025

Do Huy Anh
Auditor
Audit Practising Registration Certificate
No. 5105-2021-055-1

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BALANCE SHEET
As at 31 December 2024

FORM B01 - DN
Unit: VND

ITEMS	Codes	Notes	31/12/2024	01/01/2024
A - CURRENT ASSETS	100		264,203,891,095	207,804,981,277
I. Cash and cash equivalents	110	5	3,790,736,889	10,171,216,346
1. Cash	111		3,790,736,889	2,171,216,346
2. Cash equivalents	112		-	8,000,000,000
II. Short-term financial Investments	120	6	-	56,000,000,000
1. Held-to-Maturity Investments	123		-	56,000,000,000
III. Current receivables	130		71,486,004,519	84,985,195,328
1. Short-term trade receivables	131	7	83,753,096,703	97,604,331,749
2. Short-term advances to suppliers	132		1,742,924,720	1,035,183,484
3. Other short-term receivables	136	8	1,824,020,005	2,409,935,904
4. Provision for short-term doubtful debts	137	9	(15,834,036,909)	(16,064,255,809)
IV. Inventories	140	10	181,165,940,680	50,848,988,017
1. Inventories	141		181,165,940,680	50,848,988,017
V. Other current assets	150		7,761,209,007	5,799,581,586
1. Short-term prepaid expenses	151	11	3,479,062,663	2,729,818,389
2. Deductible VAT	152		4,282,146,344	3,065,669,497
3. State budget	153	16	-	4,093,700
B - NON-CURRENT ASSETS	200		51,484,191,082	52,204,260,242
I. Fixed assets	220		48,530,304,787	51,315,749,935
1. Tangible fixed assets	221	14	47,651,643,180	50,593,242,427
- Cost	222		294,165,057,708	292,393,235,226
- Accumulated depreciation	223		(246,513,414,528)	(241,799,992,799)
2. Intangible fixed assets	227	12	878,661,607	722,507,508
- Cost	228		4,406,531,424	4,166,531,424
- Accumulated depreciation	229		(3,527,869,817)	(3,444,023,916)
II. Long term assets in progress	240		567,698,391	524,867,155
1. Long term construction in progress	242	13	567,698,391	524,867,155
VI. Other non-current assets	260		2,386,187,904	363,643,152
1. Long-term prepaid expenses	261	11	2,386,187,904	363,643,152
TOTAL ASSETS	270		315,688,082,177	260,009,241,519

The notes set out on pages 9 to 31 are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 December 2024

FORM B01 - DN

Unit: VND

ITEMS	Codes	Notes	31/12/2024	01/01/2024
C - LIABILITIES	300		134,289,968,362	87,617,578,002
I. Current liabilities	310		134,289,968,362	87,617,578,002
1. Short-term trade payables	311	15	45,089,147,268	60,719,578,023
2. Short-term advances from customers	312	17	6,000,000,000	6,420,093,648
3. Tax and amount payable to State Budget	313	16	334,673,798	1,014,145,348
4. Payables to employees	314		12,523,681,644	12,813,381,427
5. Accrued expenses	315		633,505,977	691,812,407
6. Other short-term payables	319		1,288,751,641	1,083,162,657
Short-term loans and obligations under				
7. finance leases	320	18	65,433,815,882	4,414,339,044
8. Reward and welfare funds	322		2,986,392,152	461,065,448
D - EQUITY	400		181,398,113,815	172,391,663,517
I. Owner's equity	410	19	181,398,113,815	172,391,663,517
1. Owner's contributed capital	411		128,530,520,000	128,530,520,000
2. Investment and development fund	418		22,049,459,158	22,049,459,158
3. Other funds under owners	420		7,430,845,886	7,430,845,886
4. Undistributed earnings	421		23,387,288,771	14,380,838,473
- Retained earnings accumulated to the prior year end	421a		10,676,238,473	5,501,106,256
- Retained earnings of the current year	421b		12,711,050,298	8,879,732,217
TOTAL CAPITAL	440		315,688,082,177	260,009,241,519

Tran Thi Hoang Dieu
Preparer

Ho Quoc Dat
Accounting Supervisor



Luong Huu Hung
Director

Dong Nai, 21 March 2025

STATEMENT OF INCOME
For the year ended 31 December 2024

FORM B02 - DN
Unit: VND

ITEMS	Codes	Notes	Year 2024	Year 2023
1. Gross revenue from goods sold and services rendered	01	22	852,499,159,848	608,694,015,224
2. Revenue deductions	02		-	-
3. Net revenue from sale of goods and rendering of services	10	22	852,499,159,848	608,694,015,224
4. Costs of goods sold and services rendered	11	23	766,694,235,986	541,118,135,331
5. Gross profit from sale of goods and rendering of services	20		85,804,923,862	67,575,879,893
6. Financial income	21	24	1,587,638,807	1,600,298,581
7. Financial expenses	22	25	3,667,276,951	3,539,061,256
- In which: Interest expenses	23		3,617,946,453	3,531,941,314
8. Selling expenses	25	26	20,433,848,752	6,937,855,095
9. General and administrative expenses	26	26	47,213,088,071	47,495,849,410
10. Operating profit	30		16,078,348,895	11,203,412,713
11. Other income	31	28	174,018,905	59,282,799
12. Other expenses	32	28	49,669,987	-
13. Other profit	40	28	124,348,918	59,282,799
14. Net profit before tax	50		16,202,697,813	11,262,695,512
15. Current corporate income tax expense	51	29	3,491,647,515	2,382,963,295
16. Net profit after corporate income tax	60		12,711,050,298	8,879,732,217
17. Basic earnings per share	70	30	989	403



Tran Thi Hoang Dieu
Preparer



Ho Quoc Dat
Accounting Supervisor



Luong Huu Hung
Director

Dong Nai, 21 March 2025


CASH FLOW STATEMENT
For the year ended 31 December 2024

FORM B03 - DN
Unit: VND

ITEMS	Note	Year 2024	Year 2023
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	16,202,697,813	11,262,695,512
2. Adjustments for			
- Depreciation and amortisation of fixed assets and investment properties	02	8,091,043,079	8,390,281,534
- Provisions	03	(230,218,900)	(123,132,525)
Foreign exchange gains or losses	04	(26,429,301)	-
- Gain/(loss) from investing activities	05	(934,820,878)	(1,459,223,381)
- Interest expenses	06	3,617,946,453	3,531,941,314
3. Operating profit before movements in working capital	08	26,720,218,266	21,602,562,454
- Decrease/(increase) in receivables	09	9,025,379,047	23,386,788,398
- Increase in Inventories	10	(130,316,952,663)	(19,877,925,470)
- Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(14,399,966,057)	31,428,531,353
- Decrease/(Increase) in prepaid expenses	12	(2,771,789,026)	838,973,655
- Intersting paid	14	(3,569,710,466)	(3,528,855,902)
- Corporate income tax paid	15	(4,349,681,732)	(974,095,714)
- Other cash inflows	16	8,460,000	-
- Other cash outflows	17	(1,187,733,296)	(707,980,000)
Net cash flows from operating activities	20	(120,841,775,927)	52,167,998,774
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Purchase and construction of fixed assets and other long-term assets	21	(4,213,820,380)	(4,738,079,232)
2. Proceeds from disposals of fixed assets and other long-term assets	22	174,018,866	-
3. Expenditures for Lending and Purchasing Debt Instruments of Other Entities	23	-	(105,000,000,000)
4. Proceeds from loan recoveries and sale of debt instruments of other entities	24	56,000,000,000	49,000,000,000
5. Interest received from loans, dividends, and distributed profits	27	1,500,989,371	893,054,888
Net cash flows from investing activities	30	53,461,187,857	(59,845,024,344)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	464,484,722,646	306,944,290,011
2. Repayments of borrowings	34	(403,465,245,808)	(302,529,950,967)
3. Dividend and profit paid	36	(19,368,225)	(41,831,000)
Net cash flows from financing activities	40	61,000,108,613	4,372,508,044
Net cash increase/ (decrease) during the year	50	(6,380,479,457)	(3,304,517,526)
Cash and cash equivalents at the beginning of the year	60	10,171,216,346	13,475,733,872
Cash and cash equivalents at the end of the year	70	3,790,736,889	10,171,216,346


Tran Thi Hoang Dieu
Preparer
Dong Nai, 21 March 2025


Ho Quoc Dat
Accounting Supervisor


Luong Huu Hung
Director



The notes set out on pages 9 to 31 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENT

FORM B09 - DN

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements***1. OPERATION CHARACTERISTICS OF ENTERPRISES****1.1. Structure of ownership**

Hoa Viet Joint Stock Company (the "Company") operates under Enterprise Registration Certificate No. 3600262193 issued on March 24, 2005, and amended for the 9th time on September 1, 2020, by the Department of Planning and Investment of Dong Nai Province. The Company's charter capital is VND 128,530,520,000, equivalent to 12,853,052 shares. Of these, Vietnam National Tobacco Corporation (a state-owned shareholder) holds 9,778,162 shares, equivalent to VND 97,781,620,000, representing 76.08% of the charter capital, while other shareholders hold 3,074,890 shares, accounting for 23.92% of the charter capital. The par value of each share is VND 10,000. The Company's shares are listed on the UPCOM market under the stock symbol HJC.

The Company's headquarters office is located in Long Binh Ward, Bien Hoa City, Dong Nai Province.

The total number of employees of the Company as of December 31, 2024 is 265 people (as of December 31, 2023 is 258 people).

1.2. Operating industry and principal activities

The Company's principal activities include cultivating, procuring, processing, and trading tobacco raw materials and other agricultural products; importing and exporting tobacco raw materials and agricultural supplies; trading cigarettes; livestock farming and aquaculture; warehousing, logistics services, and bonded warehouse operations; real estate brokerage and property trading; as well as tourism and catering services.

1.3. The normal business production cycle

The Company's business production cycle is 12 months, starts on 01 January and ends 31 December of the calendar year.

1.4. Organization structure

The organizational structure of the Company comprises the Company Office and its affiliated units:

- Hoa Viet Joint Stock Company Branch in Gia Lai;
- Hoa Viet Joint Stock Company Branch in Ninh Thuan;
- Hoa Viet Joint Stock Company Branch in Tay Ninh;

1.5. Comparability of financial statement figures

The information and figures presented in this year's financial statements are presented in accordance with consistently applied accounting policies and are guaranteed to be comparable.

2. ACCOUNTING PERIOD, CURRENCY UNIT USED IN ACCOUNTING

The Company's accounting period starts on 01 January and ends on 31 December of the calendar year.

Currency unit used in accounting: Vietnamese Dong (VND).

3. STANDARDS AND ACCOUNTING SYSTEM APPLIED

The financial statements are expressed in Vietnamese Dong (VND) and prepared under the accounting principles in conformity with the Vietnamese Corporate Accounting System issued in pursuance of Circular No. 200/2014/TT-BTC dated 12 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 of Ministry of Finance, Vietnamese Accounting Standards and the relevant statutory requirements applicable to financial reporting.

NOTES TO THE FINANCIAL STATEMENT (Continued)

FORM B09 - DN

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following are the significant accounting policies adopted by the company in the preparation of this financial statement:

4.1. Basis of preparation of financial statements

The financial statements are prepared on the accrual basis (except for the information related to cash flows), based on the original price principle, based on the assumption that the company is operating continuously.

4.2. Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Corporate Accounting System and the relevant statutory requirements applicable to financial reporting requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal year. The actual business results could differ from those estimates and assumptions.

4.3. Financial instruments*Initial recognition***Financial assets**

According to Circular No. 210/2009/TT-BTC dated November 6, 2009, issued by the Ministry of Finance, financial assets are appropriately classified, for disclosure purposes in the financial statements, into financial assets measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The Company determines the classification of these financial assets at the time of initial recognition.

At the time of initial recognition, financial assets are measured at cost plus any directly attributable transaction costs related to the acquisition of those financial assets. The Company's financial assets include cash and cash equivalents, trading securities, held-to-maturity investments, accounts receivable, loans receivable, and other receivables.

Financial liabilities

According to Circular No. 210/2009/TT-BTC dated November 6, 2009, issued by the Ministry of Finance, financial liabilities are appropriately classified, for disclosure purposes in the financial statements, into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. The Company determines the classification of these financial liabilities at the time of initial recognition.

At the time of initial recognition, financial liabilities are measured at cost plus any directly attributable transaction costs related to the issuance of those financial liabilities. The Company's financial liabilities include accounts payable to suppliers, accrued expenses, other payables, borrowings, and finance rent liabilities.

Subsequent measurement

The subsequent measurement of financial instruments is reflected at fair value. In cases where there are no specific regulations for determining the fair value of financial instruments, they are presented at carrying value.

NOTES TO THE FINANCIAL STATEMENT (Continued)

FORM B09 - DN

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented at their net value on the balance sheet if, and only if, the Company has a legal right to offset the recognized amounts and intends to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.4. Cash and cash equivalents

Cash reflects the full existing amount of the Company at the end of the accounting year, comprising cash on hand, demand deposits and cash in transit.

Cash equivalents include short-term investments with terms less than 03 months from the date of investment, which can be converted easily into a certain amount of cash without any risk in conversion into cash at the reporting date and recorded following Vietnamese Accounting Standard No. 24 - Cash flow statement.

4.5. Receivables and provision for doubtful debts

Receivables are monitored in detail of the original terms, remaining terms at the reporting date, the receivable objects, receivable foreign currencies and other factors for the Company's management purpose. The classification of receivables are trade receivables and other receivables shall comply with the principles:

- Trade receivables include commercial receivables incurred from purchase-sale transactions, including receivables from the sale of exported goods under the trust for other entities;
- Other receivables include non-commercial or non-trading receivables, including: receivables from loan interests, deposit interests, dividends paid and earnings distributed; amount paid on behalf of another party; receivables which the export trusteer must collect on behalf of the trustee; receivables from penalties, compensation; advances; pledges, collaterals, deposits, assets lending...

The company bases on the remaining term at the reporting date receivables to classify as long-term or short-term.

Receivables are recognized as not exceeding the recoverable value. Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in difficulty of solvency due to dissolution, bankruptcy or similar difficulties in accordance with the provisions of the current Corporate Accounting System.

4.6. Inventories

Inventories are determined at historical cost, when the historical cost is greater than the net realizable value, inventories are measured at net realizable value. Cost comprises the purchase price, processing cost and other direct attributable expenses that have been incurred in bringing the inventories to their present location and condition.

The cost of inventories is determined on a weighted average method and recorded on a regular basis. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing and selling.

Provision for devaluation of inventories is the difference between the historical cost and the net realizable value as at the balance sheet date, which is made in accordance with the provisions of the current Corporate Accounting System.

NOTES TO THE FINANCIAL STATEMENT (Continued)

FORM B09 - DN

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements***4.7. Tangible assets and depreciation**

Tangible fixed assets are presented at cost less accumulated depreciation. The cost of tangible fixed assets is determined based on the historical cost.

The cost of tangible fixed assets acquired through purchase or construction is the total amount spent by the Company to acquire the asset, up to the point when the asset is ready for use. Costs incurred after initial recognition are added to the asset's cost if they actually improve the current condition of the asset compared to its original standard condition, such as:

- Changes to components of tangible fixed assets that increase their useful life or enhance their operating capacity; or
- Improvements to components of tangible fixed assets that significantly increase the quality of the produced products; or

The implementation of new production technology processes that reduce the operating costs of the asset compared to before.

Costs incurred for repairs and maintenance aimed at restoring or maintaining the asset's ability to generate economic benefits in accordance with its original operating condition, which do not meet any of the above conditions, are recognized as expenses in the production and business costs for the year.

Tangible fixed assets are depreciated using the straight-line method, with depreciation calculated by dividing the cost by the estimated useful life, in accordance with the provisions of Circular No. 45/2013/TT-BTC dated April 25, 2013, issued by the Ministry of Finance. The specific depreciation periods for each type of asset are as follows:

	<u>Depreciation rate (Year)</u>
Buildings and structures	10 - 50
Machinery and equipment	4 - 10
Transportation vehicles	6 - 10
Office equipment	3 - 10

4.8. Intangible assets and amortization

Intangible fixed assets are stated at cost less accumulated amortization. The value of the accounting software program on the computer is amortized using the straight-line method over a period of 4 years. The definite land use rights are amortized based on the duration of land use certificates. The Company does not amortize long-term land use rights.

4.9. Construction in progress

The construction in progress is recorded at cost, including expenses directly related to (including borrowing costs by the Company's accounting policy) properties in the course of construction for production, equipment installed for the purpose of manufacturing, rental and management as well as related expenses to repairs of fixed assets. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

4.10. Long-term prepaid expenses

Long-term prepaid expenses reflect the value of tools and equipment used, as well as the cost of significant one-time repairs to fixed assets. The value of these assets is amortized over a period of up to 3 years.

NOTES TO THE FINANCIAL STATEMENT (Continued)

FORM B09 - DN

*These notes form an integral part of and should be read in conjunction with the accompanying financial statements***4.11. Foreign currency**

The foreign currency translation principles are applied in accordance with the provisions of Vietnamese Accounting Standard No. 10 (VAS 10) - The Effects of Changes in Exchange Rates.

During the period, foreign currency transactions are converted into VND using the actual exchange rate at the transaction date or the exchange rate recorded in the accounting books. The resulting exchange rate differences are reflected in financial income (if a gain) or financial expenses (if a loss). Monetary items denominated in foreign currencies are revalued at the actual exchange rate at the end of the accounting period. The exchange rate differences arising from the revaluation are recognized in foreign exchange differences and transferred to financial income (if a gain) or financial expenses (if a loss) at the end of the accounting period.

4.12. Salary

The Company is currently making salary provisions in accordance with the guidance provided in Circular No. 28/2016/TT-BLDTBXH dated September 1, 2016, which outlines labor, salary, remuneration, and bonus regulations for joint-stock companies with majority state-owned capital. The salary fund provision temporarily accrued and recognized as an expense during the period is VND 53,85 billion. The Company will finalize the official salary fund settlement according to the approved plan at the time of preparing the annual financial statements.

4.13. Payables

Accrued expenses are recognized based on reasonable estimates of the amounts payable for goods and services used during the year when invoices or sufficient accounting documents are not yet available, including: interest on loans; subcontractor payables; major fixed asset repair costs; accrued cost of goods sold; accrued salary costs for vacation leave; accrued severance costs for seasonal or planned shutdowns, etc., of which:

- Interest expenses are estimated based on the loan amount, term, and the actual interest rate for each period in accordance with the specific loan agreements;
- Subcontractor payables for construction items that have been certified by the customer for the completed work volume and value are accrued into the cost of goods sold to align with the revenue recognized during the year;
- Major repair costs for fixed assets incurred during the period, which have been performed by contractors but not yet certified or invoiced.

4.14. Owner's equity

The owner's equity at the end of the accounting period reflects the shareholders' contributions, recognized based on the actual capital contributed by the shareholders, calculated at the par value of the issued shares.

Share premium is recognized as the difference between the actual issuance price and the par value of the shares when they are initially issued, issued as additional shares, or reissued from treasury stock.

Other owner's equity is formed from additions from business operations, revaluation of assets, and the remaining value between the fair value of assets received as gifts, donations, or grants, after deducting any applicable taxes related to these assets.

The funds and after-tax profits are allocated and distributed according to the resolutions of the General Meeting of Shareholders or temporarily allocated in accordance with the Company's Charter, and are further allocated/adjusted based on the resolutions of the General Meeting of Shareholders.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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*These notes form an integral part of and should be read in conjunction with the accompanying financial statements***4.15. Other revenue and expenses**

Revenue is recognized when the sale transactions are measured reliably and the Company received or will receive economic benefits from these sale transactions.

Revenue from the sale of goods shall be recognized if it simultaneously meets the following five (5) conditions:

- (a) The Company transferred most of the risks and benefits associated with ownership of goods to the customers;
- (b) The Company did not hold the right to manage goods as the owners or the right to control goods;
- (c) The revenue is measured reliably. When the contracts define that the customers are entitled to return goods purchased under specific conditions, the Company shall only record revenue if such specific conditions do not exist and the customers are not entitled to return goods (unless the customers are entitled to return the goods in the form of exchanging for other goods or service);
- (d) The Company received or will receive economic benefits from the sale transactions;
- (e) The costs related to the sale transactions may be determined.

The turnover of a transaction on rendering of services shall be recognized if it meets all four (4) following conditions are satisfied:

- (a) Revenue is measured reliably;
- (b) The Company received or will receive economic benefits from the sale transactions;
- (c) The completed work is determined at the reporting date;
- (d) Incurred costs for the transaction and the costs to complete the transaction of providing such services are determined.

Financial income comprises deposit interest, and is measured reliably on the basis of the balance of deposits, loans and actual interest rates each period.

Other income reflects income arising from the events or separate transactions with normal business operations of the Company, besides the above revenue.

4.16. Taxation

The company is obliged to pay corporate income tax at the rate of 20% of taxable income. Corporate income tax includes current income tax and deferred income tax.

Current corporate income tax expense is calculated based on taxable income for the year. Taxable income may be different from the net profit reported in the income statement because the taxable income does not include income or taxable expenses or is deductible in other years (including carrying holes, if any) and additionally not include items that are not taxable or not deductible.

Deferred income tax is calculated on the differences between the carrying amount and the basis for calculating the income tax of items of assets or liabilities on the financial statements and is recognized by the balance sheet method. Deferred income tax liabilities must be recognized for all temporary differences, while deferred tax assets are only recognized when there are sufficient future taxable profits to be deducted temporary differences.

The Company's determination of corporate income tax is based on current tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

4.17. Related parties

The parties are regarded as related parties of the Company if they have the ability to control or exercise significant influence over the Company in making financial and operating decisions or have the same key management personnel or are jointly managed by another company (the same Group, Corporation).

Individuals with direct or indirect voting rights can impact significantly the Company, including close family members of these individuals (parents, spouses, children, siblings).

Key management personnel have authority and responsibility for planning, managing and controlling the operation of the Company: the directors, the managers of the Company and close family members of these individuals.

The companies managed by these individuals mentioned above with direct or indirect voting rights or through these rights they can have a significant impact on the Company, including the companies owned by the leaders or major shareholders of the Company and the companies that have the same key management personnel.

Information about related parties is presented in the Note No. 31.

5. CASH

	31/12/2024	01/01/2024
	VND	VND
Cash on hand	355,496,808	234,079,143
Cash in bank	3,435,240,081	1,937,137,203
Cash equivalents	-	8,000,000,000
Total	3,790,736,889	10,171,216,346

6. FINANCIAL INVESTMENT

	31/12/2024	01/01/2024
	VND	VND
Short-term		
Time deposits	-	56,000,000,000
Total	-	56,000,000,000

7. SHORT TERM - TRADE RECEIVABLES

	31/12/2024	01/01/2024
	VND	VND
Hung Thinh Production And Investment Company Limited	17,149,493,847	-
Thien Loi Hoa Company Limited	11,623,455,634	11,623,455,634
Sai Gon Tobacco Company Limited	3,451,469,299	32,530,028,700
Phuc Thinh Commercial Investment Company Limited	-	13,385,480,360
Cuu Long Tobacco Company Limited	-	11,150,088,500
Others	51,528,677,923	28,915,278,555
Total	83,753,096,703	97,604,331,749
<i>In which:</i>		
<i>Related parties:</i>	9,741,541,473	48,341,543,813

(*) Details of receivables balances from related parties are presented in Note 31.

NOTES TO THE FINANCIAL STATEMENT (Continued)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

8. OTHER SHORT TERM - RECEIVABLES

	31/12/2024	01/01/2024
	VND	VND
Compensation receivable	1,353,078,584	1,353,078,584
Deposit interest	-	566,168,493
Short-term deposits and short-term guarantees	110,000,000	110,000,000
Advance	156,695,585	126,602,785
Other receivables	204,245,836	254,086,042
Total	1,824,020,005	2,409,935,904

9. BAD DEBT

	31/12/2024		01/01/2024	
	Historical Cost	Provision	Historical Cost	Provision
	VND	VND	VND	VND
Thien Loi Hoa Company Limited	11,623,455,634	(11,623,455,634)	11,623,455,634	(11,623,455,634)
Noi Bai Investment Joint Stock Company	1,446,729,454	(1,422,273,679)	1,365,210,205	(1,365,210,205)
Others	2,788,307,596	(2,788,307,596)	3,773,314,844	(3,075,589,970)
Total	15,858,492,683	(15,834,036,909)	16,761,980,683	(16,064,255,809)
		24,455,774		697,724,874
		24,455,774		697,724,874

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

10. INVENTORY

	31/12/2024		01/01/2024	
	Historical Cost	Provision	Historical Cost	Provision
	VND	VND	VND	VND
Raw material	24,193,073,689	-	24,082,325,212	-
Tools, supplies	345,937,320	-	232,719,301	-
Finished goods	153,645,409,208	-	23,672,191,374	-
Goods	2,981,520,463	-	2,861,752,130	-
Total	181,165,940,680	-	50,848,988,017	-

11. PREPAID EXPENSES

	31/12/2024	01/01/2024
	VND	VND
Short-term	3,479,062,663	2,729,818,389
Prepaid expenses for fixed asset repairs	2,668,766,040	2,039,416,605
Fire insurance costs	249,715,963	400,734,166
Others	560,580,660	289,667,618
Long-term	2,386,187,904	363,643,152
Prepaid expenses for fixed asset repairs	2,384,117,180	363,643,152
Others	2,070,724	-
Total	5,865,250,567	3,093,461,541

12. INTANGIBLE FIXED ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
ORIGINAL COST				
As at 01/01/2024	3,103,409,047	781,122,377	282,000,000	4,166,531,424
Purchased during the year	-	240,000,000	-	240,000,000
As at 31/12/2024	3,103,409,047	1,021,122,377	282,000,000	4,406,531,424
ACCUMULATED DEPRECIATION				
As at 01/01/2024	2,380,901,539	781,122,377	282,000,000	3,444,023,916
Depreciated during the year	83,630,847	215,054	-	83,845,901
As at 31/12/2024	2,464,532,386	781,337,431	282,000,000	3,527,869,817
NET BOOK VALUE				
As at 01/01/2024	722,507,508	-	-	722,507,508
As at 31/12/2024	638,876,661	239,784,946	-	878,661,607

13. CONSTRUCTION IN PROGRESS

	31/12/2024	01/01/2024
	VND	VND
Management accounting software project	471,500,000	471,500,000
Others	96,198,391	53,367,155
Total	567,698,391	524,867,155

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

14. TANGIBLE FIXED ASSETS

	Buildings and Structures	Machinery and Equipment	Means of transportation	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
ORIGINAL COST						
As at 01/01/2024	155,535,065,909	119,712,489,622	13,333,721,104	3,139,416,155	672,542,436	292,393,235,226
Increased during the year	803,665,722	2,782,466,193	1,087,876,016	391,590,000	-	5,065,597,931
Purchased during the year	803,665,722	2,782,466,193	1,087,876,016.00	391,590,000	-	5,065,597,931
Decreased during the year	3,293,775,449	-	-	-	-	3,293,775,449
Liquidation, disposal	3,293,775,449	-	-	-	-	3,293,775,449
As at 31/12/2024	153,044,956,182	122,494,955,815	14,421,597,120	3,531,006,155	672,542,436	294,165,057,708
ACCUMULATED DEPRECIATION						
As at 01/01/2024	115,416,246,102	110,541,071,069	12,313,579,329	2,856,553,863	672,542,436	241,799,992,799
Increased during the year	4,896,810,140	2,645,362,049	298,252,879	166,772,110	-	8,007,197,178
Depreciation for the year	4,896,810,140	2,645,362,049	298,252,879	166,772,110	-	8,007,197,178
Decreased during the year	3,293,775,449	-	-	-	-	3,293,775,449
Liquidation, disposal	3,293,775,449	-	-	-	-	3,293,775,449
As at 31/12/2024	117,019,280,793	113,186,433,118	12,611,832,208	3,023,325,973	672,542,436	246,513,414,528
NET BOOK VALUE						
As at 01/01/2024	40,118,819,807	9,171,418,553	1,020,141,775	282,862,292	-	50,593,242,427
As at 31/12/2024	36,025,675,389	9,308,522,697	1,809,764,912	507,680,182	-	47,651,643,180

The cost of tangible fixed assets that have been fully depreciated but are still in use as of December 31, 2024, is VND 169,609,420,870 (compared to VND 165,612,224,684 as of December 31, 2023).

HOA VIET JOINT STOCK COMPANY

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NOTES TO THE FINANCIAL STATEMENT (Continued)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

15. SHORT - TERM TRADE PAYABLES

	31/12/2024		01/01/2024	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
BAT - Vinataba Tobacco Joint Venture Company	30,475,617,767	30,475,617,767	22,484,976,180	22,484,976,180
Dong Viet Thanh Joint Stock Company	14,613,529,501	14,613,529,501	32,052,340,000	32,052,340,000
Others			6,182,261,843	6,182,261,843
Total	45,089,147,268	45,089,147,268	60,719,578,023	60,719,578,023
In which:				
<i>In which: Related parties</i>	31,075,824,959	31,075,824,959	22,484,976,180	22,484,976,180
BAT - Vinataba Tobacco Joint Venture Company	30,475,617,767	30,475,617,767	22,484,976,180	22,484,976,180
VINA TOYO Company Limited	600,207,192	600,207,192	-	-

16. TAX AND OTHER PAYABLES TO THE STATE BUDGET

	01/01/2024		During the year		31/12/2024	
	Amount payable VND	Amount paid VND	Amount payable VND	Amount paid VND	Amount payable VND	Amount paid VND
Value added tax	(4,093,700)		263,939,239	219,278,495	40,567,044	
Corporate income tax	999,053,766		3,491,647,515	4,349,681,732	141,019,549	
Personal income tax	15,091,582		485,571,907	349,671,960	150,991,529	
Land tax, Land rental	-		2,342,214,424	2,342,214,424	-	
Other taxes	-		59,094,835	56,999,159	2,095,676	
Total	1,010,051,648		6,642,467,920	7,317,845,770	334,673,798	
<i>In which:</i>						
- Tax payables	1,014,145,348				334,673,798	
- Tax receivables	(4,093,700)				-	



NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

(*): The Company has received land rent recovery notices from the Dong Nai Provincial Tax Department, including:

Notification No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, regarding land rent payment (back payment for land rent) for the period 2011-2015, with an amount of approximately VND 22.6 billion; Notification No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, regarding the back payment for land rent and water surface rent for the period 2016-2020, with an amount of VND 16.97 billion, and on August 19, 2021, the Dong Nai Provincial Tax Department issued Official Letter No. 7056/CTDON-QLHKDCNTK regarding the correction of the content in the official letter and issues related to determining the land rent price of Hoa Viet Joint Stock Company, with the statement "According to the Company's opinion, it has paid the amount for the period from January 1, 2016, to December 31, 2020, amounting to VND 8,785,470,000, and if this amount was paid to the State budget according to the regulations of the Tax Law (without any late payments as per the annual land rent payment notifications from January 1, 2016, to December 31, 2020, and Notification No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, from the Dong Nai Tax Department), the company has paid the full land rent for the years and supplementary land rent due to the price discrepancy."

During the period from 2021 to 2024, the Dong Nai Provincial Tax Department sent Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, Notice No. 100/TB-CTDON dated May 5, 2022, Notice No. 108/TB-CTDON dated May 5, 2023, and Notice No. 103/TB-CTDON dated April 25, 2024, regarding the payment of land rent and water surface rent. According to the above notifications, the annual land and water surface rent amount that the company must pay is 11.59 billion VND. The Company has declared and paid land rent for 1.75 billion VND, short of the notice of 9.84 billion VND. By the time of issuing the accompanying financial statements, the Company had received Judgment No. 130/2024/HC-PT dated March 1, 2024, of the High People's Court in Ho Chi Minh City with the verdict "Accepting the lawsuit request of Hoa Viet Joint Stock Company, declaring to cancel the administrative decisions of the Director of the Dong Nai Provincial Tax Department including Notice No. 2863/TB-CT dated April 14, 2020 of the Director of the Dong Nai Provincial Tax Department on land rental price; Notice No. 5546/TB-QLHKDCNTK dated June 18, 2020 of the Director of the Dong Nai Provincial Tax Department on correcting the notice on land rental price No. 2863/TB-CT dated April 14, 2020, Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, of the Dong Nai Provincial Tax Department on land rental payment (land rental arrears collection); After receiving Judgment No. 130, the Company is continuing to petition and work with the relevant authorities in Dong Nai province to negotiate and agree on the land rent price, which will serve as the basis for signing contract appendices of Land Rent Contract No. 47/HĐTĐ dated October 12, 2009, to accurately determine the amount of land rent payable, providing a solid foundation for financial reporting.

17. SHORT TERM - ADVANCE FROM CUSTOMERS

	31/12/2024	01/01/2024
	VND	VND
British American Tobacco - Vinataba	6.000.000.000	6.000.000.000
Others	-	420.093.648
Total	6.000.000.000	6.420.093.648

(*) Details of Advance payments from related parties are presented in Note 31.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

18. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	01/01/24		During the year		31/12/24	
	Value VND	Amount able to be paid off VND	Increase VND	Decrease VND	Value VND	Amount able to be paid off VND
VCB - Dong Nai Branch	-	-	305,040,797,884	240,353,374,521	64,687,423,363	64,687,423,363
Vietinbank- Dong Nai Branch (*)	4,414,339,044	4,414,339,044	159,443,924,762	163,111,871,287	746,392,519	746,392,519
Total	4,414,339,044	4,414,339,044	464,484,722,646	403,465,245,808	65,433,815,882	65,433,815,882

(*): Credit Agreement No. 300039949/2024-HDCVHM/NHCT680-HOAVIET dated April 5, 2024, between Hoa Viet Joint Stock Company and Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Nai Branch, with a credit limit of VND 60 billion. The loan term for each loan is a maximum of 6 months from the date of loan disbursement. The purpose of the loan is to supplement working capital for production and business activities. The interest rate is determined at the time of disbursement. The loan is secured by: Mortgage Agreement for Goods No. 14.46.9949/HBTC-HH dated June 30, 2014; Mortgage Agreement for Assets No. 17.300039949/HBTC-KHO LAM MAT THUOC LA dated September 12, 2017; Mortgage Agreement for Assets No. 01/2018/HBBD/NHCT680/HOA VIET dated August 15, 2018; Mortgage Agreement for Receivables No. 01.9949./2019/HBBD/NHCT680-QUYEN DOI NO dated August 1, 2019.

NOTES TO THE FINANCIAL STATEMENT (Continued)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

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19. OWNER'S EQUITY

Statement of Changes in Equity

	Contributed capital		Other equity funds		Investment and development funds		Undistributed net profit		Total
	VND		VND		VND		VND		
At 01/01/2023	128,530,520,000		7,430,845,886		21,678,400,100		7,421,181,160		165,060,947,146
Profit for the year	-		-		-		8,879,732,217		8,879,732,217
Investment and development fund deduction	-		-		-		(371,059,058)		(371,059,058)
Distribution profit	-		-		371,059,058		(1,549,015,846)		(1,177,956,788)
At 01/01/2024	128,530,520,000		7,430,845,886		22,049,459,158		14,380,838,473		172,391,663,517
Profit for the year	-		-		-		12,711,050,298		12,711,050,298
Distribution profit (*)	-		-		-		(3,704,600,000)		(3,704,600,000)
+ Welfare and reward fund	-		-		-		(3,704,600,000)		(3,704,600,000)
At 31/12/2024	128,530,520,000		7,430,845,886		22,049,459,158		23,387,288,771		181,398,113,815

(*) The Company distributes profits in accordance with Resolution No. 78/NQ-CPHV dated May 21, 2024, of the Annual General Meeting of Shareholders.

Details of Shareholders' Contributions.

	31/12/2024		01/01/2024	
	%	VND	%	VND
Vietnam Tobacco Corporation	76.08%	97,781,620,000	76.08%	97,781,620,000
Saigon Tobacco Company Limited	6.53%	8,387,380,000	6.53%	8,387,380,000
Thang Long Tobacco Company Limited	2.80%	3,594,590,000	2.80%	3,594,590,000
Other shareholders	14.60%	18,766,930,000	14.60%	18,766,930,000
Total	100%	128,530,520,000	100%	128,530,520,000

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

Authorized for issuance and fully contributed	31/12/2024	01/01/2024
	VND	VND
Quantity (shares)	12,853,052	12,853,052
Face value (VND/share)	10,000	10,000
Value (VND)	128,530,520,000	128,530,520,000
	31/12/2024	01/01/2024
	Share	Share
Number of shares registered for issuance	12,853,052	12,853,052
Number of shares sold to the public	12,853,052	12,853,052
- Common stock	12,853,052	12,853,052
Number of shares outstanding	12,853,052	12,853,052
- Common stock	12,853,052	12,853,052

20. OTHER SHORT-TERM PAYABLES

	31/12/2024	01/01/2024
	VND	VND
Trade union fund	86,008,450	65,473,073
Received deposits and guarantees	563,415,400	379,815,400
Dividends payable	498,792,310	518,160,535
Others	140,535,481	119,713,649
Total	1,288,751,641	1,083,162,657

21. OFF BALANCE SHEET

	Unit	31/12/2024	01/01/2024
1. Foreign currency	USD	7,585.09	1,246.93
2. Materials and goods held on behalf of others			
- Customer's warehouse goods	kg	2,326,293	288,121

22. REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Year 2024	Year 2023
	VND	VND
Revenue from sales of goods and rendering of services	852,499,159,848	608,694,015,224
Revenue from tobacco raw material sales	310,160,174,128	220,863,771,340
Revenue from finished goods	312,521,710,465	253,075,925,505
Export revenue	13,174,913,312	462,108,400
Revenue from subcontracting	91,214,665,582	56,932,739,900
Revenue from sales of materials	92,535,634,087	48,492,276,006
Other revenue	32,892,062,274	28,867,194,073
Revenue deductions	-	-
Net revenue from sales of goods and rendering of services	852,499,159,848	608,694,015,224
<i>In which: Related parties (*)</i>	<i>701,990,128,708</i>	<i>526,178,344,053</i>

(*) Details of related parties are presented in Note 31.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

23. COSTS OF GOODS SOLD

	Year 2024	Year 2023
	VND	VND
Cost of tobacco raw materials	295,795,107,534	214,933,332,257
Cost of finished goods	290,516,698,703	221,480,288,010
Cost of export	5,964,881,482	176,671,519
Cost of processing	69,175,785,779	44,305,305,679
Cost of materials	91,185,478,775	47,508,947,442
Others	14,056,283,713	12,713,590,424
Total	766,694,235,986	541,118,135,331

24. FINANCE INCOME

	Year 2024	Year 2023
	VND	VND
Bank deposit interest	934,820,878	1,004,199,368
Prepayment interest	577,058,130	455,024,012
Realized gain from foreign exchange difference	75,759,799	63,083,305
Other financial revenue	-	77,991,896
Total	1,587,638,807	1,600,298,581

25. FINANCIAL EXPENSES

	Year 2024	Year 2023
	VND	VND
Interest expenses	3,617,946,453	3,531,941,314
Unrealized loss from foreign exchange difference	49,330,498	7,119,942
Total	3,667,276,951	3,539,061,256

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Year 2024	Year 2023
	VND	VND
Administrative expenses	47,213,088,071	47,495,849,410
Labor costs	18,562,894,097	25,067,831,438
Raw material, tool and equipment costs	8,630,305,015	3,198,532,150
Depreciation and amortisation costs	288,478,397	415,397,185
Provision expenses	(230,218,900)	(123,132,525)
Tax, Charge, Fee	1,950,210,344	1,896,319,682
Expenses from external services	14,171,022,971	4,442,814,811
Other expenses by cash	3,840,396,147	12,598,086,669
Selling expenses	20,433,848,752	6,937,855,095
Labor costs	2,517,810,209	139,108,872
Raw material, tool and equipment costs	2,532,312,988	1,933,408,388
Depreciation and amortisation costs	715,093,881	1,588,563,603
Expenses from external services	11,627,058,356	3,264,442,215
Other expenses by cash	3,041,573,318	12,332,017
Total	67,646,936,823	54,433,704,505

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

27. BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2024	Year 2023
	VND	VND
Raw material, tool and equipment costs	250,821,397,963	179,053,532,066
Labor costs	66,820,798,980	53,130,309,721
Depreciation and amortisation costs	8,091,043,079	8,390,281,534
Provision expenses	(230,218,900)	(123,132,525)
Expenses from external services	46,947,182,867	26,642,999,567
Other expenses	8,669,729,769	46,311,381,862
Total	381,119,933,758	313,405,372,225

28. OTHER PROFIT

	Year 2024	Year 2023
	VND	VND
Other income	174,018,905	59,282,799
Gain from liquidation, disposal of fixed assets	174,018,866	-
Compensation	-	59,282,799
Other	39	-
Other expense	49,669,987	-
Asset appraisal costs	49,666,667	-
Others	3,320	-
Other profit	124,348,918	59,282,799

29. CURRENT CORPORATE INCOME TAX EXPENSES

	Year 2024	Year 2023
	VND	VND
Profit before tax	16,202,697,813	11,262,695,512
Adjustment for corporate income tax	1,255,539,761	630,584,963
<i>Non - deductible expenses</i>	<i>1,255,539,761</i>	<i>630,584,963</i>
Taxable income	17,458,237,574	11,893,280,475
Tax rate (%)	20%	20%
Corporate income tax payable	3,491,647,515	2,378,656,095
Tax arrears from the previous year	-	4,307,200
Current corporate income tax expense	3,491,647,515	2,382,963,295

30. EARNINGS PER SHARE

	Year 2024	Year 2023
	VND	VND
Interest in the period	12,711,050,298	8,879,732,217
Deduct from welfare reward fund	-	3,704,600,000
Profit for the year attributable to common stockholders	12,711,050,298	5,175,132,217
Weighted average number of shares (shares)	12,853,052	12,853,052
Basic earnings per share (VND/share)	989	403

As of December 31, 2024, the Company has not yet distributed the profit for the year 2024, thus the basic earnings per share may be adjusted, depending on the allocation of the Company's funds from after-tax profit, after approval at the General Meeting of Shareholders. The earnings per share for the year 2023 have been restated due to the impact of the 2023 profit distribution in accordance with Resolution No. 78/NQ-CPHV dated May 21, 2024, of the Annual General Meeting of Shareholders.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

31. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Related parties</u>	<u>Relationship</u>
Vietnam Tobacco Corporation	Parent company
Mien Nam Trading Company	Subsidiary of the parent company
Tobacco Import Export Company	Subsidiary of the parent company
Thang Long Tobacco Company Limited	Parent company
Saigon Tobacco Company Limited	Parent company
Long An Tobacco Company Limited	Parent company
Dong Thap Tobacco Company Limited	Parent company
An Giang Tobacco Company Limited	Parent company
Ben Tre Tobacco Company Limited	Parent company
Cuu Long Tobacco Company Limited	Parent company
VINA-BAT Joint Venture Company Limited	Parent company
Vinataba - Philip Morris Company Limited	Parent company
Ngan Son Joint Stock Company	Parent company
Bac Son Tobacco Company Limited	Parent company
VINA TOYO Company Limited	Associated company of the parent company
BAT - Vinataba Tobacco Joint Venture Company	Associated company of the parent company

Balances with related parties:

	<u>31/12/2024</u>	<u>01/01/2024</u>
	<u>VND</u>	<u>VND</u>
Receivables	9,741,541,473	48,341,543,813
BAT - Vinataba Tobacco Joint Venture Company	4,469,237,700	2,487,614,439
Saigon Tobacco Company Limited	3,451,469,299	32,530,028,700
Dong Thap Tobacco Company Limited	1,707,565,500	-
Vinataba - Philip Morris Company Limited	113,268,974	186,148,174
Ben Tre Tobacco Company Limited	-	1,294,664,000
Ngan Son Joint Stock Company	-	693,000,000
Cuu Long Tobacco Company Limited	-	11,150,088,500

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

Transactions with related parties:

	Year 2024	Year 2023
	VND	VND
Sale of goods and services	701,990,128,708	526,178,344,053
BAT - Vinataba Tobacco Joint Venture Company	326,688,917,343	219,391,205,958
Vinataba - Philip Morris Company Limited	48,058,216,220	52,797,661,800
Thang Long Tobacco Company Limited	126,639,860,500	91,470,300,000
Saigon Tobacco Company Limited	137,708,567,300	107,080,835,920
Bac Son Tobacco Company Limited	-	7,072,650,000
Cuu Long Tobacco Company Limited	16,594,550,000	11,247,388,500
Dong Thap Tobacco Company Limited	3,573,885,500	5,671,800,000
An Giang Tobacco Company Limited	2,928,304,570	7,451,565,275
Ben Tre Tobacco Company Limited	15,313,659,475	4,655,253,100
Long An Tobacco Company Limited	12,707,875,000	11,562,130,500
Ngan Son Joint Stock Company	3,119,160,000	7,767,158,000
Thanh Hoa Tobacco Company Limited	1,084,703,200	-
Tobacco Import Export Company	7,572,429,600	10,395,000
Purchase of goods and services	10,481,012,600	5,260,849,640
BAT - Vinataba Tobacco Joint Venture Company	984,675,000	-
VINA TOYO Company Limited	9,496,337,600	5,241,579,640
VINA-BAT Joint Venture Company	-	19,270,000

Salary, bonus and remuneration of Board of Directors and Board of Management:

	Year 2024	Year 2023
	VND	VND
Board of Directors	547,930,000	312,900,000
Mr. Chau Tuan	217,684,000	120,300,000
Mr. Dinh Tien Loc	165,123,000	94,800,000
Ms. Nguyen Dieu Huong	74,123,000	97,800,000
Mr. Tran Quang Ha	91,000,000	-
Board of Management	1,881,248,454	1,563,519,980
Mr. Luong Huu Hung	796,225,000	562,979,201
Mr. Nguyen Duc Luong	394,112,454	523,497,389
Mr. Phan Quoc Toan	690,911,000	477,043,390
Board of Control	847,998,500	617,116,616
Mr. Dao Xuan Lap	620,794,500	485,116,616
Mr. Le Hoan Vu	117,602,000	68,000,000
Mr. Nguyen Huu Hong Son	109,602,000	64,000,000
Chief Accountant	491,108,500	353,369,942
Mr. Nguyen Nguyen Quoc Vu	491,108,500	353,369,942

32. BUSINESS AND GEOGRAPHICAL SEGMENT REPORT

The primary activities of the Company include cultivating, purchasing, processing, and distributing tobacco raw materials and other agricultural products. Revenue from other activities constitutes only a minor proportion of total revenue (3.86% for the year 2024). Revenue and cost of goods sold from business operations are disclosed in Notes 22 and 23 to Notes of the financial statements. Geographically, the Company's operations are primarily conducted within Vietnam. Accordingly, the Board of Directors has assessed and believes that the non-preparation and presentation of segment reports by business lines and geographical regions in the financial statements for the period from January 1, 2024, to June 30, 2024, comply with the requirements of Vietnamese Accounting Standard No. 28, "Segment Reporting," and are consistent with the Company's current business circumstances.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

33. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the return to shareholders through the optimization of the Company's capital structure and debt levels.

The Company's capital base comprises equity attributable to its equity holders (comprising issued share capital, reserves, and retained earnings).

Major Accounting Policies

Details of the Company's significant accounting policies and methods applied (including the criteria for recognition, measurement basis and the basis for recognition of income and expenses) in respect of each class of financial assets, financial liabilities and equity instruments are set out in Note 4.21.

Financial instruments

	Carrying amounts	
	31/12/2024	01/01/2024
	VND	VND
Financial assets		
Cash and cash equivalents	3,790,736,889	10,171,216,346
Held-to-maturity investments	-	56,000,000,000
Short-term trade receivables	69,743,079,799	83,950,011,844
Total	73,533,816,688	150,121,228,190
Financial liabilities		
Trade payables	45,089,147,268	60,719,578,023
Short-term borrowings and finance lease liabilities	65,433,815,882	4,414,339,044
Short-term accrued expenses	633,505,977	691,812,407
Other payables	1,202,743,191	1,017,689,584
Total	112,359,212,318	66,843,419,058

The Company has not assessed the fair value of financial assets and financial liabilities as at the end of the accounting period because Circular 210 and other prevailing regulations do not provide specific guidance on determining the fair value of financial assets and liabilities. Circular 210 requires the application of international financial reporting standards (IFRS) concerning the presentation of financial statements and disclosures for financial instruments. However, it does not provide equivalent guidance for the measurement and recognition of financial instruments, including the application of fair value, to align with IFRS.

Financial risk management objectives

Financial risks include market risk (including price risk), credit risk, liquidity risk, and interest rate risk of cash flows. The company does not take measures to hedge these risks due to the lack of a market for purchasing these financial instruments.

Market risk*Foreign exchange risk management*

Exchange rate risks arising from transactions denominated in foreign currencies are assessed to have no material impact on the Company's financial position.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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Commodity price risk management

The Company's branches procure tobacco raw materials from farmers at prices set by the Company's Head Office under normal market conditions. The Company may be exposed to commodity price risks due to competition from competitors at specific times and locations of procurement.

Credit risk

Credit risk arises when a customer or counterparty fails to fulfill their contractual obligations, resulting in financial losses to the Company. The Company has an appropriate policy in place and regularly monitors the situation to assess its exposure to credit risk. The maximum credit risk exposure is represented by the carrying amount of the allowance for doubtful debts as at December 31, 2024.

Liquidity risk management

The objective of liquidity risk management is to ensure sufficient funding to meet current and future financial obligations. Liquidity is also managed to maintain a controllable surplus between maturing liabilities and assets during the period, based on the level of capital the Company expects to generate. The Company's policy is to regularly monitor both current and anticipated liquidity requirements to ensure that the Company maintains adequate cash reserves, access to borrowings, and committed contributions from owners to meet both short-term and long-term liquidity needs.

The table below provides a detailed breakdown of the remaining contractual maturities of non-derivative financial liabilities and their agreed payment terms. The table is presented based on the undiscounted cash flows of financial liabilities at the earliest dates on which the Company is obligated to settle.

	<u>Under 1 year</u>	<u>From 1-5 years</u>	<u>Total</u>
	VND	VND	VND
As at 01/01/2024			
Borrowings and finance lease liabilities	4,414,339,044	-	4,414,339,044
Trade and other payables	61,737,267,607	-	61,737,267,607
Short-term payable expenses	691,812,407	-	691,812,407
Total	<u>66,843,419,058</u>	-	<u>66,843,419,058</u>
As at 31/12/2024			
Borrowings and finance lease liabilities	65,433,815,882	-	65,433,815,882
Trade and other payables	46,291,890,459	-	46,291,890,459
Short-term payable expenses	633,505,977	-	633,505,977
Total	<u>112,359,212,318</u>	-	<u>112,359,212,318</u>

The Board of Directors assesses the concentration of liquidity risk as low. The Board believes that the Company can generate sufficient cash flows to meet its financial obligations as they become due.

The following table provides a detailed breakdown of the maturity profiles for non-derivative financial assets. The table is prepared based on the undiscounted contractual maturities of the financial assets, including any interest income from those assets, if applicable. The presentation of non-derivative financial asset information is essential to understanding the Company's liquidity risk management, as liquidity is managed on a net basis of liabilities and assets.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

	Under 1 year VND	From 1-5 years VND	Total VND
As at 01/01/2024			
Cash and cash equivalents	10,171,216,346	-	10,171,216,346
Held-to-maturity investments	56,000,000,000	-	56,000,000,000
Trade receivables and other receivable	83,950,011,844	-	83,950,011,844
Total	150,121,228,190	-	150,121,228,190
As at 31/12/2024			
Cash and cash equivalents	3,790,736,889	-	3,790,736,889
Trade receivables and other receivable	69,743,079,799	-	69,743,079,799
Total	73,533,816,688	-	73,533,816,688

34. CONTINGENT LIABILITY

As detailed in Note 16 to the financial statements, in the past, the Company has received the following notices:

Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, regarding the back payment of land rent for the period 2011-2015 amounting to approximately VND 22.6 billion; Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, regarding the back payment of land and water surface rent for the period 2016-2020 amounting to VND 16.97 billion and on August 19, 2021, Dong Nai Provincial Tax Department sent Official Dispatch No. 7056/CTDON-QLHKDCNTK on correcting the content of the dispatch and the problem in determining the land rent price of Hoa Viet Joint Stock Company, recording the content "According to the opinion of the Company, the amount has been paid in the period from January 1, 2016 to the date of payment. December 31, 2020, is VND 8,785,470,000, the above amount if the unit has paid the State budget in accordance with the provisions of the Tax Law (no late payment according to the notices of provisional annual land rent payment from January 1, 2016, to December 31, 2020, and Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, of Dong Nai Tax Department, the unit has paid the full annual land rent and additional land rent due to price difference".

During the period from 2021 to 2024, the Dong Nai Provincial Tax Department sent Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, Notice No. 100/TB-CTDON dated May 5, 2022, Notice No. 108/TB-CTDON dated May 5, 2023, and Notice No. 103/TB-CTDON dated April 25, 2024, regarding the payment of land rent and water surface rent. According to the above notifications, The annual land and water surface rent amount that the company must pay is 11.59 billion VND. The Company has declared and paid land rent for 1.75 billion VND, short of the notice of 9.84 billion VND. By the time of issuing the accompanying financial statements, the Company had received Judgment No. 130/2024/HC-PT dated March 1, 2024, of the High People's Court in Ho Chi Minh City with the verdict "Accepting the lawsuit request of Hoa Viet Joint Stock Company, declaring to cancel the administrative decisions of the Director of the Dong Nai Provincial Tax Department including Notice No. 2863/TB-CT dated April 14, 2020 of the Director of the Dong Nai Provincial Tax Department on land rental price; Notice No. 5546/TB-QLHKDCNTK dated June 18, 2020 of the Director of the Dong Nai Provincial Tax Department on correcting the notice on land rental price No. 2863/TB-CT dated April 14, 2020, Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, of the Dong Nai Provincial Tax Department on land rental payment (land rental arrears collection); After receiving Judgment 130, the Company is continuing to make recommendations and work with competent authorities in Dong Nai province to negotiate and agree on land rental price as the basis for signing contract appendices of land rental contract No. 47/HDTD dated October 12, 2009 to accurately determine the amount of land rental payable, as a solid basis for recording in the Financial Statements. The accompanying financial statements do not include any adjustments necessary to account for the effects of the above matters.

NOTES TO THE FINANCIAL STATEMENT (Continued)

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements

35. OTHER INFORMATION

According to official document No. 1871/TB-TTCP dated October 20, 2022, from The Government Inspectorate of Vietnam regarding the conclusion of the inspection on the compliance with laws in the management and use of capital and assets, divestment, and restructuring at Vietnam Tobacco Corporation during the period 2013-2017, including Hoa Viet Joint Stock Company, the Company's financial statements do not yet reflect the effects (if any) related to the implementation of the recommendations from the Government Inspectorate.

36. SUBSEQUENT EVENTS

The Board of Directors affirms that, in their opinion, with the exception of the events disclosed in Notes 34 and 35, there are no other material events occurring after December 31, 2024, that have affected the financial position, operating results, and cash flows of the Company for the fiscal year ending December 31, 2024.

37. COMPARATIVE FIGURES

The comparative figures are the numbers from the Company's financial statements for the fiscal year ending December 31, 2023, which have been audited by another auditing firm with a qualified opinion.



Tran Thi Hoang Dieu
Preparer



Ho Quoc Dat
Accounting Supervisor



Luong Huu Hung
Director

Dong Nai, 21 March 2025