

SONG DA CORPORATION - JSC
SONG DA 10 JOINT STOCK COMPANY

Number: 293 E/SD10 - TCKT

SOCIALIST REPUBLIC OF VIETNAM
Independence – Liberty – Happiness

Hanoi, March...2.8., 2025

EXPLANATORY STATEMENT

“Regarding: Profit after corporate income tax in the income statement and the qualified audit opinion of the audited financial statements for the year 2024”

- To: The State Securities Commission
Hanoi Stock Exchange
Shareholders

- Pursuant to the Securities Law No. 54/2019/QH14 dated November 26, 2019, of the National Assembly of the Socialist Republic of Vietnam;

- Pursuant to circular No. 96/2020/TT-BTC dated November 16, 2020, of the Ministry of Finance guiding the disclosure of information on the securities market.

- Pursuant to the 2024 financial statements of Song Da 10 Joint Stock Company and the audited consolidated financial statements by UHY Auditing and Consulting Co., Ltd.,

Song Da 10 Joint Stock Company (Stock code: SDT) provides an explanation for the difference in the profit after tax in the income statement and the auditor's qualified opinion in the audited 2024 financial statements as follows:

Section A: CONSOLIDATED FINANCIAL STATEMENTS (PARENT COMPANY)

The profit after tax in the income statement of the audited 2024 financial statements changed by 10% compared to 2023, in accordance with Circular 96/2020/TT-BTC (Article 14, Clause 4, Point a).

1. Figures:

- Profit after tax in 2023: 11,809,495,856 VND (Profit)
- Profit after tax in 2024: 6,758,764,055 VND (Profit)
- Decrease: 5,050,731,801 VND , equivalent a 42.77% decline



2. Reason for the decline: The profit after tax decreased by 5,051 billion VND, a 42.77% decline compared to 2023, due to the Company making provisions for doubtful receivables.

Section B: CONSOLIDATED FINANCIAL STATEMENTS

I. The profit after tax in the income statement of the audited 2024 financial statements changed by 10% compared to 2023, in accordance with Circular 96/2020/TT-BTC (Article 14, Clause 4, Point a).

1. Figures:

- Profit after tax in 2023: 4.976.959.725 VND (Loss)
- Profit after tax in 2024: 4.226.241.029 VND (Loss)
- Decrease: 750.718.696 VND. Volatility 15.08%

2. Reason for the decline:

The loss decreased by 750 million VND, equivalent to 15.08% compared to 2023, due to a reduction in financial expenses of the subsidiary. As a result, the loss in 2024 was lower than the previous year, leading to the fluctuation in the Company's consolidated profit after tax.

II. Profit after tax in 2024 is at a loss (According to Circular 96/2020/TT-BTC: Article 14, Clause 4, Point b)

The Company's profit after tax in 2024 recorded a loss of 4.226 billion VND, consisting of: Parent company profit: 6.759 billion VND; Subsidiaries losses: 10.985 billion VND. Main reasons:

1. Parent company: In 2024, profit remained low due to the Company making provisions for doubtful receivables.

2. Subsidiaries

a. Nam He Hydropower Joint Stock Company: The company incurred a loss of 9.544 billion VND from commercial electricity operations due to the following reasons: (i) Low rainfall during the year resulted in a reduced water supply to the reservoir; (ii) Additionally, the power plant had to suspend electricity generation from March 10, 2024, to June 5, 2024, in compliance with Decree No. 35/2023/ND-CP, issued by the Government on June 20, 2023, which amended and supplemented certain regulations under the Ministry of Construction. To comply with this decree, the Company had to complete the acceptance and finalization of key infrastructure components, including the water diversion tunnel, surge tank, pressure pipeline, discharge channel, 110KV power transmission line, and 110KV distribution substation, in order to obtain an electricity operation license from the Electricity Regulatory Authority. As a result, in 2024, the plant operated for only ten months,

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leading to a reduction in electricity production by 7.4 million kWh compared to the planned target. During the suspension period, the company still had to bear depreciation costs, loan interest, and operational labor expenses, which further contributed to the continued financial losses in 2024.

b. Song Da 10.1 One-Member Limited Liability Company: The Company incurred a loss of 1.441 billion VND due to the lack of new project acquisitions. Additionally, some awarded projects were only initiated in mid-2024, resulting in low revenue. The Company's bank loan balance remained high, leading to significant financial expenses. Furthermore, some investors faced financial difficulties and were unable to fully settle their outstanding debts with the Company, contributing to the operating losses.

As a result of these factors, the profit after tax in the Company's consolidated financial statements recorded a loss.

III. Explanation of the qualified audit opinion

In the audited consolidated financial statements for the fiscal year ending December 31, 2024, UHY Auditing and Consulting Co., Ltd. issued the following qualified opinion:

Basis for the qualified audit opinion

As of December 31, 2024, the overdue interest expense payable related to the loan at Song Da 10.1 One Member Limited Liability Company (a subsidiary of the Company) has not been recognized, with a value of 44,691,358,453 VND (of which the overdue interest expense as of December 31, 2023, was 41,466,841,999 VND, and the amount incurred during this period was 3,224,516,454 VND). If the overdue interest expense is recognized in the financial year ending December 31, 2024, the item "Short-term accrued expenses" on the consolidated balance sheet will increase by 44,691,358,453 VND, and the item "Undistributed post-tax profit" will decrease by the same amount. At the same time, on the consolidated income statement, the item "Financial expenses" will increase by 3,224,516,454 VND, and the items "Net profit from business activities" and "Net profit after corporate income tax" will decrease correspondingly by 3,224,516,454 VND.

Qualified audit opinion

"In our opinion, except for the effects of the matters described in the 'Basis for qualified opinion' section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Song Da 10 Joint Stock Company as of December 31, 2024, as well as its consolidated financial performance and consolidated cash flows for the financial year then ended, in accordance with Vietnamese accounting standards, the Vietnamese enterprise accounting regime, and relevant legal regulations on the preparation and presentation of consolidated financial statements".

Company's explanation: Song Da 10.1 One Member Limited Liability Company has outstanding debt classified as Group 5 at BIDV – Gia Lai Branch. The company is facing severe financial difficulties. With the funds recovered from projects, the Company has only been able to arrange partial repayment of the principal to the bank. Based on the working minutes regarding the debt settlement plan between Song Da 10.1 One Member Limited Liability Company and BIDV Gia Lai on December 15, 2023, the Company is currently negotiating with the bank for a waiver of overdue interest after completing the repayment of the principal to BIDV Gia Lai. According to BIDV's internal regulations, BIDV Gia Lai is also assisting the Company in resolving overdue debt and expediting the approval process for waiving the overdue interest for Song Da 10.1 One Member Limited Liability Company. Moreover, in 2024, the Company has repaid 50.516 billion VND in loan principal, reducing its outstanding debt from 115.838 billion VND as of January 1, 2024, to 65.322 billion VND by the end of 2024. Therefore, the Company believes that the bank will approve the proposed interest waiver. Consequently, the Company has not recorded this overdue interest expense in the 2024 consolidated financial statements.

The above is the explanation of Song Da 10 Joint Stock Company on the cases that must be explained in the audited 2024 financial statements.

We respectfully request the Hanoi Stock Exchange to disclose this information to investors.

Song Da 10 Joint Stock Company sincerely thanks you!

Recipients:

- As listed above;
- Archive: HR; Accounting (01)

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GENERAL DIRECTOR

**CÔNG TY
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Nguyễn Tuan Anh

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