

No : 035/CV/IFS/2022

Bien Hoa, 25th March 2022

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

(Re: Explanatory for Business results of year 2021)

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 2021 as following:

Unit: VND'000

Descriptions	Year 2021	Year 2020	%
Revenue from sale of goods	1,313,243,452	1,539,322,364	85%
Deductions	84,011,096	130,142,893	65%
<i>% of Deductions</i>	<i>6%</i>	<i>8%</i>	
Net revenue	1,229,232,356	1,409,179,471	87%
Cost of sales	770,285,527	837,324,927	92%
<i>COGS %</i>	<i>63%</i>	<i>59%</i>	
Gross profit	458,946,829	571,854,544	80%
<i>GPM %</i>	<i>37%</i>	<i>41%</i>	
Financial income	7,226,468	4,124,856	175%
Financial expenses	207,453	76,295,040	0%
<i>In which: interest expense</i>	<i>5,522</i>	<i>18,209</i>	<i>30%</i>
Selling expenses	233,409,713	267,397,928	87%
<i>Selling expenses %</i>	<i>19%</i>	<i>19%</i>	
General and administration expenses	36,394,434	35,737,479	102%
Operating profit	196,161,697	196,548,953	100%
Other income	795,819	1,198,427	66%
Other expenses	39,775,025	3,316,221	1199%
Profit before tax	157,182,491	194,431,159	81%
CIT for the current year	32,119,926	37,417,627	86%
Deferred CIT	(494,969)	1,979,762	-25%
Profit after tax	125,557,534	155,033,770	81%
<i>PL %</i>	<i>10%</i>	<i>11%</i>	

In the year of 2021, the Company's total profit after tax reached VND 126 billion and was the first year to escape accumulated losses after many years, but due to the general difficult situation, the Company only achieved a profit of 81% compared to VND 155 billion accordance with last year result. This result mainly from the following reasons:

In terms of sales, the Covid 19 pandemic continues to ravage in 2021, having a negative impact on the entire economy, causing product demand to continue to decline. The company continues to maintain basic sales, timely grasp and adjust sales policies in accordance with and adapt to the new normal policy of the government. As a result, total sales reached 85% compared the last year and net revenue reached 87% last year result.

In terms of cost of goods sold, cost of goods sold in 2021 increased 4% more than last year, accounting for 63% of net revenue. The reason is the decrease in sales volume, low production output due to production interruption during the peak of the pandemic, plus the increase in the price of input materials, causing product prices to be pushed up.

Financial income increased because in 2021 the company continued to use a short-term deposit of VND550 billion at a bank with a more competitive interest rate.

Regarding selling and administrative expenses, in 2021 in the context of declining sales due to the negative impact of the pandemic, the Company will continue to maintain basic sales policies, maintain sales force costs as well as a combination of sales promotion policies for points of sale... resulting in total selling expenses maintained at a reasonable level at 19% of net revenue, maintained as last year result. General and administrative expenses were managed and used close to the plan, accounting for about 3% of net revenue.

Other expenses in 2021 are mainly related to the compensation for the outsourcing contract for the outsourcing partner due to the low order volume.

Above are some explanation for operating results of the year of 2021.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Hajime Kawasaki
General Director