**BCG122006: Explanation on difference in production and business result 2023**

On March 30, 2024, Bamboo Capital Joint Stock Company announced Official Dispatch No. 28/2024-BCG on explaining the fluctuations of the audited production and business result 2023 as follows:

1. Explanation on the difference in production and business result over the same period last year:

Unit: VND

|  |  |
| --- | --- |
| Type of financial statements | Profit after tax (VND) |
| 2023 | 2022 | Difference (1) to (2) | Rate of difference (1) to (2) |
| (1) | (2) | (3) = (1) - (2) | (4)= (3)/(2)\*100 |
| Separate Financial Statements | 882,176,263 | 435,203,531,237 | (435,203,531,237) | (99.8%) |
| Consolidated Financial Statements | 171,077,335,293 | 566,796,804,187 | (395,719,468,894) | (69.8%) |

The Company’s explanation as follows:

For the Separate Financial Statements: The profit after tax of the Holding company was VND 882.2 million, decreased by 99.8% compared to that in same period of 2022, mainly because the Holding Company did not receive dividends from member companies in 2023.

For the Consolidated Financial Statements: The profit after tax was VND 171.1 billion, decreased by 69.8% compared to that in the same period last year due to the fluctuated macroeconomics, strongly increase of foreign exchange, high price of materials,

and low product demand, which negatively impacted on the production and business activities of the Company.

1. Explanation on the difference in the audited Financial Statements

Unit: VND

|  |  |
| --- | --- |
| Type of financial statements | Profit after tax (VND) |
| After audit | Before audit | Difference (1) to (2) | Rate of difference (1) to (2) |
| (1) | (2) | (3) = (1) - (2) | (4)= (3)/(2)\*100 |
| Separate Financial Statements | 882,176,263 | 18,809,653,263 | (17,927,477,000) | (95.3%) |
| Consolidated Financial Statements | 171,077,335,293 | 188,185,200,584 | (17,107,865,291) | (9.1%) |

The Company’s explanation as follows:

For the Separate Financial Statements: The profit after tax in 2023 after the audit was VND 882.2 million, decreased by 95.5% compared to that before the audit because the Holding Company set up additional provision costs for investment in member company (AAA Insurance Corporation). AAA Insurance Corporation changed the policy in accounting so the costs increased in 2023.

For the Consolidated Financial Statements: The profit after tax in 2023 after the audit was VND 171.1 billion, decreased by 9.1% compared to that before the audit because AAA Insurance Corporation changed the policy in accounting, resulting in increase of costs in 2023 compared to that before the audit.

1. Explanation of auditor’s opinion emphasizing and retroactively opening data:

The Company evaluate that there is no impact of emphasized contents in the Consolidated Financial Statements 2023 on the equity indicators in the Company's audited Consolidated Financial Statements. The emphasis is to draw attention to the readers of the relevant explanation in the Consolidated Financial Statements. The explanation helps readers understand policies, specified laws of renewable energy, which are still being completed and waiting to be issued at the time of preparing for the Financial Statements 2023 and real estate projects that is in the process of completing investment legalities.

The Company clarifies the emphasized contents as follows:

1. Regarding the opinion of recording customer receivables and revenue of electricity output, which is estimated at the unit price based on the Company's available information at the date of establishing the Consolidated Financial Statements. This is the best accounting estimates to represent the recored unit price of the Company at the date of the Financial Statements 2023.

Under decision No. 21/QD-BCT (Decision No. 21) issued on January 7, 2023 of the Ministry of Industry and Trade on issuing price framework of electricity of solar energy and wind power plants. The ceiling price of ground mounted solar power projects is VND 1,184.90/kWh. From May 31, 2023, the capacity of 83.10 MWp of the Phu My 1 Solar Power Plant Project Phase 2 and 31.10 MWp of Phu My 3 Solar Power Plant Project Phase 2 have been recognized for commercial operation (transitional capacity of the Phu My project) and this capacity is subject to the electricity price re-regulated in Decision No. 21. From the date of commercial operation, the Company was paid 50% ceiling price by the electricity trading company under the Vietnam Electricity (EVN) in accordance with Decision No. 21. According to the agreement with EVN, the difference between the agreed electricity selling price according to the PPA negotiation process between EVN and the Company will be paid when the PPA contract is signed between the two parties. On that basis, the Company recorded an estimated revenue of VND 54.4 billion equivalent to 50% of the ceiling price according to Decision No. 21 for the transitional capacity of the Phu My Project from the date of commercial operation until December 31, 2023. Currently, the Company is still in the process of negotiation and agreement with EVN on official electricity selling price at the date of establishing the Consolidated Financial Statements. The company believes that the electricity price negotiation will be agreed with EVN with an electricity price equivalent to the provisional price. This negotiation is expected to be completed in Q2/2024. Accordingly, the Company believes that the difference (if any) between the actual and estimated electricity price will be insignificant and not important to the Consolidated Financial Statements 2023. The Company will account for the above difference in revenue (if any) after fiscal year 2024 according to current accounting regulations.

1. Regarding the opinion on the ability to recover short-term loan receivables and BCC amounts, including contributed capital and interest depends on the feasibility and development ability of wind power and solar power projects in the future.

The Company believes that with the clear directions and visions of the Government to the target of Net Zero 2050 and commitments of the Prime Minister at the COP28, the development policies, pricing policies as well as legal frameworks related to renewable energy projects in general, and wind and solar power projects in particular, will soon be issued, creating a premise for financial resources the company investing in these projects will soon be effective and bring worthy profits. The Company assesses the risk of not being able to collect receivables from short-term loans and BCC amounts including contributed capital and interest to carry out investment and development of wind power and solar power projects as low, insignificant and not important to the Consolidated Financial Statements 2023.

1. Regarding the opinion on the Notice No. 3116/TB-TTCP, the inspection conclusion refers to the solar power projects of two BCG - Bang Duong Energy Joint Stock Company and Hanwha - BCG Bang Duong Energy Joint Stock Company of the Company.

The Company has fully implemented the necessary processes and procedures as required by the investors when implementing the two projects mentioned above. In addition, the Company has also made all necessary corrections that are the responsibility of the Investor. Other issues are the responsibilities of the competent state agencies. Therefore, the Company assesses that the impact of the issues raised by the Government Inspectorate on the Company's Financial Statements is low, insignificant and not important to the Consolidated Financial Statements 2023.

1. Regarding the opinion on the ability of recovering the business cooperation amount to invest in the Kinh Duong Vuong project depends on the ability to develop the project in the future.

The Company is currently carrying out investment legal procedures for the project. The Company assesses the risk of not being able to recover this cooperation amount as low.

1. Regarding the adjustment opinion due to the impact of changes in accounting policies and allocation of direct insurance business costs at the subsidiary - AAA Insurance Corporation.

This part has been clearly explained in section VII 1.7 of the explanation to the Consolidated Financial Statements and section VIII.3 of the explanation to the Separate Financial Statements, by AAA Insurance Corporation, a subsidiary of the Company, change accounting policies in allocating direct insurance business costs to implement the principle of revenue matching expenses. According to current accounting standards, this change in accounting policy results in a retroactive adjustment of accounting data at the beginning of the period.