

**JOINT STOCK COMPANY
SONG DA INVESTMENT AND
CONSTRUCTION**

Section: 14.8.1 /SDD- GT BCTC

Re: Explanation of profit after tax loss decreased by more than 10% compared to the same period last year and the auditor refused to give a conclusion in the 2025 Interim Financial Report .

**SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

Hanoi, August 14, 2025

Dear:

**- State Securities Commission
- Hanoi Stock Exchange**

Financial report issuing organization: Song Da Investment and Construction Joint Stock Company

Stock code: SDD Trading floor: UPCOM

Our company sends you the Semi- Annual Financial Report 2025 ending on June 30, 2025 audited by Vietnam Auditing and Valuation Company Limited - Hanoi Branch signed on August 23, 2025.

Semi-Annual Financial Report The Company's 2025 financial statements ending on June 30, 2025 have a profit after tax in the reporting period that differs by more than 10% compared to the same period last year and the auditor refuses to give an opinion. The Company would like to explain as follows:

1- Explanation: The Company's after-tax profit for the first 6 months of 2025 differs by more than 10% compared to the same period last year:

According to the business performance report in the Semi-annual Financial Report The company's 2025 financial year ending June 30, 2025 had the following difference in profit after tax compared to the same period last year:

TT	Target	First 6 months of 2025 (VND)	First 6 months of 2024 (VND)	Dog record (increase +)(decrease -)	Increase, decrease %
1	Profit after tax	(6,500,312,052)	(11,611,336,150)	5,111,024,098	44%

after-tax profit for the first 6 months of 2025 differs by more than 10% compared to the first 6 months of 2024 for the following reasons:

- Business revenue decreased by 33%;
- Cost of goods sold decreased by 27%;
- Financial costs decreased by 17%;
- Business management costs reduced by 113%;
- Financial revenue increased by 126%;
- Other profits increased by 102%;

Combining the above factors, the Company's after-tax profit for the first 6 months of 2025 compared to the first 6 months of 2024 increased by: VND 5,111,024,098, equivalent to: 44% (loss reduction: 44%).

2- Explanation of the basis for refusing to make a conclusion:

In the Basis for Refusal to Give Conclusion – Interim Financial Information Review Report in the Company's 2025 Semi-Annual Financial Report, the following content is provided:

As of June 30, 2025, the Company had accumulated losses of VND 76,529,126,816 and current liabilities were greater than current assets by VND 97,757,572,148. These factors raised significant doubts about the Company's ability to continue as a going concern. However, the interim financial statements were prepared on a going concern basis, without providing sufficient information and convincing explanations about the Company's ability to continue as a going concern in the near future. With the review procedures performed, we were unable to obtain sufficient appropriate evidence to assess the Company's ability to pay and maintain working capital in the near future. Therefore, we were unable to confirm the appropriateness of the application of the going concern assumption in preparing the Company's interim financial statements.

Refusal to draw conclusions:

Because of the significance of the matters described in the “Basis for Conclusion” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion. Accordingly, we are unable to express a review conclusion on the accompanying interim financial statements.

The company would like to explain as follows:

- *As of June 30, 2025, the Company's accumulated loss is: VND 76,529,126,816 :*

From 2020 to present, the Company's business performance depends on the business performance of Muong Sang 2 Hydropower Plant, because the business performance of construction and installation contracting and other business activities of the Company did not win new projects and had low profit margins. Meanwhile, in the first 6 months of 2025, due to low annual rainfall, Muong Sang 2 Hydropower Plant only generated 14 % of its design capacity, high investment loan balance, so the annual investment loan interest of the project was large, so the business performance of Muong Sang Sang Hydropower Plant was at a loss, leading to the Company's business performance being at a loss and accumulated to June 30, 2025 was 76,529,126,816 VND. The annual loss will gradually decrease when the Company pays off the investment loan for the project and the interest on the loan is low. The Company's Board of Directors is looking for measures to increase the water storage capacity to increase the annual electricity generation output to increase electricity generation revenue and reduce losses.

- As of June 30, 2025, the Company's short-term debt is greater than its short-term assets by an amount of VND 97,757,572,148.

+ The Company's current monthly cash flow is the proceeds from the sale of commercial electricity from the Muong Sang 2 Hydropower Plant, which is used to pay for the capital needs for the Company's production and business. In addition, the Board of Directors and the Board of Management are actively seeking other sources of capital mobilized from organizations and individuals to meet the Company's working capital needs to ensure the Company's continuous production and business activities. + Every month, the revenue from electricity sales from the Muong Sang 2 Hydropower Plant has been collected, so the short-term assets receivable are low. Because the power generation only reached 14% of the capacity, which was not enough to pay the principal and interest on the project's long-term loans, the long-term payable balance had to be transferred to short-term every month, resulting in an increase in short-term debt. The Board of Directors and the Board of Management are actively working with the Bank and customers to restructure the debt repayment period to long-term, find other sources of capital and restore construction and commercial activities to increase working capital, repay debts to reduce short-term payables, and ensure the Company's production and business activities are continuous.

The Company explains to the State Securities Commission and Hanoi Stock Exchange about the Company's 2025 Semi-Annual Financial Report audited by Vietnam Auditing and Valuation Company Limited - Hanoi Branch signed on August 13, 2025.

Recipient:

- Above.
- Lu VP.



COMPANY DIRECTOR

Nguyen Phuong Dong