

**MCG ENERGY AND REAL ESTATE
JOINT STOCK COMPANY**

No: **34** /CV-MCG

*Explanation of audited consolidated
financial statements for 2025*

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Ha Noi, date **13** month **3** year 2026

Dear: **Hanoi Stock Exchange**

- Pursuant to Circular No. 96/2020/TT-BTC of the Ministry of Finance Guiding information disclosure on the stock market issued on November 16, 2020;

- Based on the audited consolidated financial statements for the year 2025, signed on **13/3**.../2026;

MCG Energy and Real Estate Joint Stock Company (stock code MCG) would like to report as follows:

1. Explanation: The auditing organization issued an opinion that was not an unqualified opinion on the audited consolidated financial statements for 2025.

1.1. Explanation of qualified audit opinion:

- Debt reconciliation: We have actively sent debt reconciliation confirmation to customers and suppliers as well as provided information for the Auditing Company to send an independent confirmation letter from the Auditing Company to the Company's partners. However, due to time constraints, at the time of signing the report, some partner companies have not yet had time to send back a full debt confirmation letter.

We will soon supplement and provide to the Auditor, and we commit that the recording of unreconciled receivables and payables is correct according to the actual occurrence at each time.

- Revenue, Cost of goods sold HH1B Project: The Company is monitoring the costs of apartments in the HH1B building project, lane 102 Truong Chinh in the "Work in progress" item, with the balance as of December 31, 2025 being VND 42.142.198.717. At the same time, the "Other payables" item reflects the deposit received for apartment transfer of VND 71.882.906.500. The Company plans to complete legal procedures, sign sales contracts with buyers and record revenue from the transfer of the above apartments in 2028.

1.2. Explain the audit emphasis:

The audit report notes a net loss of VND 10.048.859.764 for the Company in the fiscal year ending December 31, 2025, and a cumulative loss of VND 448.885.681.913 as of the end of the accounting period. Short-term liabilities exceeded short-term assets by VND 144.624.748.681. These conditions indicate the existence of material uncertainties that could affect the Company's ability to continue as a going concern.



Regarding this matter, we would like to explain as follows: Chairman of the Board of Directors - Mr. Nguyen Ngoc Binh, who is also a major shareholder of the Company, committed to continue to provide financial support to the Company by providing financial loans so that the Company can continue to operate normally.

- Regarding the short-term debt being larger than the short-term assets, due to the additional consolidation of the subsidiary An Pha Hydropower Investment Joint Stock Company, which is in the stage of investing in hydropower with a large value, there is no source of revenue. On the other hand, it is necessary to set aside provisions for bad debts, which significantly reduces the short-term assets.

- Regarding accumulated losses up to December 31, 2025: The main reason for accumulated losses is that the Company set aside provisions for doubtful debts; Provisions for losses on financial investments in joint ventures and associates;

The company proposes a plan to overcome accumulated losses as follows:

- + Organize construction and urgent acceptance of projects to recover capital;
- + Divest some subsidiaries, affiliates and other ineffective investments to supplement working capital for key projects and works.
- + Highly focused on finding new jobs to increase annual revenue, ensuring profits to offset losses from previous years
- + The Company has been stepping up debt collection to reverse the provision for doubtful debts. Currently, the Company is suing a number of companies with large receivable balances to recover debts.

2. Explanation: After-tax profit difference of over 10% between 2025 and 2024

Financial income in 2025 decreased by VND 619 million, equivalent to a 70,6% reduction compared to the previous year, due to a significant decrease in interest income from loans.

On the other hand, increased management staff costs and large provisions for doubtful receivables resulted in a difference of VND 5,54 billion in business management expenses this year compared to the same period last year.

The above reasons lead to a profit difference of over 10% between 2025 and 2024.

3. Explanation: Profit after tax in the reporting period of 2025 is a loss

According to the consolidated financial statements of MCG Energy and Real Estate Joint Stock Company, the 2025 business results of VND - 10,05 billion were primarily driven by the large interest expense of its subsidiary, An Pha Hydropower Investment Joint Stock Company, amounting to VND 11,39 billion. In addition, administrative expenses for the year totaled VND 8,96 billion. Due to these high financial and administrative costs, although sales revenue and other income from contract violation penalties increased compared to the previous year,

they were insufficient to offset expenses, resulting in a loss for the 2025 reporting period.

Above is the explanation of MCG Energy and Real Estate Joint Stock Company, we hope to continue to receive support from Hanoi Stock Exchange..

Best regards!

Recipient:

- As above;
- Board of Directors, Supervisory Board (for reporting);
- Save documents.

**MCG ENERGY AND REAL
ESTATE JOINT STOCK COMPANY**



TỔNG GIÁM ĐỐC
Nguyễn Ngọc Hùng

