



Subject: Explanation of the 10% year-on-year variance in Profit After Tax (PAT) for 2025 and the 5% variance in PAT between pre-audited and audited figures.

Remediation of 2024 qualified audit opinions. Analysis of causes and remedial actions for 2025 qualified audit opinions in the audited 2025 Separate and Consolidated Financial Statements.

To: - HANOI STOCK EXCHANGE

- Pursuant to the provisions of Article 14, Circular No. 96/2020/TT-BTC dated November 16, 2020, issued by the Ministry of Finance providing guidelines on information disclosure on the securities market, effective as of January 01, 2021, replacing Circular No. 155/2015/TT-BTC dated October 06, 2015, issued by the Ministry of Finance providing guidelines on information disclosure on the securities market, which was effective as of January 01, 2016;

- Based on the audited 2024 Separate Financial Statements and Consolidated Financial Statements of Hydraulics Construction Corporation No. 4 – JSC.

- Based on the audited 2025 Separate Financial Statements and Consolidated Financial Statements of Hydraulics Construction Corporation No. 4 – JSC.

Hydraulics Construction Corporation No. 4 – JSC hereby reports on the remediation results of the qualified audit opinions on the audited 2024 Separate and Consolidated Financial Statements. We also provide explanations regarding the qualified audit opinions on the audited 2025 Separate and Consolidated Financial Statements, including the causes and remedial action plans, as follows:

I. Explanation of the variance of over 10% in Profit After Tax (PAT) in the 2025 Separate and Consolidated Financial Statements compared to the same period last year. Disclosure of the 5% variance in PAT between pre-audited and audited figures in the audited Separate and Consolidated Financial Statements, as follows:

- The fluctuation in post-tax profit on the 2025 Combined Financial Statements compared to the same period last year is insignificant and less than 10%; therefore, no explanation is required.
- Post-tax profit on the 2025 Consolidated Financial Statements decreased by less than 10% compared to the same period last year due to the following factors:
 - 2025 revenue increased compared to the same period last year; however, the cost of goods sold also rose during the same period.
 - Financial income in 2025 decreased significantly compared to the same period last year, due to the liquidation of financial investments in 2024. While 2025 financial expenses increased year-over-year following higher provisions for investments, they remained lower than the financial income recorded in 2024, leading to a higher financial profit in 2024 than in 2025.
 - Other income in 2025 saw an insignificant increase compared to the same period last year, while other expenses for 2025 decreased significantly year-over-year.
 - General and administrative expenses in 2025 were significantly lower than in 2024, primarily due to changes in provisions. This was driven by the reversal of provisions for doubtful debts in 2025, whereas 2024 saw a higher allowance for doubtful debts.
 - The 2024 divestment of financial holdings led to lower deferred corporate income tax compared to 2025, which in turn boosted 2024's net profit over that of 2025.
 - The aforementioned factors collectively resulted in a more than 10% decrease in 2025 post-tax profit compared to 2024.
- There are no variances in post-tax profit on the 2025 Combined and Consolidated Financial Statements between the pre-audit and post-audit reports.

II. Remediation of the qualified audit opinions on the 2024 Separate and Consolidated Financial Statements, as follows:

1. Remediation results of the qualified audit opinions on the 2024 Separate Financial Statements:

*** *Qualified audit opinion:***

As of the date of this report, we have not yet collected confirmation letters for accounts receivable as of December 31, 2024, amounting to approximately VND 124.25 billion (of which approximately VND 92.84 billion has been recorded as a provision for doubtful debts).

Furthermore, among these unconfirmed receivables, there is approximately VND 25.63 billion due from individuals under construction and installation contracts, as presented in Section V.5 of the Notes to the attached Separate Financial Statements (of which approximately VND 20.26 billion has been recorded as a provision for doubtful debts). This amount was processed by the Corporation in accordance with the Board of Directors' approval under Submission No. 286/TT-TCT dated December 31, 2023, regarding the attribution of responsibility to individuals for losses on projects where construction with investors has concluded, pursuant to the terms of the subcontracting agreements.

As of the date of this report, these individuals and the Corporation have not yet completed the final settlement to determine the exact figures. Should these receivables for subcontracting costs prove uncollectible, business expenses would increase by approximately VND 5.37 billion, and profit would decrease by a corresponding amount.

± *Remediation Results:*

The Corporation has implemented remedial measures by continuing to collect confirmation letters and performing alternative audit procedures to confirm accounts receivable. As a result, the unconfirmed balance has decreased from VND 124.25 billion as of December 31, 2024, to VND 89.99 billion as of December 31, 2025. Additionally, the Corporation has worked with the relevant subcontractors to process and reduce the receivables related to subcontracting agreements from VND 25.63 billion to VND 22.58 billion. The Corporation is actively continuing its efforts to work with these individuals to reconcile balances, obtain official confirmations, and recover the outstanding debts.

*** *Qualified audit opinion:***

As of the date of this report, we have also not yet collected confirmation letters for accounts payable as of December 31, 2024, amounting to approximately VND 93.65 billion. Through other procedures performed, we have been unable to obtain the necessary information to assess the existence and completeness of these payables, as well as the impact of this matter (if any) on the relevant indicators presented in the Separate Financial Statements.

± *Remediation Results:*

The Corporation has addressed this by collecting confirmation letters and performing alternative procedures to verify accounts payable balances. Consequently, the unconfirmed balance has decreased from VND 93.65 billion as of December 31, 2024, to VND 74.11 billion as of December 31, 2025.

*** *Qualified audit opinion:***

- As presented in Note V.12 of the Notes to the Separate Financial Statements, the balance of construction in progress as of December 31, 2024, for the Housing Project at 34 Thuy Loi Street, Phuoc Long A Ward, District 9 (now Phuoc Long Ward), Ho Chi Minh City, amounted to approximately VND 21.78 billion (compared to approximately VND 22.33 billion as of January 01, 2024). We have not been able to obtain sufficient appropriate audit evidence regarding the project's ability to generate future economic benefits. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

± *Remediation Results:*

The Corporation is taking step-by-step remedial actions by continuing to work with the competent authorities to accelerate the project's progress.

*** *Qualified audit opinion:***

As presented in Note V.13 of the Notes to the Separate Financial Statements, the Corporation holds an investment in Somo Vietnam Group Joint Stock Company with a carrying value of VND 30,000,000,000 as of December 31, 2024. We have not been able to obtain sufficient appropriate audit evidence to assess the required provision (if any) as of December 31, 2024. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

✚ **Remediation Results:**

In 2025, the Corporation assessed and restructured its investment capital and fully liquidated this entire investment.

2. Remediation results of the qualified audit opinions on the 2024 Consolidated Financial Statements:

*** Qualified audit opinion:**

As of the date of this report, we have not yet collected confirmation letters for accounts receivable as of December 31, 2024, amounting to approximately VND 134.68 billion (of which approximately VND 92.84 billion has been recorded as a provision for doubtful debts).

Furthermore, among these unconfirmed receivables, there is approximately VND 25.63 billion due from individuals under construction and installation subcontracts, as presented in Section V.5 of the Notes to the attached Consolidated Financial Statements (of which approximately VND 20.26 billion has been recorded as a provision for doubtful debts). This amount was processed by the Corporation in accordance with the Board of Directors' approval under Submission No. 286/TT-TCT dated December 31, 2023, regarding the attribution of responsibility for losses on projects—where construction with investors has concluded—to individuals based on the terms of their subcontracting agreements.

As of the date of this report, these individuals and the Corporation have not yet completed the final settlement to determine the exact figures. Should these receivables for subcontracting costs prove uncollectible, business expenses would increase by approximately VND 5.37 billion, and profit would decrease by a corresponding amount.

✚ **Remediation Results:**

The Corporation has implemented remedial measures by continuing to collect confirmation letters and performing alternative procedures to verify accounts receivable. As a result, the unconfirmed balance has decreased from VND 134.68 billion to VND 98.93 billion. Additionally, the Corporation has worked with the relevant subcontractors to process and reduce the receivables related to subcontracting agreements from VND 25.63 billion to VND 22.58 billion. The Corporation is actively continuing its efforts to work with these individuals to recover the outstanding debts.

*** Qualified audit opinion:**

As of the date of this report, we have also not yet collected confirmation letters for accounts payable as of December 31, 2024, amounting to approximately VND 109.42 billion. Through other procedures performed, we have been unable to obtain the necessary information to assess the existence and completeness of these payables, as well as the potential impact (if any) on the relevant indicators presented in the Consolidated Financial Statements.

✚ **Remediation Results:**

The Corporation has addressed this by collecting confirmation letters and performing alternative procedures to verify accounts payable. Consequently, the unconfirmed balance has decreased from approximately VND 109.42 billion to VND 89.67 billion.

*** *Qualified audit opinion:***

+ As presented in Note V.7 of the Notes to the Consolidated Financial Statements, the balance of work-in-progress (WIP) costs at the subsidiary — Hydraulic Real Estate Investment Joint Stock Company 4B — for the Housing Project at 34 Thuy Loi Street, Phuoc Long A Ward, District 9 (now Phuoc Long Ward), Ho Chi Minh City, amounted to approximately VND 9.24 billion as of December 31, 2024 (consistent with the balance as of January 01, 2024). We have not been able to obtain sufficient appropriate audit evidence regarding the net realizable value of the work-in-progress costs for this project. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

+ As presented in Note V.13 of the Notes to the Consolidated Financial Statements, the balance of construction in progress as of December 31, 2024, for the Housing Project at 34 Thuy Loi Street, Phuoc Long A Ward, District 9 (now Phuoc Long Ward), Ho Chi Minh City, and the 414 Building Construction Project, amounted to approximately VND 22.25 billion (compared to approximately VND 22.80 billion as of January 01, 2024). We have not been able to obtain sufficient appropriate audit evidence regarding the ability of these projects to generate future economic benefits. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

+ As presented in Note V.8 of the Consolidated Financial Statements, the balance of other long-term prepaid expenses at the subsidiary, Hydraulic Real Estate Investment Joint Stock Company 4B, was approximately VND 5.36 billion as of December 31, 2024 (compared to VND 5.35 billion as of January 01, 2024). Due to a lack of sufficient appropriate audit evidence regarding this balance, the appropriateness and accuracy of these figures could not be determined.

⚡ *Remediation Results:*

The items mentioned in the audit opinions above represent costs related to the implementation of investment projects. The Corporation is working with the competent authorities to accelerate the project's progress.

*** *Qualified audit opinion:***

As presented in Note V.14 of the Notes to the Consolidated Financial Statements, the Corporation holds an investment in Somo Vietnam Group Joint Stock Company with a carrying value of VND 30,000,000,000 as of December 31, 2024. We have not been able to obtain sufficient appropriate audit evidence to assess the required provision (if any) as of December 31, 2024. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

⚡ *Remediation Results:*

In 2025, the Corporation assessed and restructured its investment capital and fully liquidated this entire investment.

III. Explanation of the qualified audit opinions on the 2025 financial reports. Causes and remedial action plans:

1. Qualified Audit Opinions, Causes, and Remedial Actions for the 2025 Separate Financial Statements:

*** *Qualified audit opinion:***

As of the date of this report, we have not yet collected confirmation letters for accounts receivable as of December 31, 2025, amounting to approximately VND 89.99 billion (of which approximately VND 64.58 billion has been recorded as a provision for doubtful debts).

Additionally, among these unconfirmed receivables, there is approximately VND 22.58 billion due from individuals under construction and installation subcontracts, as presented in Section V.6 of the Notes to the attached Separate Financial Statements (of which approximately VND 20.26 billion has been recorded as a provision for doubtful debts). This amount was processed by the Corporation in accordance with the Board of Directors' approval under Submission No. 286/TT-TCT dated December 31, 2023, regarding the attribution of responsibility for losses on projects—where construction with investors has concluded—to individuals based on the terms of their subcontracting agreements.

As of the date of this report, these individuals and the Corporation have not yet completed the final settlement to determine the exact figures. Should these receivables for subcontracting costs prove uncollectible, business expenses would increase by approximately VND 2.32 billion, and profit would decrease by a corresponding amount.

⚡ ***Causes and Remedial Actions:***

The Corporation acts as a contractor for construction projects with long-term execution periods. The final settlement process with investors often spans several years, leading to outstanding receivables that have not yet been recovered. As of the report date, the Corporation has not fully collected confirmation letters for these accounts receivable.

Moving forward, the Corporation will implement remedial measures by continuing to collect confirmation letters and performing alternative procedures to verify accounts receivable balances. We will also maintain active communication with investors, customers, and debtors to recover outstanding debts. Furthermore, a provision for doubtful debts will be recorded for any amounts deemed difficult to collect.

**** Qualified audit opinion:***

As of the date of this report, we have also not yet collected confirmation letters for accounts payable as of December 31, 2025, amounting to approximately VND 74.11 billion. Through other procedures performed, we have been unable to obtain the necessary information to assess the existence and completeness of these payables, as well as the potential impact of this matter (if any) on the relevant indicators presented in the Separate Financial Statements.

⚡ ***Causes and Remedial Actions:***

The Corporation operates as a construction contractor for projects with extended execution periods. Final settlements with investors often span many years, which consequently delays the finalization of accounts payable settlements with subcontractors and suppliers. As of the report date, the Corporation has not fully collected confirmation letters for these payables.

In the coming period, the Corporation will address this by working closely with subcontractors and suppliers to reconcile and confirm final outstanding balances. We will continue to collect confirmation letters and perform alternative procedures to verify the accounts payable.

**** Qualified audit opinion:***

As presented in Note V.13 of the Notes to the Separate Financial Statements, the balance of construction in progress as of December 31, 2025, for the Housing Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, amounted to approximately VND 21.78 billion (consistent with the balance as of January 01, 2025). We have not been able to obtain sufficient appropriate audit evidence regarding the project's ability to generate future economic benefits. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

⚡ ***Causes and Remedial Actions:***

The construction-in-progress (CIP) balance for the Housing Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, amounting to approximately VND 21.78 billion as of December 31, 2025 (unchanged from the beginning of the year), represents costs incurred during the project implementation process. The Corporation is actively working with the competent authorities to continue and accelerate the project's progress.

2. Qualified Audit Opinions, Causes, and Remedial Actions for the 2025 Consolidated Financial Statements:

**** Qualified audit opinion:***

As of the date of this report, we have not yet collected confirmation letters for accounts receivable as of December 31, 2025, amounting to approximately VND 98.93 billion (of which approximately VND 64.58 billion has been recorded as a provision for doubtful debts).

Furthermore, among these unconfirmed receivables, there is approximately VND 22.58 billion due from individuals under construction and installation subcontracts, as presented in Section V.6 of the Notes to the attached Consolidated Financial Statements (of which approximately VND 20.26 billion has been recorded as a provision for doubtful debts). This amount was processed by the Corporation in accordance with the Board of Directors' approval under Submission No. 286/TT-TCT dated December 31, 2023, regarding the attribution of responsibility for losses on projects—where construction with investors has concluded—to individuals based on the terms of their subcontracting agreements.

As of the date of this report, these individuals and the Corporation have not yet completed the final settlement to determine the exact figures. Should these receivables for subcontracting costs prove uncollectible, business expenses would increase by approximately VND 2.32 billion, and profit would decrease by a corresponding amount.

± Causes and Remedial Actions:

The Corporation operates as a construction contractor for projects with extended execution periods. Final settlements with investors often span several years, resulting in outstanding receivables that have yet to be recovered.

Moving forward, the Corporation will address this by continuing to collect confirmation letters and performing alternative procedures to verify accounts receivable. We will maintain active communication with customers and debtors to recover outstanding balances, and record provisions for doubtful debts for any amounts deemed difficult to collect.

**** Qualified audit opinion:***

As of the date of this report, we have also not yet collected confirmation letters for accounts payable as of December 31, 2025, amounting to approximately VND 89.67 billion. Through other procedures performed, we have been unable to obtain the necessary information to assess the existence and completeness of these payables, as well as the potential impact of this matter (if any) on the relevant indicators presented in the Consolidated Financial Statements.

± Causes and Remedial Actions:

The Corporation operates as a construction contractor for projects with extended execution periods, and final settlements with investors often span several years. Furthermore, some subsidiaries are in the process of closing out projects, while others are awaiting project resumptions; consequently, outstanding payables to subcontractors and suppliers have not yet been finalized.

Moving forward, the Corporation will address this by continuing to collect confirmation letters and performing alternative procedures to verify accounts payable. We will maintain active

engagement with subcontractors, suppliers, and debtors to reconcile and confirm final outstanding balances.

*** *Qualified audit opinion:***

+ As noted in the consolidated financial statements (Note V.8), the work-in-progress (WIP) balance for the 34 Thuy Loi Street Housing Project, held by subsidiary Hydraulic Real Estate Investment Joint Stock Company 4B, remained at approximately VND 9.24 billion on both January 1 and December 31, 2025. Due to insufficient audit evidence regarding the net realizable value of this project, it was not possible to determine if adjustments to these figures are necessary.

+ As presented in Note V.9 of the Notes to the Consolidated Financial Statements, the balance of other long-term prepaid expenses at the subsidiary — Hydraulic Real Estate Investment Joint Stock Company 4B — as of December 31, 2025, amounted to approximately VND 5.36 billion (consistent with the balance as of January 01, 2025). We have not been able to obtain sufficient appropriate audit evidence to assess the appropriateness and accuracy of this other long-term prepaid expense balance. Consequently, we are unable to determine whether any adjustments to these figures are necessary.

+ As noted in the Consolidated Financial Statements (Note V.14), the construction in progress balance for the 34 Thuy Loi Street and 414 Building projects remained approximately VND 22.25 billion throughout 2025. Due to a lack of sufficient appropriate audit evidence regarding future economic benefits, the necessity of adjustments could not be determined.

+ *Causes and Remedial Actions:*

The aforementioned audit opinions pertain to costs incurred during the project implementation process, primarily related to the Housing Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City. The Corporation is actively working with the competent authorities to resume and accelerate the project's progress.

The above is the explanation from Hydraulics Construction Corporation No. 4 – JSC.

Respectfully yours.

Recipients:

- As above;
- Filed: Administration Dept., Finance Dept.



Nguyễn Xuân Hòa