**BSR: Explanation on the Financial Statements 2023**

On March 18, 2024, Binh Son Refining and Petrochemical Joint Stock Company announced Official Dispatch No. 1651/BSR-TCKT on explaining profits and auditors’ opinions on the Financial Statements 2023 as follows:

1. Profit after tax this year compared to that of the last year:

*Unit: Billion VND*

|  |  |  |  |
| --- | --- | --- | --- |
| Target of profit after tax after audit | 2023 | 2022 | Difference |
| Value | % |
| Financial Statements of the holding company | 8,755.11 | 14,836.24 | (6,081.13) | -40.99% |
| Consolidated Financial Statements | 8,592.58 | 14,669.34 | (6,076.76) | -41.42% |

Profit after tax in 2023 in the holding company's Financial Statements decreases by 40.99% compared to that of 2022. Similarly, in the Consolidated Financial Statements, it decreased by 41.42% compared to that of 2022. This decrease is primarily due to the sharp drop in the price of crude oil (Dated Brent) in 2023 compared to that of 2022. The average price in 2023 was USD 82.62/barrel, while in 2022, it was USD 101.19/barrel. Moreover, the gap between crude oil prices and product prices was much lower than that of last year. Fluctuations in crude oil prices and product prices greatly affected the Company's production and business results, although consumption output in 2023 increased compared to that of 2022.

As a result, in 2023, the Company recorded a profit of VND 8,755.11 billion in the Separate Financial Statements and VND 8,592.58 billion in the Consolidated Financial Statements.

1. The auditors’ opinions emphasized the Audited Separate Financial Statements and the Consolidated Financial Statements:
	1. Auditors’ emphasis of matter on the Separate Financial Statements:

As stated in Footnote No. 01 on the Footnotes of the Separate Financial Statements, on the date of making this Separate Financial Statements, the competent authorities had not yet approved the equitization settlement at the time that the Company officially transformed into a joint-stock company.

* 1. Auditors’ opinion emphasized on the Consolidated Financial Statements:

As stated in Footnotes 01 on the Footnotes of the Consolidated Financial Statements, on the date of making this Consolidated Financial Statements, the competent authorities had not yet approved the equitization settlement at the time that the Company officially transformed into a joint-stock company.

As stated in Footnote No. 01 of the Footnotes of the Consolidated Financial Statements, on September 26, 2023, the People's Court of Quang Ngai City promulgated a First Instance Verdict partially approving the lawsuit request of the banks and forcing Vietnam Central Biofuels Joint Stock Company ("BSR-BF" - a subsidiary of the Company) to continue to be obliged to pay these banks. On February 22, 2024, BSR-BF also submitted an application to the People's Court of Quang Ngai Province requesting to open bankruptcy proceedings for BSR-BF. At the date of this Consolidated Financial Statement, BSR-BF was waiting for the Court's decision to open bankruptcy proceedings.

The Company’s explanation on the emphasis of matters:

* As for the equitization settlement: The Company has completed the financial handling and settled payables to the State budget with the tax authority. However, the competent authorities have not yet approved the equitization settlement at the time the Company officially transformed into a joint-stock company.
* As for Vietnam Central Biofuels Joint Stock Company: During 2021, banks granting credit to BSR-BF including Ocean Commercial One Member Limited Liability Bank, Vietnam Public Commercial Joint Stock Bank, and Vietnam Joint Stock Commercial Bank for Foreign Trade sued Vietnam Central Biofuels Joint Stock Company to the People's Court of Quang Ngai City regarding overdue loans to pay for credit contracts to build Dung Quat Biofuel Plant. With the approval of the BSR-BF Board of Directors, on February 22, 2024, BSR-BF filed an application with the People's Court of Quang Ngai Province requesting to open bankruptcy proceedings for BSR-BF. At the date of this Consolidated Financial Statement, BSR-BF was waiting for the Court's decision to open bankruptcy proceedings.