SONG DA INVESTMENT AND CONSTRUCTION JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Number: 14.8.1 /SDD- GT BCTHTC
Subject: Explanation for the after-tax profit loss of over 10% compared to the same period last year and the auditor's refusal to issue an opinion in the 2026 Interim Financial Statement.

Hanoi, August 14, 2026

To:

- State Securities Commission
But Hanoi Stock Exchange

Financial report issuer: Song Da Investment and Construction Joint Stock Company

Stock code: SDD Exchange: UPCOM

Our company submits to your agency the Semi- Annual Financial Statement . The year 2026, ending June 30, 2026 , was reviewed by AASC Auditing Firm Co., Ltd.

Semi-Annual Financial Statements For the period ending June 30, 2026, the Company's after-tax profit for the reporting period showed a loss exceeding 10% compared to the same period of the previous year, and the auditors declined to issue an opinion. The Company would like to explain as follows:

1. Explanation for the company's after-tax profit in the first six months of 2026 showing a loss of over 10% compared to the same period last year:

According to the business performance report in the Semi-Annual Financial Statement. For the year ending June 30, 2026, the company's after-tax profit showed a loss of over 10% compared to the same period of the previous year, as follows:

TT	Target	first six months of 2026 (VND)	first six months of 2025 (VND)	Record the dog (increase +)(decrease -)	Percentage (increase +), (decrease -) %
1	Revenue	4,530,282,215	3,235,603,060	1,294,679,155	61%
2	Net profit after tax	(6,096,145,784)	(6,500,312,052)	404,166,288	(17%)

The company's after-tax profit for the first six months of 2026 will differ by more than 10% compared to the first six months of 2025 for the following reasons:

- Revenue from production and business activities increased by 61%.
- Cost of goods sold increased by 5%;
- Financial costs decreased by 21%;
- Business management costs increased by 174%;

- Revenue from financial activities increased by 345%;
- Other income increased by 36%;

Combining the above factors, the company's after-tax profit for the first six months of 2026 increased by VND 404,166,288, equivalent to a 17% increase (losses reduced by 17%) compared to the same period last year.

2. Explanation of the basis for refusing to draw a conclusion:

In the section on the basis for refusing to make a conclusion – the review report of the interim financial information in the Company's 2026 semi-annual financial statements, it states:

As of June 30, 2026, the Company's accumulated losses on its interim financial statement amounted to VND 87.17 billion (representing 54.46% of the Company's charter capital). Short-term liabilities exceeded short-term assets by VND 41.11 billion. The Company's business operations continued to incur a loss of VND 6.07 billion during this period, with negative cash flow from operations of VND 1.78 billion and negative cash flow for the period of VND 0.68 billion. Simultaneously, the Company has several overdue debts, notably including a VND 19.68 billion loan from Nam La and related interest, accounts payable to Tan An, and other long-standing liabilities. The Company's current cash flow is insufficient to fully settle its overdue and due obligations. These issues indicate significant uncertainty regarding the Company's ability to continue operating. However, the interim financial statements were prepared on the going concern assumption without providing sufficient information and convincing explanations regarding the ability to sustain operations in the near future. Therefore, we cannot assess the likelihood of repaying the liabilities presented in the notes to the accounts payable, nor the appropriateness of applying the going concern assumption in preparing the Company's interim financial statements.

Refusing to draw a conclusion:

Due to the importance of the issue raised in the section "Basis for Refusal to Draw a Conclusion," we were unable to obtain sufficient appropriate evidence to form a conclusion on the interim financial statements. Therefore, we do not draw any conclusion on these interim financial statements.

The company would like to provide the following explanation:

- As of June 30, 2026, the company's accumulated losses amounted to VND 87.17 billion (representing 54.46% of the company's charter capital) .

From 2020 to the present, the company's business performance has depended on the commercial power generation performance of the Muong Sang 2 hydropower plant. This is because the company has not won any new construction contracts or achieved low profit margins in its other business activities. Meanwhile, in the first six months of 2026, due to low annual rainfall, the Muong Sang 2 hydropower plant only generated 15% of its designed capacity. The high outstanding investment loan balance resulted in significant annual interest expenses, leading to losses in the commercial power generation of the Muong Sang 2 hydropower plant. Consequently, the company's business performance has been incurring losses, with a cumulative loss of *VND 87.17 billion as of June 30, 2026 (representing 54.46% of the company's charter capital).* Annual losses will gradually decrease as the company repays its investment loans for the project. The company's board of directors is seeking measures to increase water storage capacity and boost annual power generation output to increase electricity generation revenue and reduce losses.

- the company's short-term liabilities exceeded its short-term assets by VND 41.11 billion.

The company's current monthly cash flow comes from the sale of commercial electricity from the Muong Sang 2 hydropower plant, which is used to cover the company's working capital needs. In addition, the Board of Directors and the company's management are actively seeking other sources of funding from organizations and individuals to meet the company's working capital requirements and ensure the continuous operation of the company's production and business activities .

+ Monthly revenue from electricity generation at Muong Sang 2 Hydropower Plant has resulted in low short-term receivables. Because power generation is only at 15% capacity, insufficient to cover principal and interest payments on long-term loans for the project, long-term liabilities are being transferred to short-term liabilities each month, leading to a significant increase in short-term debt. The Board of Directors and Management are actively working with banks and customers to restructure and extend repayment periods to long-term terms, seek other funding sources, and restore construction and trading activities to increase working capital and reduce short-term liabilities, ensuring the continuous operation of the Company.

The Company provides explanations to the State Securities Commission and the Hanoi Stock Exchange regarding the Company's semi-annual financial statement for 2026, audited by AASC Auditing Firm Co., Ltd., dated August 14, 2026.

COMPANY DIRECTOR

Recipient:

- As above.
- Lu VP .

CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ XÂY LẮP SÔNG ĐÀ

Digitally signed by CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ XÂY LẮP SÔNG ĐÀ
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