**UDCONS CONSTRUCTION INVESTMENT CORPORATION**

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

**No: 158/UDCons-TCKT**
*Re: Explanation of loss in reviewed financial statement and auditor's qualified opinion*

Tam Thang, 28 August, 2026

**To: - Hanoi Stock Exchange**

- Pursuant to Circular 96/2020/TT-BTC dated November 16, 2020, of the Ministry of Finance, guiding the disclosure of information on the stock market.

- Based on the audited 6-month profit after tax for 2026, which is a loss, the variance compared to the same period in 2025, and the qualified opinions in the separate and consolidated audited financial statements, UDCONS Construction Investment Corporation (Stock code: UDC) hereby provides the following explanation:

**I./ Separate financial statements:**

1./ Explanation of profit after tax variance compared to the same period and reasons for the loss

| | |
|---|---|
| 1- Reviewed profit after tax for the first 6 months of 2025: | -22,606,668,877 |
| 2- Reviewed profit after tax for the first 6 months of 2026 | -27,178,941,496 |
| 3- Variance compared to the same period in 2025 [3]=[2]-[1]: | *-4,572,272,619* |

Reasons:

The separate profit after tax for the first 6 months of 2026 was a loss of VND 27.17 billion, an increase in loss of VND 4.57 billion compared to the loss of VND 22.6 billion in the same period of 2025. The increase in the loss in the first 6 months of 2026 compared to the same period in 2025 was mainly due to high financial costs in 2026, with an incurred amount of VND 18.31 billion, an increase of VND 3.5 billion compared to the same period in 2025.

The separate profit after tax for the first 6 months of 2026 was a loss of VND 27.17 billion, mainly due to low gross profit from construction activities combined with high interest expenses and provision costs, while revenue from construction activities, the company's main activity, was low and insufficient to create a gross profit level capable of covering and defraying the incurred interest expenses of VND 18.31 billion and provision costs incurred in the period of VND 5.28 billion, which led to the loss in the reviewed profit after tax for the first 6 months of 2026 as reported.

**II./ Consolidated financial statements**

1./ Explanation of profit after tax variance compared to the same period and reasons for the loss

| | |
|---|---|
| 1- Profit after tax for 2025: | *-24,905,477,819* |
| 2- Profit after tax for 2026: | - 25,127,532,698 |
| 3- Variance compared to the same period in 2025 [3]=[2]-[1]: | 222,054,879 |

Reasons:

The consolidated profit after tax for the first 6 months of 2026 was a loss of VND 25.12 billion, an increase in loss of VND 222 million compared to the loss of VND 24.9 billion in the same period of 2025. In addition to the VND 4.57 billion increase in loss at the parent company as presented in section I of this document, the profit after tax of the 02 subsidiaries both decreased their losses and began to be profitable compared to the same period in 2025; specifically, the profit after tax of UDC Company Limited. was a profit of VND 121 million, an increase in profit of VND 834 million compared to the loss of VND 713 million in the same period; the profit after tax of Thanh Chi JSC was a profit of VND 1.93 billion, an increase in profit of VND 3.51 billion compared to the loss of VND 1.58 billion in the same period.

The consolidated loss in the reviewed profit after tax for the first 6 months of 2026 was due to low gross profit from construction activities at the parent company, high incurred interest expenses, and provision costs, while revenue at the parent company was insufficient to create a gross profit level capable of covering and defraying the costs incurred in the period, resulting in a loss in the parent company's business results. Furthermore, although the business results of the 02 subsidiaries improved and were profitable, the profit was not large enough to offset the loss at the parent company, which led to the consolidated loss in the reviewed profit after tax for the first 6 months of 2026 as reported.

**III./ Explanation of qualified opinions in the separate and consolidated financial statements:**

**1./ Explanation of qualified opinion regarding unfinished production and business costs and bad debts:**

Based on the separate and consolidated financial statements reviewed for the first 6 months of 2026, AASC Auditing Firm Co., Ltd. issued a qualified opinion regarding the value of outstanding unfinished production and business costs and bad debts as follows:

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*As of 01 January 2026 and 30 June 2026, the carrying amount of work-in-progress, pending final settlement or temporarily suspended construction, amounted to VND 15.54 billion and VND 10.26 billion. We were unable to obtain sufficient documentation to evaluate the net realizable value of these balances.*

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Company's explanation:

The value of outstanding unfinished production and business costs awaiting finalization mentioned in the auditor's qualified opinion is due to the fact that the Company currently has several construction projects where there have been changes in quantities and unit prices of materials and labor compared to the contract, but which have not yet been confirmed for payment by the investor, leading to the Company not yet transferring the corresponding costs.

In the first 6 months of 2026, the Company evaluated and made provisions for several unfinished production and business costs for these projects with a total amount of VND 5.28 billion. However, due to the difficulties encountered in the evaluation process, there are still some projects with unfinished production and business costs that have not been evaluated in a timely manner, leading the auditor to continue expressing a qualified opinion on these unevaluated items.

**2./ Explanation of qualified opinion regarding overdue interest in debts payable to the Enterprise Arrangement Support Fund:**

Based on the separate and consolidated financial statements reviewed for the first 6 months of 2026, AASC Auditing Firm Co., Ltd. issued a qualified opinion regarding the overdue interest in debts payable to the Enterprise Arrangement Support Fund as follows:

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*As of 30 June 2026, the Corporation recorded a payables to the Enterprise Restructuring Arrangement and Development Support Fund of VND 39.5 billion and dividends payable to the State in respect of its capital contribution of VND 25.7 billion (as disclosed in Notes 17, 20 and 34). The overdue interest relating to these payables has not been recognized as the Corporation is awaiting guidance and instructions from the competent authorities.*

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Company's explanation:

Currently, the Company has debts payable to the Enterprise Arrangement and Development Support Fund regarding equitization of VND 39.5 billion and dividends payable for the years 2009, 2010, 2011, and 2012 of VND 25.7 billion, which are being recorded as payables on the financial statements as of June 30, 2026. However, the Company has not recorded the overdue interest related to these debts on the financial statements because:

In the Audit Result Announcement No. 257/TB-KTNN KV XIII dated September 05, 2019, of the State Audit Office Region XIII, the State Audit Office recommended that the People's Committee of Ba Ria - Vung Tau province determine late payment interest on the increased state capital from the time of enterprise valuation until the official conversion into a Joint Stock Company and dividends distributed from state capital for the years 2009, 2010, 2011, and 2012 that the unit had not yet submitted to the Enterprise Arrangement and Development Support Fund, and simultaneously handle the aforementioned late payment interest when performing enterprise valuation for state divestment according to Decision 1232/QĐ-TTg dated August 17, 2017, of the Prime Minister and Plan No. 110/KH-UBND dated October 11, 2017, of the People's Committee of Ba Ria - Vung Tau province. As of the date of preparing the financial statements, the Company has not yet received guidance or instructions from the competent authorities regarding the procedures for enterprise valuation for state divestment at the Company. The Company will record the overdue interest when there is specific guidance from the competent authority

**3./ Auditor's emphasis of matter regarding significant doubt about the Company's ability to continue as a going concern:**

The Company's business operations in the first 6 months of 2026 faced many difficulties; revenue from construction activities at the parent company dropped sharply to 17.36 billion VND compared to 70.2 billion VND in the same period in 2025, and the company was subjected to enforcement measures involving the suspension of invoice usage due to overdue tax liabilities. These difficulties stemmed from the economic impact of the war, which caused a dramatic surge in material costs, the company is temporarily suspending construction of items and projects while waiting to negotiate prices with investors and main contractors due to rising construction material prices. The Company's Board of Directors believes that after resolving these issues, the company's construction activities will be resumed. In addition, the state capital representative is performing procedures to seek the Owner's opinion on restructuring the company. Furthermore, the operations of the 02 subsidiaries have moved out of loss and have started to become profitable.

For the above reasons, the Company is confident that it will overcome the current difficult period, which serves as the basis for the reviewed financial statements to be presented on a going concern basis.

The above is the explanation from UDCONS Construction Investment Corporation, respectfully submitted to the Shareholders.

Sincerely.

***Recipient:***
- As above;
- Filing at office, Finance & Accounting Dept.;

**GENERAL DIRECTOR**

M.S.D.N: 3500101308-C.T.C.P
CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG UDCons
THÀNH PHỐ HỒ CHÍ MINH

**Mai Ngoc Dinh**