

**No : 007/CV/IFS-2020**

*Bien Hoa, 25th March 2020*

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

*(Re: Explanatory for Consolidated business results of year 2019)*

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

We would like to provide the result of Consolidated income statement for the year 2019 as following:

Unit: VND'000

<b>Descriptions</b>	<b>YTD2019</b>	<b>YTD2018</b>	<b>%</b>
Revenue from sale of goods	1,796,760,939	1,719,312,753	5%
Revenue deductions	162,022,816	141,768,023	14%
<i>Deduction ratio</i>	9%	8%	
<b>Net revenue</b>	<b>1,634,738,123</b>	<b>1,577,544,730</b>	<b>4%</b>
Cost of sales	951,411,844	953,603,017	0%
<i>COGS ratio</i>	58%	60%	
<b>Gross profit</b>	<b>683,326,279</b>	<b>623,941,713</b>	<b>10%</b>
<i>Gross Profit ratio</i>	42%	40%	
Financial income	3,085,327	8,463,045	-64%
Financial expenses	2,587,843	11,814,144	-78%
<i>In which: interest expense</i>	29,403	2,444,401	-99%
Selling expenses	343,704,732	369,829,630	-7%
<i>Selling expenses ratio</i>	21%	23%	
General and administration expenses	35,997,160	35,194,613	2%
<b>Operating profit</b>	<b>304,121,871</b>	<b>215,566,371</b>	<b>41%</b>
Other income	818,098	4,073,716	-80%
Other expenses	14,768,010	10,837,235	36%
<b>Profit before tax</b>	<b>290,171,959</b>	<b>208,802,852</b>	<b>39%</b>
CIT for the current year	65,214,044	47,749,243	37%
Deferred CIT	1,505,547	(19,042,125)	-108%
<b>Profit after tax</b>	<b>223,452,368</b>	<b>180,095,734</b>	<b>24%</b>
<i>Profit after tax ratio</i>	14%	11%	
Equity holders of the Company	223,513,170	180,164,864	24%
Non-controlling interest	(60,802)	(69,130)	-12%

As a result in 2019, the total profit after-tax of the Company exceeded VND 223 billion, increase 24% compare with year of 2018. This result mainly from the following reasons:

Regarding sales, despite the difficulties in the business environment in 2019, the total sales of the company still exceed 5% compare with year of 2018. The result due to the sales team of the Company always adheres to the daily sales target, thoroughly complying with the basic sales rules and focus on opening new sale outlets. The sales management performs reasonable transferring of sale force structure, optimize sales zone and launching sale-promotion policies timely and effectively. As a result, net revenue exceeding 4% compare with year of 2018.

Regarding cost of sale - production cost, cost of goods sold in 2019 decreased, accounting for only 58% of net revenue compared to 60% of year 2018. This result due to during the year, the company continues to increase production volume, increase production line efficiency, maintain stable prices of raw materials purchased, reduce outsource processing costs and use efficiently and economically the overhead cost resources, which are aimed at reducing production costs per unit of product. Thanks to the application of the above-mentioned synchronous solutions, the total cost of goods sold in the year decreased nearly by year of 2018, and the gross profit increased 10% compared to the last year.

Regarding selling expenses and administrative expenses, in 2019, in difficult business environment conditions, the company continued to implement sales support programs such as discount programs, promotions, special sales bonuses for distributors and sales teams, maintaining loyalty outlets support programs, expanding advertising activities on low-cost social networking channels ... with the aim of maintain sales according to plan. Selling expenses are strictly managed, economically and effectively used as a result of total selling expenses at only 21% of net sales, down 2% compared to 23% of the last year. General and administration expenses are managed and used efficiency, accounting for about 2% 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.

Current CIT expense exceeding 37% due to the increase of profit before tax compared to the last year. Deferred tax expense is related to the recognition of deferred tax assets during the year.

Above are some explanation for operating results of the year 2019.

Thanks and best regards.

**ONBEHALF OF THE COMPANY**

*(Signed and sealed)*

**Yutaka Ogami**  
**Chairman cum General Director**