MINISTRY OF CONSTRUCTION
VIETNAM MACHINERY INSTALLATION CORPORATION - JSC

THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No: 607 /TCT-TCKT

Hà Nội, 28 August, 2026

V/v : Explanation of the qualified opinion and fluctuation in profit after tax in the Consolidated Financial Statements for the first six months of 2026

To: - State Securities Commission
- Hanoi Stock Exchange

1. Name of Organization : **Vietnam Machinery Installation Corporation -JSC**
2. Stock code : **LLM**

Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020, issued by the Ministry of Finance, guiding the disclosure of information on the securities market, which stipulates that companies must explain the reasons when the following case occurs:

-The auditor does not fully accept the financial statements; the public company must disclose the annual financial statements, the audit report, along with an explanatory document from the company.

- The profit after tax in the Statement of Profit and Loss of the reporting period changes by 10% or more compared to the same period of the previous year

The Vietnam Machinery Installation Corporation - JSC explains the reasons of the qualified opinion, the fluctuation in after-tax profit compared to the same period last year, and the discrepancy compared to the pre-audit report in the consolidated financial statements for the first six months of 2026 as follows:

1. Basis for Qualified Opinion:

1.1 The matters affecting the Consolidated Financial Statements arising at Subsidiaries:

Accounts receivable and provisions for bad debts

As at 1 January 2026 and 30 June 2026, the subsidiaries of the Corporation, including Lilama Machinery Erection Joint Stock Company, Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company, had certain overdue receivables amounting to VND 92.26 billion and VND 87.61 billion, respectively. However, we have not obtained sufficient appropriate evidence regarding the assessment of the Board of Management, as well as other relevant supporting documents, concerning the recoverability of these receivables. Accordingly, we were unable to determine the necessary adjustments, if any, to the consolidated financial statements of the Corporation for the accounting period from 1 January 2026 to 30 June 2026.

Inventories

We performed the necessary review procedures; however, we were unable to obtain sufficient appropriate evidence to determine the accuracy and any impairment losses, if any, relating to work in progress of the Corporation's *subsidiaries, including Lilama Machinery Erection Joint Stock Company, Lilama 5 Joint Stock Company and Lilama 7 Joint Stock Company, with total balances of VND 246.69 billion and VND 250.22 billion as at 1 January 2026 and 30 June 2026, respectively. Accordingly, we were unable to determine the necessary adjustments, if any, in respect of the "Work in progress" balance, as well as the related effects, if any, on the consolidated financial statements of the Corporation for the accounting period from 1 January 2026 to 30 June 2026.*

Liabilities

As at 1 January 2026 and 30 June 2026, a subsidiary of the Corporation, Lilama 5 Joint Stock Company, reported overdue accrued borrowing interest payable of VND 74.01 billion at both dates, and a loan from the Bank for Investment and Development of Vietnam – Bim Son Branch ("BIDV Bank") of VND 183 billion at both dates. Based on the review procedures performed, we were unable to obtain sufficient appropriate evidence to determine the accuracy and completeness of borrowing costs recognized during the current period and prior years, as well as the accuracy of and obligations arising from the outstanding balance of the BIDV Bank loan of this subsidiary. Accordingly, we were unable to assess the effects, if any, relating to the "Short-term accrued expenses" and "Borrowings and finance lease liabilities" balances as at 1 January 2026 and 30 June 2026, and the "Finance costs" line item in the consolidated financial statements of the Corporation for the accounting period from 1 January 2026 to 30 June 2026.

As at 1 January 2026 and 30 June 2026, a subsidiary of the Corporation, Lilama Machinery Erection Joint Stock Company, presented accumulated borrowing costs from prior years in respect of its short-term loan from the Bank for Investment and Development of Vietnam – Ninh Binh Branch, amounting to VND 21.3 billion and VND 26.3 billion, respectively, under "Other short-term receivables", instead of recognizing such expenses in the results of operations in the respective years. As a result, in the consolidated statement of profit or loss, "Financial expense" for the six-month period ended 30 June 2026 and the corresponding comparative figures for 2025 are understated. Meanwhile, in the consolidated statement of financial position as at 1 January 2026 and 30 June 2026, "Other short-term receivables" and "Retained earnings" are overstated by VND 21.3 billion and VND 26.3 billion, respectively.

As at 31 December 2025, according to the notification from the Social Security Agency, Lilama Machinery Erection Joint Stock Company, a subsidiary of the Corporation, was liable for accumulated late-payment interest on social security contributions amounting to VND 8.03 billion. Such late-payment interest had not been recognized by the subsidiary in its financial statements as at 31 December 2025. As at 30 June 2026, the subsidiary had still not recognized the aforementioned accumulated late-payment interest on social security contributions, including the accumulated interest incurred up to 30 June 2026. Accordingly, the "Other short-term payables" balance in the interim consolidated statement of financial position as at 30 June 2026 is understated, while "Retained earnings" is overstated by the same amount of the unrecognized liability.

Other Matter

At a subsidiary, Lilama 7 Joint Stock Company, an amount of VND 2.1 billion was presented under "Long-term deferred expenses" as at both 1 January 2026 and 30 June 2026. Based on the review procedures performed, we were still unable to assess the appropriateness of this balance in the consolidated statement of financial position as at 1 January 2026 and 30 June 2026, as well as the impact, if any, of this matter on the consolidated financial statements of the Corporation for the accounting period from 1 January 2026 to 30 June 2026.

We were unable to assess the appropriateness of the balances of receivables and payables as at 1 January 2026 at the subsidiaries, Lilama 7 Joint Stock Company and Lilama Machinery Erection Joint Stock Company, comprising total receivables of VND 50.89 billion and total payables of VND 48.35 billion, respectively, as well as the impact, if any, of this matter on the consolidated financial statements of the Corporation for the accounting period from 1 January 2026 to 30 June 2026.

1.2 The matters affecting the Consolidated Financial Statements arising at Associates

The Corporation accounts for its investments in associates using the equity method, as disclosed in Note 2.10 to the interim consolidated financial statements. However, the carrying amount of the investments under the equity method as at 1 January 2026 has not been adjusted to reflect the effects of the bases for the qualified audit opinions stated in the auditors' reports on the 2025 annual financial statements of Lilama 69-3 Joint Stock Company and Lilama Real Estate Joint Stock Company. We were unable to assess the effects of these matters on the financial statements of the aforementioned entities. Accordingly, we were unable to determine the necessary adjustments, if any, to the "Investments in joint ventures and associates" balance (Code 262) in the interim consolidated statement of financial position as at 1 January 2026 and the "Share of joint ventures and associates' profit or loss" line item (Code 27) in the consolidated statement of profit or loss for the accounting period from 1 January 2026 to 30 June 2026 (comparative figures) of the Corporation.

Causes of the Qualified Opinion:

1.1 Regarding issues affecting the consolidated financial statements arising from subsidiaries:

For the opinion related to receivables and allowances for doubtful debts: Currently, the general economic environment is facing significant difficulties; therefore, customers of the Corporation's subsidiaries (Lilama 5, Lilama 7, and Lilama Erection Mechanical) are experiencing challenges in arranging funds for payment. In addition, project finalization and settlement processes are encountering various obstacles. Accordingly, the subsidiaries are making provisions based on their own assessment of potential losses.

Regarding the qualified opinion on inventory:

In the financial statements of the three subsidiaries of LILAMA, namely Lilama 5, Lilama 7, and Lilama Erection Mechanical, a qualification has been noted regarding the accuracy and potential impairment (if any) of work-in-progress inventories. This arises because these companies have not yet provided sufficient supporting documentation to demonstrate the expected economic benefits recoverable from such inventories or to substantiate any potential losses related to work-in-progress for the auditors. In the coming period, these companies will carry out inspections, reconciliations, and assessments to determine any losses (if any) at project level, in order to fully reflect costs in their operating results.

Regarding the financial expenses and payables of Lilama 5: As at 1 January 2026 and 30 June 2026, Lilama 5 had overdue bank loans; however, the company and the banks have not yet reconciled and confirmed the related interest expenses and late payment penalties for these overdue loans. Therefore, the auditors have issued a qualification regarding these borrowings as well as the related finance costs.

Regarding the finance costs of Lilama Erection Mechanical Joint Stock Company: As at 1 January 2026 and 30 June 2026, the Company recorded cumulative borrowing costs related to a short-term loan from the Joint Stock Commercial Bank for Investment and Development of Vietnam – Ninh Binh Branch, amounting to VND 31.5 billion and VND 36.6 billion, respectively, under the item "Other short-term receivables" instead of recognizing them in profit or loss for each year. Lilama Erection Mechanical Joint Stock Company is working with the Bank to reconcile and determine the accurate amount of borrowing costs in order to properly reflect them in its operating results.

Regarding the late payment penalties as notified by the Social Insurance Agency of Lilama Mechanical Installation: Lilama Mechanical Installation is working with the insurance agency to request a deferment of the principal insurance debt payment and to request a waiver of late penalties. Based on the results of these discussions, the company will reflect this in its financial statements and production results.

Regarding other issues:

For the prepaid expenses of Lilama 7: These are tools and equipment, long-term expenses; however, the company has not conducted inventory and accurate assessments to determine the allocation to production expenses.

1.2 Issues affecting the consolidated financial statements arising from associates

Based on the audit opinions on the financial statements for the first six months of 2026 of the associates, including Lilama 45.3, Lilama 69-3, and Lilama Real Estate Joint Stock Company, the auditors of these audit firms expressed opinions other than unqualified opinions. Furthermore, the auditors of AASC (the auditor of LILAMA's consolidated financial statements) were unable to obtain sufficient appropriate audit evidence to determine the impact (if any) relating to the items "Investments in joint ventures and associates" and "Share of profit or loss from joint ventures and associates," and therefore issued a qualified opinion on this matter.

2. Reasons for the Profit Transitioning from a Loss in the Previous Year to a Profit in the Current Period and The profit after tax changes by 10% or more compared to the same period of the previous year:

LILAMA's consolidated profit after tax for the first six months of 2026 was VND 620.44 billion.

LILAMA's consolidated profit after tax for the first six months of 2025 was VND 75.59 billion.

Reason: In the first six months of 2026, the Parent Company's profit after tax increased by VND 481.45 billion compared with the same period of the previous year, for the reasons stated in the explanation of fluctuations in the separate financial statements. At the same time, the profit after tax of a member company increased significantly—LILAMA 7 recorded a profit of VND 52.3 billion from the disposal of fixed assets—resulting in an increase in consolidated profit after tax compared with the same period of the previous year.

The above is LILAMA's explanation for the qualified opinion and the fluctuation in profit after tax. LILAMA confirms that the above explanation is true and accurate and assumes full legal responsibility for the contents thereof.

Authorized person for information disclosure

M.S.D.N: 0100106313-C.T.C.P
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THÀNH PHỐ HÀ NỘI

To Phi Son