SOC TRANG WATER SUPPLY JOINT STOCK COMPANY	SOCIALIST REPUBLIC OF VIETNAM
	<u>Independence – Freedom – Happiness</u>

No: 322/CV-CN

Explanation of 10% difference in Profit after tax in the Financial Statements of Quarter II of 2026 compared to the same period of 2025

Soc Trang, July 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 II of 2026.

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 II of 2026 as follows:

I. Production and business results in Quarter II of 2026 compared to Quarter II of 2025:

Item	Quarter II of 2026	Quarter II of 2025	Rate
Total revenue	57.976.997.196	58.121.837.816	-0,2%
Cost of goods sold	36.185.061.950	32.587.539.857	11,0%
Financial expenses	-	-	-
Selling expenses	7.270.536.276	8.239.060.460	-11,8%
General administration expenses	6.917.046.624	7.891.799.633	-12,4%
Other expenses	387.458.840	307.796.512	25,9%
Corporate income tax expense	.500.116.469	1.928.393.452	-22,2%
Profit after tax	5.716.777.037	7.167.247.902	-20,2%

II. Reasons for fluctuations

1. Total revenue in Quarter II of 2026 reached 57.976.997.196 VND, equivalent to the same period in 2025 (a decrease of 0,2%).

2. Cost of goods sold in Quarter II of 2026 increased by 11,0% *(corresponding to an increase of 3.597.522.093 VND)* compared to the same period in 2025, mainly due to:

- Chemical costs and electricity costs for operating the water treatment technology system increased by 2.201.936.735 VND.

- Labor costs for employees increased by 1.559.248.888 VND.

- Depreciation expenses for fixed assets increased by 1.213.105.135 VND.

- In addition, repair and technology renovation costs at the plants decreased by 1.140.073.500 VND, contributing to mitigating the increase in the cost of goods sold.

3. No financial expenses were incurred during the period.

4. Selling expenses in Quarter II of 2026 decreased by 11,8% *(corresponding to a decrease of 968.524.184 VND)*. The main reasons are:

- The decrease in customer demand for water led to a reduction of 883.936.232 VND in costs for installing and maintaining the water supply system and meters for customers.

- Costs for renovating and expanding the distribution network decreased by 592.686.821 VND.

- However, labor costs for employees increased by 748.439.218 VND.

5. General and administrative expenses in Quarter II of 2026 decreased by 12,4% *(corresponding to a decrease of 974.753.009 VND)* compared to Quarter II of 2025, mainly due to:

- Labor costs for employees increased by 933.287.289 VND.

- The Company did not incur uniform procurement costs for staff and employees as in Quarter II of 2025 *(in Quarter II of 2025, this amounted to 1.435.000.000 VND)*. The Company had already completed the uniform procurement in Quarter I of 2026.

- Costs for purchasing machinery, equipment, and office furniture decreased by 174.203.783 VND compared to the same period in 2025.

6. Other expenses in Quarter II of 2026 increased by 25,9% compared to the same period last year *(corresponding to an increase of 79.662.328 VND)*, mainly due to the occurrence of allowances for staff and employees performing the task of collecting drainage service fees.

7. Corporate income tax expenses in Quarter II of 2026 decreased by 22,2% *(corresponding to a decrease of 428.276.983 VND)*, mainly because the profit before tax in Quarter II of 2026 was 1.931.781.577 VND lower than in Quarter II of 2025, leading to a corresponding decrease in the recorded corporate income tax expense.

III. Conclusion

In general, the revenue of the Company in Quarter II of 2026 was basically stable compared to the same period last year. However, the cost of goods sold increased due to higher chemical costs, electricity costs, labor costs, and fixed asset depreciation expenses, despite the decrease in selling expenses and general and administrative expenses. Due to the combined impact of the factors mentioned above, profit after tax in Quarter II of 2026 reached 5.716.777.037 VND, a decrease of 20,2% *(corresponding to a decrease of 1.450.470.865 VND)* compared to Quarter II of 2025.

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

Sincerely./.

Recipients:
- As above;
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