

**No : 124/CV/IFS/2021**

*Dong Nai, 19th July 2021*

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

*(Re: Explanatory for Business results of 2nd Quarter 2021)*

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

We would like to provide the result of income statement for the 2nd Quarter of year 2021 as following:

Unit: VND'000

Descriptions	2nd Quarter - 2021	2nd Quarter - 2020	%	YTD2021Q2	YTD2020Q2	%
Revenue from sale of goods	379,199,859	385,086,009	-2%	743,835,080	718,292,273	4%
Deductions	24,644,842	33,740,867	-27%	41,765,522	62,443,376	-33%
<i>% of Deductions</i>	<i>6%</i>	<i>9%</i>		<i>6%</i>	<i>9%</i>	
<b>Net revenue</b>	<b>354,555,017</b>	<b>351,345,142</b>	<b>1%</b>	<b>702,069,558</b>	<b>655,848,897</b>	<b>7%</b>
Cost of sales	214,284,195	214,626,896	0%	419,359,535	400,282,561	5%
<i>COGS %</i>	<i>60%</i>	<i>61%</i>		<i>60%</i>	<i>61%</i>	
<b>Gross profit</b>	<b>140,270,822</b>	<b>136,718,246</b>	<b>3%</b>	<b>282,710,023</b>	<b>255,566,336</b>	<b>11%</b>
<i>GPM %</i>	<i>40%</i>	<i>39%</i>		<i>40%</i>	<i>39%</i>	
Financial income	1,908,769	1,574,924	21%	2,443,376	2,547,985	-4%
Financial expenses	11,324	76,167,422	-100%	17,216	76,164,578	-100%
<i>In which: interest expense</i>	<i>1,821</i>	<i>4,929</i>	<i>-63%</i>	<i>4,482</i>	<i>10,537</i>	<i>-57%</i>
Selling expenses	57,448,673	67,277,762	-15%	115,290,080	128,901,494	-11%
<i>Selling expenses %</i>	<i>16%</i>	<i>19%</i>		<i>16%</i>	<i>20%</i>	
General and administration expenses	9,270,218	7,471,830	24%	17,539,814	16,338,248	7%
<b>Operating profit</b>	<b>75,449,376</b>	<b>(12,623,844)</b>	<b>-698%</b>	<b>152,306,289</b>	<b>36,710,001</b>	<b>315%</b>
Other income	187,562	69,130	171%	224,858	133,766	68%
Other expenses	507,459	455,099	12%	570,491	521,363	9%
<b>Profit before tax</b>	<b>75,129,479</b>	<b>(13,009,813)</b>	<b>-677%</b>	<b>151,960,656</b>	<b>36,322,404</b>	<b>318%</b>
CIT for the current year	14,744,144	1,855,669	695%	25,795,598	5,567,187	363%
Deferred CIT	393,280	1,833,736	-79%	4,725,581	1,833,736	158%
<b>Profit after tax</b>	<b>59,992,055</b>	<b>(16,699,218)</b>	<b>-459%</b>	<b>121,439,477</b>	<b>28,921,481</b>	<b>320%</b>
<i>PL %</i>	<i>17%</i>	<i>-5%</i>		<i>17%</i>	<i>4%</i>	

In the second Quarter of year 2021, although the production and business situation continues affected by the 4th outbreak of the Covid-19 pandemic, but this is the first quarter the Company has escaped accumulated losses after many years, with business results reaching a profit before tax of 75 billion VND, accumulated reached 152 billion VND.

Regarding sales activities, Company continues to maintain basic sales policies and adhere to sales targets, maintain policies to support distribution systems during difficult times due to the impact of pandemic, as results, even the net sales in the second quarter of 2021 reduced but the accumulated net sale increased by 7% over the same period in 2020.

Cost of goods sold in the second quarter of 2021 remained at the proportion of 60% of net revenue compared with 61% of the same period last year, because in this quarter although some input materials' price was significant increased, but the Company continues to effectively and economically use the resources of the general production costs... to maintain the production cost per unit of product

In the second quarter of 2021 due to the impact of pandemic, selling expenses continued to decrease to 16% 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 administrative expenses increased slightly at 2.6% of net revenue compared to 2.1% in the same period last year related to the cost of renovation of a new office.

Above are some explanation for operating results of the 2nd Quarter of 2021.

Thanks and best regards.

**ONBEHALF OF THE COMPANY**

*(Signed and sealed)*

**Hajime Kawasaki**  
**General Director**