DUC QUAN INVESTMENT AND DEVELOPMENT JSC

No: 46

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Re: Explanation of the variance in reviewed business performance for the period from January 1, 2026 to June 30, 2026 compared to the same period of the previous year.

Hung Yen, August 14th, 2025

To: - **THE STATE SECURITYES COMMISION 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.

M.S.D.N:100040 CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRI ĐỨC QUÂ TỈNH HƯNG Y

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

In the first six months of 2026, the Company's business operations continued to face many difficulties due to adverse market factors. Input material prices and exchange rates remained high, while rising oil prices affected the overall price level of various raw materials and production inputs, thereby increasing product costs. At the same time, higher oil prices also drove up transportation costs for materials, supplies, and goods, creating additional pressure on the Company's production and sales expenses.

In addition, the Company faced difficulties in recruitment and maintaining its workforce due to intense competition in the labor market. To ensure sufficient human resources for production, as well as to attract and retain employees, the Company proactively improved and adjusted policies on wages, income, and benefits. These enhancements increased labor costs during the period. However, due to labor shortages, production output could not increase correspondingly, resulting in high labor costs and fixed processing costs allocated per unit of product.

In addition, electricity expenses and other production-related costs continued to rise during the period. The simultaneous increase in raw material costs, transportation costs, labor costs, energy costs, and other input expenses raised product costs, while production output did not reach the level necessary to optimize fixed costs. These factors significantly affected profit margins and were the main reasons for the Company's loss in the first six months of 2026.

Regarding obligations to the state budget, in the first six months of 2026, the Company recorded a total offset VAT of VND 6.9 billion; import VAT and import duties actually paid amounted to VND 5.4 billion; and personal income tax paid was VND 56 million. The Company did not incur any tax arrears and was not subject to invoice enforcement. Business operations of the Company continued to be maintained and carried out normally.

With respect to loans, all are secured by collateral. The Company has proactively worked with banks to report its difficulties and to cooperate in seeking solutions for loan restructuring and stabilizing financial resources.

In the coming period, the Company will continue to restructure its organization, business operations, and finances; focus on handling overdue loans; balance cash flows and supplement capital for production and business activities; while simultaneously controlling costs and improving production efficiency.

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

The business performance in the first six months of 2026 differed from the same period last year as production output was higher, which helped reduce processing costs per unit. In addition, many assets had already been fully depreciated, resulting in lower depreciation expenses. During the period, there were also no significant foreign exchange differences arising from the revaluation of items denominated in foreign currencies.

Our company respectfully submits the following explanation.

Sincerely,

DUC QUAN INVESTMENT AND DEVELOPMENT JSC

TỔNG GIÁM ĐỐC

Đỗ Văn Sinh

Signature Not Verified
Ký bởi: CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRIỂN ĐỨC QUÂN
Ký ngày: 14/8/2026 17:22:03