

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

No: 109/CV-MCG

*Explanation of audited consolidated financial
statements for the first 6 months of 2025*

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Ha Noi, date 28 month 8 year 2025

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 2025 signed on 28/8/2025;

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 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 cost of apartments in the HH1B building project, lane 102 Truong Chinh in the "Work in progress" item, the balance as of June 30, 2025 is 42.142.198.717 VND. At the same time, the "Other payables" item reflects the deposit received for apartment transfer of 73.982.211.500 VND. The Company plans to complete legal procedures, sign sales contracts with buyers and record revenue from the transfer of the above apartments in 2026 - 2027.

1.2. Explain the audit emphasis:

The audit report noted the Company's net loss of VND 1.498.509.567 in the first 6 months of the fiscal year ending June 30, 2025 and at the end of the accounting period, the Company's accumulated loss was VND 442.819.762.114. Current liabilities were VND 164.204.234.519 larger than current assets. 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, 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 differs by more than 10% between the first 6 months of 2025 and the first 6 months of 2024

Sales and service revenue in the first 6 months of this year increased by 3,19 billion VND, equivalent to an increase of 14,3% compared to the first 6 months of last year.

In the first 6 months of 2025, An Pha Hydropower Investment Joint Stock Company had a decrease in financial expenses, so when consolidating financial expenses this period decreased by VND 1,0 billion, equivalent to a decrease of 14,3% compared to the same period last year. On the other hand, the decrease in provision for doubtful debts led to a decrease in management expenses this period of VND 331 million, equivalent to a decrease of 15,88% compared to the first 6 months of 2024.

The above reasons lead to a profit difference of over 10% between the first 6 months of 2025 and the first 6 months of 2024.

3. Explanation: Profit after tax in the first 6-month reporting period of 2025 is a loss.

Business results for the first 6 months of 2025 on the consolidated financial statements of MCG Energy and Real Estate Joint Stock Company - VND 2,44 billion mainly due to large interest expenses with a value of VND 5,66 billion. In

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addition, the cost of enterprise management in the first 6 months of the year was VND 1,75 billion. With large financial costs and enterprise management costs, although sales and service revenue increased, it was not enough to offset the costs and the loss in 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 Hương

