

FPT INFORMATION SYSTEM CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

FPT INFORMATION SYSTEM CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement of the Board of Management	2
Independent auditor's report	3
Consolidated balance sheet (Form B 01 – DN/HN)	5
Consolidated income statement (Form B 02 – DN/HN)	7
Consolidated cash flow statement (Form B 03 – DN/HN)	8
Notes to the consolidated financial statements (Form B 09 – DN/HN)	9

FPT INFORMATION SYSTEM CORPORATION

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 0104128565 dated 13 August 2009

The Enterprise Registration Certificate was initially issued by Hanoi Department of Planning and Investment on 13 August 2009. The latest amendment (29th) to the Enterprise Registration Certificate was issued on 4 January 2023.

Board of Members

Mr. Tran Dang Hoa
Mr. Duong Dung Trieu

Appointed on 1/1/2023
Resigned on 1/1/2023

Board of Management

Mr. Nguyen Hoang Minh
Mr. Do Son Giang
Mr. Dang Truong Thach

General Director
Deputy General Director
Deputy General Director
(appointed on 4/5/2022)

Legal Representatives

Mr. Tran Dang Hoa
Mr. Nguyen Hoang Minh

Chairman
(effective from 4/1/2023)
General Director
(effective from 4/1/2023)

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 2022, the consolidated results of the operations and the 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 Representatives 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 2022 pursuant to the Authorisation Letter No. 127/23/UQ-FIS dated 4 January 2023.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 42 which give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2022, and of the consolidated results of the operations and the 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.



Dau Tran Trung
Chief Finance Officer
Authorised signatory

Ha Noi, S.R. Vietnam
24 March 2023



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 2022 and approved by the Chief Finance Officer of the Company (as authorised by the Legal Representatives of the Company) on 24 March 2023. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2022, 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 42.

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 is necessary to enable the preparation and 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 2022, the consolidated financial performance 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.

Other Matter

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



Tran Khắc Thế
Audit Practising Licence:
No. 2043-2023-006-1
Authorised signatory

Nguyen Van Nam
Audit Practising Licence:
No. 5082-2019-006-1

Report reference number: HAN 3311
Hanoi, 24 March 2023

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2022 VND	2021 VND
100	CURRENT ASSETS		5,216,107,659,794	5,502,502,152,946
110	Cash and cash equivalents	3	714,961,722,093	699,729,081,415
111	Cash		313,923,467,634	534,962,969,790
112	Cash equivalents		401,038,254,459	164,766,111,625
120	Short-term investments		301,683,499,948	109,556,008,764
123	Investments held to maturity	4	301,683,499,948	109,556,008,764
130	Short-term receivables		3,349,456,862,640	3,948,683,693,456
131	Short-term trade accounts receivable	5	1,820,443,169,822	1,582,115,219,547
132	Short-term prepayments to suppliers		45,830,855,999	156,620,307,004
134	Contract-in-progress receivables	6	198,832,706,522	168,939,964,952
135	Short-term lendings	7	1,491,825,000,000	2,101,825,000,000
136	Other short-term receivables	8(a)	167,377,458,294	150,033,495,839
137	Provision for doubtful debts – short-term	9	(374,852,327,997)	(210,850,293,886)
140	Inventories	10	807,662,214,648	717,484,034,314
141	Inventories		816,002,661,850	724,918,930,725
149	Provision for decline in value of inventories		(8,340,447,202)	(7,434,896,411)
150	Other current assets		42,343,360,465	27,049,334,997
151	Short-term prepaid expenses	11(a)	35,233,507,197	25,757,232,154
152	Value Added Tax ("VAT") to be reclaimed		6,750,831,918	1,077,288,442
153	Tax and other receivables from the State		359,021,350	214,814,401
200	LONG-TERM ASSETS		483,508,863,991	327,128,273,032
210	Long-term receivable		9,684,299,185	9,732,839,872
216	Other long-term receivables	8(b)	9,684,299,185	9,732,839,872
220	Fixed assets		350,674,309,382	177,240,706,903
221	Tangible fixed assets	12(a)	227,124,596,795	169,892,503,223
222	Historical cost		470,323,613,304	382,906,359,729
223	Accumulated depreciation		(243,199,016,509)	(213,013,856,506)
227	Intangible fixed assets	12(b)	123,549,712,587	7,348,203,680
228	Historical cost		223,724,035,848	94,155,808,749
229	Accumulated amortisation		(100,174,323,261)	(86,807,605,069)
240	Long-term asset in progress	13	20,457,943,130	57,302,457,778
242	Construction in progress		20,457,943,130	57,302,457,778
260	Other long-term assets		102,692,312,294	82,852,268,479
261	Long-term prepaid expenses	11(b)	74,283,482,512	77,716,711,600
262	Deferred income tax assets		28,408,829,782	5,135,556,879
270	TOTAL ASSETS		5,699,616,523,785	5,829,630,425,978

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET (CONTINUED)

Code	RESOURCES	Note	As at 31 December	
			2022 VND	2021 VND
300	LIABILITIES		4,059,883,670,048	4,502,132,939,506
310	Short-term liabilities		3,987,299,306,223	4,488,234,838,948
311	Short-term trade accounts payable	14	985,999,347,333	823,927,216,703
312	Short-term advances from customers	15	330,155,662,184	475,690,227,246
313	Tax and other payables to the State	16	48,699,046,446	46,106,471,899
314	Payables to employees		330,077,480,585	307,414,081,343
315	Short-term accrued expenses	17	350,338,069,342	375,215,195,819
317	Contract-in-progress payables	6	78,663,541,041	89,224,688,468
318	Short-term unearned revenue		71,552,385,018	69,580,851,628
319	Other short-term payables	18	158,809,786,615	258,504,759,203
320	Short-term borrowings	19(a)	1,534,710,186,620	1,932,071,553,891
321	Provision for short-term liabilities	20(a)	34,252,370,250	79,583,255,027
322	Bonus and welfare fund		64,041,430,789	30,916,537,721
330	Long-term liabilities		72,584,363,825	13,898,100,558
338	Long-term borrowings	19(b)	67,374,632,901	-
341	Deferred income tax liabilities		2,254,170,008	8,475,237,456
342	Provision for long-term liabilities	20(b)	2,763,464,633	5,230,766,819
343	Fund for scientific and technological development		192,096,283	192,096,283
400	OWNERS' EQUITY		1,639,732,853,737	1,327,497,486,472
410	Capital and reserves		1,636,982,853,737	1,324,747,486,472
411	Owners' capital	21, 22	1,100,000,000,000	850,000,000,000
417	Foreign exchange differences	22	880,897,774	616,632,613
421	Undistributed earnings	22	471,016,087,702	413,102,820,088
421a	- Undistributed post-tax profits of previous years		173,102,820,088	161,604,721,563
421b	- Undistributed post-tax profit of current year		297,913,267,614	251,498,098,525
429	Non-controlling interests	22	65,085,868,261	61,028,033,771
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		5,699,616,523,785	5,829,630,425,978


Vu Thi Mai
Preparer


Ngo Thi Minh Hue
Chief Accountant





Dau Tran Trung
Chief Finance Officer
Authorised signatory
24 March 2023


The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2022 VND	2021 VND
01	Revenue from sales of goods and rendering of services	6,585,757,302,240	6,197,690,120,353
02	Less deductions	163,583,332	2,185,707,705
10	Net revenue from sales of goods and rendering of services (10 = 01 - 02)	6,585,593,718,908	6,195,504,412,648
11	Cost of goods sold and services rendered	5,325,229,769,175	5,134,695,899,859
20	Gross profit from sales of goods and rendering of services (20 = 10 - 11)	1,260,363,949,733	1,060,808,512,789
21	Financial income	175,969,333,773	109,215,071,846
22	Financial expenses	131,943,477,716	72,893,907,832
23	- Including: Interest expense	53,370,882,936	39,396,501,574
25	Selling expenses	388,428,457,248	321,123,078,459
26	General and administration expenses	516,899,735,040	447,836,078,845
30	Net operating profit (30 = 20 + (21 - 22) - (25 + 26))	399,061,613,502	328,170,519,499
31	Other income	54,659,260,274	53,390,225,608
32	Other expenses	19,248,371,860	4,891,962,707
40	Net other income (40 = 31 - 32)	35,410,888,414	48,498,262,901
50	Net accounting profit before tax (50 = 30 + 40)	434,472,501,916	376,668,782,400
51	Business income tax ("BIT") - current	127,690,470,984	90,666,051,982
52	BIT – deferred	(29,494,340,351)	3,553,550,165
60	Net profit after tax (60 = 50 - 51 - 52)	336,276,371,283	282,449,180,253
	Attributable to:		
61	Owners of the parent company	331,014,741,793	279,442,331,695
62	Non-controlling interests	5,261,629,490	3,006,848,558


Vu Thi Mai
Preparer


Ngo Thi Minh Hue
Chief Accountant


Dau Tran Trung
Chief Finance Officer
Authorised signatory
24 March 2023

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2022 VND	2021 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		434,472,501,916	376,668,782,400
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation	45,146,646,116	27,452,463,268
03	Provisions	117,109,397,939	79,004,441,733
04	Unrealised foreign exchange (gains)/loss	14,679,828,787	(9,699,391,448)
05	Profits from investing activities	(97,382,705,778)	(71,466,905,502)
06	Interest expense	53,370,882,936	39,396,501,574
08	Operating profit before changes in working capital	567,396,551,916	441,355,892,025
09	(Increase)/decrease in receivables	(165,768,554,019)	411,235,439,482
10	Increase in inventories	(91,083,731,125)	(133,971,878,202)
11	Increase in payables	266,785,570	282,008,847,914
12	(Increase)/decrease prepaid expenses	(6,043,045,955)	44,054,090,266
14	Interest paid	(48,385,538,878)	(38,119,870,127)
15	BIT paid	(122,853,961,505)	(80,934,250,785)
16	Other receipts from operating activities	44,830,000	185,000,000
17	Other payments on operating activities	(21,411,111)	(25,000,000,000)
20	Net cash inflows from operating activities	133,551,924,893	900,813,270,573
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(181,735,733,947)	(57,883,151,026)
22	Proceeds from disposals of fixed assets	353,731,819	198,036,364
23	Loans granted	(3,713,310,707,140)	(4,609,910,687,589)
24	Collection of loans	4,131,183,215,956	3,317,316,520,460
27	Dividends and interest received	82,487,771,263	68,852,008,919
30	Net cash inflows/(outflows) from investing activities	318,978,277,951	(1,281,427,272,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from capital contribution	250,000,000,000	-
33	Proceeds from borrowings	3,891,957,529,766	3,619,393,547,518
34	Repayments of borrowings	(4,242,383,564,137)	(2,813,783,237,702)
36	Dividends paid, profits distributed to owners	(341,203,795,000)	(201,243,755,000)
40	Net cash (outflows)/inflows from financing activities	(441,629,829,371)	604,366,554,816
50	Net increase in cash and cash equivalents	10,900,373,473	223,752,552,517
60	Cash and cash equivalents at beginning of year	699,729,081,415	483,724,133,665
61	Effect of foreign exchange differences	4,332,267,205	(7,747,604,767)
70	Cash and cash equivalents at end of year	714,961,722,093	699,729,081,415

Mai
Vu Thi Mai
Preparer

urhuc
Ngo Thi Minh Hue
Chief Accountant



Dau Tran Trung
Dau Tran Trung
Chief Finance Officer
Authorised signatory
24 March 2023

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 GENERAL INFORMATION

FPT Information System Corporation (“the Company”) is a limited liability company of one member established in SR Vietnam pursuant to the Business Registration Certificate No. 0104128565 which was issued by Hanoi Department of Planning and Investment on 13 August 2009. Subsequently, the Business Registration Certificate was replaced by the Enterprise Registration Certificate No. 0104128565 issued by Hanoi Department of Planning and Investment of Ha Noi. The latest amendment (29th) to the Enterprise Registration Certificate dated 4 January 2023.

The Company’s principal activities are to provide services on designing, implementing, installing software and system integration services; trading electronic and telecommunication equipment 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 2022, the Company had 4 subsidiaries. The details are as follows:

Subsidiaries	Main activities	Place of registration	As at 31.12.2022		As at 31.12.2021	
			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 2022, the Company and its subsidiaries had 2,802 employees (as at 31 December 2021: 2,542 employees).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of consolidated financial statements**

These 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.

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 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 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates 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 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 has 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 controls 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 acquirer'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 of the Company for the consolidation purpose. If there are differences in period 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 2022****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.

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' 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 as uncollectible.

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 2022****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 accounting period and the provision of the previous accounting period are recognised as an increase or decrease of cost of goods sold in the year.

2.9 Investments**(a) 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. 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 2022**

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 for the work performed and confirmed by the customers.

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 depreciable amount of the fixed assets over their estimated useful lives. Depreciable amount equals to the historical cost of fixed assets recorded in the financial statements minus (-) the estimated disposal value of such assets. 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.12 Fixed assets (continued)***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 balance sheet. Short-term prepaid expenses represent prepayments for services; or tools that do not meet the recognition criteria for fixed assets for a period not exceeding 12 months or a business cycle from the date of prepayment. Long-term prepaid expenses represent prepayments for services; or tools, which do not meet the recognition criteria for fixed assets; for a period exceeding 12 months or more than one business cycle from the date of prepayment. 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 2022****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.

2.19 Unearned revenue

Unearned revenue comprises the amounts that customers have paid in advance for one or many accounting periods mainly for repair and maintenance services paid by the customers but not yet rendered. The Company and its subsidiaries record unearned revenue for the future obligations that the Company and its subsidiaries have to fulfil. Unearned revenue is recognised as revenue in the consolidated income statement during the year to the extent that revenue recognition criteria have been met.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 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 of the Company.

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 BIT and subject to the Chairman's 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Revenue recognition (continued)****(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 based on the work performed and confirmed by the customers. 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.

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 income 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.

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 Chairman, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (Notes 2.7 and 9);
- Provision for decline in value of inventories (Notes 2.8 and 10);
- Useful lives of fixed assets (Notes 2.12 and 12); and
- Business income tax (Notes 2.28 and 31).

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 material 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.

3 CASH AND CASH EQUIVALENTS

	2022 VND	2021 VND
Cash on hand	1,068,153,393	1,142,729,179
Cash at banks	312,855,314,241	533,820,240,611
Cash equivalents	401,038,254,459	164,766,111,625
<i>Including:</i>		
- <i>Term deposits at bank</i>	22,000,000,000	21,000,000,000
- <i>Deposits at Centralised Account (Note 33(b)) (*)</i>	379,038,254,459	143,766,111,625
	<u>714,961,722,093</u>	<u>699,729,081,415</u>

- (*) Included deposits of the Company at the Centralised Account of FPT Corporation, the parent company, which is managed centrally by the parent company under the agreement among banks, the Company and the parent company. Accordingly, the Company can withdraw cash from the Centralised Account at its discretion without any difficulty or withdrawal risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4 INVESTMENTS HELD TO MATURITY

	2022		2021	
	Cost VND	Book value VND	Cost VND	Book value VND
Time deposits	301,683,499,948	301,683,499,948	109,556,008,764	109,556,008,764

Included term deposits at commercial banks with the original term of more than 3 months and remaining term of 12 months or less.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2022 VND	2021 VND
Related parties (Note 33(b))	177,905,919,286	68,515,785,927
Third parties	1,642,537,250,536	1,513,599,433,620
Including:		
- Joint Stock Commercial Bank for Foreign Trade of Vietnam	199,989,451,632	255,231,853,485
- Others	1,442,547,798,904	1,258,367,580,135
	<u>1,820,443,169,822</u>	<u>1,582,115,219,547</u>

6 RECEIVABLES/PAYABLES RELATING TO CONTRACT-IN-PROGRESS

	2022 VND	2021 VND
In progress contracts as at the year end		
- Contract-in-progress receivables	198,832,706,522	168,939,964,952
- Contract-in-progress payables	(78,663,541,041)	(89,224,688,468)
	<u>120,169,165,481</u>	<u>79,715,276,484</u>
Contract costs incurred plus recognised profits less recognised losses to date	2,129,798,595,868	1,547,051,226,419
Less: Progress billings	(2,009,629,430,387)	(1,467,335,949,935)
	<u>120,169,165,481</u>	<u>79,715,276,484</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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7 SHORT-TERM LENDINGS

	2022	2021
	VND	VND
FPT Corporation (Note 33(b)) (i)	1,320,000,000,000	1,930,000,000,000
Sendo Technology JSC (ii)	171,825,000,000	171,825,000,000
	<u>1,491,825,000,000</u>	<u>2,101,825,000,000</u>

(i) Included the unsecured loans granted to the parent company with terms of less than one year and interest rates from 6.0% to 10.1% per annum.

(ii) Included the lending granted to Sendo Technology JSC. This a convertible loan with the interest rates of 6.0% per annum. As at 31 December 2022, the company made full provision for this lending due to its low recoverability.

8 OTHER RECEIVABLES

	2022	2021
	VND	VND
(a) Short-term		
Receivables from maintenance service contracts	133,829,197,269	131,225,408,551
Others	33,548,261,025	18,808,087,288
	<u>167,377,458,294</u>	<u>150,033,495,839</u>
(b) Long-term		
Deposits	<u>9,684,299,185</u>	<u>9,732,839,872</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9 DOUBTFUL DEBTS

	2022		
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due or not past due but doubtful	250,555,701,462	59,764,196,484	(190,791,504,978)
Lendings that were past due or not past due but doubtful	184,060,823,019	-	(184,060,823,019)
<i>Including:</i>			
- <i>Sendo Technology JSC</i> <i>(including loan principal and</i> <i>accrued interest)</i>	184,060,823,019	-	(184,060,823,019)
	<u>434,616,524,481</u>	<u>59,764,196,484</u>	<u>(374,852,327,997)</u>
	2021		
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due or not past due but doubtful	323,036,042,166	112,185,748,280	(210,850,293,886)
<i>Including:</i>			
- <i>Sendo Technology JSC</i>	171,825,000,000	71,825,000,000	(100,000,000,000)
	<u>323,036,042,166</u>	<u>112,185,748,280</u>	<u>(210,850,293,886)</u>

10 INVENTORIES

	2022		2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	7,846,620,443	-	24,942,649,088	-
Tools, supplies	670,731,004	-	669,710,694	-
Work in progress	540,779,264,181	-	549,054,960,338	-
Merchandise	266,177,978,653	(8,340,447,202)	149,709,764,641	(7,434,896,411)
Goods on consignment	528,067,569	-	541,845,964	-
	<u>816,002,661,850</u>	<u>(8,340,447,202)</u>	<u>724,918,930,725</u>	<u>(7,434,896,411)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11 PREPAID EXPENSES

	2022 VND	2021 VND
(a) Short-term		
Prepaid expenses for on-going projects	28,892,173,435	15,147,404,277
Office rental, maintenance and repair costs	2,907,805,472	8,723,416,408
Others	3,433,528,290	1,886,411,469
	<u>35,233,507,197</u>	<u>25,757,232,154</u>
(b) Long-term		
Prepaid expenses for on-going projects	25,104,097,863	27,786,065,700
Office rental, maintenance and repair costs	40,586,707,457	45,192,652,486
Others	8,592,677,192	4,737,993,414
	<u>74,283,482,512</u>	<u>77,716,711,600</u>

FPT INFORMATION SYSTEM CORPORATION

Form B 09 - DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12	FIXED ASSETS	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2022	129,077,134,093	112,086,407,148	19,281,292,323	120,285,033,416	2,176,492,749	382,906,359,729
	New purchases in the year	-	6,936,663,997	1,159,966,364	24,426,208,922	-	32,522,839,283
	Transfers from construction-in-progress	-	604,505,784	-	58,756,100,000	-	59,360,605,784
	Disposals	-	(347,563,702)	(947,425,818)	(3,171,201,972)	-	(4,466,191,492)
	As at 31 December 2022	129,077,134,093	119,280,013,227	19,493,832,869	200,296,140,366	2,176,492,749	470,323,613,304
	Accumulated depreciation						
	As at 1 January 2022	(19,866,968,566)	(83,910,192,083)	(12,532,126,268)	(95,457,570,852)	(1,246,998,737)	(213,013,856,506)
	Charge for the year	(6,272,923,258)	(6,331,709,151)	(1,888,507,166)	(19,735,478,185)	(401,211,767)	(34,629,829,527)
	Disposals	-	332,061,734	947,425,818	3,165,181,972	-	4,444,669,524
	As at 31 December 2022	(26,139,891,824)	(89,909,839,500)	(13,473,207,616)	(112,027,867,065)	(1,648,210,504)	(243,199,016,509)
	Net book value						
	As at 1 January 2022	109,210,165,527	28,176,215,065	6,749,166,055	24,827,462,564	929,494,012	169,892,503,223
	As at 31 December 2022	102,937,242,269	29,370,173,727	6,020,625,253	88,268,273,301	528,282,245	227,124,596,795

The historical cost of tangible fixed assets that were fully depreciated but still in use as at 31 December 2022 was approximately VND 172,189,952,914 (as at 31 December 2021: approximately VND 168,553,694,969).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Copyrights, patents VND	Computer softwares VND	Others VND	Total VND
Historical cost				
As at 1 January 2022	77,072,652	93,646,528,734	432,207,363	94,155,808,749
New purchases in the year	-	16,558,868,672	-	16,558,868,672
Transfers from construction-in-progress	-	113,009,358,427	-	113,009,358,427
As at 31 December 2022	<u>77,072,652</u>	<u>223,214,755,833</u>	<u>432,207,363</u>	<u>223,724,035,848</u>
Accumulated amortization				
As at 1 January 2022	(77,072,652)	(86,298,325,054)	(432,207,363)	(86,807,605,069)
Charge for the year	-	(13,366,718,192)	-	(13,366,718,192)
As at 31 December 2022	<u>(77,072,652)</u>	<u>(99,665,043,246)</u>	<u>(432,207,363)</u>	<u>(100,174,323,261)</u>
Net book value				
As at 1 January 2022	-	7,348,203,680	-	7,348,203,680
As at 31 December 2022	<u>-</u>	<u>123,549,712,587</u>	<u>-</u>	<u>123,549,712,587</u>

The historical cost of tangible fixed assets that were fully amortized but still in use as at 31 December 2022 was approximately VND 82,255,122,349 (as at 31 December 2021: approximately VND 82,255,122,349).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13 CONSTRUCTION IN PROGRESS

	2022 VND	2021 VND
E-commerce application solutions in governmental procurement	-	53,024,299,007
Others	20,457,943,130	4,278,158,771
	<u>20,457,943,130</u>	<u>57,302,457,778</u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2022 VND	2021 VND
Related parties (Note 33(b))	241,475,174,777	129,129,876,141
Third parties	744,524,172,556	694,797,340,562
<i>Including:</i>		
- <i>Uromax (Singapore) Pte., Ltd.</i>	132,242,370,240	14,561,602,350
- <i>FISERV (APAC) Pte., Ltd.</i>	75,166,360,930	74,596,875,650
- <i>Others</i>	537,115,441,386	605,638,862,562
	<u>985,999,347,333</u>	<u>823,927,216,703</u>

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2022 VND	2021 VND
Related parties (Note 33(b))	277,298,390	798,502,320
Third parties	329,878,363,794	474,891,724,926
<i>Including:</i>		
- <i>Ministry of Public Security</i>	17,231,946,003	125,003,109,842
- <i>Joint Stock Commercial Bank for Foreign Trade of Vietnam</i>	40,255,637,965	33,876,102,400
- <i>General Department of Taxation Vietnam</i>	19,055,360,000	21,938,130,000
- <i>Others</i>	253,335,419,826	294,074,382,684
	<u>330,155,662,184</u>	<u>475,690,227,246</u>

FPT INFORMATION SYSTEM CORPORATION

Form B 09 - DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16 TAXES AND OTHER PAYABLES TO THE STATE

	2022 VND	2021 VND
VAT output	10,983,573,886	13,834,437,532
BIT	29,755,613,668	24,706,911,469
Personal Income Tax ("PIT")	3,429,173,304	2,862,433,675
Foreign Contractor Withholding Tax ("FCT")	4,530,685,588	4,702,689,223
	<u>48,699,046,446</u>	<u>46,106,471,899</u>

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

	As at 1.1.2022 VND	Payables in the year VND	Net-off during the year VND	Paid during the year VND	Reclassification VND	As at 31.12.2022 VND
VAT output	13,834,437,532	451,358,947,233	(392,378,744,816)	(61,831,066,063)	-	10,983,573,886
VAT on importation	-	119,135,852,241	-	(119,135,852,241)	-	-
Export, import tax	-	1,508,696,862	-	(1,508,696,862)	-	-
BIT	24,706,911,469	127,690,470,984	-	(122,853,961,505)	212,192,720	29,755,613,668
PIT	2,862,433,675	92,562,329,897	-	(91,995,590,268)	-	3,429,173,304
FCT	4,702,689,223	54,678,429,810	-	(54,850,433,445)	-	4,530,685,588
Others	-	139,277,181	-	(139,277,181)	-	-
	<u>46,106,471,899</u>	<u>847,074,004,208</u>	<u>(392,378,744,816)</u>	<u>(452,314,877,565)</u>	<u>212,192,720</u>	<u>48,699,046,446</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17 SHORT-TERM ACCRUED EXPENSES

	2022 VND	2021 VND
Expenses accrued for system integration projects	344,056,961,840	373,922,432,375
Others	6,281,107,502	1,292,763,444
	<u>350,338,069,342</u>	<u>375,215,195,819</u>

18 OTHER PAYABLES

	2022 VND	2021 VND
Related parties (Note 33(b))	134,939,385,954	234,940,316,954
<i>Including:</i>		
- Payable to the parent company - Tan Thuan Project	134,899,329,954	134,899,329,954
- Payable to the parent company - Profit distribution	-	100,000,000,000
- Others	40,056,000	40,987,000
Third parties	23,870,400,661	23,564,442,249
	<u>158,809,786,615</u>	<u>258,504,759,203</u>

FPT INFORMATION SYSTEM CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19 BORROWINGS	As at 1.1.2022 VND	Increase VND	Current portion of Long-term borrowings VND	Decrease VND	Foreign exchange differences VND	As at 31.12.2022 VND
(a) Short-term						
<i>Short-term borrowings</i> Borrowings from related parties (Note 33(b))	171,825,000,000	-	-	(171,825,000,000)	-	-
Borrowings from banks (*)	1,760,246,553,891	3,809,793,343,319	-	(4,068,877,325,670)	20,439,300,000	1,521,601,871,540
<i>Current portion of long-term borrowings</i> Borrowings from banks (*)	-	-	14,789,553,546	(1,681,238,466)	-	13,108,315,080
(b) Long-term						
Borrowings from banks (*)	1,932,071,553,891	3,809,793,343,319	14,789,553,546	(4,242,383,564,136)	20,439,300,000	1,534,710,186,620
	-	82,164,186,447	(14,789,553,546)	-	-	67,374,632,901

FPT INFORMATION SYSTEM CORPORATION

Form B 09 – DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19 BORROWINGS (CONTINUED)

(*) Borrowings from banks are unsecured borrowings from commercial banks. Detailed balances of borrowings as at year end are as follows:

Banks	2022 VND	2021 VND
Short-term borrowings		
BNP Paribas – Hanoi Branch	441,095,165,683	363,368,257,728
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Operation Center Branch	381,810,163,986	48,269,969,801
Citibank, N.A – Hanoi Branch	201,512,559,860	108,151,560,691
MUFG Bank, Ltd. – Hanoi Branch	115,334,109,345	154,921,918,301
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	107,672,550,528	137,840,701,555
HSBC Bank (Vietnam) Ltd.	92,557,867,824	113,851,525,948
The Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	92,194,454,314	28,494,223,705
MUFG Bank, Ltd. – Labuan Branch	89,425,000,000	175,453,000,000
Australia and New Zealand Banking Group Limited – Singapore Branch	-	223,453,200,000
Bank of Sumitomo Mitsui Corporation – Hanoi Branch	-	204,009,196,162
Bank of Sumitomo Mitsui Corporation – Singapore Branch	-	202,433,000,000
	<u>1,521,601,871,540</u>	<u>1,760,246,553,891</u>
Current portion of Long-term borrowings		
Tien Phong Commercial Joint Stock Bank	13,108,315,080	-
	<u>67,374,632,901</u>	<u>-</u>
Long-term borrowings		
Tien Phong Commercial Joint Stock Bank	1,602,084,819,521	1,760,246,553,891
	<u>1,602,084,819,521</u>	<u>1,760,246,553,891</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20 PROVISIONS

	2022 VND	2021 VND
(a) Short-term		
Provision for warranty	7,292,713,227	6,508,990,205
Others	26,959,657,023	73,074,264,822
	<u>34,252,370,250</u>	<u>79,583,255,027</u>
(b) Long-term		
Provision for warranty	<u>2,763,464,633</u>	<u>5,230,766,819</u>

21 OWNER'S CAPITAL

	<u>Chartered and contributed capital</u>	
	VND	%
FPT Corporation	<u>1,100,000,000,000</u>	<u>100</u>

Pursuant to the 29th amendment to the Enterprise Registration Certificate No. 0104128565 dated 4 January 2023, the chartered capital of the Company is VND 1,100,000,000,000 which has been fully contributed.

FPT INFORMATION SYSTEM CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22 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 2021	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 distributed	-	-	(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
Capital increase during the year (i)	250,000,000,000	-	-	-	250,000,000,000
Net profit for the year	-	-	331,014,741,793	5,261,629,490	336,276,371,283
Appropriation to Bonus and welfare fund (ii)	-	-	(33,101,474,179)	-	(33,101,474,179)
Profit distributed (iii)	-	-	(240,000,000,000)	(1,203,795,000)	(241,203,795,000)
Others	-	264,265,161	-	-	264,265,161
As at 31 December 2022	1,100,000,000,000	880,897,774	471,016,087,702	65,085,868,261	1,636,982,853,737

(i) During the year, pursuant to Decision No. 27/QĐ-FPT dated 11 February 2022, the Company's owner increased the Company's charter capital by VND 250,000,000,000 which was fully contributed in cash (Note 33(a)).

(ii) Appropriation to the bonus and welfare fund was made in accordance with the Decision No. 1556/2022/QĐ-FIS dated 31 December 2022.

(iii) The company distributed profits to the Company's owner with a total amount of VND 240,000,000,000 in accordance to Decision No. 24/QĐ/FPT dated 8 February 2022 (Note 33(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25 COST OF GOODS SOLD AND SERVICES RENDERED

	2022 VND	2021 VND
Cost of goods sold	3,704,617,329,137	3,612,833,468,237
Cost of services rendered	1,619,706,889,248	1,527,558,431,149
Provision/(reversal of provision) for decline in value of inventories	905,550,790	(5,695,999,527)
	<u>5,325,229,769,175</u>	<u>5,134,695,899,859</u>

26 FINANCIAL INCOME

	2022 VND	2021 VND
Interest income from deposits and lendings	97,028,973,959	71,614,415,870
Foreign exchange gains	78,940,359,814	37,600,655,976
	<u>175,969,333,773</u>	<u>109,215,071,846</u>

27 FINANCIAL EXPENSES

	2022 VND	2021 VND
Interest expense	53,370,882,936	39,396,501,574
Foreign exchange losses	78,572,594,780	33,497,406,258
	<u>131,943,477,716</u>	<u>72,893,907,832</u>

28 SELLING EXPENSES

	2022 VND	2021 VND
Staff costs	255,958,133,370	217,771,034,173
External services	64,758,757,255	50,426,101,687
Depreciation and amortisation	18,250,356,317	12,823,935,619
Others	49,461,210,306	40,102,006,980
	<u>388,428,457,248</u>	<u>321,123,078,459</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

29 GENERAL AND ADMINISTRATION EXPENSES

	2022 VND	2021 VND
Staff costs	249,528,815,897	222,740,587,403
Provisions for doubtful debts and lendings	170,485,284,478	107,531,107,134
External services	82,080,630,029	87,852,625,759
Depreciation and amortisation	220,077,882	1,928,076,159
Others	14,584,926,754	27,783,682,390
	<u>516,899,735,040</u>	<u>447,836,078,845</u>

30 OTHER INCOME AND OTHER EXPENSES

	2022 VND	2021 VND
Other income		
Rewards from business partners	40,639,943,842	48,561,111,765
Others	14,019,316,432	4,829,113,843
	<u>54,659,260,274</u>	<u>53,390,225,608</u>
Other expenses		
Penalties and fines	(18,428,402,997)	(4,119,309,642)
Others	(819,968,863)	(772,653,065)
	<u>(19,248,371,860)</u>	<u>(4,891,962,707)</u>
Net other income	<u>35,410,888,414</u>	<u>48,498,262,901</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

31 BUSINESS INCOME TAX (“BIT”)

The BIT tax on the Company and subsidiaries' accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2022 VND	2021 VND
Net accounting profit before tax	434,472,501,916	376,668,782,400
Tax calculated at a rate of 20%	86,894,500,383	75,333,756,480
Effect of:		
Income not subject to tax	-	(509,095,761)
Expenses not deductible for tax purposes	326,525,255	20,231,391,751
Temporary differences for which no deferred tax was recognised	16,902,273,589	-
Tax deductions	(5,897,963,779)	-
Others	(29,204,815)	(836,450,323)
BIT charge (*)	<u>98,196,130,633</u>	<u>94,219,602,147</u>
Charged to the separate income statement:		
BIT - current	127,690,470,984	90,666,051,982
BIT - deferred	(29,494,340,351)	3,553,550,165
	<u>98,196,130,633</u>	<u>94,219,602,147</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.

32 COSTS OF OPERATION BY FACTOR

	2022 VND	2021 VND
Raw materials	3,607,037,158,729	3,709,172,358,469
External services	1,243,617,117,587	1,154,877,063,060
Staff costs	1,072,374,858,345	919,156,438,451
Depreciation and amortisation	45,146,646,116	27,452,463,268
Others	254,106,484,529	184,892,394,917
	<u>6,222,282,265,306</u>	<u>5,995,550,718,165</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 RELATED PARTY DISCLOSURES

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

Related parties (*)	Relationship
FPT Corporation	Parent Company
FPT Software Co., Ltd.	Fellow group subsidiaries
FPT Education Company Limited	Fellow group subsidiaries
FPT Telecom Joint Stock Company	Fellow group subsidiaries
FPT Smart Cloud Co., Ltd.	Fellow group subsidiaries
FPT Digital Co., Ltd.	Fellow group subsidiaries
FPT Investment Co., Ltd.	Fellow group subsidiaries
FPT Digital Retail Joint Stock Company	Fellow group affiliate
Synnex FPT Joint Stock Company	Fellow group affiliate
Board of Management, Board of Directors, Supervisory Board and other managers	Key management personnel

(*) *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

Primary transactions with related parties incurred in the year are:

	2022 VND	2021 VND
i) Revenue from sales of goods and rendering of services		
FPT Software Co., Ltd.	359,338,467,761	266,118,128,140
FPT Telecom Joint Stock Company	343,553,638,851	298,864,868,311
FPT Smart Cloud Co., Ltd.	86,232,337,306	53,028,945,017
FPT Corporation	74,546,040,351	71,392,507,410
FPT Digital Retail Joint Stock Company	23,349,012,265	27,300,099,659
Others	15,139,343,289	11,208,339,879
	<u>902,158,839,823</u>	<u>727,912,888,416</u>
ii) Purchases of goods and services		
Synnex FPT Joint Stock Company	934,331,766,962	892,423,800,548
FPT Software Co., Ltd.	355,392,482,777	6,330,496,751
FPT Telecom Joint Stock Company	79,413,965,531	220,615,955,672
Others	87,604,874,869	65,746,269,728
	<u>1,456,743,090,139</u>	<u>1,185,116,522,699</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (continued)

	2022 VND	2021 VND
<i>iii) Lendings</i>		
FPT Corporation	3,420,000,000,000	4,340,000,000,000
<i>iv) Interest from lendings</i>		
FPT Corporation	80,211,863,300	67,488,965,457
<i>v) Collections of lendings</i>		
FPT Corporation	4,030,000,000,000	3,306,000,000,000
<i>vi) Borrowings</i>		
FPT Corporation	-	171,825,000,000
<i>vii) Capital contributions (Note 22)</i>		
FPT Corporation	250,000,000,000	-
<i>viii) Interest expense</i>		
FPT Corporation	312,817,724	321,053,835
<i>ix) Loan repayments</i>		
FPT Corporation	171,825,000,000	-
<i>x) Profit distribution (Note 22)</i>		
FPT Corporation	240,000,000,000	300,000,000,000
<i>xi) Other income</i>		
FPT Telecom Joint Stock Company	93,158,021	111,941,945
FPT Corporation	7,500,000	-
	100,658,021	111,941,945
<i>xii) Compensation of key management</i>		
Gross salaries and other benefits	8,575,010,000	7,347,840,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances with related parties

	2022 VND	2021 VND
<i>i) Deposit at Centralised Account of parent company</i>		
FPT Corporation	379,038,254,459	143,766,111,625
<i>ii) Short-term trade accounts receivable (Note 5)</i>		
FPT Telecom Joint Stock Company	90,067,525,544	4,902,747,464
FPT Corporation	38,792,356,686	29,366,848,191
FPT Software Co., Ltd.	30,938,178,826	21,473,793,897
FPT Smart Cloud Co., Ltd.	17,197,278,830	11,091,299,110
Others	910,579,400	1,681,097,265
	<u>177,905,919,286</u>	<u>68,515,785,927</u>
<i>iii) Short-term prepayments to suppliers</i>		
FPT Software Co., Ltd.	9,080,996,400	-
FPT Telecom Joint Stock Company	760,586,393	-
	<u>9,841,582,793</u>	<u>-</u>
<i>iv) Short-term lendings (Note 7)</i>		
FPT Corporation	1,320,000,000,000	1,930,000,000,000
<i>v) Other receivables</i>		
FPT Corporation	16,537,150,971	12,778,559,982
<i>vi) Short-term trade accounts payable (Note 14)</i>		
Synnex FPT Joint Stock Company	154,692,613,204	93,250,424,783
FPT Software Co., Ltd.	59,304,166,435	18,232,500,803
Others	27,478,395,138	17,646,950,555
	<u>241,475,174,777</u>	<u>129,129,876,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances with related parties (continued)

	2022 VND	2021 VND
vii) Short-term advances from customers (Note 15)		
FPT Education Company Limited	184,869,240	88,588,500
FPT Smart Cloud Co., Ltd.	76,809,150	198,446,820
FPT Telecom Joint Stock Company	15,620,000	511,467,000
	<u>277,298,390</u>	<u>798,502,320</u>
viii) Other short-term payables (Note 18)		
FPT Corporation	134,899,329,954	234,899,329,954
FPT Software Co., Ltd.	40,056,000	40,987,000
	<u>134,939,385,954</u>	<u>234,940,316,954</u>
ix) Accrued expenses		
FPT Corporation	-	321,053,835
	<u>-</u>	<u>321,053,835</u>
x) Short-term borrowings (Note 19)		
FPT Corporation	-	171,825,000,000
	<u>-</u>	<u>171,825,000,000</u>

34 OPERATING COMMITMENTS

The Company must pay the minimum rates for future irrevocable warehouse and office lease contracts as follows:

	2022 VND	2021 VND
Warehouse and office rentals		
Within 1 year	52,088,229,040	36,593,806,292
From 1 year to 5 years	79,258,205,196	5,676,052,313
More than 5 years	4,023,554,388	-
	<u>135,369,988,624</u>	<u>42,269,858,605</u>
Total minimum payments	<u>135,369,988,624</u>	<u>42,269,858,605</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

35 CONTINGENT LIABILITIES

RESTORATION OBLIGATION OF LAND LEASE

The Company and its subsidiaries signed land rental contracts and has carried out the construction of buildings and infrastructure on lands. The land rental contracts do not state explicitly the obligations of the Company and its subsidiaries for land restoration at the end of the lease terms. The Board of Management assessed that the Company and its subsidiaries may have future obligations related to dismantling and removing the assets of the Company and its subsidiaries on lands and restoring the lands to their original conditions at the end of rental periods. However, these obligations can only be ascertained when there are future events in the future, such as the further discussion with lessors or when the governmental authority promulgates additional legal documents for clarifying the lessee's obligation when land rental contracts do not explicitly state the land restoration obligation of lease. Therefore, the Company and its subsidiaries did not recognise a provision for land restoration obligation in the consolidated financial statements for the year ended 31 December 2022.

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 were approved by the Company's Deputy General Director on 24 March 2023.



Vu Thi Mai
Preparer



Ngo Thi Minh Hue
Chief Accountant



Dau Tran Trung
Chief Finance Officer
Authorised signatory