

No : 106/CV/IFS/2020

Bien Hoa, 22nd October 2020

To : - State Securities Commission (SSC)
- Hanoi Stock Exchange (HNX)

(Re: Explanatory for Business results of 3rd Quarter 2020)

First we would like to thank you for your continued support.

We would like to provide the result of income statement for the 3rd Quarter of year 2020 as following:

Unit: VND'000

Descriptions	3rd Quarter - 2020	3rd Quarter - 2019	%	YTD2020Q3	YTD2019Q3	%
Revenue from sale of goods	402,120,438	419,924,294	-4%	1,120,412,711	1,271,264,018	-12%
Deductions	39,977,168	31,359,956	27%	102,420,544	102,233,633	0%
<i>% of Deductions</i>	<i>10%</i>	<i>7%</i>		<i>9%</i>	<i>8%</i>	
Net revenue	362,143,270	388,564,338	-7%	1,017,992,167	1,169,030,385	-13%
Cost of sales	220,247,380	221,919,728	-1%	620,529,941	671,704,179	-8%
<i>COGS %</i>	<i>61%</i>	<i>57%</i>		<i>61%</i>	<i>57%</i>	
Gross profit	141,895,890	166,644,610	-15%	397,462,226	497,326,206	-20%
<i>GPM %</i>	<i>39%</i>	<i>43%</i>		<i>39%</i>	<i>43%</i>	
Financial income	835,227	847,847	-1%	3,383,212	2,508,970	35%
Financial expenses	92,767	45,659	103%	76,257,345	432,099	17548%
<i>In which: interest expense</i>	<i>4,214</i>	<i>6,861</i>	<i>-39%</i>	<i>14,751</i>	<i>23,152</i>	<i>-36%</i>
Selling expenses	71,175,758	85,209,911	-16%	200,077,252	248,047,182	-19%
<i>Selling expenses %</i>	<i>20%</i>	<i>22%</i>		<i>20%</i>	<i>21%</i>	
General and administration expenses	9,065,586	9,928,458	-9%	25,403,834	25,364,217	0%
Operating profit	62,397,006	72,308,429	-14%	99,107,007	225,991,678	-56%
Other income	255,988	2,135,895	-88%	389,754	2,302,360	-83%
Other expenses	1,449,623	1,277,356	13%	1,970,986	3,990,510	-51%
Profit before tax	61,203,371	73,166,968	-16%	97,525,775	224,303,528	-57%
CIT for the current year	14,530,058	13,687,568	6%	20,097,245	37,172,719	-46%
Deferred CIT	(2,000,012)	-		(166,276)	7,317,978	-102%
Profit after tax	48,673,325	59,479,400	-18%	77,594,806	179,812,831	-57%
<i>PL %</i>	<i>13%</i>	<i>15%</i>		<i>8%</i>	<i>15%</i>	

On the third quarter of 2020, despite being deeply affected by the Covid 19 pandemic, with the efforts of all employees, the Company continued to set a pre-tax profit of 61 billion VND. Accumulatively, up to the third quarter of 2020, the company achieved pre-tax profit of 97.5 billion VND, resulting from the following reasons:

Total sales revenue in Quarter 3, 2020 decreased 4% compared to the same period in 2019 due to impacts from the pandemics, however, the sales team of the Company tries to follow the sales target. As a result, net revenue in this quarter decreased by 7% compared to the same period in 2019.

The increase in financial expenses was mainly due to the exchange rate revaluation in the period.

Cost of sales in the 3rd Quarter of 2020 increased, accounting for 61% of net revenue compared to 57% of the same period last year because in this quarter, the company decreased production volume due to sale reduced. However, the Company still maintain stable purchasing price of materials, reduced processing costs and efficient and economical use of overhead production costs causing the reduction of costs per unit of product.

Following the decline in sales, as well as the first two quarters of the year, in the third quarter of 2020 due to the impact of pandemic, selling expenses continued to decrease to 20% of net revenue, down 2% compared to with the same period last year. However, the Company continues to implement sales support programs such as discounts, promotions, sales bonuses for distributors and sales team, point of sale program ... to maintain sales.

General and administration expenses maintain at 2.5% on net revenue compared to 2.6% in the same period last year.

Other expenses mostly referred to the depreciation cost of several idled assets which are not use in the period.

Above are some explanation for operating results of the 3rd Quarter of 2020.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
General Director