

MINISTRY OF CONSTRUCTION
CONSTRUCTION MACHINERY
CORPORATION

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No: 297/COMA-TCKH

Hanoi, August 27, 2026

Re: Explanation of changes of 10% or more in profit after tax in the reviewed interim financial statements for 2026 compared with the corresponding period of the previous year and the auditor's qualified opinion.

To: Hanoi Stock Exchange

Construction Machinery Corporation - JSC would like to provide an explanation of the reasons for the change of 10% or more in profit after corporate income tax as presented in the Statement of Income for the six-month period ended June 30, 2026, in the reviewed interim financial statements, compared with the corresponding period of 2025, as well as the auditor's qualified opinion on the separate and consolidated financial statements, as follows:

Type of financial statements	Item	Reporting period		Difference	Percentage %
		2026	2025		
Separate financial statements	Profit after corporate income tax	3,200,552,061	3,348,685,203	(148,133,142)	(4.42%)
Consolidated financial statements	Profit after corporate income tax	5,907,666,351	4,506,911,387	1,400,754,964	31.08%

1. Profit after corporate income tax in the separate financial statements was VND 3.2 billion, representing a decrease of VND 148 million, equivalent to a 4.42% decrease compared with the corresponding period of the previous year. This was mainly attributable to the Corporation's implementation of various measures to increase revenue and reduce costs during the first six months of the year.

2. Profit after corporate income tax in the consolidated financial statements was VND 5.9 billion, representing an increase of VND 1.4 billion, equivalent to a 31.08% increase compared with the corresponding period of the previous year, mainly due to:

- During the first six months of 2026, profit after corporate income tax reported in the income statements of the parent company and five subsidiaries was positive, which offset the loss incurred by the remaining subsidiary, The Import-Export Manufactured Service and Countryside Development Company Limited, which is wholly owned by the Corporation.

- Profit after corporate income tax increased by 10% or more compared with the corresponding period of the previous year due to:

- + Net revenue increased by VND 19.63 billion, equivalent to an increase of 14.96%

- + Gross profit increased by VND 2.7 billion, equivalent to an increase of 9.01% compared with the corresponding period of the previous year, mainly because, during the first six months of 2026, the Corporation continued to carry out several projects

carried forward from the previous year and entered into a number of new contracts during the year.

+ Financial income decreased by VND 2.25 billion, equivalent to a decrease of 92.86% compared to the same period of the previous year, mainly because, in the first six months of 2025, the Corporation recorded VND 2.31 billion in income from gains on the sale of investments and dividends.

+ Financial expenses decreased by VND 917 million, equivalent to a decrease of 18.37%, mainly due to a 23.58% decrease in borrowings and finance lease liabilities compared to the same period last year, which consequently led to a corresponding decrease in financial expenses.

+ General and administrative expenses decreased by VND 566 million, equivalent to a 2.91% decrease compared to the same period last year, as the parent company and its subsidiaries implemented cost-saving measures during the period.

+ Other income increased by VND 1.03 billion, equivalent to an increase of 117.97%, mainly due to the reversal of accrued construction costs of VND 999 million and other income.

+ Other expenses increased by VND 725 million, equivalent to a 22.89% increase compared to the same period last year. This increase mainly comprised late payment interest and other incurred expenses.

+ Other profit changed by VND 303 million compared with the same period last year, equivalent to 13.20%.

3. The auditor's qualified opinion, the reasons therefor, and the Corporation's remediation plan are as follows:

- At the date of preparation of the financial statements, the Corporation had not made any allowance for doubtful accounts in respect of receivables and outstanding debts that were overdue for payment, with a total value of VND 12.68 billion.

- As at June 30, 2026, the Corporation's subsidiaries had not yet conducted an inventory count or assessed the net realizable value of inventories, with a total value of VND 14.26 billion, comprising VND 10.66 billion at Construction Machinery and Water Electric Machine Installing Joint Stock Company, VND 1.8 billion at Minh Khai Lock Joint Stock Company, VND 0.6 billion at Thai Binh Construction and Mechanical Joint Stock Company, and VND 1.2 billion at Ha Bac Construction Machinery Joint Stock Company No.2.

- Sufficient appropriate audit evidence could not be obtained regarding the balances of receivables from the Corporation's subsidiaries as at June 30, 2026, amounting to VND 57.1 billion (as at December 31, 2025: VND 57.07 billion), and payables as at June 30, 2026, amounting to VND 42.7 billion (as at December 31, 2025: VND 42.67 billion). In addition, the Corporation, Construction Machinery and Water Electric Machine Installing Joint Stock Company (COMAEL), and Minh Khai Lock Joint Stock Company had not yet accounted for the missing assets, with a value of VND 2 billion as at both June 30, 2026 and December 31, 2025.

- As at June 30, 2026, the Corporation's subsidiary, Ha Bac Construction Machinery Joint Stock Company No.2, had recorded late payment interest on taxes, tax arrears and administrative penalties for multiple years as long-term prepaid expenses and had not yet recognized these amounts as expenses during the period, totaling VND 8.97 billion. The Import-Export Manufactured Service and Countryside Development Company Limited, another subsidiary of the Corporation, received notices from the Vung Tau – Con Dao Regional Tax Office regarding land use fees payable in relation to the "Expanded Decoimex Residential Area Project in Ward 6 and Ward 9, Vung Tau



City". As at June 30, 2026, the land use fees payable amounted to VND 132.91 billion, and late payment interest amounted to VND 140.1 billion. The Company has not accepted the above amounts determined by the local tax authority because the tax authority calculated the land use fees based on the entire area, including the public-use area. The Company has submitted a written request to the tax authority but has not yet received a response. Accordingly, the relevant amounts presented in the interim consolidated financial statements as at June 30, 2026 may be subject to adjustment depending on the final decision of the tax authority.

- The reasons and remediation plans are as follows:

+ Regarding the auditor's opinion that certain customers had not yet confirmed receivable and payable balances that had been overdue for six months or more and that no provision had been made: The reason is that the Corporation assessed these receivables as recoverable in the following financial year and therefore temporarily did not make a provision of approximately VND 12.68 billion. The Corporation will make every effort to reconcile and recover these outstanding receivables in the coming period.

+ Regarding the auditor's opinion that the missing assets with a value of VND 2 billion had not yet been accounted for: The Corporation will review and address these missing assets in subsequent financial years. Regarding the receivable balance at the subsidiaries of VND 57.1 billion and the payable balance of VND 42.7 billion recorded in the accounting books, these balances represent amounts for which the auditors were unable to obtain sufficient confirmation letters from the subsidiaries because the customers had not yet provided responses. Therefore, there was no sufficient basis for making adjustments.

+ Regarding the qualified opinion on the subsidiaries: The matters for which the auditors were unable to obtain sufficient audit evidence relate to receivable and payable balances, missing assets pending resolution, the net realizable value of receivables, work in progress, and inventories. The Corporation will require its member companies to continue working on the confirmation, review, and assessment of the recoverability of these items. Regarding late payment interest on taxes, tax arrears and administrative penalties amounting to VND 8.97 billion at Ha Bac Construction Machinery Joint Stock Company No.2, the Corporation will require the subsidiary to recognize the amount as an expense in the current year. Regarding the land use fees for the Decoimex Project, the Corporation will require The Import-Export Manufactured Service and Countryside Development Company Limited to continue reviewing the matter and working with the relevant authorities to determine the Company's obligations.

The above constitutes the explanation provided by Construction Machinery Corporation – JSC regarding its reviewed 2026 interim separate and consolidated financial statements.

Sincerely thank you!

Recipients:

- As above;
- Board of Management (for reporting purposes);
- Board of Supervisors;
- Corporation's Administration;
- Filed: Office, Finance and Accounting Department.

GENERAL DIRECTOR

Đào Đức Thọ