

No: *178* /CV-NDW  
Re: *Explanation of the Qualified  
Opinion in the 2025 Semi-Annual  
Review Report*

*Nam Dinh, August 13 th, 2025*

**To: The State Securities Commission of Vietnam  
The Hanoi Stock Exchange**

Nam Dinh Water Supply Joint Stock Company respectfully extends its cordial greetings and cooperation to your esteemed agencies.

Pursuant to the Resolution of the 2025 Annual General Meeting of Shareholders of Nam Dinh Water Supply Joint Stock Company; the Contract for the interim financial statement review and the 2025 annual financial statement audit between Nam Dinh Water Supply Joint Stock Company and Vietnam Auditing and Evaluation Co., Ltd.; and the Company's 2025 interim financial statements reviewed by Vietnam Auditing and Evaluation Co., Ltd., in which the audit opinion was a Qualified Opinion concerning the recognition of revenue arising in one month but recorded in the immediately following month, the Company hereby provides the following explanation:

**1. Auditor's opinion:**

***"Basis for qualified conclusion:***

*As presented in Note VI.1 of the Notes to the Financial Statements, revenue for December 2024 amounting to VND 22,192,804,043 was recognized in January 2025, and revenue for June 2025 amounting to VND 23,568,917,929 was recognized in July 2025 (Similarly, revenue for December 2023 amounting to VND 20,021,756,718 was recognized in January 2024, and revenue for June 2024 amounting to VND 22,609,251,795 was recognized in July 2024). The misstatement of revenue recognition periods has resulted in an understatement of accounting profit before tax in the Statement of Profit or Loss for the six-month period ended June 30, 2025 by VND 1,376,113,886 (understated by VND 2,587,495,077 for the same period in 2024). In addition, in the Balance Sheet, the line item "Trade receivables" as at June 30, 2025 is understated by VND 23,568,917,929 (as at December 31, 2024: VND 22,192,804,043). The line items "Taxes and amounts payable to the State" and "Undistributed post-tax profit" are also correspondingly understated."*

**2. Explanation:**

Nam Dinh Water Supply Joint Stock Company acknowledges that the reason for the recognition of revenue arising in one month but recorded in the immediately following month is objective in nature. Specifically, it stems from the water meter



reading cycle, which extends into the beginning of the following month. Due to the particular characteristics of the water supply industry, customer water consumption readings are generally conducted at the end of the month. However, given the Company's very large customer base and limited human resources, revenue recognition has been delayed into the beginning of the subsequent month.

In addition, to ensure fairness, transparency, and openness, the process of verification and cross-checking prior to invoice issuance is strictly implemented to minimize complaints—particularly in cases where abnormal meter readings or unusual increases/decreases in water consumption are detected. This verification process further delays revenue recognition by approximately one month compared with the accounting period.

Under the general principles of accounting, the recognition of revenue arising in one month but recorded in the subsequent month affects certain financial indicators (either increasing or decreasing), including profit before tax, profit after tax, tax liabilities payable to the State, and accounts receivable from customers.

### **3. Remedial Measures:**

The Company's Executive Board recognizes that the current practice of revenue recognition is not fully compliant with prevailing accounting regulations. However, this is an issue that requires considerable time, manpower, and resources to address thoroughly. The Company's Finance and Accounting Department has been actively coordinating with the Business Department and affiliated units to improve and standardize the process, while progressively applying digital transformation initiatives to simplify procedures. The Executive Board will continue to instruct and urge all departments to review, streamline, and ultimately resolve this matter in the near future.

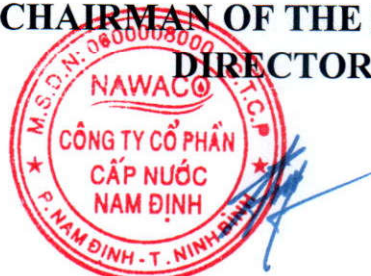
Nam Dinh Water Supply Joint Stock Company hereby submits its explanation regarding the qualified opinion in the 2025 Semi-Annual Reviewed Financial Statements to the State Securities Commission of Vietnam and the Hanoi Stock Exchange.

Respectfully,

#### **Recipients:**

- As addressed above;
- Filed for record.

**CHAIRMAN OF THE BOARD OF  
DIRECTORS**



**Nguyen Sy Long**