

No : 047/CV/IFS/2021

Bien Hoa, 25th March 2021

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

(Re: Explanatory for Business results of year 2020)

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

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

Unit: VND'000

Descriptions	Year 2020	Year 2019	%
Revenue from sale of goods	1,539,322,364	1,796,760,939	-14%
Deductions	130,142,893	162,022,816	-20%
<i>% of Deductions</i>	<i>8%</i>	<i>9%</i>	
Net revenue	1,409,179,471	1,634,738,123	-14%
Cost of sales	837,324,927	961,341,669	-13%
<i>COGS %</i>	<i>59%</i>	<i>59%</i>	
Gross profit	571,854,544	673,396,454	-15%
<i>GPM %</i>	<i>41%</i>	<i>41%</i>	
Financial income	4,124,856	5,523,393	-25%
Financial expenses	76,295,040	3,702,215	1961%
<i>In which: interest expense</i>	<i>18,209</i>	<i>29,403</i>	<i>-38%</i>
Selling expenses	267,397,928	343,704,732	-22%
<i>Selling expenses %</i>	<i>19%</i>	<i>21%</i>	
General and administration expenses	35,737,479	33,353,806	7%
Operating profit	196,548,953	298,159,094	-34%
Other income	1,198,427	809,080	48%
Other expenses	3,316,221	10,167,642	-67%
Profit before tax	194,431,159	288,800,532	-33%
CIT for the current year	37,417,627	63,489,408	-41%
Deferred CIT	1,979,762	2,117,124	-6%
Profit after tax	155,033,770	223,194,000	-31%
<i>PL %</i>	<i>11%</i>	<i>14%</i>	

As a result in 2020, the total profit after-tax of the Company was VND 155 billion, accounting for 69% compared with last year 2019. This result mainly from the following reasons:

In terms of sales revenue, the Covid 19 pandemic, which has broken out in the beginning of year 2020, has brought a negative impact on the whole economy, disrupting supply chains and reducing consumer demand. However, in that extremely difficult context, with the efforts of all employees, the Company continues to maintain basic sales, closely adhering to sales targets, and overall results, sales revenue reduced 14% compared with year of 2019 and net revenue also reduced 14% compared with last year

In terms of cost of goods sold, cost of goods sold in 2020 maintained close to the last year result, accounting for 59% of net revenue as year of 2019. The reason is that the Company maintains a stable purchasing price for raw materials, reduces processing fee and uses effectively and saving production costs ... according to the criteria to reduce production costs per unit of product. As a result, although total production decreased due to the negative impact of the pandemic, the Company still maintained a reasonable COGS- Production cost, as planned.

Regarding financial expenses, in 2020 it is recorded a financial expense amount of VND 77 billion related to the merger Avafood into the Company. This expense represents the difference between the carrying amount of the investment and the carrying amount of an asset and the liability due to a merger.

In terms of selling and administrative expenses, in 2020, in the context of declining sales due to the impact of the pandemic, the Company continues to implement sales support programs such as discount programs, promotions, special support for distributors, sales team in difficult times and maintain a loyalty program of sale, continue to maintain advertising activities on social media channels at lower cost ... with the aim of maintaining sales according to the plan. Selling expenses are strictly managed, used economically and effectively, as the total cost of sale is only 19% of net revenue, down 2% compared to 21% of the last year. General and administrative expenses are managed and used close to the plan, accounting for about 2.5% of net revenue.

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

Above are some explanation for operating results of the year of 2020.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
General Director