

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 2024 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 issued an opinion that was not an unqualified opinion on the audited consolidated financial statements 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 7,015,266,774 in the fiscal year ending December 31, 2024 and at the end of the accounting period, the Company's accumulated loss was VND 441,321,252,547. Current liabilities were VND 322,521,635,924 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 December 31, 2024: 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 2024 and 2023**

In 2023, because the Unit divested all ineffective investment capital in Van Lam Mechanical Joint Stock Company, it reduced all losses exceeding the Owner's contributed capital, resulting in financial revenue reaching 30.9 billion VND, a difference of 30 billion VND compared to 2024.

On the other hand, due to the recovery of bad debts and the debt cancellation of the 4th Irrigation Construction Corporation - JSC in the amount of 13.6 billion VND, the difference in other income last year on the financial report compared to this year is 14.7 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**

The 2024 business results on the consolidated financial statements of MCG Energy and Real Estate JSC - 7.01 billion VND mainly due to the interest expense of the subsidiary - An Pha Hydropower Investment JSC when consolidating, which was 12.1 billion VND. In addition, the business management expenses in the year were 3.4 billion VND. With large financial costs and business management

expenses, although sales and service revenue increased compared to last year, 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.

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



CHỦ TỊCH HĐQT.

*Nguyễn Ngọc Bình*

