BETTER SOLUTIONS TO WATER & WASTE

Darco Water Technologies Limited

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

BREACH OF FINANCIAL COVENANTS BY A SUBSIDIARY

The Board of Directors (the "**Board**" or the "**Directors**") of Darco Water Technologies Limited (the "**Company**") wishes to announce that Darco Ba Lai Water Supply Limited ("**Darco Ba Lai**"), a subsidiary of the Company, is in breach of certain financial covenants relating to the requirement to maintain (i) a debt-service coverage ratio; (ii) a current payment index; and (iii) a debt-to-equity ratio, as stipulated in its Loan Agreement for Investment Project to Darco Ba Lai (collectively, the "**Covenants**"), as at 31 December 2024.

The Board wishes to inform that Darco Ba Lai has informed its banker and is currently in discussions with the banker to remedy the breach of the Covenants and/or to obtain a waiver for the same. For the avoidance of doubt, as at the date of this announcement, Darco Ba Lai has not received any notice or letter of demand regarding the breach of the Covenants from its banker. The breach of the Covenants constitutes an "event of default" under the loan and entitles Darco Ba Lai's bank to, amongst others, demand for all outstanding sums, as at 31 December 2024, amounting to VND40.6 billion (equivalent to approximately S$2.2 million), to be payable immediately.

The Board is still assessing the impact on the Company in the event that the bankers do not provide the Company with a waiver. This announcement shall not be taken as an admission of any liability with respect to the breach of the Covenants. The Company will make further announcements to update its shareholders when there are material updates to the matters set out above as may be necessary and appropriate.

By Order of the Board of
Darco Water Technologies Limited

Zhang Zhenpeng
Executive Director and Chief Executive Officer
25 February 2025