THEMATIC REPORT · AUDIT OPINION ANALYSIS

Qualified audit opinion on the 2025 consolidated financial statements of Duc Giang Chemicals

DGC · Duc Giang Chemicals Group Joint Stock Company

HOSE · Auditor: UHY Auditing & Consulting Company Limited ("UHY") — replacing PwC Vietnam
Audited FS released on 20/06/2026 · Opinion: Qualified (scope limitation)

EXECUTIVE SUMMARY

UHY issued a **qualified opinion** on DGC's 2025 consolidated financial statements — the first after many years of unqualified (clean) opinions. Both bases are a form of **audit scope limitation**: (i) the auditor did not observe the physical count of VND 950.9bn of inventory because it was appointed after the year-end closing date; (ii) uncertainty arising from the prosecution of several former key executives on 17/03/2026. **TCBS Research** assesses that a qualified opinion of this kind **does not mean the financial statements definitely contain misstatements**, but it is a signal that calls for caution and has already triggered the warning and restricted-trading status on HOSE.

> **Qualified audit opinion (DGC 2025 audited consolidated FS):**
> "Except for the effects of the matter described in the 'Basis for Qualified Opinion' section, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the financial position of the company as well as its business results and cash flows […], in accordance with Vietnamese accounting standards, the Vietnamese corporate accounting regime and relevant legal regulations."

ANALYTICAL POINTS

1 A qualification due to scope limitation — not a conclusion that misstatements exist
Under Vietnamese Standard on Auditing 705 (VSA 705), the auditor issues a qualification when it **cannot obtain sufficient appropriate evidence** over a material item; readers lose the auditor's assurance on these items.

2 Basis 1 — VND 950.9bn of inventory: technical in nature, with a clear resolution path
This arose because UHY was appointed **after the year-end closing date** to replace PwC and therefore did not observe the 31/12/2025 physical count; expected to be resolved in Q3 2026 – Q1 2027 through coordinated stocktakes at 30/06 and 31/12/2026.

3 Basis 2 — the criminal case: a material uncertainty that cannot yet be quantified
The prosecution of former key executives (accounting violations, resource extraction, environment) has no conclusion yet; potential liabilities, provisions and environmental costs **cannot yet be estimated** — a larger risk component than Basis 1.

4 Listing consequences are already in effect; monitor the remediation milestones
The stock is being placed under **restricted trading** and **warning** status; post-audit profit after tax fell VND 35.2bn to VND 3,154bn. Milestones to watch: the AGM on 13/08/2026 and the 2026 semi-annual reviewed FS.

FY2025 METRICS (AUDITED)

Consolidated net revenue	**11,262** VND bn
Profit after tax	**3,154** VND bn
PAT attributable to parent	**2,990** VND bn
Total assets	**19,538** VND bn

AUDIT INFORMATION

2025 auditor	**UHY (replacing PwC)**
Opinion type	**Qualified**
Basis for qualification	**Scope limitation (2 matters)**
Audited FS release date	**20/06/2026**

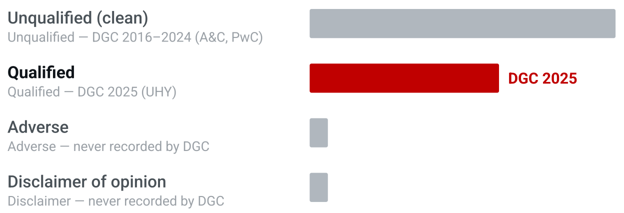
1. WHAT A QUALIFIED OPINION MEANS

A qualification is the mildest level among the non-unqualified opinions — but it is still a modified audit opinion.

When it cannot issue an unqualified opinion, the auditor selects one of three levels: **qualified**, **adverse**, or **disclaimer of opinion**. A qualification means: *except for the effects (if any) of the matter described in the basis section, the rest of the financial statements still give a true and fair view*. For DGC 2025, both matters are a form of **scope limitation** — insufficient evidence obtained, rather than misstatements detected. Even so, under the Listing Regulations, an annual FS that is qualified automatically places the stock under **warning** status — which has happened to DGC since 30/06/2026.

Levels of audit opinion

DGC 2025 is at the qualified level — the first after a run of clean opinions



Nguồn: DGC audited FS 2016–2025

Qualification due to scope limitation

The auditor has **insufficient evidence** to confirm a material item — unlike a qualification due to detected misstatements; readers must assess the unassured portion themselves.

Subsequent event after the period-end

The prosecution occurred **after** 31/12/2025 but **before** the FS release date (Note 33). Without a conclusion, it cannot be determined whether the 2025 figures must be adjusted or merely disclosed.

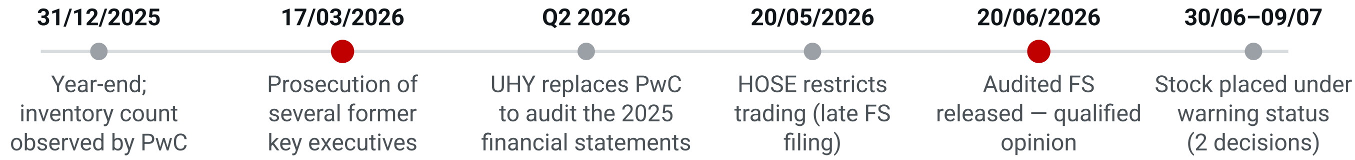
The two bases for qualification & the context of the auditor change

Basis 1 — inventory: UHY stated: *"Because we were appointed as the Group's auditor after the financial year-end of 31/12/2025, we were unable to observe the physical count of inventory... of more than VND 950.9bn. Alternative procedures did not provide... reliable evidence"* regarding the existence, completeness, accuracy and valuation of the item (VND 30.2bn on the separate FS). The main cause is that PwC — DGC's auditor since 2021, which had reviewed the 2025 semi-annual FS and observed the 31/12/2025 count — terminated its engagement in April 2026; the reasons for the change were not disclosed in detail.

Basis 2 — the criminal case: on 17/03/2026, several former key members of the executive board were prosecuted for violations of accounting regulations, resource extraction and environmental pollution. UHY *"was unable to obtain sufficient appropriate audit evidence to assess whether the matters described above give rise to any material misstatement... including... liabilities, provisions or costs related to environmental remediation (if any)"*. The allegations include an **accounting-violation** component — which directly touches the reliability of the books of prior periods.

Timeline of events leading to the qualified opinion & listing consequences

From the 2025 year-end count to HOSE's warning decisions (July 2026)



Nguồn: DGC 2025 audited consolidated FS; HOSE disclosures; CafeF, Vietnam Financial Times

2. IMPACT & IMPLICATIONS FOR INVESTORS

The inventory qualification has a measurable "ceiling" on its impact; the uncertainty from the criminal case cannot yet be quantified.

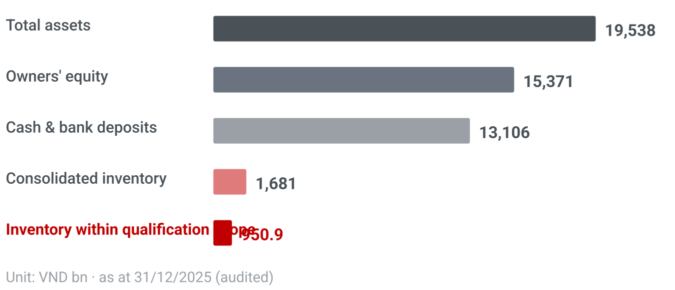
QUALIFIED INVENTORY	% OF TOTAL ASSETS	POST-AUDIT PAT	CASH & SHORT-TERM INVESTMENTS
950.9 bn 56.6% of consolidated inventory value	**4.9%** total assets of VND 19,538bn	**−35.2 bn** down to VND 3,154bn (+2% YoY)	**13,106 bn** ≈67% of total assets

2.1 The size of the qualification within the financial picture

The qualified inventory represents **4.9% of total assets** and about 27% of 2025 pre-tax profit — material, but with a defined "ceiling" on its impact, while the balance sheet still carries a thick capital buffer. By contrast, Basis 2 **has no quantifiable ceiling**: if the investigation's conclusion confirms wrongdoing, the size of the adjustment (including any retrospective restatement) cannot yet be estimated. The defendants and their families have paid more than VND 331.3bn in remediation (per Vietnam Financial Times) — this figure is not yet a final conclusion.

The qualified item versus balance-sheet metrics

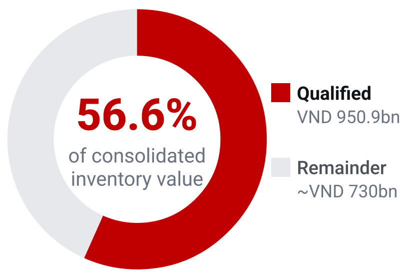
Unit: VND bn · audited consolidated FS as at 31/12/2025



Nguồn: DGC 2025 audited consolidated FS; TCBS Research

Share of inventory within the qualification scope

Of total consolidated inventory of VND 1,681bn



Nguồn: UHY audit report; DGC 2025 audited consolidated FS

> **Key takeaway:** The two bases for qualification differ fundamentally in the nature of their risk. The inventory basis is a **technical issue** stemming from the auditor change after the closing date, with a clear remediation path (expected at the 2026 semi-annual review, at the latest Q1 2027). The criminal-case basis is an **uncertain, unresolved event** — its resolution depends on the conclusion of the competent authorities, beyond the control of the company and the auditor.

2.2 What should investors monitor?

Point to monitor	Why it matters
2026 semi-annual reviewed FS (Q3 2026)	UHY observes the 30/06/2026 count — the earliest point at which the inventory qualification can be removed
Conclusion of the investigating authorities	Determines the likelihood of liabilities, provisions and environmental-remediation costs arising — currently unquantifiable
The stock's status on HOSE	Restricted trading (Decision 448, 20/05) and two warning statuses (Decision 544, 23/06; Decision 567, 02/07) — monitor the conditions for lifting each
Annual AGM on 13/08/2026	Reconstitution of the Board and management after dismissals; approval of the 2026 plan and the 2026 auditor
Possibility of retrospective restatement	The allegations include an accounting-violation component — if prior-period misstatements are confirmed, comparative figures may have to be restated

Context: DGC's stock reacted strongly to the prosecution news (tens of millions of units left on the floor-price sell side, March 2026). Core 2025 operations continued to grow — the issue currently lies in **governance and legal matters**, and the scale of the impact will only become clear once the investigation concludes.