

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

No: **103** /CV-MCG

*Explanation of audited consolidated financial
statements for the first 6 months of 2026*

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Ha Noi, date **15** month **8** 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 first 6 months of 2026 signed on **14/8**./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 consolidated financial statements for the first 6 months of 2026.

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 cost of apartments in the HH1B building project, lane 102 Truong Chinh in the "Work in progress" item, the balance as of June 30, 2026 is 42.142.198.717 VND. At the same time, the "Other payables" item reflects the deposit received for apartment transfer of 82.524.003.750 VND. 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 consolidated interim audit report draws attention to the Company's net loss of VND 4.639,309.353 for the period from January 1, 2026, to June 30, 2026; as of June 30, 2026, the Company's accumulated losses stood at VND 451.198.829.584. Current liabilities exceeded current assets by VND 122.741.743.388. These conditions indicate the existence of a material uncertainty that may 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 June 30, 2026: 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 differs by more than 10% between the first 6 months of 2026 and the first 6 months of 2025

In the first six months of 2026, revenue from sales and services decreased by VND 8,03 billion, representing a 31,6% decline. Meanwhile, increased interest expenses at the subsidiary, An Pha Hydropower Investment JSC, raised consolidated financial expenses by VND 1,39 billion. Additionally, while the Company recovered previously provisioned bad debts in the first half of 2025, administrative expenses rose in the first half of 2026 compared to the same period the previous year, resulting in a variance of VND 2,57 billion;

The Company increased its ownership stake to 20% in Binh Long Renewable Energy JSC through a joint venture capital contribution. As this entity had just commenced commercial power generation and incurred significant interest and depreciation expenses, it recorded a loss during the reporting period, leading to an increase of VND 975 million in losses from associates;

These factors resulted in a profit variance of more than 10% between the first half of 2026 and the first half of 2025.

3. Explanation: Profit after tax in the first 6-month reporting period of 2026 is a loss.



MCG Energy and Real Estate Joint Stock Company reported a loss after tax of VND 4,64 billion for the first six months of 2026 in its consolidated financial statements, primarily due to a sharp decline in revenue from sales and services. Significant increases in financial and administrative expenses, combined with a rise in losses from associates compared to the same period last year, meant that despite "other income" generated from penalties related to the Binh Dien construction contract the company could not offset its costs, resulting in a loss for the 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 Hương

