

**KHANH HOA WATER SUPPLY
AND SEWERAGE JOINT STOCK
COMPANY**

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom - Happiness

No : 48 /CTN-KT

Khanh Hoa, 15 January, 2025

Re: Explaining the difference between the Net profit after tax of the fourth quarter of 2024 and that of the fourth quarter of 2023.

To :

State Securities Commission of Vietnam
Hanoi Stock Exchange (HNX)

- Pursuant to Circular No 96/2020/TT-BTC dated on 16 November, 2020 of the Ministry of Finance on Providing guidelines on disclosure of information on securities market;

- Pursuant to Khanh Hoa Water supply and sewerage Joint Stock Company's Financial Statement for the 4th quarter of 2023 and the Financial Statement for the 4th quarter of 2024;

1. Company's name: Khanh Hoa Water supply and sewerage Joint Stock Company (KHAWASSCO)
2. Domestic securities symbols: KHW
3. Headquarter's address: 58 Yersin Str. – Phuong Sai Ward – Nha Trang City – Khanh Hoa Province
4. Tel. number: 0258-3822315; Fax: 0258-3810740
5. Information to be disclosed:

Explaining the reason for the After-tax Net profit shown in the Financial Statement of Q4/2024 increased more than 10% comparing to that of Q4/2023:

No.	Description	Q4/2024	Q4/2023	Difference	%
1	Net revenue from sale of goods and rendering of services	106.478.323.310	100.331.998.697	6.146.324.613	106,13%
2	Net profit before tax	24.876.244.656	11.062.709.679	13.813.534.977	224,87%
3	Current corporate income tax	2.650.288.683	1.291.003.654	1.359.285.029	205,29%
4	Net profit after tax	22.225.955.973	9.771.706.025	12.454.249.948	227,45%

Reasons:

Based on the business performance results in the Income Statement of Q4/2024 compared to Q4/2023, the company's Net profit before tax increased by 13.813.534.977 VND (equivalent to a 124,87% increase), and Net profit after tax rose by 12.454.249.948 VND (equivalent to a 127,45% increase) due to the following reasons:

- Significant growth in tourism: Starting from early 2024, the number of tourists visiting Nha Trang increased significantly, resulting in higher water sales for the company in Q4/2024 compared to Q4/2023.

- Adjustment of water pricing for business households: During the COVID-19 pandemic, most business households ceased operations and requested adjustments from business water price rates to residential water price rates. However, since early 2024, as business activities gradually stabilized, the company strengthened on-site inspections to ensure proper usage purposes. This returned business households' price rates to the appropriate business water rates, contributing to an increase in water revenue in Q4/2024 by 11.778.835.993 VND (equivalent to a 13,38% increase) compared to Q4/2023.

- Increase in financial revenue: Q4/2024 coincided with the bank's interest payouts for deposit contracts, leading to a 44,84% increase in financial revenue compared to Q4/2023.

- Reduction in Asset costs: Certain fixed assets had fully depreciated but were still in use for business operations. Additionally, cost savings were achieved through competitive bidding for production material purchases, leading to a reduction in the cost of sales by 3.278.924.078 VND (equivalent to a 3,91% decrease).

- Lower administrative expenses: Based on the company's production situation, no allocation was made to the Science and Technology development fund in 2024. As a result, administrative expenses decreased by 3.403.384.685 VND (equivalent to a 47,33% reduction).

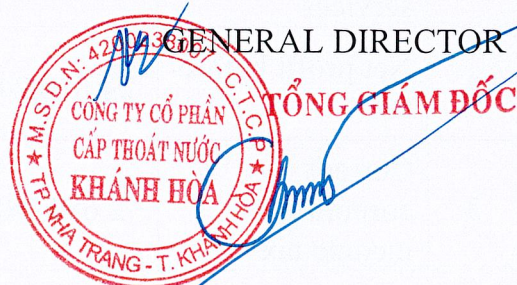
From these factors above, the company's Net profit before tax in Q4/2024 increased by 12.454.249.948 VND (equivalent to a 127,45% increase) compared to Q4/2023.

We hereby certify that the above explanations are entirely accurate and assume legal responsibility for the disclosure of this information.

Sincerely,

Record keeping:

- As stated above;
- Admin office, Accounting Dept. (Mr. Quan).



Nguyễn Văn Đàm