

**DUC QUAN INVESTMENT AND
DEVELOPMENT JSC**

No: 961CV-ĐA

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

*Re: Explanation of the variance in reviewed
business performance for the period from
January 1, 2025 to June 30, 2025 compared to
the same period of the previous year.*

Hung Yen, August 14th, 2025

**To: - THE STATE SECURITIES COMMISSION OF VIETNAM
- HANOI STOCK EXCHANGE**

- Company Name: Duc Quan Investment and Development Joint Stock Company
- Stock Code: FTM
- Address: Lot A3 – Nguyen Duc Canh Industrial Zone – Tran Thai Tong Street – Thai Binh Ward – Hung Yen Province.

I. Explanation of Business Performance and Auditor's Disclaimer of Opinion:

High raw material costs and sustained exchange rate pressures, combined with labor recruitment difficulties, have prevented the Company from increasing production output. This has limited its ability to reduce fixed processing costs per unit. Additionally, rising electricity and labor expenses have further contributed to increased operating costs, resulting in a net loss for the period.

In the first six months of 2025, the Company offset a total of VND 8.4 billion in value-added tax (VAT). The amount of import VAT and import duties paid in cash was VND 6.2 billion. Personal income tax (PIT) incurred and paid amounted to VND 49 million. The Company did not incur any outstanding tax liabilities and was not subject to any invoice enforcement actions. Therefore, the Company's production and business activities continued to operate normally.

All of the Company's loans are secured by collateral assets. The Company has proactively communicated with relevant banks regarding the broader market challenges. In light of various supportive policies and regulatory measures from government agencies and financial institutions, the Company is developing a restructuring plan covering organizational structure, business operations, and financial management. This includes rescheduling overdue loans as previously mentioned and actively seeking solutions to supplement working capital for production and business activities.

II. Explanation of Variance in Business Performance Compared to the Same Period Last Year:

The variance in business performance for the first six months of 2025 compared to the same period last year is primarily due to the fact that, in the previous period, the Company recorded other income arising from a reduction in interest expenses related to its loans at the Vietnam Development Bank – Thai Binh Branch.

Our company respectfully submits the following explanation
Sincerely,

**DUC QUAN INVESTMENT AND
DEVELOPMENT JSC**



TỔNG GIÁM ĐỐC
Đỗ Văn Sinh