BETTER SOLUTIONS TO WATER & WASTE

Darco Water Technologies Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200106732C)

RECEIPT OF WRIT BY MALAYSIA SUBSIDIARY

The Board of Directors (the "**Board**" or the "**Directors**") of Darco Water Technologies Limited (the "**Company**") wishes to announce that Darco Industrial Water Sdn. Bhd. ("**DIW**"), an indirect wholly-owned subsidiary of the Company, had on or about 5 March 2025 received a Writ and a Statement of Claim dated 4 March 2025 (collectively, the "**Claim**"). The Claim was filed by solicitors acting on behalf of Flexsa Engineering Sdn. Bhd., a sub-contractor of DIW (the "**Sub-Contractor**"), in the High Court of Malaya in the State of Penang ("**Penang High Court**"), whereby the Sub-Contractor has commenced the Claim against DIW as defendant (the "**Suit**"). Salient points of the Claim are reproduced below.

According to the Claim, the Sub-Contractor is claiming, among other things, that the Sub-Contractor has not received payment from DIW of RM2,302,820.00 (equivalent to approximately S$693,515) (the "**Outstanding Amount**") from DIW under several invoices for the supply of goods and/or services as well as labour charges to DIW for projects (each invoice, an "**Invoice**" and collectively the "**Invoices**"). The Sub-Contractor further claims that despite several demands being made by the Sub-Contractor to DIW culminating in a final notice of demand being served on DIW on 13 January 2025, DIW had failed to pay the Outstanding Amount under the Invoices.

In this regard, the Sub-Contractor is claiming against DIW for:

(a) the Outstanding Amount (i.e., RM2,302,820.00 (equivalent to approximately S$693,515));

(b) late payment interest charges on each Invoice at a rate of 1.5% per month, calculated from the due date (being one day after the credit period) until the date of judgement in relation to the Suit;

(c) late payment charges at a rate of 1.5% per month on the Outstanding Amount and the costs as ordered from the date of judgement until the date of settlement of the Suit;

(d) costs on a solicitor-and-client basis; and

(e) such orders or other relief as the Penang High Court deems just and expedient.

At this juncture, the Board wishes to highlight that an announcement in relation to the notice of demand received by DIW on 13 January 2025 was not made as the Group had been conducting its internal investigations into the notice of demand and obtaining legal advice on the same.

The Board wishes to inform that DIW had on 17 March 2025 through its solicitors filed a Memorandum of Appearance in relation to the Suit in the Penang High Court. Nonetheless,

the Board further wishes to inform that the Group is currently seeking legal advice and representation in relation to the Suit and will explore all available legal recourse in relation to its rights.

Pending the outcome of the Suit, the Board does not expect the Suit to affect the Group's ability to continue its business operations, and the Suit is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2025.

The Company will release further announcements to update its shareholders as and when there are material developments in relation to the Claim and Suit, including the impact of the Suit on the Group's financials (if any and pending the outcome of the Suit).

By Order of the Board of
Darco Water Technologies Limited

Zhang Zhenpeng
Executive Director and Chief Executive Officer
22 March 2025