PHU THO CEMENT – JSC
No: 253/CV-XMPT
Re: Explanation of the variance in profit after tax for the first six months of 2026 and explanation regarding the auditor's qualified opinion.

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness
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Thanh Ba, August 14, 2026

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

- The Hanoi Stock Exchange (HNX).

Phu Tho Cement Joint Stock Company hereby provides an explanation regarding the loss after tax, the variance between the current and prior periods, and the auditor's qualified opinions in the consolidated financial statements for the first six months of 2026 (following the review), as follows:

Consolidated Financial Statements:

1. Explanation of the net loss and variance between the six-month periods of 2026 and 2025.

Indicator	6 months of 2026	6 months of 2025	Variance	Percentage variance (%)
Revenue from sales and service provision	62,371	79,135	(16,764)	(21.18)
Deductions	-	-	-	
Net revenue from sales and service provision	62,371	79,135	(16,764)	(21.18)
Cost of Goods Slod	66,609	82,509	(15,899)	(19.27)
Gross profit from sales and service provision	(4,238)	(3,373)	(865)	25.63
Financial incom	463.8	0.5	463.29	96,961.05
Financial expenses	7,942	14,054	(6,113)	(43.49)
Selling expenses	763	725	38	5.22
Administrative expenses	4,928	6,087	(1,159)	(19.04)
Oparating income	(17,407)	(24,239)	6,832	(28.2)
Other income	-	-	-	-
Other expenses	19.6	5.6	14	-
Non-operating profit	(19.6)	(6)	(14)	-
Accounting profit before tax	(17,426)	(24,245)	6,818	(28.1)
Current income tax expense	-	-	-	
Profit after tax	(17,426)	(24,245)	6,818	(28.1)

The Company recorded a loss after tax of VND 17,426 million for the first six months of 2026, representing a reduction in loss of VND 6,818 million compared to the first six months of 2025 (when the loss was VND 24,245 million), due to the following reasons:

During the first six months of 2026, the cement market continued to face significant challenges; low consumption demand and fierce competition among industry players resulted in net revenue from sales and services of VND 62,371 million—a decrease of 21.18% (or VND 16,764 million) compared to the same period in 2025 (VND 79,135 million). Sales volume for the first six months of 2026 totaled 60,127.05 tonnes of various cement types, down by 26,647.07 tonnes (or 30.71%) from the 86,774.12 tonnes recorded in the first six months of 2025. Due to low sales volume—coupled with the need to maintain production operations and bear substantial fixed production costs—the cost of goods sold exceeded net revenue; although the cost of goods sold decreased from VND 82,509 million in the first half of 2025 to VND 66,609 million in the first half of 2026 (a drop of 19.27% or VND 15,899 million), gross profit from sales and services for the first half of 2026 still declined by VND 865 million compared to the same period in 2025.

+ Selling expenses for the first six months of 2026 amounted to VND 763 million, an increase of VND 38 million compared to the same period in 2025 (VND 725 million). General and administrative expenses for the first six months of 2026 (VND 4,928 million) decreased by VND 1,159 million compared to the same period in 2025 (VND 6,087 million).

+ Financial income for the first six months of 2026 increased by VND 463.29 million compared to the same period in 2025, driven by the recognition of foreign exchange gains on foreign-currency-denominated loans during the audit of the financial statements for the first half of 2026. Financial expenses for the first six months of 2026 (VND 7,942 million) decreased by VND 6,113 million compared to the same period in 2025 (VND 14,054 million), as the audit of the financial statements for the first half of 2025 had recognized foreign exchange losses on foreign-currency-denominated loans.

Although there are still many difficulties, the Company still tries to actively implement solutions to reduce costs, improve management efficiency and control production costs. Thanks to that, the loss after tax in the first 6 months of 2026 decreased by 6,818 billion VND (equivalent to about 28.1%) compared to the same period in the same period of 6 months of 2025.

2. Explanation regarding the change in profit after tax between the pre-audit and post-audit figures for the first six months of 2026 is as follows:

- Regarding financial income: Following the audit of the financial statements for the first six months of 2026, the auditors determined that foreign currency loans from banks required revaluation based on exchange rates as of June 30, 2026. The resulting foreign exchange gain from this revaluation amounted to VND 463,684,357. Consequently, financial income for the first six months of 2026 increased from VND 0.1 million to VND 463.8 million.

As a result of these factors, the audited loss after tax for the first six months of 2026 decreased from VND 17,890 million to VND 17,426 million.

3. Explanation regarding the auditor's disclaimer of opinion:

* *Basis for disclaimer of conclusion:*

"We were unable to obtain sufficient confirmation letters regarding the Company's receivables and payables as of January 1, 2026, and June 30, 2026. We performed alternative audit procedures but remained unable to verify the existence, completeness, and required provision for bad debts regarding the unconfirmed receivables and payables balances. These balances included, as of January 1, 2026: short-term trade receivables (VND 8.15 billion), short-term prepayments to suppliers (VND 10.06 billion), short-term trade payables (VND 48.04 billion), and short-term advances from customers (VND 6.93 billion); and as of June 30, 2026: short-term trade receivables (VND 7.89 billion), short-term prepayments to suppliers (VND 9.98 billion), short-term trade payables (VND 55.10 billion), and short-term advances from customers (VND 6.92 billion). Consequently, we were unable to assess the impact of the aforementioned matter on the interim consolidated financial statements for the first six months of the financial year ending December 31, 2026."

* *Explanation of the reason:*

As of the date the audit report was issued, the auditors had not obtained sufficient confirmation letters regarding accounts receivable and accounts payable as of June 30, 2025, and June 30, 2026. However, we affirm that we have appropriately recorded and disclosed all incurred liabilities, all contingent liabilities and guarantees provided to third parties, and that the accounts receivable and accounts payable presented in the financial statements accurately reflect the rights and obligations vis-à-vis customers and suppliers.

** Basis for disclaimer of opinion:*

"As stated in Note V.11 to the interim consolidated financial statements, we were unable to obtain the financial statements of the associate, Tien Kien Cement Joint Stock Company. We were unable to assess, through alternative procedures, the potential impact—if any—of the provision for investment loss regarding this investment on the consolidated financial statements for the first six months of the financial year ending 31 December 2026."

** Explanation of the reason:*

As of the date the audit report was issued, the Company had not yet obtained the financial statements of its associate, Tien Kien Cement Joint Stock Company, resulting in the aforementioned audit opinion.

** Basis for disclaimer of opinion:*

As of June 30, 2026, the accumulated loss stood at VND (506,910,501,045), exceeding the owners' investment capital by VND 377,061,099,123 (representing 406% of the owners' investment capital). Liabilities exceeded total assets by VND 377,061,099,123, and the Company has incurred operating losses for several consecutive years (the loss for the six-month period ended June 30, 2026, was VND 17,426,350,012). During the six-month period ended June 30, 2026, there were numerous overdue and unpaid debts, and the Company no longer received financial support from banks. These factors indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Based on the audit procedures performed, we do not have sufficient grounds to confirm that the preparation of the interim consolidated financial statements for the six-month period ended June 30, 2026, on a going-concern basis is appropriate.

** Explanation of causes:*

We note that as of June 30, 2026, the Company's financial statements reflect liabilities exceeding total assets by VND 377,061 million, and accumulated losses of VND 506,911 million, which exceed the owners' investment capital. However, the Company's business operations are expected to continue growing in the near future, driven by revenue from business activities. Furthermore, the Company's management has no plans to cease operations in the near future. Therefore, the financial statements for the accounting period from January 1, 2026, to June 30, 2026, have been prepared on a 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);*
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PHU THO CEMENT – JSC

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