

No: 1043 /2025/CV-KTTV
Re: Explanation of the Difference in After-Tax
Profit between the second quarter of 2025 and
the second quarter of 2024

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness
Ho Chi Minh City, July 30, 2025

To: STATE SECURITIES COMMISSION
HANOI STOCK EXCHANGE

Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020;
Pursuant to the separate and consolidated financial statements for the year 2025;

Hoa Binh Construction Group Joint Stock Company (stock code: HBC) hereby provides an
explanation regarding the difference in after-tax profit between the second quarter of 2025 and The
second quarter of 2024 as follows:

I. Parent Company Financial Statements

Unit: VND

ITEMS	The second quarter of 2025	The second quarter of 2024	Increase/Decrease profit
Revenue from sales of goods and rendering of services	824,373,856,488	2,022,773,163,976	(1,198,399,307,438)
Deductions	-	-	-
Net revenue from sales of goods and rendering of services	824,373,856,488	2,022,773,163,976	(1,198,399,307,488)
Cost of goods sold and services rendered	780,945,520,981	1,957,065,397,797	(1,176,119,876,816)
Gross profit from sale of goods and rendering of services	43,428,335,507	65,707,766,179	(22,279,430,672)
Finance income	214,147,625,935	54,102,499,940	160,045,125,995
Finance expenses	94,354,030,866	97,747,421,729	(3,393,390,863)
- In which: Interest expenses	93,747,063,991	102,708,918,557	(8,961,854,566)
Selling expenses	-	-	-
General and administrative expenses	73,571,897,897	(187,037,595,984)	260,609,493,881
Operating (loss) profit	89,650,032,679	209,100,440,374	(119,450,407,695)
Other profit	124,865,499,325	521,256,296,069	(396,390,796,744)
Accounting (loss) profit before tax	214,515,532,004	730,356,736,443	(515,841,204,439)
Current corporate income tax expense	-	-	-
Deferred tax expense	27,110,000	104,560,020	(77,450,020)
Net (loss) profit after tax	214,488,422,004	730,252,176,423	(515,763,754,419)

Reasons for the Difference:

• **Decrease in Gross Profit: (VND 22,279,430,672)**

Reason: Due to the overall difficulties in the construction market and macroeconomic impacts, revenue declined significantly by VND 1,198,399,307,488, while the cost of goods sold also decreased by VND 1,176,119,876,816.

• **Increase in Financial Income: VND 163,438,516,858**

Reason: The increase in financial income was due to interest from late payments and profit from subsidiary dividends in subsidiaries, resulting in a profit increase of VND 160,045,125,995. Additionally, a reduction in financial expenses by VND 3,393,390,863 further improved financial profit.

• **Increase in General and Administrative Expenses: Decreased profit by (VND 260,609,493,881)**

Reason: Due to an increase in provision for doubtful debts, which reduced profit by the same amount.

• **Decrease in Other Income: Decreased profit by (VND 396,390,796,744)**

Reason: Decrease in other income from the disposal of machinery and equipment, led to a decrease in profit amounting to VND 396,390,796,744.

• **Decrease in Deferred Corporate Income Tax Expense: Increased profit by VND 77,450,020**

Reason: Deferred corporate income tax expenses was adjusted decrease, leading to a increase in profit increase of VND 77,450,020.

II. CONSOLIDATED FINANCIAL STATEMENTS

ITEMS	The second quarter of 2025	The second quarter of 2024	Increase/Decrease profit
Revenue from sales of goods and rendering of services	935,670,340,147	2,160,208,650,706	(1,224,538,310,559)
Deductions	(244,627,818)	(286,626,905)	41,999,087
Net revenue from sales of goods and rendering of services	935,425,712,329	2,159,922,023,801	(1,224,496,311,472)
Cost of goods sold and services rendered	875,518,765,973	2,060,089,819,351	(1,184,571,053,378)
Gross profit from sales of goods and rendering of services	59,906,946,356	99,832,204,450	(39,925,258,094)
Finance income	62,074,722,427	46,180,659,087	15,894,063,340
Finance expenses	95,614,158,254	128,034,930,782	(32,420,772,528)
- In which: Interest expenses	94,379,504,793	130,629,017,474	(36,249,512,681)
Shares of profit of associates and a joint venture	235,048,108	(18,516,933,841)	18,751,981,949
Selling expenses	6,913,689,554	6,548,202,960	365,486,594
General and administrative expenses	93,757,789,913	(220,060,561,334)	313,818,351,247
Operating profit	(74,068,920,830)	212,973,357,288	(287,042,278,118)
Other income	138,130,246,855	526,886,555,070	(388,756,308,215)
Other expenses	16,962,122,860	12,239,984,570	4,722,138,290
Other profit	121,168,123,995	514,646,570,500	(393,478,446,505)
Accounting profit before tax	47,099,203,165	727,619,927,788	(680,520,724,623)
Current corporate income tax expense	4,106,995,838	8,126,674,952	(4,019,679,114)
Deferred tax expense	992,722,474	35,132,486,937	(34,139,764,463)
Net profit after tax	41,999,484,853	684,360,765,899	(642,361,281,046)

Reasons for the Difference:

Profit after corporate income tax (CIT) for The second quarter of 2025 decreased by VND 642,361,281,046 compared to The second quarter of 2024 due to the following key reasons:

- **Gross profit decreased by VND 39,925,258,094, including:**
 - Construction activities of the Parent Company decreased by VND 22,279,430,672.
 - Leasing activities (land, infrastructure, factories, etc.) decreased by VND 5,656,342,465.

- Other activities (sales of goods, real estate, apartments) decreased by VND 11,645,827,422.
- **Financial income increased by VND 15,894,063,340** mainly due to late payment interest and dividends from subsidiaries of the Parent Company (VND 160,045,125,995), late payment interest and bank interest from Hoa Binh Infrastructure and other subsidiaries (VND 7,289,336,287), after eliminating intercompany transactions (VND 151,440,398,942).
- **Financial expenses decreased by VND 32,420,772,528**, mainly due to a decrease in financial expenses of the Parent Company (VND 3,393,390,863); an increase in financial expenses of subsidiaries (VND 2,340,754,209); and a decrease after eliminating intercompany transactions (VND 31,368,135,874).
- **Share of profit from associates and joint ventures increased by VND 18,751,981,949.**
- **Selling expenses increased by VND 365,486,594**, mainly due to higher staff salaries and other costs.
- **General and administrative expenses increased by VND 313,818,351,247**, mainly due to the Parent Company increasing the provision for doubtful debts by VND 260,609,493,881, and subsidiaries increasing provisions by VND 53,208,857,366.
- **Other profit decreased by VND 393,478,446,505**, mainly due to the Parent Company decreasing by VND 396,390,796,744 from the disposal of machinery and equipment, partially offset by an increase in other income from subsidiaries (VND 2,912,350,239).
- **Corporate income tax expenses increased by VND 38,159,443,577.**

C.T.C.P. H.B.

**HOA BINH CONSTRUCTION GROUP JOINT STOCK COMPANY
ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN OF THE BOARD OF DIRECTORS**

Recipients:

- As above;
- Archived.



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