

**NGHE AN WATER SUPPLY JOINT
STOCK COMPANY**

SOCIALIST REPUBLIC OF VIETNAM
Independence – Liberty - Happiness

Number : 90 /VB-CTCN-KT

"Subject: Explanation of the differences
before and after the review of the 2024
financial statements"

Nghe An, March 31st, 2025

Dear: State Securities Commission;
Hanoi Stock Exchange.

Nghe An Water Supply Joint Stock Company

Address: No. 32 Phan Dang Luu Street – Vinh City – Nghe An Province

Phone: 02383 739 739

Website: Nawasco.com.vn

Stock code: NAW

Pursuant to Circular No. 155/2015 -BTC dated October 6, 2015, Nghe An Water Supply Joint Stock Company has disclosed the 2024 financial statements, audited by the Hanoi branch of A&C Audit and Consulting Company, on the State Securities Commission and the Hanoi Stock Exchange.

In the 2024 financial statements, there are some differences before and after the review. Our company would like to provide the following explanation:

1. Cost of Goods Sold:

The "Cost of Goods Sold" item in the 2024 financial statements before the review was VND 247,167,350,099, and after the review, it was VND 248,818,118,319. The difference of VND 1,650,768,220 is due to adjustments made from salary expenses and asset repair costs.

2. Financial income: The financial income figure in the 2024 financial statements before the review was VND 1,946,976,795, and after the review was VND 1,946,997,244. The difference of VND 20,449 is due to the addition of income from bank deposits.

3. Selling expenses: The selling expenses figure in the 2024 financial statements before the review was VND 16,888,286,579, and after the review was VND 16,853,203,379. The difference of VND (35,083,200) is due to the adjustment of the sales department's salary expenses.

4. Administrative Expenses:

The "Administrative Expenses" item in the 2024 financial statements before the review was VND 55,084,093,224, and after the review, it was VND 54,109,505,726. The difference of VND (974,587,498) is due to adjustments in salary expenses for the management department and adjustments to certain expenses of the management department.

5. Other Income:

The "Other Income" item in the 2024 financial statements before the review was VND 462,251,324, and after the review, it was VND 462,251,923. The difference of VND 599 is due to the addition of the adjustment for excess water charges receivable from customers.

6. Total Accounting Profit Before Tax:

The "Total Accounting Profit Before Tax" item in the 2024 financial statements before the review was VND 4,319,251,891, and after the review, it was VND 3,678,175,417. The difference of VND (641,076,474) is after adjusting the above-mentioned expenses.

7. Current Corporate Income Tax Expense:



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The "Current Corporate Income Tax Expense" item in the 2024 financial statements before the review was VND 867,347,672, and after the review, it was VND 739,132,378. The difference of VND (128,215,294) is due to the change in Total accounting profit before tax.

8. Net Profit After Corporate Income Tax:

The "Net Profit After Corporate Income Tax" item in the 2024 financial statements before the review was VND 3,451,904,219, and after the review, it was VND 2,939,043,039. The difference of VND (512,861,180) is after adjusting the above items.

Therefore, the Company respectfully submitted this explanation to the State Securities Commission and the Hanoi Stock Exchange.

Respectfully./.

Recipients:

- As above;
- File/Record VP, AC



**NGHE AN WATER SUPPLY JOINT
STOCK COMPANY**

SOCIALIST REPUBLIC OF VIETNAM
Independence – Liberty – Happiness

Number: 94 /CV-CNNA
"Subject: Explanation regarding the
auditor's exception comments"

Nghe An, March 31st, 2025

Dear: State Securities Commission;
Hanoi Stock Exchange.

Nghe An Water Supply Joint Stock Company
Address: No. 32 Phan Dang Luu Street – Vinh City – Nghe An Province
Phone: 02383 739 739
Website: Nawasco.com.vn
Stock code: NAW

In the Independent Audit Report No. 2.0401/25/TC-AC dated March 31st, 2025, the independent auditing firm issued an exception opinion on the financial statements for the fiscal year ending December 31, 2024, of Nghe An Water Supply Joint Stock Company – Stock code NAW.

The Nghe An Water Supply Joint Stock Company (hereinafter referred to as the Company) would like to provide an explanation for the exception opinions of the auditing firm as follows:

1.Regarding the opinion: "The item 'Other receivables' as of December 31, 2024 includes a receivable for the value of land use rights for 1,218.4 m² located in Truong Thi Ward, Vinh City, Nghe An Province, with an amount of VND 5,690,610,000, which the Company used to develop a social housing project, this land use right was revoked in 2021 under Decision No. 297/QD-UBND dated July 27, 2021, by the People's Committee of Nghe An Province (see Note V.5a in the Financial Statement Notes). To date, the Company has not yet received a decision from the People's Committee of Nghe An Province regarding the compensation amount. Therefore, we have no basis to assess the reasonableness or recoverability of this receivable and the provision for potential loss that may need to be recognized (if any).

The Company provides the following explanation:
On May 8, 2021, the Board of Directors of Nghe An Water Supply Joint Stock Company issued Decision No. 09A/QD-HĐQT regarding the discontinuation of the social housing project of Nghe An Water Supply Company and the return of the land to the State.

On June 7, 2021, the People's Committee of Nghe An Province issued Official Letter No. 3625/UBND-CN, assigning the Department of Finance to take the lead and coordinate with relevant agencies to review the proposal of Nghe An Water Supply Joint Stock Company regarding the request for reimbursement of the amount invested by the investor in the project, and to advise the Provincial People's Committee on handling it in accordance with the regulations.



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In Decision No. 297/QĐ-UBND dated July 27, 2021, of the People's Committee of Nghe An Province regarding the land revocation in Truong Thi Ward, Vinh City, Nghe An Province, the Provincial People's Committee clearly stated: "The rights and obligations of Nghe An Water Supply Joint Stock Company upon the land revocation shall be implemented in accordance with the law".

Therefore, the Company has recorded the amount of land lease for the plot of land in Truong Thi Ward, which has been paid to the state budget, totaling VND 5,690,000,000, as other receivables.

Above is the Company's explanation regarding the exception opinion of the independent auditing firm, respectfully submitted to the State Securities Commission and the Hanoi Stock Exchange.

2. Regarding the opinion: "As of December 31, 2024, the Company is recording a payable for raw water costs due to the failure to reach an agreement with the raw water supplier regarding the payable amount for the 'Short-term provision payable' item, totaling VND 120,901,582,998 (see Note V.18 in the Financial Statement Notes). Therefore, we do not have sufficient evidence to assess the reasonableness of this provision balance, as well as the raw water cost recognized by the Company in its business results for the year, amounting to VND 13,830,186,700 (last year: VND 21,352,500,000)".

The Company provides the following explanation:
Due to the failure to reach an agreement on the unit price for raw water, in order to recognize the expense in a timely manner, the Company has made a provision for the payable raw water costs for the period.

3.Regarding the opinion: "The Company is recording the supplementary salary and bonus expenses for 2023 in the 2024 business results, amounting to VND 3,523,440,000. In our opinion, the supplementary salary and bonus expenses for 2023 should be recognized in the 2023 business results. If this expense is recognized in the correct period, the 'Business management expenses' item for this year would decrease by VND 3,523,440,000."

The Company provides the following explanation:
The supplementary salary and bonus expense for 2023 was decided by the General Director to motivate and encourage employees who have successfully completed the tasks in the 2023 production and business plan and will continue to strive to complete the tasks in the 2024 production and business plan. Therefore, the Company has recorded this amount as an expense in the 2024 production and business results.

4.Regarding the opinion: "During the year, the Company changed the depreciation period of certain fixed assets (see Note IV.8 and VIII.3 in the Financial Statement Notes), resulting in an additional depreciation expense of VND 20,063,085,788 for the year. Furthermore, the Company also applied accelerated depreciation for some fixed assets, resulting in an additional depreciation expense of VND 20,402,839,693 for the year. We were not provided with sufficient evidence to assess the reasonableness of this change. If the Company had applied the depreciation period consistently with previous years, the 'Cost of Goods Sold' for the year would have decreased by VND 40,465,925,481, and the 'Accumulated Depreciation of Tangible Fixed Assets' at the end of the year would have decreased by VND



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40,465,925,481”.

The Company provides the following explanation:
The Company changed the depreciation period of certain assets to more accurately reflect the utilization efficiency of its fixed assets.

Above is the Company's explanation regarding the exception opinion of the independent auditing firm, respectfully submitted to the State Securities Commission and the Hanoi Stock Exchange.

Respectfully submitted./.

Recipients:

- As above;
- File/Record VP, AC



GENERAL DIRECTOR

Hoang Van Hai

