

**SOC TRANG WATER SUPPLY
JOINT STOCK COMPANY**

No: 57 /CV-CN

Explanation of 10% difference in
Profit after tax in the Financial Statements of
Quarter IV of 2025 compared to the same period of
2024

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Soc Trang, January 29, 2026

**To: - State Securities Commission
- Hanoi Stock Exchange**

Pursuant to Circular 96/2020/TT-BTC of the Ministry of Finance dated November 16, 2020 guiding information disclosure on the stock market.

Pursuant to the production and business results in Quarter IV of 2025.

Soc Trang Water Supply Joint Stock Company (*referred to as the Company*) explains the difference in profit after tax on the Financial Statements of Quarter IV of 2025 as follows:

I. Production and business results in Quarter IV of 2025 compared to Quarter IV of 2024:

Item	Quarter IV of 2025	Quarter IV of 2024	Rate
Total revenue	59.427.581.262	65.553.514.729	-9,3%
Cost of goods sold	37.918.133.469	32.376.961.837	17,1%
Financial expenses	-	-	-
Selling expenses	(112.676.394)	8.048.555.043	-101,4%
General administration expenses	7.626.570.789	9.559.609.455	-20,2%
Other expenses	282.072	2.936.306.069	-100,0%
Corporate income tax expense	2.956.129.079	3.407.033.015	-13,2%
Profit after tax	11.039.142.247	9.225.049.310	19,7%

II. Explanations for fluctuation

1. Total revenue in Quarter IV of 2025 decreased by 9.3% compared to the same period last year (*equivalent to a decrease of VND 6,125,933,467*), mainly because the Company proactively used term deposits for production and business activities, leading to a decrease in financial revenue compared to Quarter IV of 2024.

2. Cost of goods sold increased by 17.1% (*equivalent to an increase of VND 5,541,171,632*) compared to the same period in 2024, mainly due to:

- An increase of VND 4,094,595,680 in chemical costs and electricity costs for operating the new water treatment technology system to improve water quality for service.

- An increase of VND 1,279,343,452 in employee salary costs.

3. Financial expenses did not arise during the period.

4. Selling expenses in Quarter IV of 2025 decreased by 101.4% (*equivalent to a decrease of VND 8,161,231,437*) compared to the same period last year, mainly due to the Company changing the allocation method for certain expenses such as costs for installing and maintaining the water supply system and meters for customers. Specifically, these expenses in 2025 were allocated over a period of 36 months instead of being fully allocated within the year, as was done in 2024. Therefore, only VND 2,033,376,259 in expenses were recognized in Quarter IV of 2025, while the remaining expense amount of VND 8,950,190,401 was allocated to subsequent years, significantly reducing selling expenses during the period.

5. Similarly to selling expenses, administrative expenses in Q4 2025 decreased by VND 1,933,038,666, a 20.2% reduction compared to Quarter IV of 2024, due to the Company applying the same 36-month cost allocation method for some long-term expenses instead of allocating them entirely within the year. The expenses whose allocation method was adjusted mainly include the costs of renovating and repairing the Company's office building and headquarters. In Quarter IV of 2025, the Company only recorded VND 186,096,481 in administrative expenses, with the remaining VND 1,633,448,934 allocated to subsequent years.

6. Other expenses in Quarter IV of 2025 decreased by 100% compared to the same period last year, because the Company incurred unusual expenses in Quarter IV of 2024, including:

- Administrative fine expense of VND 2,321,289,883 pursuant to Decision No. 78/QĐ-XPHC dated December 21, 2023, issued by the Soc Trang Provincial People's Committee regarding water resource utilization.

- Late payment interest/fee for Corporate Income Tax and Value Added Tax of VND 430,445,472 pursuant to Decision No. 34/QĐ-TTr dated April 22, 2024, issued by the Chief Inspector of Soc Trang Province.

The Company did not incur the aforementioned expenses in Quarter IV of 2025.

7. Corporate Income Tax expense in Quarter IV of 2025 decreased by 13.2% (*equivalent to a decrease of VND 450,903,936*) compared to the same period last year, mainly because non-deductible expenses (*such as administrative violation fines, late tax payment fees*) arose in Quarter IV of 2024 when determining taxable income, leading to a higher Corporate Income Tax payable amount compared to Quarter IV of 2025.

III. Conclusion

Summarizing the factors mentioned above, although total revenue in Quarter IV of 2025 decreased (mainly due to a decrease in financial revenue while revenue from

sales remained unchanged compared to the same period last year) and the cost of goods sold increased (due to an increase in raw material, operating, and labor costs), selling expenses and general and administrative expenses decreased during the period because the Company adjusted the cost allocation method for a number of long-term expenses, which did not change the total expenses incurred, but only affected the timing of expense recognition between accounting periods.

At the same time, no other unusual expenses were incurred in Quarter IV of 2025 as in the same period last year. Therefore, the profit after tax in Quarter IV of 2025 of the Company increased by 19.7% (equivalent to an increase of VND 1,814,092,937) compared to the same period in 2024.

Soc Trang Water Supply Joint Stock Company reports this to the State Securities Commission and the Hanoi Stock Exchange for information.

Sincerely./.

Recipients:

- As above;
- Archived: Office, Finance.

GENERAL DIRECTOR *dm*



Đặng Văn Ngọ

