

**THAI NGUYEN WATER  
JOINT STOCK COMPANY**

**THE SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

No: 94 /CTCPNS-KTTC  
Re: Explanation of the consolidated  
financial statements for 2024 after audit

Thai Nguyen, March 31, 2025

Dear:

- State Securities Commission.
- Hanoi Stock Exchange.

*Based on Circular 96/2020/TT-BTC dated November 16, 2020, of the Ministry of Finance guiding the disclosure of information on the securities market;*

*Based on the 2024 financial statements audited by AASC Auditing Company Limited.*

Thai Nguyen Clean Water Joint Stock Company (the Company) provides the following explanation regarding its 2024 business results:

**1. Post-tax profit reduction in 2024 compared to 2023**

Item	2024	2023	Ratio (%)
Revenue from sales and services	230,077,135,111	221,592,977,503	3.83
Cost of goods sold	136,925,085,040	130,441,686,967	4.97
Financial expenses	54,287,532,699	49,902,037,506	8.79
Profit or loss in associated companies	1,259,993,473	600,742,456	109.74
Corporate income tax expense	218,442,330	2,725,276,264	(91.98)
Post-tax profit	(4,573,096,097)	(6,207,862,064)	(26.33)

**Reasons:**

Revenue from sales and services increased by 8,484,157,608 VND due to an increase in commercial water production and completed construction volume.

Cost of goods sold increased by 6,483,398,073 VND, corresponding to the rise in sales revenue.

Financial expenses increased by 4,385,495,193 VND due to loan repayment for the Thai Nguyen water supply system development project. At the time of principal and interest repayment, the USD exchange rate rose, leading to an increased exchange rate loss during the period (equivalent to 8.79%).

The profit from associated companies increased due to better business results this year.





Corporate income tax expenses decreased because the Company had no internal transactions with its subsidiaries this year, avoiding loan interest restrictions for related-party transactions.

=> As a result, the Company's losses decreased by 1,634,765,967 VND, equivalent to a 26.33% reduction compared to the previous year.

## 2. Changes in business results after audit

Item	After audit	Before audit	Ratio (%)
Administrative expenses	23,909,156,796	24,576,259,883	(2.71)
After-tax profit	(4,573,096,097)	(5,216,339,695)	(12.33)

**Reasons:** After-tax profit improved by 643,243,598 VND due to a reduction in the provision for doubtful debts at a subsidiary, reducing losses by 12.33%.

## 3. Auditor's exception opinion

On November 9, 2022, the Company's Board of Directors issued Resolution No. 59/NQ-HĐQT on divesting from an associated company. On August 1, 2023, the Board issued Resolution No. 18/NQ-HĐQT, extending the divestment deadline to December 31, 2024. However, due to various challenges, the divestment was not completed by the end of 2024. The Company has now developed a business plan that includes a roadmap for divestment, which will be submitted for approval at the 2025 Annual General Meeting of Shareholders. The divestment is expected to be completed no later than Q3 2025.

## 4. The business results for the period show a loss

Total revenue	230,077,135,111
Total expenses	235,793,218,882
Pre-tax profit	(4,354,653,767)
Corporate income tax	218,442,330
After-tax profit	(4,573,096,097)

### **Reasons:**

The loss in 2024 was mainly due to the operation of the Thai Nguyen water supply system development project, which has not yet reached full capacity. As a result, the revenue increase could not cover the expenses.

Revenue: 230,077,135,111 VND.

Expenses: 235,793,218,882 VND, of which:

- + Cost of goods sold: 136,925,085,040 VND
- + Financial expenses: 54,287,532,699 VND
- + Selling expenses: 20,671,444,347 VND
- + Administrative expenses: 23,909,156,796 VND.

Total costs increased primarily due to higher cost of goods sold and financial expenses.

The increase in cost of goods sold was due to the commissioning of the Thai Nguyen water supply system development project, which led to higher depreciation of fixed assets and raw water purchase costs..

Financial expenses increased due to loan repayments for the project in USD. The rising USD exchange rate led to higher loan interest expenses and foreign exchange losses on loan revaluation at the end of the period.

Therefore, Thai Nguyen Water Joint Stock Company submits this explanation to the State Securities Commission and the Hanoi Stock Exchange.

Best regards!

**Recipients:**

- As above;
- Filed VT; KTTT.

**CHIEF EXECUTIVE OFFICER**



*Nguyễn Xuân Học*

