

**MPT GROUP JOINT STOCK
COMPANY**

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SOCIALIST REPUBLIC OF VIETNAM
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No: 2803/2025/CV-MPT

*(Re: Explanation of post-tax profit in the
audited 2024 Financial Statements and audit
opinion)*

Hanoi, March 28, 2025

To: HANOI STOCK EXCHANGE

Company: MPT Group Joint Stock Company

Stock code: MPT

Trading address: 2nd Floor, Trung Yen 1 Building, Trung Yen Urban Area, Trung Hoa Ward, Cau Giay District, Hanoi City.

On March 28, 2025, MPT Group Joint Stock Company announced information regarding the audited financial statements for the year 2024. In accordance with regulations on the disclosure of financial statement information, MPT would like to explain the fluctuations in after-tax profit in the audited financial statements for 2024 compared to the same period in 2023, as well as the reasons for the auditor's disclaimer of opinion as follows:

1. Explanation for post-tax profit fluctuations in 2024:

The audited after-tax profit for the year 2024 reported a loss of 17.456 trillion VND, while in the same period of 2023, the loss was 2.543 trillion VND, primarily due to the following reasons:

- In 2024, the Company generated some revenue from the sale of goods and provision of services.
- The Company made a provision for devaluation of stagnant, substandard, and unsellable inventory that had accumulated since the Company suspended its traditional business operations (manufacturing clothing, socks, etc.).
- The financial operating revenue is too small to cover fixed and regular expenses, even though the company has implemented savings and cut costs to the maximum extent.

2. Explanation of the Disclaimer of Opinion in the 2024 Financial Statements:

The Company's Financial Statements for the year ended December 31, 2024, audited and issued on March 25, 2025, received a disclaimer of opinion from the auditor due to the following reasons:

2.1. Inventory Balance:

As stated in Note 5.7 of the Financial Statement Notes, the auditors were not able to witness the inventory count as of December 31, 2024 (historical cost: VND 36,995,516,576) due to limitations imposed by the Company. The auditors also could not obtain sufficient appropriate audit evidence regarding the provision for devaluation of inventory (amounting to VND 16,707,062,010). Therefore, they were unable to determine whether any adjustments were necessary.



❖ **Explanation:**

As previously disclosed, MPT underwent key personnel changes including the General Director, Deputy General Director, re-election of the Board of Directors and Supervisory Board. During the transition from the former management to the new management, the Company did not receive complete handover documentation: accounting books, inventory records, cash confirmations, etc. Access to participate in inventory verification was also restricted. Most data was based on accounting books and software. However, given the nature and prolonged storage period of the inventory, the Company deemed it necessary to make a provision for devaluation to more accurately reflect the recoverable value.

2.2. Recoverability of Receivables:

As of December 31, 2024, the Company's outstanding receivables included:

- Customer receivables: VND 14,907,641,966
- Prepayments to suppliers: VND 5,465,592,502
- Other short-term receivables: VND 101,415,293,933
- Short-term loans: VND 24,500,000,000
- Long-term financial investments: VND 11,464,425,714

(Compared to January 1, 2024: VND 16,118,065,650; VND 5,466,392,502; VND 101,659,958,831; VND 24,500,000,000; and VND 11,464,425,714 respectively.)

Payables to suppliers as of December 31, 2024, amounted to VND 7,436,737,594 (January 1, 2024: VND 8,647,161,278).

The auditors were unable to gather sufficient appropriate audit evidence regarding the recoverability of these receivables and related payables, thus unable to assess their impact on the Financial Statements.

❖ **Explanation:**

As noted in section 2.1, due to the incomplete handover between former and new management, the transition was extremely challenging. The Company attempted to contact customers to verify receivables. However, some customers had changed business locations, lacked valid contact information, or had unresponsive phone numbers, resulting in failed debt confirmation letters being returned. Hence, the values of these receivables remain as per the accounting books.

2.3. Company's Going Concern Ability:

The Company ceased its core business activities and had no revenue during the year. Receivables were overdue and at high risk of being uncollectible. Inventory's realizable value could not be determined. These items totaled VND 166.58 billion, accounting for 93.80% of total assets and 99.84% of shareholders' equity as of December 31, 2024. This indicates a significant working capital deficit and raises substantial doubt about the Company's ability to continue as a going concern. The Company's viability depends on its ability to recover the aforementioned receivables. The auditors could not determine whether the Financial Statements were appropriately prepared under the going concern assumption.



❖ **Explanation:**

Although the Company has suspended its core business (manufacturing clothing and socks), it does not intend to cease all business activities. The Company is undergoing a restructuring phase.

The 2025 business plan focuses on commercial trading activities, organizational restructuring, personnel development, and transitioning into new business lines. It aims to seek cooperation and investment opportunities to expand commercial operations domestically and internationally.

Additionally, the Company's new management continues to resolve issues related to the handover process and unresolved old debts, while seeking partners to liquidate inventory and fixed assets that no longer align with its business orientation. The goal is to stabilize and grow the Company, ensuring the rights and interests of shareholders.

This is the complete explanation by MPT Group Joint Stock Company regarding the audited Financial Statements for 2024.

Sincerely,

GENERAL DIRECTOR



Hoàng Việt Lân

