

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

No: **33** /CV-MCG

*Explanation of audited financial statements
of the parent company 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 financial statements of the parent company 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 gave an opinion that was not an unqualified opinion on the audited financial statements of the parent company 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 and Cost of Goods Sold for Project HH1B: The company is tracking the costs of apartments in the HH1B building at 102 Truong Chinh Alley under the "Long-term Work-in-Progress Production Costs" item, with a balance of VND 42.142.198.717 as of December 31, 2025. Simultaneously, the "Other Long-Term Payables" item reflects the receipt of deposits for apartment transfers totaling VND 71.882.906.500. The company anticipates completing legal procedures, signing sales contracts with buyers, and recognizing revenue from the transfer of these apartments in 2028.

1.2. Explain the audit emphasis:

The audit report notes a net loss of VND 8.940.370.491 for the Company in the fiscal year ending December 31, 2025, and as of the end of the accounting period, the Company's accumulated loss was VND 449.110.920.310. Short-term liabilities exceeded short-term assets by VND 77.269.330.804. 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 short-term debt being larger than short-term assets, due to having to set aside provisions for doubtful debts, it significantly reduces 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 losses on financial investments in subsidiaries; Provision for doubtful debts.

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

Sales revenue and service provision this year decreased by VND 5,54 billion, equivalent to a 20,7% decrease compared to last year, due to revenue from construction contracts and the completion and acceptance of the Binh Long Hydropower Plant and the Nam Hoa 1 Hydropower Plant projects during the same period last year. Simultaneously, financial income in 2025 decreased by VND 615 million compared to the previous year due to a significant reduction 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 4,54 billion in business management expenses.

For the reasons mentioned above, there will be 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 financial statements of MCG Energy and Real Estate Joint Stock Company, the 2025 business results of VND - 8,94 billion were mainly due to a decrease in revenue from the supply of goods and services, as well as financial

activities. In addition, business management expenses were high during the year. Therefore, although other income increased from penalties for contract violations, it was not enough 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 Hưng

