

No : 008/CV/IFS/2021

Bien Hoa, 21st January 2021

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

(Re: Explanatory for Business results of 4th 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 4th Quarter of year 2020 as following:

Unit: VND'000

| Descriptions | 4th Quarter - 2020 | 4th Quarter - 2019 | % | YTD2020Q4 | YTD2019Q4 | % |
|-------------------------------------|--------------------|--------------------|-------------|----------------------|----------------------|-------------|
| Revenue from sale of goods | 418,909,653 | 525,496,921 | -20% | 1,539,322,364 | 1,796,760,939 | -14% |
| Deductions | 43,325,627 | 59,789,183 | -28% | 145,746,171 | 162,022,816 | -10% |
| <i>% of Deductions</i> | <i>10%</i> | <i>11%</i> | | <i>9%</i> | <i>9%</i> | |
| Net revenue | 375,584,026 | 465,707,738 | -19% | 1,393,576,193 | 1,634,738,123 | -15% |
| Cost of sales | 216,794,986 | 289,637,490 | -25% | 837,324,927 | 961,341,669 | -13% |
| <i>COGS %</i> | <i>58%</i> | <i>62%</i> | | <i>60%</i> | <i>59%</i> | |
| Gross profit | 158,789,040 | 176,070,248 | -10% | 556,251,266 | 673,396,454 | -17% |
| <i>GPM %</i> | <i>42%</i> | <i>38%</i> | | <i>40%</i> | <i>41%</i> | |
| Financial income | 741,644 | 3,014,423 | -75% | 4,124,856 | 5,523,393 | -25% |
| Financial expenses | 37,695 | 3,270,116 | -99% | 76,295,040 | 3,702,215 | 1961% |
| <i>In which: interest expense</i> | <i>3,458</i> | <i>6,251</i> | <i>-45%</i> | <i>18,209</i> | <i>29,403</i> | <i>-38%</i> |
| Selling expenses | 67,320,676 | 95,657,550 | -30% | 267,397,928 | 343,704,732 | -22% |
| <i>Selling expenses %</i> | <i>18%</i> | <i>21%</i> | | <i>19%</i> | <i>21%</i> | |
| General and administration expenses | 10,333,645 | 7,989,589 | 29% | 35,737,479 | 33,353,806 | 7% |
| Operating profit | 81,838,668 | 72,167,416 | 13% | 180,945,675 | 298,159,094 | -39% |
| Other income | 808,673 | 457,280 | 77% | 1,198,427 | 809,080 | 48% |
| Other expenses | 1,345,235 | 8,127,692 | -83% | 3,316,221 | 10,167,642 | -67% |
| Profit before tax | 81,302,106 | 64,497,004 | 26% | 178,827,881 | 288,800,532 | -38% |
| CIT for the current year | 17,320,382 | 26,316,689 | -34% | 37,417,627 | 63,489,408 | -41% |
| Deferred CIT | (974,617) | (5,200,854) | -81% | (1,140,893) | 2,117,124 | -154% |
| Profit after tax | 64,956,341 | 43,381,169 | 50% | 142,551,147 | 223,194,000 | -36% |
| <i>PL %</i> | <i>17%</i> | <i>9%</i> | | <i>10%</i> | <i>14%</i> | |

In the last quarter of 2020, although the business situation continues to be affected by the Covid 19 pandemic, but with the efforts of all employees, the Company continues to archived the Profit before tax is VND 81 billion. Accumulation to the end of Quarter 4-2020, the Company achieved Profit before tax of VND 179 billion, the results were from the following reasons::

Total sales revenue in 4th Quarter, 2020 decreased 20% compared to the same period in 2019 due to impacts from the pandemic. Net revenue in this quarter decreased by 19% compared to the same period in 2019.

Cost of sales in the 4th Quarter of 2020 decreased, accounting for 58% of net revenue compared to 62% 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.

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

Following the decline in sales, as well as the first three quarters of the year, in the fourth quarter of 2020 due to the impact of pandemic, selling expenses continued to decrease to 18% of net revenue, down 3% 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 2.8% on net revenue compared to 1.7% 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 4th Quarter of 2020.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
General Director