

No.: 30.3.1 /SDD- GT BCTC

Subject: Explanation for the after-tax profit loss of
over 10% compared to the same period last year and
the auditor's refusal to give an opinion on the 2025
Financial Statements.

Hanoi, March 30, 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 Financial Report for the year 2025 ending
December 31, 2025 , audited by Vietnam Auditing and Valuation Company Limited –
Hanoi Branch, signed on March 27, 2026 ;

Regarding the Company's 2025 Financial Report, which shows a net profit after tax
exceeding 10% compared to the same period of the previous year, and with the auditors
declining to give an opinion, the Company would like to offer the following explanation:

**1. Explanation for the company's after-tax profit in 2025 differing by more than
10% compared to the same period of the previous year:**

According to the business performance report in the company's 2025 Financial
Statement, the difference in after-tax profit between 2025 and 2024 is as follows:

T T	Target	2025 (VND)	2024 (VND)	Record the dog (increase +)(decrease -)	Percentage increase/de crease
1	Net profit after tax	(11,080,033,762)	(16,050,212,999)	4,970,126,548	31%

The company's after-tax profit in 2025 is expected to differ by over 10% compared to 2024
for the following reasons:

- + The company's operating revenue in 2025 will decrease compared to the revenue
in 2024: (10%);
- + Cost of goods sold decreased by 16%;
- + Financial costs increased by 6%;
- + Business management costs decreased by 83%;

+ Financial operating profit decreased by 14%;

+ Other profits increased by 99%.

* Combining the above factors, the company's after-tax profit in 2025 will be VND 4,970,126,548, equivalent to a 31% reduction in loss compared to 2024.

2. Explanation of the basis for refusing to comment:

In the section on the basis for the refusal to express an opinion – Independent Audit Report in the Company's 2025 Financial Statements, it states:

As of December 31, 2025, the Company had accumulated losses of VND 81,108,848,526, and short-term liabilities exceeded short-term assets by VND 36,798,625,590. These factors raise significant doubts about the Company's ability to continue operating. However, the financial statements were prepared on a going concern basis, without providing sufficient information and convincing justification for the Company's ability to sustain operations in the near future. With the audit procedures performed, we were unable to obtain sufficient appropriate audit evidence to assess the Company's ability to pay its debts and maintain working capital in the near future. Therefore, we cannot confirm the appropriateness of using the going concern basis for preparing the financial statements.

Refusing to comment:

Due to the importance of the issue raised in the section “Basis for the Opinion”, we have been unable to obtain sufficient appropriate audit evidence to form the basis for our audit opinion. Therefore, we are unable to express an audit opinion on the attached Financial Statements.

The company would like to provide the following explanation:

- *As of December 31, 2025, the company's accumulated losses are: (81,108,848,526) VND:*

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 bids for construction and other business activities, resulting in low profit margins. Meanwhile, in recent years, due to low annual rainfall, the Muong Sang 2 hydropower plant has only been able to generate 60% of its designed capacity. The high outstanding investment loan balance has led to large annual interest payments, resulting in losses for the Muong Sang 2 hydropower plant. Consequently, the company's annual business performance has resulted in losses, with a cumulative loss of VND 81,108,848,526 as of December 31, 2025. Annual losses will gradually decrease as the company repays its investment loans for the project and interest

rates are low. 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.

2025, the company's short-term liabilities exceeded its short-term assets by 36,798,625,590 VND. VND

In 2025, the Vietnam Development Bank – Son La Branch restructured its debt, transferring overdue debt to long-term debt: VND 55,519,000,000. Therefore, the amount of short-term debt exceeding short-term assets in 2025 decreased by VND 55,578,272,774 compared to 2024. However, the company's short-term debt in 2025 still exceeded its short-term assets by VND 36,798,625,590 due to:

The company's current short-term assets are primarily the revenue from electricity generation at the Muong Sang 2 hydropower plant. Monthly revenue from electricity generation at the Muong Sang 2 plant is collected, resulting in low short-term receivables. Annually, the Muong Sang 2 hydropower plant only generates 60% of its designed capacity due to low water levels during the dry season, insufficient to cover the principal and interest payments on long-term loans for the project. Therefore, long-term liabilities are transferred to short-term liabilities annually, and some old short-term debts remain unpaid, leading to a significant increase in short-term debt, resulting in short-term liabilities exceeding short-term assets.

The company's board of directors is seeking other sources of funding and restoring construction and trading activities to increase working capital, repay debts, and reduce short-term liabilities, ensuring the company's business continuity.

The Company provides explanations to the State Securities Commission and the Hanoi Stock Exchange regarding the Company's 2025 Financial Statements, audited by Vietnam Auditing and Valuation Company Limited – Hanoi Branch, signed on March 27, 2026.

Recipient:

- As above.
- Storage VP .

COMPANY DIRECTOR
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ĐẦU TƯ VÀ XÂY DỰNG
SÔNG ĐÀ
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