

FPT INFORMATION SYSTEM CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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FPT INFORMATION SYSTEM CORPORATION

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 0104128565 dated 13 August 2009

The Enterprise Registration Certificate was initially issued by the Hanoi City Department of Planning and Investment on 13 August 2009. The latest amendment (26st) to the Enterprise Registration Certificate was issued on 6 July 2021.

Board of Members

Mr. Duong Dung Trieu	Chairman
Mr. Truong Gia Binh	Member
Mr. Bui Quang Ngoc	Member
Mr. Do Cao Bao	Member

Board of Management

Mr. Nguyen Hoang Minh	General Director
Mr. Do Son Giang	Deputy General Director

Legal Representative

Mr. Duong Dung Trieu	Chairman
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Registered Office

Floor 22, Keangnam Landmark 72 Tower, E6, Pham Hung Road, Nam Tu Liem District, Ha Noi, Viet Nam

Auditor

PwC (Vietnam) Limited

FPT INFORMATION SYSTEM CORPORATION

STATEMENT OF THE BOARD OF MANAGEMENT

RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of FPT Information System Corporation (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries which give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2021, and of the consolidated results of the operations and the consolidated cash flows of the Company and its subsidiaries for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and its subsidiaries and enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud or error.

The Legal Representative of the Company authorised the Deputy General Director to approve and sign the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 pursuant to the Authorisation Letter No. 21/22/UQ-FIS dated 1 January 2022.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 41 which give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2021, and of the consolidated results of the operations and the consolidated cash flows of the Company and its subsidiaries for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.



Do Son Giang
Deputy General Director
Authorised signatory

Ha Noi, S.R. Vietnam
14 March 2022



**INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF FPT INFORMATION SYSTEM CORPORATION**

We have audited the accompanying consolidated financial statements of FPT Information System Corporation ("the Company") and its subsidiaries which were prepared on 31 December 2021 and approved by the Deputy General Director of the Company (as authorised by the Legal Representative of the Company) on 14 March 2022. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated cash flows for year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 41.

Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements of the Company and its subsidiaries in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements of the Company and its subsidiaries are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company and its subsidiaries' preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 December 2021, the consolidated financial performance and consolidated cash flows of the Company and its subsidiaries for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matters

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 were audited by another auditors who expressed an unmodified opinion on those statements on 19 March 2021.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies versions, the Vietnamese copy version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Deputy General Director
Audit Practising Licence:
No. 0048-2018-006-1
Authorised signatory

Tran Khắc Thế
Audit Practising Licence:
No. 2043-2018-006-1

Report reference number: HAN 2939
Hanoi, 14 March 2022

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND
100	CURRENT ASSETS		5,502,502,152,946	4,390,444,064,382
110	Cash and cash equivalents	3	699,729,081,415	483,724,133,665
111	Cash		678,729,081,415	479,724,133,665
112	Cash equivalents		21,000,000,000	4,000,000,000
120	Short-term investments		109,556,008,764	22,786,841,635
123	Investments held to maturity	4	109,556,008,764	22,786,841,635
130	Short-term receivables		3,948,683,693,456	3,239,443,765,188
131	Short-term trade accounts receivable	5	1,582,115,219,547	2,035,835,219,812
132	Short-term prepayments to suppliers		156,620,307,004	60,310,918,992
134	Contract-in-progress receivables	6(a)	168,939,964,952	197,972,680,487
135	Short-term lendings	7	2,101,825,000,000	896,000,000,000
136	Other short-term receivables	8(a)	150,033,495,839	152,644,132,649
137	Provision for doubtful debts – short-term	9	(210,850,293,886)	(103,319,186,752)
140	Inventories	10	717,484,034,314	577,816,156,585
141	Inventories		724,918,930,725	590,947,052,523
149	Provision for decline in value of inventories		(7,434,896,411)	(13,130,895,938)
150	Other current assets		27,049,334,997	66,673,167,309
151	Short-term prepaid expenses	11(a)	25,757,232,154	66,016,558,827
152	Value Added Tax ("VAT") to be reclaimed		1,077,288,442	301,598,148
153	Tax and other receivables from the State		214,814,401	355,010,334
200	LONG-TERM ASSETS		327,128,273,032	296,197,854,898
210	Long-term receivable		9,732,839,872	10,014,486,462
216	Other long-term receivables	8(b)	9,732,839,872	10,014,486,462
220	Fixed assets		177,240,706,903	180,297,593,031
221	Tangible fixed assets	12(a)	169,892,503,223	172,841,331,721
222	Historical cost		382,906,359,729	371,132,724,551
223	Accumulated depreciation		(213,013,856,506)	(198,291,392,830)
227	Intangible fixed assets	12(b)	7,348,203,680	7,456,261,310
228	Historical cost		94,155,808,749	92,120,050,694
229	Accumulated amortisation		(86,807,605,069)	(84,663,789,384)
240	Long-term asset in progress	13	57,302,457,778	24,160,430,624
242	Construction in progress		57,302,457,778	24,160,430,624
260	Other long-term assets		82,852,268,479	81,725,344,781
261	Long-term prepaid expenses	11(b)	77,716,711,600	81,511,475,193
262	Deferred income tax assets		5,135,556,879	213,869,588
270	TOTAL ASSETS		5,829,630,425,978	4,686,641,919,280

The notes on pages 12 to 41 are an integral part of these consolidated financial statements.


CONSOLIDATED BALANCE SHEET (CONTINUED)

Code	RESOURCES	Note	As at 31 December	
			2021 VND	2020 VND
300	LIABILITIES		4,502,132,939,506	3,312,303,955,999
310	Short-term liabilities		4,488,234,838,948	3,305,997,536,238
311	Short-term trade accounts payable	14	823,927,216,703	783,733,638,273
312	Short-term advances from customers	15	475,690,227,246	382,333,665,625
313	Tax and other payables to the State	16	46,106,471,899	37,352,137,347
314	Payables to employees	17	307,414,081,343	210,809,685,627
315	Short-term accrued expenses	18	375,215,195,819	310,474,932,264
317	Contract-in-progress payables	6(b)	89,224,688,468	64,245,054,184
318	Short-term unearned revenue		69,580,851,628	88,067,257,570
319	Other short-term payables	19	258,504,759,203	155,691,227,080
320	Short-term borrowings	20	1,932,071,553,891	1,143,925,544,075
321	Provision for short-term liabilities	21(a)	79,583,255,027	101,577,089,642
322	Bonus and welfare fund		30,916,537,721	27,787,304,551
330	Long-term liabilities		13,898,100,558	6,306,419,761
336	Long-term unearned revenue		-	46,725,400
341	Deferred income tax liabilities		8,475,237,456	-
342	Provision for long-term liabilities	21(b)	5,230,766,819	6,067,598,078
343	Fund for scientific and technological development		192,096,283	192,096,283
400	OWNERS' EQUITY		1,327,497,486,472	1,374,337,963,281
410	Capital and reserves		1,324,747,486,472	1,371,587,963,281
411	Owners' capital	22, 23	850,000,000,000	850,000,000,000
417	Foreign exchange differences	23	616,632,613	718,301,505
421	Undistributed earnings	23	413,102,820,088	461,604,721,563
421a	- Undistributed post-tax profits of previous years		161,604,721,563	261,693,900,263
421b	- Undistributed post-tax profit of current year		251,498,098,525	199,910,821,300
429	Non-controlling interests	23	61,028,033,771	59,264,940,213
430	Budget sources and other funds		2,750,000,000	2,750,000,000
431	Budget sources		2,750,000,000	2,750,000,000
440	TOTAL RESOURCES		5,829,630,425,978	4,686,641,919,280


 Nguyen Thi Hau
 Preparer


 Ngo Thi Minh Hue
 Chief Accountant




 Do Son Giang
 Deputy General Director
 Authorised signatory
 14 March 2022

The notes on pages 12 to 41 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	6,197,690,120,353	4,807,372,270,077
02	Less deductions	2,185,707,705	5,248,838,587
10	Net revenue from sales of goods and rendering of services (10 = 01 - 02)	6,195,504,412,648	4,802,123,431,490
11	Cost of goods sold and services rendered	5,134,695,899,859	3,907,638,228,735
20	Gross profit from sales of goods and rendering of services (20 = 10 - 11)	1,060,808,512,789	894,485,202,755
21	Financial income	109,215,071,846	64,826,552,134
22	Financial expenses	72,893,907,832	57,848,914,737
23	- Including: Interest expense	39,396,501,574	33,490,648,425
25	Selling expenses	321,123,078,459	297,049,763,788
26	General and administration expenses	447,836,078,845	355,785,860,545
30	Net operating profit (30 = 20 + (21 - 22) - (25 + 26))	328,170,519,499	248,627,215,819
31	Other income	53,390,225,608	36,395,764,443
32	Other expenses	4,891,962,707	3,791,534,859
40	Net other income (40 = 31 - 32)	48,498,262,901	32,604,229,584
50	Net accounting profit before tax (50 = 30 + 40)	376,668,782,400	281,231,445,403
51	Business income tax ("BIT") - current	90,666,051,982	56,212,434,566
52	BIT – deferred	3,553,550,165	(213,869,588)
60	Net profit after tax (60 = 50 - 51 - 52)	282,449,180,253	225,232,880,425
Attributable to:			
61	Owners of the parent company	279,442,331,695	222,123,134,778
62	Non-controlling interests	3,006,848,558	3,109,745,647


 Nguyen Thi Hau
 Preparer


 Ngo Thi Minh Hue
 Chief Accountant




 Do Son Giang
 Deputy General Director
 Authorised signatory
 14 March 2022

The notes on pages 12 to 41 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
 (Indirect method)

Code	Note	Year ended 31 December		
		2021 VND	2020 VND	
CASH FLOWS FROM OPERATING ACTIVITIES				
01		Net accounting profit before tax	376,668,782,400	281,231,445,403
		Adjustments for:		
02		Depreciation of fixed assets	27,452,463,268	29,025,966,874
03		Provisions	79,004,441,733	90,327,273,744
04		Foreign exchange (gains)/loss arising from translating monetary items denominated in foreign currencies	(9,699,391,448)	317,618,241
05		Profits from investing activities	(71,466,905,502)	(39,331,867,675)
06		Interest expenses	39,396,501,574	33,490,648,425
08		Operating profit before changes in working capital	441,355,892,025	395,061,085,012
09		Decrease in receivables	411,235,439,482	167,694,557,085
10		Increase in inventories	(133,971,878,202)	(34,341,095,950)
11		Increase in payables	282,008,847,914	155,931,314,412
12		Decrease prepaid expenses	44,054,090,266	13,023,798,878
14		Interest paid	(38,119,870,127)	(39,725,104,860)
15		BIT paid	(80,934,250,785)	(45,517,516,074)
16		Other receipts from operating activities	185,000,000	140,000,000
17		Other payments on operating activities	(25,000,000,000)	(20,491,423,054)
20		Net cash inflows from operating activities	900,813,270,573	591,775,615,449
CASH FLOWS FROM INVESTING ACTIVITIES				
21		Purchases of fixed assets	(57,883,151,026)	(45,318,230,524)
22		Proceeds from disposals of fixed assets	198,036,364	421,925,507
23		Loans granted	(4,609,910,687,589)	(2,635,686,841,635)
24		Collection of loans	3,317,316,520,460	1,920,195,075,000
27		Dividends and interest received	68,852,008,919	35,091,463,794
30		Net cash outflows from investing activities	(1,281,427,272,872)	(725,296,607,858)
CASH FLOWS FROM FINANCING ACTIVITIES				
33		Proceeds from borrowings	3,619,393,547,518	3,397,189,655,857
34		Repayments of borrowings	(2,813,783,237,702)	(3,222,030,682,107)
36		Dividends paid, profits distributed to owners	(201,243,755,000)	(100,000,000,000)
40		Net cash inflows from financing activities	604,366,554,816	75,158,973,750
50		Net increase in cash and cash equivalents	223,752,552,517	(58,362,018,659)
60		Cash and cash equivalents at beginning of year	483,724,133,665	542,631,030,145
61		Effect of foreign exchange differences	(7,747,604,767)	(544,877,821)
70		Cash and cash equivalents at end of year	699,729,081,415	483,724,133,665

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 Nguyen Thi Hau
 Preparer

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 Ngo Thi Minh Hue
 Chief Accountant



 Do Son Giang
 Deputy General Director
 Authorised signatory
 14 March 2022

The notes on pages 12 to 41 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 GENERAL INFORMATION

FPT Information System Corporation (“the Company”) is a one-member limited liability company established in SR Vietnam pursuant to the Business Registration Certificate No. 0104128565 which was issued by the Department of Planning and Investment of Ha Noi City on 13 August 2009. Subsequently, the Business Registration Certificate was replaced by the Enterprise Registration Certificate No. 0104128565. The latest amendment (26th) to the Enterprise Registration Certificate was issued on 6 July 2021.

The principal activities of the Company are to providing services on designing, implementing, installing software and system integration services; trading electronic and telecommunication equipments and components; providing repair, warranty and maintenance services of computers and peripheral devices; and other information technology services.

The normal business cycle of the Company is 12 months.

As at 31 December 2021, the Company had 4 subsidiaries. Details are presented as follows:

Subsidiaries	Main activities	Place of registration	As at 31.12.2021		As at 31.12.2020	
			Ownership	Voting rights	Ownership	Voting rights
FPT Information System (Cambodia) Pte., Ltd.	System integration, services and software solutions	Cambodia	100%	100%	100%	100%
Investment and Development of National E-procurement System Co., Ltd.	Providing e-commerce application solutions in governmental procurement	Viet Nam	100%	100%	100%	100%
FPT Technology Solutions Co., Ltd.	System integration, services and software solutions	Viet Nam	100%	100%	100%	100%
Telehouse International Corporation of Vietnam	Data center services	Viet Nam	51%	51%	51%	51%

As at 31 December 2021, the Company and its subsidiaries had 2,542 employees (as at 31 December 2020: 2,330 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation of consolidated financial statements (continued)**

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Company. The consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The fiscal year of of the Company and its subsidiaries is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND" or "Dong").

On consolidation, if the currencies used on the financial statements of subsidiaries are different from that of the Company, the Company translate those financial statements into the currency used in the consolidated financial statements under the following principles:

- Assets, liabilities are translated at the actual exchange rate at the year end;
- Undistributed earnings/(accumulated losses) are translated based on the translation of income and expenses in the income statement;
- Profits already paid are translated at the actual exchange rate at the date of payment;
- Items of the income statement and the cash flow statement are translated at the average exchange rate of the fiscal year if it approximates the actual rate at the time of the transaction (with the difference not exceeding 2%); and
- Accumulated exchange differences arising from translation are presented in equity of the consolidated balance sheet. Exchange differences attributable to the Company are presented in "Foreign exchange differences". Those attributable to non-controlling interests are allocated to "Non-controlling interests".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling prevailing at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial bank(s) where with which the Company and its subsidiaries regularly transact. Foreign currencies deposited in bank(s) at the consolidated balance sheet date are translated at the buying exchange rate of the commercial bank(s) where the Company and its subsidiaries open its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.5 Basis of consolidation**Subsidiaries**

Subsidiaries are all entities over which the Company and its subsidiaries have the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and its subsidiaries control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and its subsidiaries. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the buyer's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between subsidiaries and the Company or among the subsidiaries are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The financial statements of the subsidiaries are prepared for the same accounting period for the consolidation purpose. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Company. The length of the reporting period and differences in reporting date must be consistent between years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Company and its subsidiaries apply a policy for transactions with non-controlling interests ("NCI") as transactions with external parties to the Company and its subsidiaries.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

A divestment of the parent company's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the parent company's share of net assets of the subsidiary and any consideration paid or received from divestment of the parent company's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the parent company and its subsidiaries's interest in a subsidiary that results in a loss of control, the difference between the parent company's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in another entity or an investment to be accounted for as equity since the divestment date.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into short-term and long-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company and its subsidiaries apply the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the year.

2.9 Investments**Investments held to maturity**

Investments held to maturity are investments which the Company and its subsidiaries have a positive intention and ability to hold until maturity.

Investments held to maturity include bank deposits with original term over 3 months, and other investments held to maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the accounting year.

Provision for diminution in value of investments held to maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the remaining maturity date.

2.10 Lendings

Lendings are lendings granted for the earning of interest under agreements among parties but not for being traded as securities.

Lendings are initially recognised at cost. Subsequently, the Board of Management reviews all outstanding amounts to determine the amount of provision to recognise at the year end. Provision for doubtful lending is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Lendings (continued)**

Lendings are classified into short-term and long-term lendings on the consolidated balance sheet based on the remaining term as at the consolidated balance sheet date.

2.11 Contracts on software development and system integration

The Company and its subsidiaries apply the following accounting policies for contracts on software development and system integration.

When the outcome of a contract can be estimated reliably, and the contractor is paid in accordance with the planned schedule, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Company and its subsidiaries use the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in the accounting period. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract on software development and system integration cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the year.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and profits recognised (less recognised losses) exceed progress billings, the balance is presented as contracts-in-progress receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as contracts-in-progress payables.

2.12 Fixed assets*Tangible fixed assets and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure which is incurred subsequently which and has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the income statement when incurred in the year.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line basis so as to write off the historical cost of the fixed assets over their estimated useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.12 Fixed assets (continued)***Depreciation and amortisation (continued)*

The estimated useful lives of each asset class are as follows:

Buildings and structures	15 – 25 years
Machinery and equipment	3 – 5 years
Motor vehicles	6 – 10 years
Office equipment	3 – 7 years
Others	3 – 7 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the Consolidated income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.13 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2.14 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

2.15 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

Payables are classified into short-term and long-term payables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.16 Borrowings**

Borrowings include borrowings from banks, financial institutions, financial companies and other entities.

Borrowings are classified into short-term and long-term borrowings and finance lease liabilities on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowing, a portion of which is used for the purpose of construction or production of any qualifying assets, the Company and its subsidiaries determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.17 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year but not yet paid for, due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

2.18 Provisions

Provisions are recognised when the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the level of the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting year are recorded as an increase or decrease in operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Unearned revenue**

Unearned revenue comprises the amounts that customers have paid in advance mainly for repair and maintenance services for one or many accounting periods. The Company and its subsidiaries record unearned revenue for the future obligations that the Company and its subsidiaries have to fulfill. Unearned revenue is recognised as revenue in the consolidated income statement during the year to the extent that revenue recognition criteria have been met.

2.20 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed.

Foreign exchange differences is foreign exchange differences arising from translating financial statements of the subsidiary prepared in foreign currency into VND for consolidation purpose (Note 2.3).

Undistributed earnings record the results (profit or loss) after BIT of the Company and its subsidiaries at the reporting date.

2.21 Profit distribution

The profit distribution of the Company is recognised as a liability in the consolidated financial statements in the year in which the profit distributions are approved by the owner.

Net profit after BIT could be distributed after the owner's approval, and after appropriation to other funds in accordance with the charter and Vietnamese regulations of the Company and its subsidiaries.

The funds of the Company and its subsidiaries are as below:

Bonus and welfare fund

Bonus and welfare fund is appropriated from net profit after PBT and subject to Board of Members' approval. This fund is presented as a liability on the consolidated balance sheet. The fund is used for employees' performance appreciation and improving the employees' welfare.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Revenue recognition****(a) Revenue from sales of goods**

Revenue from sales of goods is recognised in the consolidated income statement when all five (5) of the following conditions are satisfied:

- The Company and its subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the “substance over form” principle and allocated to each sale obligation.

(b) Revenue from contracts on software development and system integration

Revenue from contracts on software development and system integration is recognised in the consolidated income statement by reference to the percentage of completion of transactions at the year end. The percentage of completion is assessed by the survey of work performed, or the percentage costs incurred/(or time spent on the portion of work completed at the end of the year) compared to the total estimated costs/(or time of the contracts). When the performance of the contracts cannot be reliably estimated, the revenue is recognised only as the equivalent of the incurred contract costs, with which the reimbursement is relatively certain.

(c) Revenue from rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Revenue recognition (continued)****(d) Interest income**

Interest income is recognised on an earned basis.

2.23 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of the related revenue from sales of products, goods and rendering of services are recorded as deduction of revenue of that year.

Sales deductions for sales of products, goods or rendering of services which are sold in the year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as a deduction of revenue of that year.

2.24 Cost of goods sold and services rendered

Cost of goods sold and cost of services rendered are cost of finished goods, merchandise sold or services rendered during the year, and recorded on the basis of matching with revenue and on a prudence basis.

2.25 Financial expenses

Financial expenses are expenses incurred in the year for financial activities mainly including interest expense, provision for diminution in value of investments in other entities, and losses from foreign exchange differences.

2.26 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services of the Company and its subsidiaries.

2.27 General and administration expenses

General and administration expenses represent expenses that are incurred for the administrative purposes of the Company and its subsidiaries.

2.28 Current and deferred income tax

Income taxes include all income tax which is based on taxable profits. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit at the current tax rates. Current and deferred tax are recognised as an income or an expense and included in profit or loss of the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.28 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.29 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company and its subsidiaries, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company and its subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and its subsidiaries, key management personnel, including the Board of Members, the Board of Management and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Company and its subsidiaries consider the substance of the relationships, not merely the legal form.

2.30 Critical accounting estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions in consolidated financial statements are as follows:

- Estimation of percentage of completion for service projects (Note 2.11);
- Provision for doubtful debts (Note 9);
- Provision for decline in value of inventories (Note 10);
- Useful lives of fixed assets (Note 2.12 and 12); and
- Provision for long-term investments (Note 13).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated financial statements of the Company and its subsidiaries and that are assessed by the Board of Management to be reasonable under the circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 CASH AND CASH EQUIVALENTS

	2021 VND	2020 VND
Cash on hand	1,142,729,179	1,472,266,775
Cash at banks (*)	677,586,352,236	478,251,866,890
Cash equivalents (**)	21,000,000,000	4,000,000,000
	<u>699,729,081,415</u>	<u>483,724,133,665</u>

(*) Included in cash in banks is a balance of VND143,766,111,625 VND (2020: 137,951,947,061 VND) which the Company has deposited in central bank account of FPT Corporation, the parent company, which are centrally managed by the parent company in accordance with agreements among banks, the Company and its subsidiaries and the parent company.

(**) Cash equivalents comprise demand deposits with original maturity of 3 months or less at commercial banks in Vietnam.

4 INVESTMENT HELD TO MATURITY

	2021		2020	
	Cost VND	Book value VND	Cost VND	Book value VND
Time deposits	<u>109,556,008,764</u>	<u>109,556,008,764</u>	<u>22,786,841,635</u>	<u>22,786,841,635</u>

Short-term investment held-to-maturity are term deposits at commercial banks with the original term of more than 3 months and remaining term of 12 month or less. Interest rates vary from each time deposits.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2021 VND	2020 VND
Related parties (Note 34(b))	68,515,785,927	282,387,560,268
Third parties	1,513,599,433,620	1,753,447,659,544
<i>Including:</i>		
- <i>Joint Stock Commercial Bank for Foreign Trade of Vietnam</i>	255,231,853,485	405,740,810,661
- <i>Others</i>	1,258,367,580,135	1,347,706,848,883
	<u>1,582,115,219,547</u>	<u>2,035,835,219,812</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6 RECEIVABLES/PAYABLES RELATING TO CONTRACT-IN-PROGRESS

	2021 VND	2020 VND
In progress contracts as at the year end		
- Contract-in-progress receivables	168,939,964,952	197,972,680,487
- Contract-in-progress payables	(89,224,688,468)	(64,245,054,184)
	<u>79,715,276,484</u>	<u>133,727,626,303</u>
Contract costs incurred plus recognised profits less recognised losses to date	1,547,051,226,419	2,521,907,054,965
Less: Progress billings	(1,467,335,949,935)	(2,388,179,428,662)
	<u>79,715,276,484</u>	<u>133,727,626,303</u>

The balance of receivables/payables to contract-in-progress related to the contracts on software development and system integration. The accounting policies applicable to the contracts on software development and system integration are set out in Note 2.11.

7 SHORT-TERM LENDINGS

	2021 VND	2020 VND
FPT Corporation (i)	1,930,000,000,000	896,000,000,000
Sendo Technology Joint Stock Company (ii)	171,825,000,000	-
	<u>2,101,825,000,000</u>	<u>896,000,000,000</u>

(i) The amount represents the unsecured loans to FPT Corporation – the parent company of the Company with terms of less than one year and interest rates from 3.7% to 5.5% per annum.

(ii) The amount represents the loans to Sendo Technology Joint Stock Company with terms of one year and interest rate of 6% per annum. In which:

- The loan amounting to VND 137,460,000,000 which is a convertible loan and will be converted into the shares of Sendo Technology Joint Stock Company at the end of the loan terms; and
- The loan amounting to VND 34,365,000,000 which will be repaid to the Company at the end of the loan terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8 OTHER RECEIVABLES

	2021 VND	2020 VND
(a) Short-term		
Receivables from maintenance service contracts	131,225,408,551	134,891,879,306
Receivables from employees	2,053,148,970	2,165,398,380
Deposits	389,820,280	623,946,285
Others	16,365,118,038	14,962,908,678
	<u>150,033,495,839</u>	<u>152,644,132,649</u>
(b) Long-term		
Deposits	<u>9,732,839,872</u>	<u>10,014,486,462</u>

9 DOUBTFUL DEBTS

	2021		
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due or not past due but doubtful	151,211,042,166	40,360,748,280	110,850,293,886
Lendings that were past due or not past due but doubtful <i>Including:</i>	171,825,000,000	71,825,000,000	100,000,000,000
- <i>Sendo Technology Joint Stock Company</i>	<i>171,825,000,000</i>	<i>71,825,000,000</i>	<i>100,000,000,000</i>
	<u>323,036,042,166</u>	<u>112,185,748,280</u>	<u>210,850,293,886</u>
		2020	
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due or not past due but doubtful	169,844,572,859	66,525,386,107	103,319,186,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10 INVENTORIES

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	24,942,649,088	-	3,682,740,772	-
Tools, supplies	669,710,694	-	1,402,095,125	-
Work in progress	549,054,960,338	-	457,159,299,336	-
Merchandise	149,709,764,641	(7,434,896,411)	128,098,645,249	(13,130,895,938)
Goods on consignment	541,845,964	-	604,272,041	-
	<u>724,918,930,725</u>	<u>(7,434,896,411)</u>	<u>590,947,052,523</u>	<u>(13,130,895,938)</u>

11 PREPAID EXPENSES

	2021 VND	2020 VND
(a) Short-term		
Prepaid expenses for on-going projects	15,147,404,277	49,665,094,823
Office rental, repair and maintenance expenses	8,723,416,408	14,195,694,104
Others	1,886,411,469	2,155,769,900
	<u>25,757,232,154</u>	<u>66,016,558,827</u>
(b) Long-term		
Office rental, repair and maintenance expenses	45,192,652,486	50,323,051,840
Prepaid expenses for on-going projects	27,786,065,700	27,211,685,982
Others	4,737,993,414	3,976,737,371
	<u>77,716,711,600</u>	<u>81,511,475,193</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Copyrights, patents VND	Computer softwares VND	Others VND	Total VND
Historical cost				
As at 1 January 2021	77,072,652	90,966,709,012	1,076,269,030	92,120,050,694
New purchases in the year	-	1,500,005,168	-	1,500,005,168
Transfer from construction-in-progress	-	3,109,993,901	-	3,109,993,901
Disposals	-	(1,930,179,347)	(644,061,667)	(2,574,241,014)
As at 31 December 2021	77,072,652	93,646,528,734	432,207,363	94,155,808,749
Accumulated amortization				
As at 1 January 2021	(77,072,652)	(83,591,202,235)	(995,514,497)	(84,663,789,384)
Charge for the year	-	(4,637,302,166)	(80,754,533)	(4,718,056,699)
Disposals	-	1,930,179,347	644,061,667	2,574,241,014
As at 31 December 2021	(77,072,652)	(86,298,325,054)	(432,207,363)	(86,807,605,069)
Net book value				
As at 1 January 2021	-	7,375,506,777	80,754,533	7,456,261,310
As at 31 December 2021	-	7,348,203,680	-	7,348,203,680

The historical cost of tangible fixed assets that were fully amortized but still in use as at 31 December 2021 was approximately VND 82,255,122,349 (as at 31 December 2020: approximately VND 79,471,148,804).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13 CONSTRUCTION IN PROGRESS

	2021 VND	2020 VND
E-commerce application solutions in governmental procurement	53,024,299,007	20,944,275,523
Others	4,278,158,771	3,216,155,101
	<u>57,302,457,778</u>	<u>24,160,430,624</u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2021 VND	2020 VND
Related parties (Note 34(b))	129,129,876,141	125,025,638,842
Third parties	694,797,340,562	658,707,999,431
Including:		
- FISERV (APAC) Pte Ltd.	74,596,875,650	63,366,264,144
- Others	620,200,464,912	595,341,735,287
	<u>823,927,216,703</u>	<u>783,733,638,273</u>

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2021 VND	2020 VND
Related parties (Note 34(b))	798,502,320	5,907,162,382
Third parties	474,891,724,926	376,426,503,243
Including:		
- Ministry of Public Security	125,003,109,842	-
- Joint Stock Commercial Bank for Foreign Trade of Vietnam	33,876,102,400	97,956,901,700
- General Department of Taxation	21,938,130,000	53,578,255,600
- Others	294,074,382,684	224,891,345,943
	<u>475,690,227,246</u>	<u>382,333,665,625</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16 TAXES AND OTHER PAYABLES TO THE STATE

	2021 VND	2020 VND
VAT output	13,834,437,532	17,631,740,564
VAT on importation	-	47,992,943
BIT	24,706,911,469	15,183,525,417
PIT	2,862,433,675	2,448,320,930
FCT	4,702,689,223	2,040,557,493
	<u>46,106,471,899</u>	<u>37,352,137,347</u>

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16 TAXES AND OTHER PAYABLES TO THE STATE (CONTINUED)

Movements in taxes and other payables to the State during the year are as follows:

	As at 1.1.2021 VND	Receivables/ payables in the year VND	Net-off VND	Received/ paid during the year VND	As at 31.12.2021 VND
VAT output	17,631,740,564	445,990,981,238	(398,078,956,215)	(51,709,328,055)	13,834,437,532
VAT on importation	47,992,943	121,906,780,669	-	(121,954,773,612)	-
Export, import tax	-	1,033,183,499	-	(1,033,183,499)	-
BIT	15,183,525,417	90,666,051,982	(208,415,145)	(80,934,250,785)	24,706,911,469
PIT	2,448,320,930	57,579,780,205	-	(57,165,667,460)	2,862,433,675
FCT	2,040,557,493	54,348,217,450	-	(51,686,085,720)	4,702,689,223
Others	-	309,081,753	-	(309,081,753)	-
	<u>37,352,137,347</u>	<u>771,834,076,796</u>	<u>(398,287,371,360)</u>	<u>(364,792,370,884)</u>	<u>46,106,471,899</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17 PAYABLES TO EMPLOYEES

	2021 VND	2020 VND
Salary and bonus	<u>307,414,081,343</u>	<u>210,809,685,627</u>

18 SHORT-TERM ACCRUED EXPENSES

	2021 VND	2020 VND
Expenses related to system integration projects	373,922,432,375	310,458,800,267
Others	1,292,763,444	16,131,997
	<u>375,215,195,819</u>	<u>310,474,932,264</u>

19 OTHER PAYABLES

	2021 VND	2020 VND
Payable to FPT Corporation – Ho Chi Minh Branch on Tan Thuan project (*)	134,899,329,954	134,899,329,954
Profit distribution payable	100,000,000,000	-
Others	23,605,429,249	20,791,897,126
	<u>258,504,759,203</u>	<u>155,691,227,080</u>

(*) The amount related to the construction costs of Tan Thuan building in Ho Chi Minh that FPT Corporation - Ho Chi Minh branch incurred and handed over to the Company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20 BORROWINGS

	As at 1.1.2021 VND	Increase VND	Decrease VND	Foreign exchange differences VND	As at 31.12.2021 VND
Borrowings from related parties (Note 34(b)) (*)	-	171,825,000,000	-	-	171,825,000,000
Borrowings from banks (**)	1,143,925,544,075	3,447,568,547,518	(2,813,783,237,702)	(17,464,300,000)	1,760,246,553,891
	<u>1,143,925,544,075</u>	<u>3,619,393,547,518</u>	<u>(2,813,783,237,702)</u>	<u>(17,464,300,000)</u>	<u>1,932,071,553,891</u>

(*) Borrowings from related parties are unsecured borrowings from FPT Corporation – the parent company with terms of less than 12 months. Interest rate of the borrowings is 1% per annum.

(**) Borrowings from banks are unsecured borrowings from commercial banks with terms of less than 12 months for supplementing the working capital of the Company. Interest rates of the borrowings are specified on each drawdown. Detailed balances of borrowings as at year end are as follows:

Banks	2021 VND	2020 VND
Bank of Sumitomo Mitsui Corporation – Hanoi Branch	204,009,196,162	148,100,000,000
Bank of Sumitomo Mitsui Corporation – Singapore Branch	202,433,000,000	-
BNP Paribas – Hanoi Branch	363,368,257,728	353,747,534,846
MUFG Bank, Ltd. – Hanoi Branch	154,921,918,301	127,232,161,468
MUFG Bank, Ltd. – Labuan Branch	175,453,000,000	-
Australia and New Zealand Banking Group Limited – Singapore Branch	223,453,200,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Operation Center Branch	48,269,969,801	21,960,623,540
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	137,840,701,555	25,196,581,150
FPT Corporation (Note 34(b))	171,825,000,000	-
HSBC Bank (Vietnam) Ltd.	113,851,525,948	122,600,000,000
Citibank, N.A – Hanoi Branch	108,151,560,691	81,073,499,308
The Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	28,494,223,705	161,603,245,100
CIMB Bank (Vietnam) Co Ltd.	-	102,411,898,663
	<u>1,932,071,553,891</u>	<u>1,143,925,544,075</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21 PROVISIONS

	2021 VND	2020 VND
(a) Short-term		
Provision for warranty	6,508,990,205	7,152,089,642
Others	73,074,264,822	94,425,000,000
	<u>79,583,255,027</u>	<u>101,577,089,642</u>
(b) Long-term		
Provision for warranty	<u>5,230,766,819</u>	<u>6,067,598,078</u>

22 OWNER'S CAPITAL

	<u>Chartered and contributed capital</u>	
	VND	%
FPT Corporation	<u>850,000,000,000</u>	<u>100</u>

According to the 26th amendment to the Enterprise Registration Certificate No. 0104128565 dated 15 June 2021, the chartered capital of the Company is VND 850,000,000,000 and has been fully contributed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23 MOVEMENT IN OWNER'S EQUITY

	Owner's capital VND	Foreign exchange differences VND	Undistributed earnings VND	Non-control Interests VND	Total VND
As at 1 January 2020	850,000,000,000	724,645,541	361,693,900,263	56,155,194,566	1,268,573,740,370
Net profit for the year	-	-	222,123,134,778	3,109,745,647	225,232,880,425
Appropriation to Bonus and welfare fund	-	-	(22,212,313,478)	-	(22,212,313,478)
Profit distribution	-	-	(100,000,000,000)	-	(100,000,000,000)
Others	-	(6,344,036)	-	-	(6,344,036)
As at 31 December 2020	850,000,000,000	718,301,505	461,604,721,563	59,264,940,213	1,371,587,963,281
Net profit for the year	-	-	279,442,331,695	3,006,848,558	282,449,180,253
Appropriation to Bonus and welfare fund (*)	-	-	(27,944,233,170)	-	(27,944,233,170)
Profit distribution (**)	-	-	(300,000,000,000)	(1,243,755,000)	(301,243,755,000)
Others	-	(101,668,892)	-	-	(101,668,892)
As at 31 December 2021	850,000,000,000	616,632,613	413,102,820,088	61,028,033,771	1,324,747,486,472

(*) Appropriation to the Bonus and welfare fund was made in accordance with the Decision No. 1672/2021/QĐ-FIS dated 31 December 2021 approved by the Chairman of the Company.

(**) Profit distribution was made in accordance with Decision No. 75/QĐ-FPT, Decision No. 180-3/QĐ-FPT dated 31 March 2021 and Decision No. 318/QĐ-FPT dated 31 December 2021 as approved by the owner of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

26 COST OF GOODS SOLD AND SERVICES RENDERED

	2021 VND	2020 VND
Cost of goods sold	3,612,833,468,237	2,418,686,388,031
Cost of services rendered	1,527,558,431,149	1,479,156,437,221
(Reversal)/provision for decline in value of inventories	(5,695,999,527)	9,795,403,483
	<u>5,134,695,899,859</u>	<u>3,907,638,228,735</u>

27 FINANCIAL INCOME

	2021 VND	2020 VND
Interest income from deposits and lendings	71,614,415,870	38,900,484,168
Foreign exchange gains	37,600,655,976	25,916,609,966
Others	-	9,458,000
	<u>109,215,071,846</u>	<u>64,826,552,134</u>

28 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	39,396,501,574	33,490,648,425
Foreign exchange losses	33,497,406,258	24,358,266,312
	<u>72,893,907,832</u>	<u>57,848,914,737</u>

29 SELLING EXPENSES

	2021 VND	2020 VND
Staff costs	217,771,034,173	193,315,858,767
Outside services	50,426,101,687	48,192,199,591
Depreciation and amortisation	12,823,935,619	11,130,000,282
Others	40,102,006,980	44,411,705,148
	<u>321,123,078,459</u>	<u>297,049,763,788</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

30 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	222,740,587,403	229,639,256,260
Provisions for doubtful debts and lendings	107,531,107,134	39,849,874,376
Outside services	87,852,625,759	71,042,430,642
Depreciation and amortisation	1,928,076,159	6,021,547,654
Others	27,783,682,390	9,232,751,613
	<u>447,836,078,845</u>	<u>355,785,860,545</u>

31 OTHER INCOME AND OTHER EXPENSES

	2021 VND	2020 VND
Other income		
Rewards from business partners	48,561,111,765	33,335,991,576
Others	4,829,113,843	3,059,772,867
	<u>53,390,225,608</u>	<u>36,395,764,443</u>
Other expenses		
Penalties	(4,119,309,642)	(2,647,108,879)
Other	(772,653,065)	(1,144,425,980)
	<u>(4,891,962,707)</u>	<u>(3,791,534,859)</u>
Other income	<u>48,498,262,901</u>	<u>32,604,229,584</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

32 BUSINESS INCOME TAX

According to the Enterprise Registration Certificate of the Company and its subsidiaries and the current tax regulations, the Company and its subsidiaries in Vietnam are obliged to pay business income tax at the rate of 20% on taxable profits. In addition, overseas subsidiaries pay taxes at the prevailing tax rates in the host countries.

	2021 VND	2020 VND
Net accounting profit before tax	376,668,782,400	281,231,445,403
Tax calculated at a rate of 20%	75,333,756,480	56,246,289,081
Effect of:		
Income not subject to tax	(509,095,761)	-
Expenses not deductible for tax purposes	20,231,391,751	354,833,636
Others	(836,450,323)	(602,557,739)
BIT charge (*)	<u>94,219,602,147</u>	<u>55,998,564,978</u>
Charged to the separate income statement:		
BIT - current	90,666,051,982	56,212,434,566
BIT - deferred	3,553,550,165	(213,869,588)
	<u>94,219,602,147</u>	<u>55,998,564,978</u>

(*) The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

33 COSTS OF OPERATION BY FACTOR

	2021 VND	2020 VND
Raw materials	3,709,172,358,469	2,530,157,238,923
Outside services	1,154,877,063,060	1,103,440,706,724
Staff costs	919,156,438,451	819,756,364,611
Depreciation and amortisation	27,452,463,268	29,025,966,874
Others	184,892,394,917	98,002,120,020
	<u>5,995,550,718,165</u>	<u>4,580,382,397,152</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

34 RELATED PARTY DISCLOSURES

During the year, the Company had transactions with the following major related parties:

Companies (*)	Relationship
FPT Corporation	Parent Company
FPT Software Co., Ltd.	Fellow group subsidiaries
FPT Education Co., Ltd.	Fellow group subsidiaries
FPT Telecom Joint Stock Company	Fellow group subsidiaries
FPT Smart Cloud Co., Ltd.	Fellow group subsidiaries
FPT Digital Retail Joint Stock Company	Fellow group affiliate
Synnex FPT Joint Stock Company	Fellow group affiliate

(*) *Figures of a related party presented in this note include the figures of that related party company and its affiliated subsidiaries (if any).*

(a) Related party transactions

During the year, the following major transactions were carried out with related parties:

	2021 VND	2020 VND
i) Revenue from sales of goods and rendering of services		
FPT Telecom Joint Stock Company	298,864,868,311	248,868,602,163
FPT Software Co., Ltd.	266,118,128,140	201,046,870,316
FPT Corporation	71,392,507,410	76,648,502,713
FPT Smart Cloud Co., Ltd.	53,028,945,017	-
FPT Digital Retail Joint Stock Company	27,300,099,659	11,877,045,435
FPT Education Co., Ltd.	6,344,418,459	-
Synnex FPT Joint Stock Company	4,329,265,322	5,048,034,948
Others	534,656,098	-
	<u>727,912,888,416</u>	<u>543,489,055,575</u>
ii) Purchases of goods and services		
Synnex FPT Joint Stock Company	892,423,800,548	664,125,777,089
FPT Telecom Joint Stock Company	220,615,955,672	21,878,645,796
FPT Corporation	37,563,264,735	37,811,733,425
FPT Digital Retail Joint Stock Company	20,174,714,370	38,870,367,632
FPT Smart Cloud Co., Ltd.	7,605,574,169	-
FPT Software Co., Ltd.	6,330,496,751	3,227,829,773
Others	402,716,454	-
	<u>1,185,116,522,699</u>	<u>765,914,353,715</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

34 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (continued)

	2021 VND	2020 VND
iii) Drawdown of borrowings (Note 20)		
FPT Corporation	171,825,000,000	-
iv) Interest expense		
FPT Corporation	321,053,835	45,986,064
v) Lendings		
FPT Corporation	4,340,000,000,000	2,411,000,000,000
vi) Collections of lendings		
FPT Corporation	3,306,000,000,000	1,700,000,000,000
vii) Interest from lendings		
FPT Corporation	67,488,965,457	36,887,704,438
viii) Profit distribution (Note 23)		
FPT Corporation	300,000,000,000	100,000,000,000
ix) Compensation of key management		
Gross salaries and other benefits	7,347,840,000	6,709,200,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

34 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances with related parties

	2021 VND	2020 VND
i) Short-term trade accounts receivable (Note 5)		
FPT Corporation	29,366,848,191	25,685,136,785
FPT Software Co., Ltd.	21,473,793,897	31,215,455,029
FPT Smart Cloud Co., Ltd.	11,091,299,110	-
FPT Telecom Joint Stock Company	4,902,747,464	214,052,599,391
FPT Digital Retail Joint Stock Company	-	11,216,576,470
Synnex FPT Joint Stock Company	977,682,683	217,792,593
Others	703,414,582	-
	<u>68,515,785,927</u>	<u>282,387,560,268</u>
ii) Short-term lendings (Note 7)		
FPT Corporation	<u>1,930,000,000,000</u>	<u>896,000,000,000</u>
iii) Other receivables		
FPT Corporation	<u>12,778,559,982</u>	<u>12,144,060,602</u>
iv) Short-term trade accounts payable (Note 14)		
Synnex FPT Joint Stock Company	93,250,424,783	115,013,894,762
FPT Telecom Joint Stock Company	18,232,500,803	-
FPT Corporation	6,741,527,109	6,355,272,079
FPT Smart Cloud Co., Ltd.	5,584,282,202	-
FPT Digital Retail Joint Stock Company	2,696,446,629	2,667,252,351
FPT Software Co., Ltd.	2,624,694,615	989,219,650
	<u>129,129,876,141</u>	<u>125,025,638,842</u>
v) Short-term advances from customers (Note 15)		
FPT Software Co., Ltd.	-	4,200,584,440
FPT Corporation	-	1,706,577,942
FPT Telecom Joint Stock Company	511,467,000	-
Others	287,035,320	-
	<u>798,502,320</u>	<u>5,907,162,382</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

34 RELATED PARTY DISCLOSURES (CONTINUED)


(b) Year end balances with related parties

	2021 VND	2020 VND
vi) Accrued expenses		
FPT Corporation	321,053,835	-
vii) Other short-term payables		
FPT Corporation	234,902,062,954	135,839,638,954
Others	40,987,000	-
	<u>234,943,049,954</u>	<u>135,839,638,954</u>
viii) Short-term borrowings (Note 20)		
FPT Corporation	171,825,000,000	-


35 OPERATING COMMITMENTS

	2021 VND	2020 VND
Warehouse and office rentals		
Within 1 year	36,593,806,292	43,178,280,251
From 1 year to 5 years	5,676,052,313	34,995,827,125
Total	<u>42,269,858,605</u>	<u>78,174,107,376</u>

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 were approved by the Company's Deputy General Director on 14 March 2022.



Nguyen Thi Hau
Preparer



Ngo Thi Minh Hue
Chief Accountant



Do Son Giang
Deputy General Director
Authorised signatory