

**ĐUC QUAN INVESTMENT AND
DEVELOPMENT JSC**

No: 27 CV/ĐQ

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

*Re: Explanation of the Audited Financial
Statements for the fiscal year 2025*

Hung Yen, March 30th, 2026

**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 – Tien Phong Ward – Thai Binh Ward – Hung Yen Province.

I. Explanation of the Causes Leading to Business Loss:

The textile and garment industry has faced dual pressure from rising logistics costs and highly volatile raw cotton prices, alongside severe financial risks as exchange rates remained consistently high. The delay in finalizing the BIS certification to boost exports to the Indian market, combined with stringent U.S. tariff policies and consecutive natural disasters in Northern and Central Vietnam, significantly disrupted the supply chain. Consequently, net revenue reached only VND 192 billion (46% of the annual plan), which was insufficient to cover fixed manufacturing overheads and interest expenses, leading to a pre-tax loss.

II. Explanation regarding the Auditor's Disclaimer of Opinion:

Despite general market difficulties, the Company's business operations remain stable, ensuring full compliance with State Budget obligations. During the year, the Company performed VAT offsets totaling VND 16.6 billion (a 25% increase compared to 2024) and directly remitted VND 12.8 billion in import VAT and import-export duties. Including land rent and personal income tax payments, the Company maintains zero tax arrears and has not faced any invoice enforcement actions. Furthermore, as 100% of loans are backed by collateral, the Company has proactively collaborated with banks to implement support policies and production recovery measures. Alongside a comprehensive restructuring roadmap for organization and financial management, the Company is focusing on restructuring overdue debts while maintaining and expanding credit limits for deferred payment imports with foreign partners to ensure a sustainable supply of raw materials.

III. Explanation of Data Discrepancies Before and After Audit:

There is no change in the profit figures in the 2025 Financial Statements following the audit.

The above is the explanation regarding the auditor's opinions as stated in the Audited Financial Statements for the fiscal year 2025.

Sincerely,



DUC QUAN INVESTMENT AND DEVELOPMENT JSC



TỔNG GIÁM ĐỐC
Đỗ Văn Linh

