**IFS: Explanation on the Financial Statements**

On March 15, 2024, Interfood Shareholding Company announced Official Dispatch No. 179/CV/IFS/2024 on explaining the audited income statement for 2023 as follows:

Unit: Thousand VND

|  |  |  |  |
| --- | --- | --- | --- |
| Targets | In 2023 | In 2022 | Difference (%) |
| Total revenue | 1,995,034,345 | 1,830,257,198 | 9% |
| Deductions | 126,736,274 | 117,545,282 | 8% |
| Revenue deductions rate | 6.4% | 6.4% |  |
| Net revenue | 1,868,298,071 | 1,712,711,916 | 9% |
| Cost of goods sold | 1,197,411,653 | 1,151,195,520 | 4% |
| Rate of cost of goods sold | 64.1% | 67.2% |  |
| Gross profit | 670,886,418 | 561,516,396 | 19% |
| Rate of Gross profit | 35.9% | 32.8% |  |
| Revenue from financial activities | 35,526,772 | 22,130,875 | 61% |
| Financial expense | 215,678 | 466,995 | -54% |
| In which: Interest expense | - | - |  |
| Selling expenses | 398,247,290 | 359,312,454 | 11% |
| Rate of Selling expenses | 2.3% | 21.0% |  |
| General and administrative expenses | 43,342,788 | 36,476,380 | 19% |
| Profit from business activities | 264,607,434 | 187,391,442 | 41% |
| Other incomes | 3,064,897 | 7,902,438 | -61% |
| Other expenses | 5,469,364 | 1,749,715 | 213% |
| Total profit before tax | 262,202,967 | 193,544,165 | 35% |
| Current corporate income tax expense | 53,037,799 | 36,151,167 | 47% |
| Deferred income tax expense | 570.399 | 1,747,368 | -67% |
| Profit after tax | 208,594,769 | 155,645,630 | 34% |
| Rate of profit after tax | 11.2% | 9.1% |  |

The company would like to explain the reason why profit after tax in 2023 changed by more than 10% compared to 2022 as follows:

2023 continues to mark the period when the Company transitions from a state of recovery to sustainable growth, as shown by the Company's profit after tax of VND 208 billion, an increase of 34% over the same period last year.

In terms of sales revenue, in 2023 the Company will continue to focus on improving key product lines such as launching a new PET bottled Winter Melon Tea product line, adding the lce+ Tea product line, and an improved Latte product line with larger bottle capacity to meet the diverse needs of customers, while continuing to spread the health function of Imuse strategic product lines to consumers. As a result, total sales revenue increased by more than 9% year-on-year.

Cost of goods sold in 2023 decreased to 64% of net revenue compared to the same period last year of 67%. The reason is due to price fluctuations of some key raw materials purchased during the year as well as increased production output in 2023, leading to a corresponding decrease in unit product prices.

Financial revenue increased in 2023 when the Company continued to maintain a short-term deposit of VND 700 billion at the bank with higher interest rates than the same period last year.

In 2023, the Company will continue to implement communication campaigns to promote products to promote sales growth and continue to implement sales support costs, plus the unit price of shipping costs is still unstable due to the general situation, in this period the rate of selling expenses to net revenue is still high at 21%, on par with the same period last year.

General and administrative expenses increased by 2.3% compared to 2.1% in the same period last year related to some outsourced services.

Other income decreased because last year the Company received compensation from a number of suppliers, but other expenses this year increased related to the processing of processed goods from suppliers.