**LTG: Explanation on Financial Statements for fiscal year 2023**

On March 30, 2024, Loc Troi Group Joint Stock Company announced Official Dispatch No. 132/CV-TDLT on explaining the fluctuations of the Financial Statements after audit as follows:

1. Explanation of fluctuations in the Separate Income Statement:

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| --- | --- | --- | --- | --- |
| Code | Target | Figure before audit | Figure after audit | Difference |
| 25 | Selling expense | 730,634,031,115 | 741,911,358,642 | 11,277,327,527 |
| 26 | General and administrative expense | 520,610,266,126 | 443,649,664,675 | (76,960,601,451) |
| 30 | Net profit from business activities | 181,537,419,790 | 247,084,354,514 | 65,546,934,724 |
| 31 | Other incomes | 28,024,670,360 | 30,556,728,504 | 2,532,058,144 |
| 32 | Other expenses | 13,592,344,535 | 1,551,160,597 | (12,041,183,938) |
| 50 | Total profit before tax | 195,969,745,615 | 276,089,922,421 | 80,120,176,806 |
| 51 | Current corporate income tax expense | 95,608,626,263 | 109,141,420,255 | 13,532,793,992 |
| 60 | Profit after tax | 91,176,356,238 | 157,391,012,544 | 66,214,656,306 |

Profit after tax after audit increased by VND 66,214,656,306 compared to figures before audit, mainly due to the following adjustments:

1. General and administrative expenses decrease by VND 76,960,601,451 due to:

* Adjusted to reduce the expense for provision for doubtful debts with the amount of VND 73,442,557,897. Because the Company reassessed and recorded a decrease in provision for bad receivable debts from some customers whose debts were recovered after the fiscal year.
* Adjust and reduce the remuneration of the Board of Directors and the Supervisory Board in 2023 with the amount of VND 3,630,000,000 according to the decision of the Board of Directors.

1. Other incomes increase by VND 2,532,058,144 related to inappropriate accounting of financial lease asset acquisition transactions during the year.
2. Selling expenses increase by VND 11,277,327,527 and other expenses decrease by VND 12,041,183,938 mainly due to reclassifying other expenses to selling expenses with the amount of VND 11,277,327,527.
3. Corporate income tax expenses increase by VND 13,532,793,992 due to increase in profit before tax (affected by the above adjustments).
4. Other adjustments have negligible effect.
5. Explanation of fluctuations in the Consolidated Income Statement:

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| --- | --- | --- | --- | --- |
| Code | Target | Figure before audit | Figure after audit | Difference |
| 2 | Revenue deductions | 448,540,452,488 | 429,106,589,805 | (19,433,862,683) |
| 11 | Cost of goods sold | 13,596,921,191,665 | 13,612,688,894,005 | 15,767,702,340 |
| 21 | Revenue from financial activities | 227,430,102,041 | 227,290,680,658 | (139,421,383) |
| 24 | Share of profits in joint ventures | 315,814,200,188 | 527,152,041 | (315,287,048,147) |
| 26 | General and administrative expense | 718,069,642,536 | 641,107,311,460 | (76,962,331,076) |
| 30 | Net profit from business activities | 361,309,431,447 | 124,223,082,054 | (237,086,349,393) |
| 32 | Other expenses | 15,097,560,591 | 11,830,169,425 | (3,267,391,166) |
| 40 | Other profits | 22,449,668,918 | 25,717,060,084 | 3,267,391,166 |
| 50 | Total profit before tax | 383,759,100,365 | 149,940,142,138 | (233,818,958,227) |
| 51 | Current corporate income tax expense | 110,041,315,175 | 123,574,109,167 | 13,532,793,992 |
| 52 | Deferred corporate income tax expense | 8,622,156,435 | 9,872,827,346 | 1,250,670,911 |
| 60 | Profit after tax | 265,095,628,755 | 16,493,205,625 | (248,602,423,130) |
| 61 | Profit after tax of the Holding Company | 265,496,274,107 | 16,893,850,977 | (248,602,423,130) |

Profit after tax after audit decreases by VND 248,602,423,130 compared to the Self-made Financial Statements mainly due to the following adjustments:

1. Deductions decrease by VND 19,433,862,683 and cost of goods sold increases by VND 15,767,702,340 mainly due to the exclusion of trade discounts and cost of goods sold from sales transactions within the Group, which have not been appropriately reflected in the Self-made Consolidated Financial Statements.
2. Profit from joint ventures decreases by VND 315,287,048,147 due to the exclusion of gains from low-cost transactions due to the impact of determining the fair value of joint ventures’ net assets at the acquisition date which has not been appropriately reflected in the Self-Made Consolidated Financial Statements and the exclusion of unrealized profits arising from transactions within the Group.
3. General and administrative expenses decrease by VND 76,962,331,076 mainly due to the impact of adjustments at the Holding Company as explained in section I.
4. Other expenses decrease by VND 3,267,391,166 mainly related to inappropriate recognition of financial lease acquisition operations during the year.
5. Other adjustments have negligible effect.