VINACONEX JOINT STOCK CORPORATION
CONSTRUCTION JSC NO. 1

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No. 0790 /2026/CV-TCKT

Re: Explanation for the over 10% decrease in 2026 semi-annual net profit compared to the same period in 2025

Hanoi, August 14, 2026

To: - State Securities Commission of Vietnam
- Hanoi Stock Exchange

Pursuant to the regulations on information disclosure on the securities market for listed companies, Construction Joint Stock Company No. 1 (Stock code: VC1, Head office address: D9, Khuat Duy Tien Street, Thanh Xuan District, Hanoi) would like to present the explanation regarding the decrease of over 10% in net profit after tax in the Reviewed Semi-Annual Financial Statements for the first 6 months of 2026 compared to the same period in 2025 as follows:

I. COMPARATIVE FINANCIAL PERFORMANCE DATA

Item (Unit: VND)	First 6 Months of 2026 (Reviewed)	First 6 Months of 2025 (Reviewed)	Variance (Increase/ Decrease)	Percentage Change
Net Revenue	403,691,660,775	273,610,895,748	130,080,765,027	+47.54%
Cost of Goods Sold	384,012,667,659	259,072,782,418	124,939,885,241	+48.23%
Net Profit After Tax	**1,979,462,182**	**2,370,307,431**	**-390,845,249**	**-16.49%**

II. PRIMARY REASONS FOR THE DECREASE IN SEMI-ANNUAL NET PROFIT AFTER TAX

During the first 6 months of 2026, by accelerating construction progress and completing volume handovers at major projects, the Company achieved an impressive Net Revenue growth of **47.54%** (a net increase of over VND 130 billion). However, the Reviewed Net Profit After Tax dropped by **16.49%** due to the combined impact of the following operational cost factors and technical accounting treatments:

1. Sharp Increase in General and Administrative (G&A) Expenses due to Management Personnel Costs and Provisions

G&A expenses for the 6-month period surged by **80.12%** (equivalent to an increase of **VND 4,728,763,183**), primarily driven by two core factors:

- **Management Personnel Expenses (Increased by VND 2,128,385,789):** This fluctuation is purely an accounting technicality. The Company applies a method of accruing administrative staff expenses based on a percentage of actual revenue recognized in the period. Due to the revenue boom in the first half of the year, the book value of this accrual increased correspondingly. This will be reconciled and finalized based on the actual salary fund at the end of the fiscal year, and does not represent an increase in fixed base salaries.

- **Provision for Doubtful Short-term Receivables (Increased by VND 2,456,085,032):** To ensure financial transparency and adhere to the principle of financial prudence amid prolonged capital retention and delayed construction debt payments by project developers, the Company recorded an allowance for overdue construction receivables. While the Company enjoyed a **provision reversal of VND 275,680,223** (which reduced expenses) in the same period of 2025, it had to record actual provisions in this period, creating a large expense gap that directly lowered current profits.

2. Pressure on Cost of Goods Sold from the Construction Market

The Cost of Goods Sold increased by **48.23%**, outstripping the revenue growth rate (47.54%). The Company's gross profit margin was directly compressed by rising market prices of core construction materials (iron, steel, cement...) and direct labor costs in the first half of 2026. Consequently, the surplus from production activities was insufficient to cover the increased fixed costs generated by scale expansion.

3. Structural Reclassification of Expenses under New Accounting Circulars

Implementing the transition under the Ministry of Finance's new circular, accrued construction warranty expenses from 2026 onwards are reclassified and charged directly to Selling Expenses (Account 641) instead of being included in production overheads/cost of goods sold as previously done. This technical adjustment led to a newly incurred Selling Expense of **VND 481,532,394** (which was zero in the same period last year).

4. Rise in Other Expenses due to Site Clearance for Investment Project Preparation

Other Expenses for the half-year surged by **555.94%** (equivalent to an increase of **VND 736,312,260**). The principal reason was the demolition and disposal of the old headquarters asset in Thanh Xuan District to secure a clean site for the official ground-breaking of the **"Mixed-use Housing Project"** at the end of June 2026. The remaining book value of this fixed asset, amounting to **VND 621,929,753**, was written off into other expenses in one lump sum.

5. Elevated Financial Expenses to Finance Working Capital

Accumulated Financial Expenses reached **VND 5,926,189,283** (an increase of **14.81%**). Due to capital retention by project developers, the Company was compelled to increase its utilization of bank credit lines to supplement working capital in a timely manner. This ensured construction progress but resulted in higher interest expenses during the 6-month period.

III. REMEDIAL MEASURES FOR THE REMAINING MONTHS OF THE YEAR

To optimize financial and business efficiency for the second half of the year and protect shareholders' interests, the Board of Management is aggressively implementing the following solutions:

1. **Commercial Exploitation of the New Project:** Speed up construction progress at the *Mixed-use Housing Project* (launched at the end of June) to quickly meet eligibility criteria for presales, generating a breakthrough source of revenue and profit for the enterprise.
2. **Aggressive Debt Collection:** Establish specialized debt collection task forces to work closely with project developers for phase-based handovers and cash collection. This will reduce outstanding bank loans (lowering financial expenses) and trigger reversals of the recorded doubtful debt provisions once payments are recovered.
3. **Optimizing Operational Expenses:** Strictly review all administrative and G&A expenses; precisely balance and adjust management personnel expenses based on year-end actual revenue to eliminate book-keeping discrepancies.

Construction Joint Stock Company No. 1 guarantees that the above explanations are true and fully comply with the legal regulations on information disclosure on the stock market.

Sincerely thank you./.

Recipient:
- As recipient;
- Archived.

GENERAL DIRECTOR

CÔNG TY CỔ PHẦN XÂY DỰNG SỐ 1

TỔNG GIÁM ĐỐC

Hoàng Văn Trình

CÔNG TY CỔ PHẦN XÂY DỰNG SỐ 1
Digitally signed by CÔNG TY CỔ PHẦN XÂY DỰNG SỐ 1
Date: 2026.08.14 17:55:15 +07'00'