**LPT: Explanation on Financial Statements 2023**

On February 16, 2024, Lap Phuong Thanh Production And Trading Joint Stock Company announced Official Dispatch No. 16/2024/CV-LPT on explaining the Audited Financial Statements 2023 as follows:

1. Difference in profit after tax in 2023 compared to that of 2022:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Target | 2023 (VND) | 2022 (VND) | Increase/Decrease | |
| Value (VND) | % |
| Net revenue | 346,752,452,570 | 235,417,546,186 | 111,334,906,384 | 47% |
| Cost of goods sold | 336,088,701,451 | 214,163,483,569 | 121,925,217,882 | 57% |
| Gross profit | 10,663,751,119 | 21,254,062,617 | 10,590,311,498 | -50% |
| Profit before tax | 3,909,855,858 | 10,902,991,168 | 6,993,135,310 | -64% |
| Profit after tax | 3,110,023,536 | 9,579,475,830 | 6,469,452,294 | -68% |

Although the revenue in 2023 increases by 47% compared that of to the same period last year, the profit after tax decreases by 68% compared to that of the same period. The main reason is because:

* Revenue from the driver training service sector only reaches VND 31 billion, decreasing by 56% compared to that of the same period in 2022. The main reason is the impact from the change when applying Circular No. 04/2022/TT-BGTVT dated April 22, 2022, the number of students transferred from the previous year is insignificant. On the other hand, Circular No. 04/2022 supplements more contents to the program, making it difficult for students to arrange their study time. This leads to the class organization process often being prolonged. Therefore, the student's graduation is affected. Besides, in 2023, the unit terminates the training in June, July, and August. From September 2023, the unit is able to train again. This is the reason that greatly affects the revenue of the training sector.
* In addition to driving training and testing, the unit also utilizes the existing capital to develop other business sectors, maximizing profits for the Company. In 2022, the unit's business of pallets and plastic beads begins to stabilize and develop; orders and volume of goods increase. Therefore, the entire unit's revenue increases compared to that of the previous year. Although commercial revenue increases and the commercial profit rate also increases compared to that of the previous year, it does not compensate for the loss of training activities, leading to the unit's total production and business profit being low compared to that of 2022.

Above are some main reasons why the value of revenue during the year increases but the profit decreases compared to the same period last year.

1. Explanation of the difference in figures before and after audit:

In the Report on production and business results, the corporate income tax target changes as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Target | Before audit | After audit |
| Profit after tax | 60 | 2,912,474,445 | 3,110,023,536 |

Reason of the difference: Because in the process of calculating corporate income tax for each type of production and business, the unit does not offset the corporate income tax of training and commercial activities, leading to errors in the corporate income tax calculation.

1. Audit company's opinion: Unqualified opinion

Above is our unit's explanation about the Financial Statements 2023 audited by Nhan Tam Viet Audit Company Limited. Lap Phuong Thanh Production And Trading Joint Stock Company respectfully reports to the State Securities Commission and Hanoi Stock Exchange.