

Shareholder Q&A on Revenue Recognition

Dear Shareholders,

Questions & Answers

Question 1: What are the key principles of revenue recognition?

Answer: The key principles include recognizing revenue when control of a product or service is transferred to the customer, and measuring revenue based on the transaction price.

Question 2: How does our company recognize revenue from long-term contracts?

Answer: We recognize revenue from long-term contracts using the percentage-of-completion method, which reflects the progress towards completion based on costs incurred.

Question 3: What is the impact of new revenue recognition standards on our financial statements?

Answer: The new standards have led to changes in the timing of revenue recognition, which may affect reported earnings and comparisons with prior periods.

Question 4: How are revenue estimates handled?

Answer: Revenue estimates are determined based on historical data, market trends, and customer contracts, ensuring that they reflect the transaction price accurately.

Question 5: Will there be further changes to revenue recognition practices in the future?

Answer: We continuously monitor regulatory updates and industry practices to ensure compliance and transparency in our revenue recognition approach.

Thank you for your continued support.

Sincerely,
The Finance Team