

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

No: 42/CV-MCG

*Explanation of audited financial statements
of the parent company for 2024*

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Ha Noi, date 18 month 3 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 2024 Parent Company Financial Statement signed on March 10, 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 financial statements of the parent company for 2024

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, 2024 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 2025 - 2026.

1.2. Explain the audit emphasis:

The audit report noted the Company's net loss of VND 4,152,903,896 in the fiscal year ending December 31, 2024 and at the end of the accounting period, the Company's accumulated loss was: VND 440,170,549,819. Current liabilities were VND 100,694,291,454 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 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, 2024: 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 2024 and 2023

Sales revenue and service provision this year increased by 2.65 billion VND, equivalent to an increase of 10.97% compared to last year due to the completion of acceptance of construction and installation of Binh Long Hydropower Project and Nam Hoa 1 Hydropower Project. At the same time, some assets that are no longer needed in the production and business process were liquidated.

In 2023, it is necessary to set aside a provision for doubtful debts with a value of 18.95 billion VND. On the other hand, the cost of employee management in 2024 will decrease significantly, resulting in a difference in business management costs of 24.3 billion VND.

The above reasons lead to a profit difference of over 10% between 2024 and 2023.

3. Explanation: Profit after tax in the reporting period of 2024 is a loss

Business results in 2024 on the consolidated financial statements of MCG Energy and Real Estate Joint Stock Company - 4.15 billion VND mainly due to the provision for large financial investment losses with a value of 6.16 billion VND. In addition, the business management expenses in the year were 2.93 billion VND. With large financial expenses and business management expenses, although sales and service revenue increased, it was not enough to offset the costs and the loss in the 2024 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.

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CHỦ TỊCH HĐQT.
Nguyễn Ngọc Bình

