

Ref: 140 /CTN-TCKT

Hanoi, 31 March 2025

Subj.: Explanation of Certain Contents of the
Audited Consolidated Financial Statements for
the year 2024

To: The State Securities Commission

The Vietnam Water and Environment Investment Corporation (VIWASEEN) would like to extend our sincere greetings and express our gratitude for your support during the recent times.

Based on the Consolidated Financial Statements of VIWASEEN Corporation for the year 2024, and in accordance with the provisions of Circular No.96/2020/TT-BTC dated November 16, 2020, issued by the Ministry of Finance regarding the guidance on public information disclosure on the securities market, the Corporation would like to explain some contents of the Consolidated Financial Statements for the year 2024 as follow:

1. Changes in After-Tax Profit (ATP) in the Consolidated Financial Statements for 2024 compared to 2023:

ATP for 2024 is VND15,297 million, and VND14,279 million for 2023, an increase of VND1,018 million due to the following reasons:

+ Gross profit from sales and services decreased by VND 15,440 million due to a decline in construction activities compared to 2023.

+ Financial income decreased by VND 1,260 million due to lower interest income from deposits compared to 2023.

+ Financial expenses decreased by VND 8,169 million due to lower interest expenses compared to the same period.

+ Profit from joint ventures and associates increased by VND 2,886 million due to higher profits from affiliated companies in 2024.

+ Selling expenses decreased by VND 850 million due to reduced selling costs at Viwaseen TMC.

+ Administrative expenses decreased by VND 427 million due to cost-saving measures in routine expenses such as fuel, diesel, vehicle maintenance, etc.

+ Other income increased by VND 480 million from asset liquidation.

+ Other expenses decreased by VND 1,544 million due to reduced late-payment penalties.

+ Corporate income tax expenses decreased by VND 1,533 million due to lower pre-tax profits compared to the same period.



2. Difference in ATP in the Consolidated Financial Statements for the year 2024 compared to the Cumulative ATP from the beginning of the year until the end of Quarter IV in the Consolidated Financial Statements for quarter IV of 2024:

Cumulative ATP from the beginning of the year to the end of Quarter IV in the Consolidated Financial Statements for quarter IV of 2024 is VND 9,988 million, compared to VND 15,296 million in 2024, an increase of VND 5,308 million due to:

- + Gross profit from sales and services increased by VND 9,446 million due to additional updated data from some subsidiaries after audit compared to the self-reported data for the quarter IV.

- + Financial income increased by VND 14 million.

- + Financial expenses increased by VND 2,927 million due to increased interest expenses of VND 2,366 million and other financial costs.

- + Profit from joint ventures and associates increased by VND 1,402 million due to increased profits at affiliated companies after audit.

- + Selling expenses increased by VND 785 million due to additional selling costs at Viwaseen TMC.

- + Administrative expenses increased by VND 742 million due to additional provisions for the 2024 period.

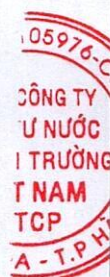
- + Corporate income tax expenses increased by VND 1,076 million due to higher pre-tax profits after audit

3. Qualified Opinion:

According to the Independent Audit Report No. 103/2025/BCKT-AVI-TC1 dated March 31, 2025 by An Viet Audit Company, the audit qualified opinion for the 2024 financial year includes the following qualifications:

In the audit report for the 2023 Consolidated Financial Statements issued on March 30, 2024 and previous years, a qualified opinion was expressed because the Corporation and some subsidiaries were monitoring certain receivables, prepayments to suppliers, and overdue advances related to projects that were settled in previous years but have not been fully reconciled (see the details in Note 10). Moreover, the Corporation and its subsidiaries are still in the process of reconciling and settling completed construction projects, including some long-pending projects, which are reflected in the balance of the Works in Progress account (details in Note 11). These issues continue to affect the 2024 Consolidated Financial Statements. Despite performing alternative procedures, we could not collect sufficient audit evidence to evaluate the completeness of the provisions for doubtful receivables and inventory write-downs reflected in the Consolidated Financial Statements as of December 31, 2024.

The financial statements of the Corporation as of December 31, 2024 have been consolidated based on the financial statements of the parent company, subsidiaries, and affiliates. Among these, the financial statements of the subsidiaries, including Viwaseen 2 - Construction Mechanical and Water Supply



JSC, Viwaseen TMC, Viwaseen Phuong Huong Investment and Development JSC, Viwaseen 4 Water, Electric and Mechanical Installation and Construction JSC and some affiliates (details in Note 18) have not been audited. We performed necessary audit procedures but could not collect sufficient appropriate audit evidence to assess the impact of this issue on the Corporation's Consolidated Financial Statements for the fiscal year ending December 31, 2024.

Regarding the Qualified Audit Opinion, VIWASEEN Corporation would like to explain as follows:

- Regarding the reconciliation of receivables: Due to the nature of the Corporation as a construction enterprise, with project investors/employers in distant and varied geographic locations, and frequent personnel changes, there have been difficulties in confirming and reconciling receivables for the audit and debt management. Therefore, despite significant efforts, the reconciliation rate has not reached 100%. For certain receivables related to projects settled in previous years, the Corporation is actively reconciling, checking, and reviewing records to classify the aging of debts and the status of debtors for management, recovery, and the establishment of provisions for doubtful receivables as required.

- Regarding unfinished construction costs of completed projects: The Corporation has focused on internal settlement for the A-B contract packages; however, due to various reasons, the internal settlement has been delayed, and the ratio of processed unfinished costs has not met the plan.

- The financial statements of the Corporation as of December 31, 2024 have been consolidated based on the financial statements of the parent company, subsidiaries, and affiliates. Among these, the financial statements of the subsidiaries, including Viwaseen 2 - Construction Mechanical and Water Supply JSC, Water Supply and Drainage Construction JSC No. 12, Viwaseen TMC, Viwaseen Phuong Huong Investment and Development JSC, Viwaseen 4 Water, Electric and Mechanical Installation and Construction JSC and some affiliates (details in Note 18) have not been audited due to difficulties in business operations, limited financial resources, and employee transfers, leading to an inability to hire an external audit firm to audit the 2024 financial statements for consolidation purposes across the entire Corporation.

Sincerely!

Recipient:

- As addressed;
- Hanoi Stock Exchange;
- Filled at: Archie, Finance –Accounting Dept.



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