PHU THO CEMENT - JSC

No: 51 /CV-XMPT

Re: Explanation of the variance in 2024

Net Profit After Tax and response to the auditor's qualified opinion

SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom – Happiness

Thanh Ba, March 28, 2025.

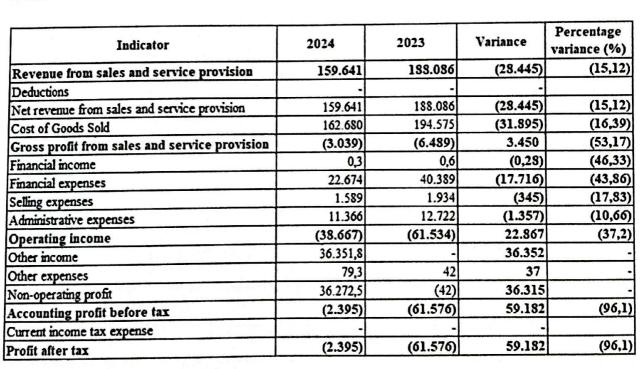
To: - The State Securities Commission of Vietnam (SSC).

- The Hanoi Stock Exchange (HNX).

Phu Tho Cement Joint Stock Company presents the explanation for the net loss after tax; the variances between the current year and the previous year, and the auditors' qualified opinions in the 2024 Audited Consolidated Financial Statements as follows:

Consolidated Financial Statements:

1. Explanation of the After-tax Loss and the Difference between 2024 and 2023:



The after-tax profit of the Company in 2024 is a loss of VND 2.395 million, a reduction in loss of VND 59.182 million compared to 2023 (a loss of VND 61.576 million), due to the following reasons:



- + The net revenue from the sale of goods and provision of services in 2024 is VND 159.641 million, a decrease of 15,12% compared to 2023 (VND 188.086 million), equivalent to a reduction of VND 28.445 million. The sales volume in 2024 is 179.922,21 tons of various types of cement, a decrease compared to 2023 (190.824,48 tons), corresponding to a decrease of 5,71%. The cost of goods sold decreased from VND 194.575 million in 2023 to VND 162.680 million in 2024 (a decrease of 16,39%, equivalent to a reduction of VND 31.895 million). In 2024, although the prices of some raw materials did not change significantly compared to 2023, the demand for cement in the market has not improved much, coupled with intense competition, which has made cement consumption more challenging.
- + The selling expenses for 2024 are VND 1.589 million, a decrease of VND 345 million compared to 2023 (VND 1.934 million). The administrative expenses for 2024 are VND 11.366 million, a decrease of VND 1.357 million compared to 2023 (VND 12.722 million).
- + Financial expenses in 2024 decreased by VND 17.716 million compared to 2023.
- + Due to the Vietnam Development Bank Phu Tho Yen Bai Branch waiving the interest on overdue debt accrued but not yet collected as of December 21, 2023, for the Rotary Kiln Cement Production Line Project, amounting to VND 35.562.929.624 in September 2024. The amount of waived interest is recorded by the Company as a reduction in accumulated losses as of December 31, 2023. However, when the audit of the 2024 financial statements was conducted, the auditor's opinion required the waived interest to be recognized as other income for 2024, which caused the other income after audit to increase from VND 79,3 million to VND 36.272,5 million, an increase of VND 36.315 million compared to 2023. As a result, the total pre-tax accounting profit for 2024 increased by VND 59.182 million compared to 2023.

2. Explanation of the auditor's qualified opinions:

- * We have properly recorded and disclosed all incurred liabilities, all contingent liabilities, and the guarantees we have provided to third parties.
- * The provision for doubtful receivables has been fully made for each overdue receivable based on the potential loss that may occur over the debt aging period and the evaluation and estimation by the Board of Directors. For the overdue debts, we

are actively taking recovery measures, and we continue to have transactions in 2024 with the entities that still have outstanding balances. These receivables will be recovered in 2025. Therefore, we believe there is no need to make an additional provision at this time.

- * Regarding the obligations to pay suppliers and overdue loan interest, we have reviewed and worked with the relevant parties to extend the payment deadlines. At the same time, we are actively arranging capital sources to gradually settle the debts. We believe that with efforts in business operations and negotiations with suppliers as well as banks, we will not fall into a situation of losing the ability to continue operations due to delayed payments.
- * We have sent confirmation letters as requested by the auditors for all receivables, payables, and investment accounts. We confirm that the receivables and payables presented in the financial statements accurately reflect the rights and obligations of our customers and suppliers.
- * We recognize that as of December 31, 2024, the Company's financial statements reflect a total short-term debt greater than short-term assets by VND 535.359 million, and the accumulated losses as of December 31, 2024 amount to VND 447.145 million, exceeding the owner's equity. However, due to the expectation that the Company's business activities will continue to grow in the future with revenue from its operations, the financial statements for the accounting period from January 1, 2024, to December 31, 2024, are prepared on the going concern basis.

Above is the explanation from Phu Tho Cement Joint Stock Company, requesting the State Securities Commission and the Hanoi Stock Exchange to review it.

Sincerely appreciate your attention!

Recipients:

- As addressed to;
- Board of Directors (Report);
- Audit Committee (Report);
- Archive (Office).

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TổNG GIÁM ĐỐC Trần Cuấn Đạt

