

Explanation fluctuation of 10% or more in profit
after tax on the Financial Statements of 2025
compared to the Financial Statements of 2024

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

Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020, of the Ministry of Finance guiding information disclosure on the stock market.

Based on the business performance results for 2025.

Soc Trang Water Supply Joint Stock Company (*hereinafter referred to as the Company*) explains the fluctuation in profit after tax in the Financial Statements of 2025:

I. Business performance in 2025 compared to 2024:

Item	2025	2024	Fluctuation rate
Total revenue	228.966.985.306	240.813.380.584	-4,9%
Cost of goods sold	130.683.897.338	115.463.848.983	13,2%
Financial expenses	-	-	-
Selling expenses	20.626.528.077	25.291.914.553	-18,4%
General administration expenses	31.210.994.451	32.133.137.795	-2,9%
Other expenses	15.486.152.295	5.861.261.985	164,2%
Corporate income tax expense	9.546.856.393	21.043.484.317	-54,6%
Profit after tax	21.412.556.752	41.019.732.951	-47,8%

II. Reasons for fluctuation

1. Total revenue for 2025 decreased by 4.9% (*equivalent to a decrease of VND 11,846,395,278*) compared to 2024, mainly due to:

- The Company used term deposits to serve its production and business operation, thus financial revenue decreased by VND 8,057,619,524 compared to 2024.

- Other income for 2025 decreased by VND 4,850,304,976 compared to 2024 because in 2024, income from the Climate Change Project and the Water Worx Support Project totaling VND 5,522,973,927 was recognized while this income did not arise in 2025.

2. Cost of goods sold increased by 13.2% (*equivalent to an increase of VND 15,220,048,355*) compared to 2024, mainly due to:

- An increase of VND 7,859,333,519 in chemical costs and electricity costs for operating the new water treatment technology system to improve the quality of water supplied.

- An increase of VND 2,658,667,447 in employee salary expenses.

- An increase of VND 5,402,780,708 in costs for upgrading and repairing technology at water treatment plants.

3. No financial expenses were incurred during the year.

4. Selling expenses for 2025 decreased by 18.4% (*equivalent to a decrease of VND 4,665,386,476*) compared to 2024, mainly because in 2025, the Company adjusted the allocation method to 36 months for some non-current expenses, such as expenses related to the installation and maintenance of water supply systems and meters for customers, consequently, these expenses decreased by VND 3,099,796,622 compared to 2024.

5. General and administrative expenses for 2025 slightly decreased by 2.9% (*equivalent to a decrease of VND 922,143,344*) compared to 2024.

6. Other expenses for 2025 increased by 164.2% (*equivalent to an increase of VND 9,624,890,310*) compared to the previous year, due to:

- In 2024, the Company incurred late payment penalties of VND 5,314,385,581 for taxes when fulfilling its tax obligations for previous years.

- In 2025, the Company recognized several unusual expenses in the form of administrative penalties (The Company was fined for administrative violations in the field of business registration according to Decision No. 04/QĐ-XPHC dated January 20, 2025, by the Chief Inspector of the Department of Planning and Investment of Soc Trang Province; in the field of environment and water resources according to Decisions No. 06/QĐ-XPHC, No. 07/QĐ-XPHC, No. 08/QĐ-XPHC, No. 09/QĐ-XPHC, No. 10/QĐ-XPHC dated January 24, 2024, by the Chairman of the People's Committee of Soc Trang Province; Decision No. 27/QĐ-XPHC dated June 26, 2025, by the People's Committee of Soc Trang Province in the field of water resource exploitation and use; and in the field of taxes and invoices according to Decision No. 65/QĐ-XPHC dated January 24, 2024, by the Director of the Tax Department of Soc Trang Province) with a total penalty amount of VND 14,982,910,925.

These expenses increased the other expenses of the Company during the year.

7. Corporate income tax expense in 2025 decreased by 54.6% (*equivalent to a decrease of VND 11,496,627,924*) compared to 2024, mainly due to:

- In 2024, the Company paid an additional corporate income tax of VND 7,232,015,372 for previous years.

- In 2025, revenue decreased and expenses increased compared to 2024, leading to a decrease in profit before tax, which reduced the corporate income tax expense for the year.

III. Conclusion

A synthesis of the above factors shows that the revenue of the Company decreased during the year (*mainly due to a decrease in financial revenue while sales revenue remained equivalent to the previous year*) and the cost of goods sold increased (*due to increased raw material, operating, and labor costs*). Although selling expenses decreased during the period as the Company adjusted its cost allocation method for some long-term expenses, significant unusual other expenses (*administrative penalties*) also arose. Consequently, the Company's profit after tax in 2025 decreased by 47.8% (*equivalent to a decrease of VND 19,607,176,199*) compared to 2024.

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

Sincerely

Recipients:

- As above;
- Archived: Office, Finance.



Dũng Văn Ngo

