

**DAK LAK WATER SUPPLY
JOINT STOCK COMPANY**

No.: 193/2025/CV-DWC

*Re: Explanation regarding the
reviewed interim financial statements
for the 6-month accounting period
ending June 30, 2025 with a qualified
audit opinion.*

**SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness**

Dak Lak, August 13, 2025

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

1. Introduction of the information-disclosing organization:

Full name: Dak Lak Water Supply Joint Stock Company

Stock code: DWC

Head office: No. 339 Ton Duc Thang, Tan An Ward, Dak Lak Province, Vietnam

Telephone: 02623 852254

2. Contents of the disclosed information:

Dak Lak Water Supply Joint Stock Company would like to provide an explanation regarding the reviewed interim financial statements for the 6-month accounting period ending June 30, 2025, which received a qualified audit opinion, as follows:

On August 12, 2025, Dak Lak Water Supply Joint Stock Company and AFC Vietnam Auditing Co., Ltd – Northern Branch conducted the preparation of the reviewed interim financial statements for the 6-month accounting period ending June 30, 2025. In this, the audit firm expressed a qualified opinion as follows:

As of January 1, 2025 and June 30, 2025, under the items “Work in progress” and “Construction in progress” on the balance sheet, there remain certain unfinished projects with a total value of VND 2,064,060,569 arising from previous years and not continued in the current year. The Company has not assessed the recoverable value of these projects. Based on the documents currently available, we were unable to obtain sufficient appropriate audit evidence regarding the accuracy and recoverability of this item, as well as its potential impact (if any) on the reviewed interim financial statements for the 6-month accounting period ending June 30, 2025.

As of the end of the fiscal year, the Company has not yet finalized the equitization costs and determined the value of the State capital to be transferred to the joint stock company due to unresolved financial issues. The amount payable to the State regarding equitization is recorded under “Other payables” on the balance sheet as of January 1, 2025 and June 30, 2025, amounting to VND 2,497,465,174. Depending on the decision of the governing authority, the figures presented in the interim financial statements may be subject to change upon an official decision.

The receivables and payables on the balance sheet as of January 1, 2025 and June 30, 2025 have not been reconciled and confirmed with the respective parties, including: accounts receivable from customers amounting to VND 4,030,199,208; prepayments to suppliers amounting to VND 237,933,000; other receivables amounting to VND 1,429,121,727; and accounts payable to suppliers amounting to VND 496,904,992. Accordingly, we were unable to obtain sufficient

appropriate audit evidence regarding the accuracy, existence, and recoverability of these balances, as well as their potential impact (if any) on the related items in the reviewed interim financial statements for the 6-month accounting period ending June 30, 2025.

As of January 1, 2025 and June 30, 2025, the Company has recorded under “Other payables” on the balance sheet a loan from the Japanese Government under Decision No. 882/QĐ-UB dated April 5, 2002 by the People’s Committee of Dak Lak Province regarding investment in the Quang Phu Town Water Supply Project, Cu M’Gar District, with an amount of VND 8,059,727,581. As of the date of this report, the Company has not determined the lender, loan term, or interest rate.

Company’s explanation:

Dak Lak Water Supply Joint Stock Company was officially converted from Dak Lak Water Supply and Construction Investment One-Member Limited Liability Company (100% state-owned) into a joint stock company operating from July 1, 2019. However, to date, there has been no official decision approving the handover settlement of capital and assets from the 100% state-owned company to the joint stock company, as well as regarding the work in progress, construction in progress, and receivables/payables mentioned in the audit opinion. The joint stock company therefore does not have the legal basis to take over these items. The joint stock company has repeatedly sent documents to the People’s Committee of Dak Lak Province, and is currently awaiting consideration and direction for relevant agencies to resolve these issues definitively, in order to settle the handover of capital and assets to the joint stock company and address the matters related to unfinished costs, construction in progress, receivables, etc., as noted in the audit opinion. This is why the reviewed interim financial statements for the 6-month accounting period ending June 30, 2025, received a qualified audit opinion.

The above is the Company’s explanation submitted to the State Securities Commission of Vietnam and the Hanoi Stock Exchange for acknowledgment.

Sincerely,

Recipients:

- *As addressed;*
- *Archive.*

**DAK LAK WATER SUPPLY
JOINT STOCK COMPANY**



Do Hoang Phuc