

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CORPORATE INFORMATION

Business registration certificate

No. 0103018458 dated 23 July 2007 which was initially issued by the Ministry of Transport.

Enterprise registration certificate

No. 0102325399 dated 19 April 2011 which was initially issued by the Department of Planning and Investment of Ha Noi City with the latest 28th amendment dated 8 October 2020.

Investment registration certificate

No. 2357762445 dated 30 December 2016 which was initially issued by the Board of Management of Saigon Hi-Tech Park for a period of 50 years from the date of the initial Investment registration certificate

Board of Directors

Mrs. Nguyen Thanh Ha	Chairwoman
Mrs. Nguyen Thi Phuong Thao	Vice Chairwoman
Mr. Nguyen Thanh Hung	Vice Chairman
Mr. Chu Viet Cuong	Member
Mr. Luu Duc Khanh	Member
Mr. Dinh Viet Phuong	Member
Mr. Donal Joshep Boylan	Member

Board of Management

Mrs. Nguyen Thi Phuong Thao	Chief Executive Officer
Mr. Dinh Viet Phuong	Permanent Vice President cum Managing Director
Mrs. Ho Ngoc Yen Phuong	Vice President cum Chief Finance Officer
Mr. To Viet Thang	Vice President
Mr. Luong The Phuc	Vice President
Mr. Nguyen Duc Thinh	Vice President
Mr. Nguyen Thanh Son	Vice President
Mrs. Nguyen Thi Thuy Binh	Vice President
Mr. Tran Hoai Nam	Vice President
Mr. Do Xuan Quang	Vice President

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CORPORATE INFORMATION (continued)

Audit Committee	Mr. Donal Joshep Boylan	Chairman (from 1 October 2021)
	Mr. Luu Duc Khanh	Member (from 1 October 2021)
	Mr. Nguyen Thanh Hung	Member (from 1 October 2021)
Legal representative	Mrs. Nguyen Thanh Ha	Chairwoman
	Mrs. Nguyen Thi Phuong Thao	Chief Executive Officer
	Mr. Dinh Viet Phuong	Permanent Vice President cum Managing Director
Registered office	302/3 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District Hanoi City, Vietnam	
Auditor	PwC (Vietnam) Limited	

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

STATEMENT OF THE BOARD OF MANAGEMENT

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

The Board of Management of VietJet Aviation Joint Stock Company ("the Company") is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows 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 Group 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 Group and enable 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 Group and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 6 to 78 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Nguyễn Thị Phương Thao
Chief Executive Officer

Ho Chi Minh City, SR of Vietnam
30 April 2022



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIETJET AVIATION JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of VietJet Aviation Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group") which were prepared on 31 December 2021, and approved by the Board of Management of the Company on 30 April 2022. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 6 to 78.

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 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 as 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 Group 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 Group's 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 Group's internal control. 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 Group as at 31 December 2021, its consolidated financial performance and consolidated cash flows of the Group 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 versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



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

Tram Tu Mai Anh
Audit Practising Licence No.
3546-2021-006-1

Report reference number: HCM12386
Ho Chi Minh City, 30 April 2022

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND
100	CURRENT ASSETS		26,866,732,678,773	25,382,768,751,524
110	Cash and cash equivalents	4	1,868,252,946,557	2,926,425,627,363
111	Cash		983,304,817,181	1,240,956,976,086
112	Cash equivalents		884,948,129,376	1,685,468,651,277
120	Short-term investments		859,475,421,096	604,000,000,000
121	Trading securities	5(a)	990,000,000,000	990,000,000,000
122	Provision for diminution in value of trading securities	5(a)	(135,000,000,000)	(390,000,000,000)
123	Investments held to maturity		4,475,421,096	4,000,000,000
130	Short-term receivables		23,261,094,436,070	20,896,413,814,943
131	Short-term trade accounts receivable	6	11,452,445,071,396	8,595,121,205,429
132	Short-term prepayments to suppliers	7	100,108,467,605	163,063,451,513
135	Short-term lendings	8(a)	657,000,000,000	-
136	Other short-term receivables	9(a)	11,051,540,897,069	12,138,229,158,001
140	Inventories		811,247,030,655	712,093,262,127
141	Inventories	10	811,247,030,655	712,093,262,127
150	Other current assets		66,662,844,395	243,836,047,091
151	Short-term prepaid expenses	11(a)	16,306,514,272	212,806,066,718
152	Value Added Tax ("VAT") to be reclaimed	16(a)	50,356,330,123	2,665,999,116
153	Tax and other receivables from the State		-	28,363,981,257

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2021 VND	2020 VND
200	LONG-TERM ASSETS		24,786,971,332,567	19,814,061,480,237
210	Long-term receivables		16,889,287,027,947	12,969,528,319,817
215	Long-term lendings	8(b)	789,648,322,692	499,159,644,000
216	Other long-term receivables	9(b)	16,099,638,705,255	12,470,368,675,817
220	Fixed assets		1,158,451,949,883	850,496,391,339
221	Tangible fixed assets	12(a)	1,150,354,396,311	849,424,949,655
222	Historical cost		1,511,188,985,876	1,123,923,896,200
223	Accumulated depreciation		(360,834,589,565)	(274,498,946,545)
227	Intangible fixed assets	12(b)	8,097,553,572	1,071,441,684
228	Historical cost		39,171,240,479	30,834,110,655
229	Accumulated amortisation		(31,073,686,907)	(29,762,668,971)
240	Long-term asset in progress		500,760,695,887	804,241,395,933
242	Construction in progress	13	500,760,695,887	804,241,395,933
250	Long-term investments		149,417,024,400	198,244,065,926
252	Investments in associates	5(b)	-	42,270,859,708
253	Investment in other entities	5(c)	149,417,024,400	149,417,024,400
255	Investments held to maturity		-	6,556,181,818
260	Other long-term asset		6,089,054,634,450	4,991,551,307,222
261	Long-term prepaid expenses	11(b)	6,089,054,634,450	4,991,551,307,222
270	TOTAL ASSETS		51,653,704,011,340	45,196,830,231,761

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2021 VND	2020 VND
300	LIABILITIES		34,799,493,690,860	30,218,431,246,643
310	Short-term liabilities		15,522,180,566,553	19,833,798,568,095
311	Short-term trade accounts payable	14	3,241,429,731,841	3,421,611,923,374
312	Short-term advances from customers	15	544,895,468,268	772,902,367,939
313	Tax and other payables to the State	16(b)	288,705,246,334	293,546,908,739
314	Payable to employees		81,631,536,906	62,911,822,426
315	Short-term accrued expenses	17	929,357,469,634	867,910,965,757
318	Short-term unearned revenue	18	381,579,736,840	867,654,596,914
319	Other short-term payables	19(a)	1,092,825,880,639	1,588,286,971,646
320	Short-term borrowings	20(a)	7,320,070,386,166	10,094,815,636,734
321	Provision for short-term liabilities	21	1,314,535,033,134	1,864,157,374,566
322	Bonus and welfare fund	22	327,150,076,791	-
330	Long-term liabilities		19,277,313,124,307	10,384,632,678,548
337	Other long-term payables	19(b)	50,852,726,178	42,376,777,401
338	Long-term borrowings	20(b)	8,140,241,446,768	1,347,040,509,856
341	Deferred income tax liabilities	23	154,517,071,443	67,824,775,143
342	Provision for long-term liabilities	21	10,931,701,879,918	8,927,390,616,148
400	OWNERS' EQUITY		16,854,210,320,480	14,978,398,985,118
410	Capital and reserves		16,854,210,320,480	14,978,398,985,118
411	Owners' capital	24, 25	5,416,113,340,000	5,416,113,340,000
411a	- Ordinary shares with voting rights		5,416,113,340,000	5,416,113,340,000
412	Share premium	25	247,483,117,899	245,949,492,805
415	Treasury shares	25	-	(2,347,121,362,620)
417	Foreign exchange differences	25	(110,730,393,251)	73,551,097,850
421	Undistributed earnings	25	11,281,432,588,734	11,589,250,587,139
421a	- Undistributed post-tax profits of previous years		11,208,574,467,791	11,520,659,436,312
421b	- Post-tax profits of current year		72,858,120,943	68,591,150,827
429	Non-controlling interests	25	19,911,667,098	655,829,944
440	TOTAL RESOURCES		51,653,704,011,340	45,196,830,231,761

Pham Ngoc Thoa
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer

Dinh Viet Phuong
Permanent Vice President
cum Managing Director
30 April 2022



The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	12,874,919,725,450	18,220,292,888,526
02	Less deductions	-	-
10	Net revenue from sales of goods and rendering of services	12,874,919,725,450	18,220,292,888,526
11	Cost of goods sold and services rendered	(14,913,724,210,509)	(19,632,221,357,027)
20	Gross loss from sales of goods and rendering of services	(2,038,804,485,059)	(1,411,928,468,501)
21	Financial income	4,032,772,056,932	970,429,628,494
22	Financial expenses	(806,254,583,608)	(419,415,685,869)
23	- Including: Interest expense	(804,782,847,259)	(452,572,729,500)
24	Share of losses from associate	(42,270,859,708)	(17,729,140,292)
25	Selling expenses	(607,756,237,934)	(764,076,040,739)
26	General and administration expenses	(365,729,158,499)	(374,847,317,582)
30	Net operating profit/(loss)	171,956,732,124	(2,017,567,024,489)
31	Other income	16,201,777,600	1,779,506,069,100
32	Other expenses	(7,778,986,800)	(6,431,815,059)
40	Net other income	8,422,790,800	1,773,074,254,041
50	Net accounting profit/(loss) before tax	180,379,522,924	(244,492,770,448)
51	Business income tax ("BIT") - current	(14,027,919,315)	(13,462,059,245)
52	BIT - deferred	(86,692,296,300)	326,620,164,827
60	Net profit after tax	79,659,307,309	68,665,335,134
Attributable to:			
61	Shareholders of the Company	74,584,907,230	68,591,150,827
62	Non-controlling interests	5,074,400,079	74,184,307
70	Basic earnings per share	139	131
71	Diluted earnings per share	139	131

Pham Ngoc Thoa
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer

Đinh Viet Phuong
Permanent Vice President
cum Managing Director
30 April 2022

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		Year ended 31 December	
Code	Note	2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit/(loss) before tax	180,379,522,924	(244,492,770,448)
	Adjustments for:		
02	Depreciation and amortisation	98,078,009,402	141,435,349,577
03	Provisions/(reversal of provision)	1,248,753,445,939	(119,581,017,648)
04	Unrealised foreign exchange losses	220,650,652,715	30,763,613,923
05	Profits from investing activities	(244,838,291,866)	(741,818,692,497)
06	Interest expense	804,782,847,259	452,572,729,500
08	Operating profit/(loss) before changes in working capital	2,307,806,186,373	(481,120,787,593)
09	Increase in receivables	(5,591,418,282,646)	(1,032,209,073,740)
10	(Increase)/decrease in inventories	(99,153,768,528)	35,805,417,710
11	Decrease in payables	(1,689,496,549,248)	(824,443,624,713)
12	Increase in prepaid expenses	(866,941,322,443)	(218,645,374,852)
14	Interest paid	(546,700,781,758)	(432,836,309,700)
15	BIT paid	(11,391,168,246)	(254,507,686,710)
17	Other payments on operating activities	(53,526,042,557)	-
20	Net cash outflows from operating activities	(6,550,821,729,053)	(3,207,957,439,598)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(174,908,809,761)	(293,759,925,297)
22	Proceeds from disposals of fixed assets and long-term assets	802,487,001	397,277,400,299
23	Loans and term deposits granted	(954,307,071,788)	-
24	Collection of loans, proceeds from sales of debt instruments of other entities	6,556,181,818	709,756,800,000
25	Investments in other entities	(21,806,385,793)	-
27	Dividends and interest received	260,368,105,967	329,815,665,506
30	Net cash (outflows)/inflows from investing activities	(883,295,492,556)	1,143,089,940,508

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT (continued)
(Indirect method)

		Year ended 31 December	
Code	Note	2021 VND	2020 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from sale of treasury shares	2,348,654,987,714	-
33	Proceeds from borrowings	17,361,032,360,990	17,804,330,775,879
34	Repayments of borrowings	(13,316,544,337,918)	(18,173,617,597,912)
40	Net cash inflows/(outflows) from financing activities	6,393,143,010,786	(369,286,822,033)
50	Net decrease in cash and cash equivalents	(1,040,974,210,823)	(2,434,154,321,123)
60	Cash and cash equivalents at beginning of year	4 2,926,425,627,363	5,364,049,804,580
61	Effect of foreign exchange differences	(17,198,469,983)	(3,469,856,094)
70	Cash and cash equivalents at end of year	4 1,868,252,946,557	2,926,425,627,363

Additional information relating to the consolidated cash flow statement is presented in Note 38.

 <hr/> Pham Ngoc Thoa Chief Accountant	 <hr/> Ho Ngoc Yen Phuong Vice President cum Chief Finance Officer	 <hr/> Dinh Viet Phuong Permanent Vice President cum Managing Director 30 April 2022
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The notes on pages 12 to 78 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

VietJet Aviation Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam pursuant to Enterprise registration certificate No. 0102325399 dated 23 July 2007 which was initially issued by the Department of Planning and Investment of Hanoi City and the 28th amended Enterprise registration certificate dated 8 October 2020.

The Company's shares are listed on the Ho Chi Minh City Stock Exchange with the stock trading code "VJC".

The principal activities of the Company and its subsidiaries (together referred to as "the Group") are to provide passenger and cargo transportation services on domestic and international air routes, airline-related support services and to trade aircraft and components.

The normal business cycle of the Group is 12 months.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 09 – DN/HN

1 GENERAL INFORMATION

As at 31 December 2021, the Group had 9 subsidiaries and 2 associates. Details are as follows:

	Principal activities	Enterprise registration certificate	Place of incorporation and operation	2021		2020	
				Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Directly-owned subsidiaries							
Vietjet Air IVB No. I Limited	To trade and lease aircraft and aircraft components	No. 1825671 dated 27 May 2014	British Virgin Islands	100	100	100	100
Vietjet Air IVB No. II Limited	To trade and lease aircraft	No. 1825613 dated 27 May 2014	British Virgin Islands	100	100	100	100
Vietjet Air Singapore Pte. Ltd.	To trade aircraft	No. 201408849N dated 27 March 2014	Singapore	100	100	100	100
Vietjet Air Ireland No. 1 Limited	To trade and lease aircraft	No. 544879 dated 3 June 2014	Ireland	100	100	100	100
Galaxy Pay Company Limited	To provide payment services (online payment, e-wallet)	No. 0316368255 dated 7 July 2020	Vietnam	100	100	100	100
Swift 247 Joint Stock Company	To provide transportation related support services	No. 0315524536 dated 23 February 2019	Vietnam	67	67	-	-
VietJet Ground Services Limited Liability Company	To provide direct support service for airline transportation	No. 0109783334 dated 19 October 2021	Vietnam	100	100	-	-
VietjetAir Cargo Joint Stock Company	To provide cargo transportation and related support services	No. 0312759089 dated 27 August 2014	Vietnam	-	-	90	90

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

	Principal activities	Enterprise registration certificate	Place of incorporation and operation	2021		2020	
				Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Indirectly-owned subsidiaries							
Skymate Limited	To trade and lease aircraft	No. 327015 dated 15 September 2017	Cayman Islands	100	100	100	100
VietjetAir Cargo Joint Stock Company	To provide cargo transportation and related support services	No. 0312759089 dated 27 August 2014	Vietnam	64	67	-	-
Associates							
Thai Vietjet Air Joint Stock Co., Ltd. (*)	To provide passenger and cargo transportation and related support services	No. 0105556100551 dated 25 June 2013	Thailand	9	9	9	9
Cam Ranh International Terminal Joint Stock Company (*)	To provide direct support services for airline transportation	No. 4201676638 dated 5 February 2016	Vietnam	10	10	10	10

(*) The Group has significant influence over these companies because the Group has the right to appoint members of the Board of Directors of these companies.

As at 31 December 2021, the Group had 5,322 employees (as at 31 December 2020: 5,504 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, except for investments in associates and business combinations as presented in Note 2.11.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated 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 Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Assessment of going concern assumption

The COVID-19 pandemic, since the beginning of 2020, has created a fluid and challenging situation for all industries, including the aviation industry. In 2021, certain waves of the COVID-19 resurgence, which were driven by new variants, resulted in travel and border restrictions that have been implemented more strictly in Vietnam and other countries than before. Demand for air travel dropped significantly, which has affected the Group's financial performance and cash flows. As a consequence, the Group reported a gross loss from the main aviation business, of VND2,039 billion for the year ended 31 December 2021 (and for the year ended 31 December 2020: VND1,412 billion).

However, the Board of Directors and the Board of Management determined that there was positive resilience in the aviation industry by the end of 2021, thanks to the implementation of large COVID-19 vaccination campaigns across the nation and the strict application of COVID-19 prevention regulations, to ensure flight safety and the health of passengers and sky teams, and the Group is conducting certain business plans to prepare for normal aviation operations, as follows:

(i) Recovery from the COVID-19 pandemic

After the resurgence of COVID-19, driven by the Delta and Omicron variants, which have seriously affected the global economy, including the aviation industry, the world and Vietnam saw positive signs of revival after the COVID-19 pandemic by the end of 2021, mainly thanks to fostering the process of COVID-19 vaccination campaigns from the Vietnamese government.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Assessment on going concern assumption (continued)****(i) Recovery from COVID-19 pandemic (continued)**

More than a year after the commencement of COVID-19 vaccinations, by the end of April 2022, the total number of vaccine doses in Vietnam was more than 200 million, making Vietnam one of the countries with the largest and most rapidly implemented COVID-19 vaccination programs in the world. In addition, on 14 April 2022, the Ministry of Health launched the COVID-19 vaccination campaign for children aged from 5 to under 12, with the expectation that two-dose vaccinations for eligible children will be completed in the second quarter of 2022. From the beginning of 2022, Vietnam has quickly increased domestic flights, reopened regular international flights to certain countries and territories, and from 15 February 2022, Vietnam has removed all restrictions on regular international flights. Currently, most countries have reopened, promising a strong recovery in the aviation industry after 2 years of COVID-19, and resumed operations as before the outbreak of COVID-19. In addition, on 15 March 2022, Vietnam's tourism was officially reopened to operate under new normal conditions, following the theme of safe adaptation, flexibility, and effective control of the COVID-19 pandemic. As a result, the occupancy rate for international flights increased. By the end of March 2022, the airlines had recorded a booking rate of 60 - 80% on international flights to Vietnam until September 2022. Accordingly, the aviation market was gradually returned to a normal course of business in the first quarter of 2022, and is expected to grow from 2023 onwards.

In addition to the support of the Government of Vietnam - such as through Decree No. 41/2020/ND-CP dated 8 April 2020, which extended the deadlines for payments of taxes, Resolution No. 13/2021/UBTVQH15 dated 31 December 2021 of the Standing Committee of the National Assembly on the reduction of environmental protection tax from 3,000 VND/litre to 1,500 VND/litre from 1 January 2022 to 31 December 2022, and Circular No. 21/TT- BGTVT dated 26 September 2021 of the Ministry of Transportation on the 50% reduction in take-off costs for domestic flights from 1 January 2021 to 31 December 2021, the application period of which the Civil Aviation Authority of Vietnam has proposed to extend until the end of 2022, the Group has been actively implementing a number of measures in its operations and business activities to cope with and minimise external impacts, including but not limited to the following:

- developing and upgrading the SkyBoss products and services, ancillary services and Power Pass cards, in-flight internet and wi-fi services, souvenir and duty-free goods, air transport and passenger health care services, air transport and leisure travel services;
- developing freighter, logistics, and express delivery, cooperating with international partners to expand and develop domestic and international cargo transportation services;
- deploying technology solutions to provide intermediary payment services, such as online payment gateway services, and e-wallets for which VietJet has been granted an intermediary payment services licence, e-wallets issued by the State Bank;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Assessment on going concern assumption (continued)****(i) Recovery from COVID-19 pandemic (continued)**

- executing aircraft financing and trading solutions;
- controlling and optimising operation costs;
- reducing ground service costs, through the commissioning of the VietJet Ground Operations Center at Noi Bai International Airport, since September 2020; and
- developing new air ticket products and customer programs, speeding up pilots and flight attendants' coaching and training activities, and arranging sufficient facilities to cope with market demand after the recovery.

(ii) Working capital management

The Group has been successful in negotiating with banks and certain lessors regarding the financial resources to restructure the aircraft operating leases and lease terms. Recently, the Group has completed negotiations with the remaining lessors for further waivers or deferrals of lease payments for a longer period, until the aviation industry recovers.

Furthermore, the Group has performed a comprehensive review of the operation's efficiency and implemented cost-saving measures, including but not limited to: negotiating with suppliers for reductions to the charges for airport handling, technical activities, and other services.

(iii) Funding

Certain banks have provided financial support by extending their borrowing maturity period. On 7 September 2021, the State Bank of Vietnam issued Circular No. 14/2021/TT-NHNN, which provides guidance on the credit institution and branch of foreign banks on debt rescheduling, interest and fee exempting or reducing to assist borrowers who are affected by the COVID-19 pandemic. In addition, the Group negotiated with lessors to restructure the aircraft lease costs to be more appropriate for the current situation.

Pursuant to Board of Directors' Resolution No. 10-21/VJC-HDQT-NQ dated 5 March 2021, the Group completed the sale of 17,772,740 treasury shares in April 2021 in order to strengthen its cash position and liquidity.

The Group successfully issued corporate bonds in 2021 for a total amount of VND7,462 billion. By the end of 2021, the Group issued corporate bonds and received proceeds in the first four months of 2022 with a total amount of VND2,897 billion. In 2022, the Group is conducting plans to raise capital by issuing private placement shares and convertible shares pursuant to a Resolution approved in the 2021 Annual General Meeting to strengthen the Group's financial capacity and ensure the sustainable development of the Group's aviation activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Assessment on going concern assumption (continued)****(iii) Funding (continued)**

Considering the aforementioned factors, the Board of Directors and the Board of Management are of the opinion that the Group will be able to generate sufficient working capital to finance its operations and to meet its obligations as and when they fall due in the following 12 months from the date of these consolidated financial statements. Consequently, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

2.3 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.4 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND" or "Dong"). The Group determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for listing selling prices and receiving payments; which is mainly used in purchases of goods or services, which has a significant impact on costs of labour, materials and other production or operating costs and which is normally used as payments of those costs.

In addition, the Group also use this currency to raise financial resources (such as via issuance of shares or bonds) and regularly collect this currency from business operations and savings.

On consolidating, if the currencies used on financial statements of subsidiaries are different from that of the Group, the Group is required to translate those financial statements into the currency used in the Group's consolidated financial statements under the following principles:

- Assets and liabilities of overseas subsidiaries are translated at actual exchange rate at year end;
- Undistributed earnings or losses incurred after acquisition date are translated based on the translation of income and expenses in the consolidated income statement;
- Profits already paid are translated at the actual exchange rate at the date of payment;
- Items of the consolidated income statement and the consolidated cash flow statement are translated at the average exchange rate of the accounting period if it approximates the actual rate at the time of the transaction (with the difference not exceeding 2%); and
- The cumulative amount of exchange differences is presented in a separate component of equity. Accumulated exchange differences arising from translation and attributable to the Group are presented in "Foreign exchange differences". Those arising from translation and attributable to non-controlling interests are allocated to "Non-controlling interests". Accumulated exchange differences arising from translation of unamortised goodwill are attributable to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Exchange rates**

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial banks where the Group regularly trades. The Group ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate and does not materially impact the financial position and the results of operations during the fiscal year. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the transfer rate at the consolidated balance sheet date of the commercial banks where the Group regularly trades. The transfer rate is average transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.6 Basis of consolidation***Subsidiaries***

Subsidiaries are all entities over which the Group 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 Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. 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 Group. 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 Group'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 group companies are eliminated.

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

The financial statements of the subsidiaries are prepared for the same accounting period of the Group 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 Group's. The length of the reporting period and differences in reporting date must be consistent between years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests ("NCI") as transactions with external parties to the Group.

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

A divestment of the Group'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 Group's share of net assets of the subsidiary and any consideration paid or received from divestment of the Group's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group's interest in a subsidiary that results in a loss of control, the difference between the Group'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.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition profits or losses of its associates is recognised in the consolidated income statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

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

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Basis of consolidation (continued)****Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a straight-line basis over its estimated period of benefit but not exceeding a period of 10 years.

Goodwill on acquisitions of investments in associates is included in the carrying amount of the investments at the date of acquisition. The Group does not amortise this goodwill.

On disposal of the investments in subsidiaries or associates, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is carried at cost less accumulated amortisation, and is tested annually for impairment. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting period.

2.7 Cash and cash equivalents

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

2.8 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Maintenance reserves of leased aircraft**

Under the terms of its aircraft operating lease agreements, the Group is legally and contractually responsible for maintenance and repair of the leased aircraft throughout the lease period and is also required to contribute maintenance reserves with the lessors. Maintenance reserves made to lessors are typically calculated based on a performance measure, such as flight hours or cycles, and are contractually required to be reimbursed to the Group upon the completion of the required maintenance of the leased aircraft including replacement of life limited parts, engine performance restoration, airframe major structural inspection, landing gear overhaul and auxiliary power unit (APU) heavy repair. If there are excess maintenance reserves at the expiration of the leases, the excess amounts are recognised as expenses in the consolidated income statement. The maintenance reserves are recorded as other receivables when there is no significant uncertainty regarding recovery of the reimbursement from lessors.

Maintenance reserves of leased aircraft are classified into long-term and short-term receivables based on the remaining terms from the consolidated balance sheet date to the estimated time that the Group could reimburse the maintenance expenses from lessors.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for merchandise, and specific identification method for tools and supplies, includes all costs of purchase 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 selling expenses.

The Group applies 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 year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold in the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Investments****(a) Trading securities**

Trading securities are securities which are held for trading to earn profits.

Trading securities are initially recorded at historical cost including cost of acquisition and any expenditure that is directly attributable to the acquisition. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end. The provision for diminution in value of trading securities is made when their carrying value is higher than their market value. Changes in the provision balance during the fiscal year 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.

The Group recognises trading securities when it has ownership of the assets, specifically as follows:

- Listed securities are recognised at the time of order matching; and
- Unlisted securities are recognised at the time when official ownership is established in accordance with regulations.

Profit or loss from liquidation or disposal of trading securities is recognised in the consolidated income statement. The costs of trading securities disposed of are determined by using the moving weighted average method.

(b) Investments held to maturity

Investments held to maturity are investments which the Group has a positive intention and ability to hold until maturity.

Investments held to maturity include term deposits, bonds and investments in business cooperation contracts, 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 year end.

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 maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Investments (continued)****(c) Investments in other entities**

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. It is calculated based on market value if market value can be determined reliably. If market value cannot be determined reliably, the provision for investments in other entities is calculated based on the loss of investees.

Changes in the provision balance during the year 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.

2.12 Lendings

Lendings are lendings granted for interest earning 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 lendings 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 year 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.

Lendings are classified into short-term and long-term lending on the consolidated balance sheet based on the remaining term of the lending from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Fixed assets***Tangible 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 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 consolidated 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. The estimated useful lives of each asset class are as follows:

Aircraft and components	10 - 20 years
Buildings and structures	47 years
Machinery and equipment	2 - 8 years
Office equipment	3 - 5 years
Motor vehicles	6 - 10 years
Software	3 - 5 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 and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipment; construction consulting expenditure; and expenses for the purchase of unfinished and undelivered aircraft. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.14 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 either a straight-line basis over the terms of the lease or using another calculation method if it is more reasonable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet.

(a) Short-term prepaid expenses

Short-term prepayments mainly comprise aircraft leases and short-term prepaid expenses for aircraft repairs. These prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

(b) Long-term prepaid expenses**(i) Maintenance costs and costs to make good on leased assets**

Accounting policies related to the recognition and allocation of maintenance costs and costs to make good on leased assets are presented in Note 2.20 to these consolidated financial statements.

(ii) Major inspection and overhaul expenditure

Major inspection and overhaul expenditure for leased aircrafts are deferred and amortised over the period to the next major inspection event or the remaining term of the lease if shorter.

(iii) Rotable parts

Rotable parts which have estimated useful lives of more than 1 year are recorded in long-term prepaid expenses and amortised on a straight-line basis over their estimated useful lives but not exceeding 3 years.

(iv) Tools and instruments

Tools and instruments include assets held-for-use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period from 2 years to 5 years.

2.16 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Borrowings**

Borrowings include borrowings from banks and other entities.

Borrowings are classified into short-term and long-term borrowings 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 borrowings a portion of which is used for the purpose of construction or production of any qualifying assets, the Group determines 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 Group's 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.

2.18 Bonds issued - Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance netting-off issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bonds.

2.19 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.

2.20 Provisions

Provisions are recognised when the Group has 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.

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 financial year are recorded as an increase or decrease in operating expenses.

Provisions include provisions for periodic maintenance costs and provisions for cost to make good on leased assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Provisions (continued)****(a) Provisions for periodic maintenance costs in the scope of maintenance reserves**

According to the aircraft leasing agreements between the Group and its lessors and the requirements of Vietnam Aviation Authority, the Group has to perform the routine maintenance and periodic maintenance for leased aircrafts based on Maintenance Planning Development for each aircraft which was developed based on the guidance of airline manufacturers. Routine maintenance is performed by the Group's cost while the periodic maintenance is covered by the maintenance reserves.

The provisions for maintenance expenses in the scope of the maintenance reserves include four (4) main parts:

- Costs of maintenance and replacement of the Life-Limited Part ("LLP");
- Costs of maintenance and replacement of the Landing Gear ("LDG");
- Costs of maintenance of the Engine Performance Restoration ("CPR"); and
- Costs of maintenance of the Auxiliary Power Unit ("APU").

The provisions for LLP and LDG are determined by the expected future cost of maintenance and replacement for the leased aircraft, having regard to the current fleet plan. At the beginning of lease term and during the period of leasing, the estimated costs are recorded in provisions with a corresponding asset is recognised in long-term prepaid expenses balance. The estimated costs in long-term prepaid expenses are amortised to expenses in the consolidated income statement using the basis of actual flight hours or cycles to the next maintenance event. If there is a significant change in the estimated costs, the provision for maintenance cost and the long-term prepaid expenses will be reassessed accordingly.

The provisions for CPR and APU are accrued and charged to the income statement over the actual flight hours or flight cycles and the estimated cost per a flight hour or a flight cycles in subsequent maintenances for CPR and APU.

In accordance with the Group's policy:

- with respect to Japanese Operating Leases with Call Option Contracts – JOLCO, the cost incurred in the first periodic maintenance for leased aircraft is recognised in long-term prepaid expenses balance and amortised to expenses using the basis of actual flight hours or cycles to the next maintenance event (Note 2.14(b)(ii));
- in case of aircraft operating lease agreements which are sub-leased by Thai Vietjet Air Joint Stock Co., Ltd. ("Thai Vietjet") – an associate, maintained costs are incurred and settled by Thai Vietjet;
- with respect to other aircraft operating leases, according to the agreements between the Group and its lessors, and the requirements of Vietnam Aviation Authority, the Group has obligations to perform the routine and periodic maintenance for leased aircraft based on their respective maintenance plans which were developed based on the guidance of airline manufacturers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Provisions (continued)****(b) Provisions for cost to make good on leased assets**

With respect to aircraft operating lease agreements of which the Group is required to return aircrafts with adherence to certain maintenance conditions, cost to make good on leased assets is estimated at the inception of the lease based on the present value of the future expected costs at the expiration of the lease in order for the Group to meet the conditions for the return of the aircraft to the lessors, including certain levels of maintenance as well as arranging for final test flights, inspection, custom and deregistration costs, removal of the Group's modifications, if any, and return of the aircraft to a specified location. At the inception of the lease, the estimated cost is recorded in provisions with a corresponding asset is recognised in debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised to expenses on a straight-line basis over the lease term. The increase in the provision due to passage of time is recognised as a financial expense.

In case of lease extension, provisions for cost to make good on leased assets are re-determined at the effective date of lease extension agreements based on the present value of the future expected costs at the new expiration of the lease. The difference of provisions for cost to make good on leased assets resulted from the lease extension is recognised to corresponding prepaid expenses and these prepaid expenses are amortised into the consolidated income statement on a straight-line basis over the extended lease term.

In case of aircraft operating lease agreements which are sub-leased by Thai Vietjet, cost to make good on leased assets are incurred and settled by Thai Vietjet.

2.21 Unearned revenue

Unearned revenue mainly comprises revenue from passenger transportation and ancillary services. The Group records unearned revenue for the future obligations that the Group has 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.

2.22 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Capital and reserves (continued)***Treasury shares*

Treasury shares brought before the effective date of the Securities Law (i.e. 1 January 2021) are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities.

Treasury shares brought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Undistributed earnings record the Group's results (profit or loss) after BIT at the reporting date.

2.23 Appropriation of profit

The Group's dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Resolution of the Board of Directors.

Profit after BIT could be distributed to shareholders after approval at the General Meeting of shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Group's fund is as below:

Bonus and welfare fund

Bonus and welfare fund is appropriated from the Company's profit after BIT and subject to Resolution of the Board of Directors. This fund is presented as a liability on the balance sheet. This fund is used for reward and encouragement of physical benefits, serving the needs of public welfare, improvement and enhancement of the standard of physical and spirit life of workers.

2.24 Revenue recognition**(a) Revenue from passenger transportation**

Revenue from passenger transportation is recognised in the consolidated income statement when the transportation is provided or when the ticket expires. The value of unused passenger tickets and miscellaneous charges is recorded in short-term liabilities as unearned revenue. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue from passenger transportation is recognised at the net amount after deducting sales discounts stated on the invoice.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition (continued)****(b) Ancillary revenue**

Ancillary revenue includes cargo transportation, baggage service, other revenue related to passenger transportation, sales of in-flight and duty-free merchandise, advertising and commission. No ancillary revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods or services.

Revenue from cargo transportation is recognised in the consolidated income statement when the services are provided.

Revenue from baggage service is recognised in the consolidated income statement when the related passenger transportation service is provided or when the ticket expires.

Other revenue related to passenger transportation such as fees charged in association with changes or extensions to non-refundable tickets are recorded as ancillary revenue at the time the fee is earned. Amendment fees related to non-refundable tickets are considered a separate transaction from the passenger transportation and are recognised in the consolidated income statement when charged to passengers.

Sales of in-flight and duty-free merchandise are recognised in the consolidated income statement when all five (5) of the following conditions are satisfied:

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

Advertising revenue and commission are recorded as ancillary revenue at the time the fee is earned.

(c) Revenue from charter flights

Revenue from charter flights is recognised in the consolidated income statement when the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(d) Revenue from aircraft leasing

Revenue from aircraft leasing under operating lease arrangements is recognised in the consolidated income statement on a straight-line basis over the term of the lease or using another calculation method if it is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition (continued)****(e) Sales and leaseback transaction**

The Group's aircraft sales and leaseback transaction is a transaction where an aircraft is sold then leased back by the Group. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

For a transaction that results in an operating lease:

- If the sale price is at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.
- If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the aircraft is expected to be used.
- If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the aircraft is expected to be used.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the aircraft, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

(f) Revenue from sales of aircraft

Revenue from sales of aircraft is recognised in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of aircraft.

(g) Revenue from rendering of other services

Revenue from rendering of other 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. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

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 Group;
- 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.

(h) Interest income

Interest income is recognised on an earned basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition (continued)****(i) Dividend income**

Income from dividends is recognised when the Group has established the receiving right from investees.

2.25 Cost of goods sold and services rendered

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

2.26 Financial expenses

Financial expenses are expenses incurred in the year for financial activities mainly including provision for diminution in the value of trading securities; expenses of lending and borrowing; losses incurred on selling foreign currencies and losses from foreign exchange differences.

2.27 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling merchandises and providing services.

2.28 General and administration expenses

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

2.29 Current and deferred income tax

Income tax includes 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 tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred income tax are recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.30 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 Group, including holding companies, subsidiaries and associates are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors, the Board of Management of the Company, 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 Group considers the substance of the relationships not merely the legal form.

2.31 Segment reporting

A segment is a component which can be separated by the Group engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment and the Group's geographical segment.

2.32 Critical accounting estimates

The preparation of 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 are as follows:

- Estimated useful lives of fixed assets (Note 2.13);
- Provisions for maintenance costs and cost to make good on leased assets (Notes 2.20 and 21); and
- Deferred income tax assets (Notes 2.29 and 23).

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 Group and that are assessed by the Board of Management to be reasonable under the circumstances.

3 BUSINESS COMBINATION**Acquisition of Swift 247 Company Limited**

On 15 January 2021, the Group completed its acquisition of 67% ownership interest in Swift 247 Company Limited at the price of VND31.5 billion via capital contribution in the form of cash payment of VND22.5 billion and 90% of shares in VietjetAir Cargo Joint Stock Company (equivalent to VND9 billion). Accordingly, VietjetAir Cargo Joint Stock Company is structured as a subsidiary of Swift 247 Company Limited and is an indirectly-owned subsidiary of the Group.

The impact of this business combination to the Group's identifiable assets and liabilities is as follows:

	Identifiable fair value at the acquisition date VND
Assets	
Cash and cash equivalents	38,593,614,207
Short-term investment	110,000,000
Accounts receivable	508,390,713
Other current assets	5,002,845,592
Fixed assets	971,604,056
Long-term investment	9,000,000,000
	54,186,454,568
Liabilities	
Short-term liabilities	16,420,739,275
	16,420,739,275
Net assets	37,765,715,293
Goodwill (*)	6,188,935,495
Non-controlling interests	(12,454,650,788)
Total consideration	31,500,000,000

(*) The Group amortised the entire goodwill in the year ended 31 December 2021.

4 CASH AND CASH EQUIVALENTS

	2021 VND	2020 VND
Cash on hand	9,204,594,362	14,145,044,804
Cash at banks	974,100,222,819	1,226,811,931,282
Cash equivalents (*)	884,948,129,376	1,685,468,651,277
	<u>1,868,252,946,557</u>	<u>2,926,425,627,363</u>

(*) Cash equivalents mainly include term deposits in VND at banks with original maturities of 3 months or less and earn interest at rates ranging from 3% to 3.8% per annum (2020: from 3% to 4% per annum).

As at 31 December 2021, the Group had current and term deposit accounts with total balance of VND814 billion (as at 31 December 2020: VND1,947 billion) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party, at normal trading terms (Note 39(b)).

5 INVESTMENTS**(a) Trading securities**

	Quantity	2021		Provision VND
		Cost VND	Fair value (*) VND	
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	855,000,000,000	135,000,000,000
	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>855,000,000,000</u>	<u>135,000,000,000</u>
	Quantity	2020		Provision VND
		Cost VND	Fair value (*) VND	
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	600,000,000,000	390,000,000,000
	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>600,000,000,000</u>	<u>390,000,000,000</u>

(*) The fair value of the investment in unlisted shares traded on Unlisted Public Company Market ("Upcom") as at 31 December 2021 and 31 December 2020 is determined by referencing to the Upcom closing prices on the same dates.

The Group has entered into non-cancellable agreement to sell the purchase right option for the 50 million shares in Petro Vietnam Oil Corporation ("PV Oil") for an amount of VND500 billion, of which VND300 billion has been received. Accordingly, the buyer will have option to purchase these shares at a pre-determined price in the specific required period.

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5 INVESTMENTS (continued)

(b) Investments in associates

		2021			2020		
		Ownership %	Cost VND	Net value owned by the Group VND	Ownership %	Cost VND	Net value owned by the Group VND
Thai Vietjet Air Joint Stock Co., Ltd. (i) (ii) Cam Ranh International Terminal Joint Stock Company	9				9		
	10	60,000,000,000		-	10	60,000,000,000	42,270,859,708
		<u>60,000,000,000</u>				<u>60,000,000,000</u>	<u>42,270,859,708</u>

(c) Investments in other entities

		2021				2020			
		Ownership %	Cost VND	Fair value VND	Provision VND	Ownership %	Cost VND	Fair value VND	Provision VND
Sai Gon Ground Services Joint Stock Company (iii) Angelica Holding Limited (iv)	9.1	149,417,024,400	217,012,279,800			9.1	149,417,024,400	215,787,951,000	-
	10	-	-			10	-	-	-
		<u>149,417,024,400</u>	<u>217,012,279,800</u>				<u>149,417,024,400</u>	<u>215,787,951,000</u>	<u>-</u>

5 INVESTMENTS (continued)**(c) Investments in other entities (continued)**

- (i) On 25 September 2018, the Group signed an agreement with Quince Investment Limited and Asia Aero Services and Infrastructure Limited relating to a purchase option to increase its ownership in Thai Vietjet Air Joint Stock Company to 38%, for an amount of THB79 billion, by 31 December 2021. The price of the transferred shares is equal to the par value. However, as at the approval date of these consolidated financial statements, the involved parties have been negotiating to increase the Group's ownership to 38% in 2022, or when the aviation market recovers after COVID-19.
- (ii) As at 31 December 2021, the Group has not yet contributed capital in this associate. This company's operations are mainly financed by the Group.
- (iii) The fair value of other investments in listed shares is determined by reference to the closing prices on the Ho Chi Minh City Stock Exchange. As at 31 December 2021, the fair value of the investment in Saigon Ground Services Joint Stock Company is VND217,012,279,800 (as at 31 December 2020: VND215,787,951,000).
- (iv) As at 31 December 2021, the Group has not yet contributed capital in this company, which is incorporated in Cayman Islands. The principal activities of this company are to provide consultancy services and lease aircraft.

6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2021 VND	2020 VND
Third parties		
Zhejiang Lixi International Travel Co., Ltd. (*)	1,559,031,160,000	1,779,951,531,840
Hangzhou Star International Travel Service Co., Ltd.	1,687,690,160,000	-
Hangzhou BaoLi Co., Ltd. (*)	1,599,657,504,140	1,594,045,975,206
Others	114,063,659,076	223,644,360,484
	<u>4,960,442,483,216</u>	<u>3,597,641,867,530</u>
Related parties (Note 39(b))	6,492,002,588,180	4,997,479,337,899
	<u>11,452,445,071,396</u>	<u>8,595,121,205,429</u>

6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE (continued)

(*) As at 31 December 2021 and 31 December 2020, the short-term trade accounts receivable from these two customers have been past due for more than 1 year due to the COVID-19 situation. Based on the historical collection and the strategic partnership between the Group and these customers, the Board of Management assesses that the outstanding receivables are collectible when the aviation market recovers.

As at the approval date of these consolidated financial statements, VND800 billion had been collected with respect to these receivables.

7 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2021 VND	2020 VND
Third parties		
Rockwell Collins	22,336,477,282	24,841,903,084
Thales Solutions Asia Pte. Ltd.	12,294,328,523	15,500,870,000
Others	65,085,317,687	122,720,678,429
	<u>99,716,123,492</u>	<u>163,063,451,513</u>
Related parties (Note 39(b))	392,344,113	-
	<u>100,108,467,605</u>	<u>163,063,451,513</u>

8 LENDINGS**(a) Short-term**

Borrower	Currency	Annual interest rate	Year of maturity	2021 VND	2020 VND
Truong Son Plaza Joint Stock Company (Note 39(b))	VND	9.0%	2022	657,000,000,000	-

Short-term lending balance represents a loan to Truong Son Plaza Joint Stock Company, a related party under Contract No. 100921/HDV/VJC-TSP dated 10 September 2021 to provide financial support for working capital of this company. The loan is unsecured and will mature on 10 September 2022.

8 LENDINGS (continued)

(b) Long-term

Borrower	Currency	Annual interest rate	Year of maturity	2021 VND	2020 VND
AAA Aircraft Asset Company Limited (*)	USD	2.5%	2025	492,816,672,000	499,159,644,000
Apricot Aircraft Assets No. 1 Limited (**)	USD	5%	2033	296,831,650,692	-
				<u>789,648,322,692</u>	<u>499,159,644,000</u>

(*) The balance represents lending of USD21,501,600 to AAA Aircraft Asset Company Limited, a related party, to provide financial support for aircraft purchases and related purchase costs. The loan is unsecured and will mature in 2025.

(**) The balance represents lending of USD12,950,770 to Apricot Aircraft Assets No. 1 Limited, a related party, to provide financial support for aircraft purchases and related purchase costs. The loan is unsecured and will mature in 2033.

9 OTHER RECEIVABLES

(a) Short-term

	2021		2020	
	Book value VND	Provision VND	Book value VND	Provision VND
Third parties				
Maintenance reserves of leased aircraft	1,824,881,774,817	-	1,824,881,774,817	-
Deposits for aircraft purchases within next 12 months (i)	1,585,033,816,020	-	4,189,158,334,254	-
Purchase discounts receivable	660,820,286,965	-	689,174,934,689	-
Claim receivables from maintenance reserves of leased aircraft	592,857,173,965	-	232,782,861,484	-
Other receivable from aircraft supplier (ii)	342,554,595,502	-	557,160,000,000	-
Others	769,999,731,892	-	627,253,175,586	-
	<u>5,776,147,379,161</u>	<u>-</u>	<u>8,120,411,080,830</u>	<u>-</u>
Related parties (Note 39(b))	5,275,393,517,908	-	4,017,818,077,171	-
	<u>11,051,540,897,069</u>	<u>-</u>	<u>12,138,229,158,001</u>	<u>-</u>

9 OTHER RECEIVABLES (continued)**(a) Short-term (continued)**

(i) This balance represents a deposit to Airbus S.A.S for the aircraft expected to be delivered within 12 months.

(ii) This balance represents a compensation entitled from an aircraft supplier.

(b) Long-term

	2021		2020	
	Book value VND	Provision VND	Book value VND	Provision VND
Third parties				
Maintenance reserves of leased aircraft	7,095,851,249,114	-	6,805,551,842,000	-
Deposit for aircraft purchases after next 12 months (iii)	5,149,203,195,069	-	3,515,188,352,836	-
Deposit for aircraft leases	1,272,927,219,320	-	1,242,593,141,017	-
Deposit for ground handling services	124,722,383,225	-	129,268,494,725	-
Others	36,987,670,484	-	51,802,657,533	-
	<u>13,679,691,717,212</u>	<u>-</u>	<u>11,744,404,488,111</u>	<u>-</u>
Related parties (Note 39(b))				
	2,419,946,988,043	-	725,964,187,706	-
	<u>16,099,638,705,255</u>	<u>-</u>	<u>12,470,368,675,817</u>	<u>-</u>

(iii) The amounts represent deposits for aircraft purchases from 2023 to 2026 to Airbus S.A.S and Boeing Company.

10 INVENTORIES

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Tools and supplies	783,597,166,041	-	681,234,137,484	-
Merchandise	27,649,864,614	-	30,859,124,643	-
	<u>811,247,030,655</u>	<u>-</u>	<u>712,093,262,127</u>	<u>-</u>

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11 PREPAID EXPENSES

(a) Short-term

	2021 VND	2020 VND
Prepayments for aircraft leases		195,438,728,811
Others	16,306,514,272	17,367,337,907
	<u>16,306,514,272</u>	<u>212,806,066,718</u>

(b) Long-term

	2021 VND	2020 VND
Maintenance	5,065,554,996,522	4,265,543,851,868
Costs to make good on leased assets	632,155,195,498	477,459,578,390
Rotating parts, tools and instruments	182,890,430,569	123,694,949,802
Major inspection and overhaul expenditure	174,818,646,585	83,980,251,729
Others	33,635,365,276	40,872,675,433
	<u>6,089,054,634,450</u>	<u>4,991,551,307,222</u>

11 PREPAID EXPENSES (continued)

Movements in long-term prepaid expenses during the year are as follows:

	Maintenance VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotating parts, tools and instruments VND	Others VND	Total VND
As at 31 December 2020	4,265,543,851,868	477,459,578,390	83,980,251,729	123,694,949,802	40,872,675,433	4,991,551,307,222
Increase	1,011,518,093,323	220,097,125,500	140,712,636,032	200,886,029,631	1,974,120,364	1,575,188,004,850
Transfers from construction in progress (Note 13)	-	-	34,015,903,655	-	-	34,015,903,655
Allocation	(185,762,412,693)	(65,401,508,392)	(83,890,144,831)	(141,690,548,864)	(9,211,430,521)	(485,956,045,301)
Decrease	(25,744,535,976)	-	-	-	-	(25,744,535,976)
As at 31 December 2021	<u>5,065,554,996,522</u>	<u>632,155,195,498</u>	<u>174,818,646,585</u>	<u>182,890,430,569</u>	<u>33,635,365,276</u>	<u>6,089,054,634,450</u>

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12 FIXED ASSETS

(a) Tangible fixed assets

	Aircraft and components VND	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost						
As at 1 January 2021	896,813,994,227	-	102,504,743,597	67,293,981,762	57,311,176,614	1,123,923,896,200
Business combination	-	-	-	-	55,918,542	55,918,542
New purchases	-	-	-	3,029,396,300	842,151,052	3,871,547,352
Transfers from construction in progress (Note 13)	-	387,463,400,057	-	-	-	387,463,400,057
Write-off	-	-	(985,409,342)	-	(3,031,098,391)	(4,016,507,733)
Disposals	-	-	-	-	(53,350,000)	(53,350,000)
Others	-	-	-	-	(55,918,542)	(55,918,542)
As at 31 December 2021	896,813,994,227	387,463,400,057	101,519,334,255	70,323,378,062	55,068,879,275	1,511,188,985,876
Accumulated depreciation						
As at 1 January 2021	204,945,749,364	-	27,821,530,936	19,754,157,459	21,977,508,786	274,498,946,545
Business combination	-	-	-	-	7,039,920	7,039,920
Charge for the year	44,877,940,212	18,172,790,992	15,601,287,929	7,435,632,895	4,273,497,411	90,361,149,439
Write-off	-	-	(985,409,342)	-	(3,031,098,391)	(4,016,507,733)
Disposals	-	-	-	-	(6,668,748)	(6,668,748)
Others	-	-	-	-	(9,369,858)	(9,369,858)
As at 31 December 2021	249,823,689,576	18,172,790,992	42,437,409,523	27,189,790,354	23,210,909,120	360,834,589,565
Net book value						
As at 1 January 2021	691,868,244,863	-	74,683,212,661	47,539,824,303	35,333,667,828	849,424,949,655
As at 31 December 2021	646,990,304,651	369,290,609,065	59,081,924,732	43,133,587,708	31,857,970,155	1,150,354,396,311

12 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

As at 31 December 2021, tangible fixed assets with a carrying value of VND646,990 million (as at 31 December 2020: VND691,868 million) were pledged to Military Commercial Joint Stock Bank as collateral assets for long-term borrowings granted to the Group (Note 20(b)(i)).

The historical cost of tangible fixed assets that were fully depreciated but still in use as at 31 December 2021 was VND56,737 million (as at 31 December 2020: VND47,719 million).

(b) Intangible fixed assets

	Software VND
Historical cost	
As at 1 January 2021	30,834,110,655
Business combination	1,304,156,000
New purchases	8,352,116,671
Transfers from construction in progress (Note 13)	35,000,000
Write-off	(21,283,135)
Disposals	(1,332,859,712)
As at 31 December 2021	<u>39,171,240,479</u>
Accumulated amortisation	
As at 1 January 2021	29,762,668,971
Business combination	381,430,566
Charge for the year	1,527,924,468
Write-off	(21,283,135)
Disposals	(577,053,963)
As at 31 December 2021	<u>31,073,686,907</u>
Net book value	
As at 1 January 2021	<u>1,071,441,684</u>
As at 31 December 2021	<u>8,097,553,572</u>

The historical cost of intangible fixed assets that were fully amortised but still in use as at 31 December 2021 was VND27,178 million (as at 31 December 2020: VND25,856 million).

13 LONG-TERM CONSTRUCTION IN PROGRESS

Details of long-term construction in progress by projects are as follows:

	2021 VND	2020 VND
Costs relating to aircraft and components	270,157,717,639	241,399,886,118
Aviation Technology Research and Training Centre	225,385,696,812	561,430,982,449
Others	5,217,281,436	1,410,527,366
	<u>500,760,695,887</u>	<u>804,241,395,933</u>

Movements in construction in progress during the year are as follows:

	2021 VND	2020 VND
Beginning of year	804,241,395,933	1,318,401,443,379
Purchase	162,685,145,738	293,743,925,297
Transfers to tangible fixed assets (Note 12(a))	(387,463,400,057)	(778,062,904,128)
Transfers to long-term prepaid expenses (Note 11(b))	(34,015,903,655)	-
Transfers to intangible fixed assets (Note 12(b))	(35,000,000)	-
Other movements	(44,651,542,072)	(29,841,068,615)
End of year	<u>500,760,695,887</u>	<u>804,241,395,933</u>

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14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2021		2020	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
Petrolimex Aviation Fuel Joint Stock Company	665,792,259,190	665,792,259,190	913,978,963,695	913,978,963,695
CFM International SA	360,094,721,342	360,094,721,342	32,582,345,405	32,582,345,405
Others	2,001,729,866,610	2,001,729,866,610	2,154,470,075,028	2,154,470,075,028
	<u>3,027,616,847,142</u>	<u>3,027,616,847,142</u>	<u>3,101,031,384,128</u>	<u>3,101,031,384,128</u>
Related parties (Note 39(b))	213,812,884,699	213,812,884,699	320,580,539,246	320,580,539,246
	<u>3,241,429,731,841</u>	<u>3,241,429,731,841</u>	<u>3,421,611,923,374</u>	<u>3,421,611,923,374</u>

As at the approval date of these consolidated financial statements, the Group is in process of negotiating with lessors and major suppliers to restructure or defer payments for a longer period until the aviation market completely recovers.

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2021 VND	2020 VND
Third parties		
Beijing China International Travel Service Co., Ltd.	112,933,609,524	144,659,744,583
DAEJOO Air Co., Ltd.	103,994,116,213	115,297,951,147
Others	316,904,295,492	506,679,983,342
	<u>533,832,021,229</u>	<u>766,637,679,072</u>
Related parties (Note 39(b))	11,063,447,039	6,264,688,867
	<u>544,895,468,268</u>	<u>772,902,367,939</u>

16 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivables from/payables to the State during the year are as follows:

	As at 1.1.2021 VND	Receivable/payable during the year VND	Payment/net-off during the year VND	As at 31.12.2021 VND
a) Tax receivable				
Deductible VAT	2,665,999,116	47,690,331,007	-	50,356,330,123
b) Tax payables				
BIT	135,717,077,296	14,027,919,315	(11,391,168,246)	138,353,828,365
VAT	103,888,422,189	438,288,056,448	(459,482,925,263)	82,693,553,374
Personal income tax	53,916,323,935	40,195,090,548	(48,464,217,947)	45,647,196,536
Foreign contractor tax	25,085,319	50,578,995,708	(28,593,412,968)	22,010,668,059
Other tax		18,327,956	(18,327,956)	
	<u>293,546,908,739</u>	<u>543,108,389,975</u>	<u>(547,950,052,380)</u>	<u>288,705,246,334</u>

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17 SHORT-TERM ACCRUED EXPENSES

	2021 VND	2020 VND
Aircraft related expenses	533,958,452,256	569,186,857,946
Interest expense	296,216,239,953	57,690,338,836
Maintenance	32,857,063,597	156,345,907,814
Others	66,325,713,828	84,687,861,161
	<u>929,357,469,634</u>	<u>867,910,965,757</u>

18 SHORT-TERM UNEARNED REVENUE

	2021 VND	2020 VND
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	<u>381,579,736,840</u>	<u>867,654,596,914</u>

19 OTHER PAYABLES

(a) Short-term

	2021 VND	2020 VND
Third party		
Airport fees and charges payables	700,704,487,828	623,345,822,167
Short-term deposits received	62,278,065,804	74,003,924,865
Others	239,541,264,978	85,557,364,701
	<u>1,002,523,818,610</u>	<u>782,907,111,733</u>
Related parties (Note 39(b))	<u>90,302,062,029</u>	<u>805,379,859,913</u>
	<u>1,092,825,880,639</u>	<u>1,588,286,971,646</u>

(b) Long-term

The balances as at 31 December 2021 and as at 31 December 2020 mainly represent long-term deposits received from the Group's business partners.

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20 BORROWINGS

(a) Short-term

	As at 1.1.2021 VND	Increase VND	Decrease VND	Revaluation VND	As at 31.12.2021 VND
Borrowings from banks (i)	6,471,260,726,734	9,898,642,360,990	(11,324,421,657,918)	(8,541,523,640)	5,036,939,906,166
Current portion of long-term borrowings (Note 20(b))	2,623,554,910,000	662,293,939,858	(1,692,122,680,000)	(10,595,689,858)	1,583,130,480,000
Borrowings from related parties (Note 39(b))	1,000,000,000,000	-	(300,000,000,000)	-	700,000,000,000
	<u>10,094,815,636,734</u>	<u>10,560,936,300,848</u>	<u>(13,316,544,337,918)</u>	<u>(19,137,213,498)</u>	<u>7,320,070,386,166</u>

20 BORROWINGS (continued)**(a) Short-term (continued)**

(i) Details of short-term borrowings from banks are as follows:

Lenders	Currency	2021 VND	2020 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party (Note 39(b))(*)	USD	2,384,576,498,152	1,921,659,266,962
Unsecured loans			
Vietnam Joint Stock Commercial Bank of Industry and Trade	VND	1,860,409,702,905	1,973,275,655,305
Petrolimex Group Commercial Joint Stock Bank	VND	349,735,795,752	449,735,795,752
Woori Bank Vietnam Limited, Ho Chi Minh City Branch	VND	254,548,640,905	586,197,161,571
Vietnam Maritime Commercial Joint Stock Bank	USD	187,669,268,452	226,640,066,933
Military Commercial Joint Stock Bank	VND	-	1,080,441,555,760
United Overseas Bank (Vietnam) Limited, Ho Chi Minh City Branch	VND	-	123,411,192,331
HSBC Bank (Vietnam) Ltd.	VND	-	109,900,032,120
		<u>5,036,939,906,166</u>	<u>6,471,260,726,734</u>

(*) As at 31 December 2021, this loan was secured by the estimated receivables arising from the Group's sales of flight tickets in the future of VND3,875 billion (as at 31 December 2020: VND3,973 billion).

In 2021, these borrowings bear interest at rates ranging from 3.5% to 7.1% per annum (2020: from 3% to 6.2% per annum) for borrowings in VND, except for a number of borrowings with a total amount of VND450 billion with interest rates of 9% per annum, and from 3.3% to 4.3% per annum (2020: from 1.89% to 3.7% per annum) for borrowings in USD.

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20 BORROWINGS (continued)

(b) Long-term

	As at 1.1.2021 VND	Increase VND	Decrease VND	Revaluation VND	As at 31.12.2021 VND
Borrowings from banks (i)	3,059,895,419,856	-	(1,692,122,680,000)	(17,490,813,088)	1,350,281,926,768
Straight bonds (ii)	910,700,000,000	7,462,390,000,000	-	-	8,373,090,000,000
Current portion of long-term borrowings	(2,623,554,910,000)	(662,293,939,858)	1,692,122,680,000	10,595,689,858	(1,583,130,480,000)
	<u>1,347,040,509,856</u>	<u>6,800,096,060,142</u>	<u>-</u>	<u>(6,895,123,230)</u>	<u>8,140,241,446,768</u>

(i) Borrowings from banks

Details of long-term borrowings from banks are as follows:

Lenders	Currency	Maturity	As at 31.12.2021		As at 31.12.2020	
			Current portion of long-term borrowings VND	Long-term borrowings VND	Current portion of long-term borrowings VND	Long-term borrowings VND
Woori Bank - Singapore Branch (*)	USD	December 2022	375,054,537,120	-	1,044,675,000,000	-
Industrial and Commercial Bank of China Limited - Hong Kong Branch (*)	USD	December 2022	375,054,537,120	-	1,044,675,000,000	-
KEB Hana Bank - Hong Kong Branch (*)	USD	December 2022	166,690,925,760	-	464,300,000,000	-
Military Commercial Joint Stock Bank (**)	USD	June 2028	74,909,280,000	358,572,646,768	69,904,910,000	436,340,509,856
			<u>991,709,280,000</u>	<u>358,572,646,768</u>	<u>2,623,554,910,000</u>	<u>436,340,509,856</u>

20 BORROWINGS (continued)

(b) Long-term (continued)

(i) Borrowings from banks (continued)

(*) This syndicated borrowing was provided by three banks with total credit facility of USD110 million. The maturity of the borrowing is three years from the drawdown date. The borrowing's principal is repayable in 4 instalments in 2021 and 2022. The syndicated borrowing is unsecured and bears interest at a rate of 1.8% per annum (2020: 1.63% per annum).

(**) The principal of this borrowing is repayable in 17 equal semi-annual instalments of USD1.4 million (equivalent to VND33 billion) each and a final instalment of USD1.5 million (equivalent to VND35 billion) on 13 June 2028. The borrowing bears interest at a rate of 2.99% per annum (2020: 3.29% per annum) and is secured by the Group's tangible fixed assets with the carrying amount as follows:

	2021 VND	2020 VND
Aircraft No. A320 MSN7167, VNA675 (Note 12(a))	646,990,304,651	691,868,244,863

(ii) Straight bonds

Terms and conditions of long-term straight bonds are as follows:

	Currency	Annual interest	Year of maturity	2021 VND	2020 VND
Bonds issued at VND100,000 per bond, maturing after 60 months (*)	VND	9.5%	2026	5,000,000,000,000	-
Bonds issued at VND100,000 per bond, maturing after 36 months (**)	VND	9.5%	2024	2,123,090,000,000	-
Bonds issued at VND100,000 per bond, maturing after 36 months (***)	VND	9.0%	2023	650,000,000,000	310,700,000,000
Bonds issued at par, maturing after 36 months (****)	VND	7.8%	2022	600,000,000,000	600,000,000,000
				<u>8,373,090,000,000</u>	<u>910,700,000,000</u>

20 BORROWINGS (continued)**(b) Long-term (continued)****(ii) Straight bonds (continued)**

- (*) This bond is unsecured. Interest is payable in each semi-annual period, with a fixed interest rate of 9.5% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates on the 12-month corporate deposits in VND in the following semi-annual periods until the maturity date.
- (**) This bond is unsecured. Interest is payable in each semi-annual period, with a fixed interest rate of 9.5% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates on the 12-month corporate deposits in VND in the following semi-annual periods until the maturity date.
- (***) This bond is unsecured. Interest is payable in each semi-annual period, with a fixed interest rate of 9% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates on the 12-month corporate deposits in VND in the following semi-annual periods until the maturity date.
- (****) This bond is unsecured. Interest is payable in each semi-annual period, with a fixed interest rate of 9% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates on the 12-month corporate deposits in VND in the following semi-annual periods until the maturity date.

21 PROVISION FOR LIABILITIES

Movements of provision for liabilities during the year are as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
As at 31 December 2020	9,907,846,005,200	883,701,985,514	10,791,547,990,714
Provision made during the year	1,452,184,662,783	272,063,217,675	1,724,247,880,458
Provision decreased during the year	(128,140,482,634)	-	(128,140,482,634)
Others	(129,488,613,100)	(11,929,862,386)	(141,418,475,486)
As at 31 December 2021	<u>11,102,401,572,249</u>	<u>,143,835,340,803</u>	<u>12,246,236,913,052</u>
Short-term	1,314,535,033,134	-	1,314,535,033,134
Long-term	9,787,866,539,115	,143,835,340,803	10,931,701,879,918
	<u>11,102,401,572,249</u>	<u>,143,835,340,803</u>	<u>12,246,236,913,052</u>

22 BONUS AND WELFARE FUND

Movements of Bonus and welfare fund during the year are as follows:

	2021 VND	2020 VND
Beginning of year	-	-
Appropriation to the fund during the year (Note 25)(*)	380,676,119,348	-
Utilization of the fund	(53,526,042,557)	-
End of year	<u>327,150,076,791</u>	<u>-</u>

(*) Pursuant to the Resolution No. 09-21/VJC-HDQT-NQ dated 1 March 2021 of Board of Directors, the Company appropriated 10% of the 2019 consolidated profit after tax to Bonus and welfare fund.

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	2021 VND	2020 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	2,468,231,211,996	2,268,412,283,857
Deferred tax assets to be recovered within 12 months	338,402,175,062	382,643,540,574
	<u>2,806,633,387,058</u>	<u>2,651,055,824,431</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	2,596,174,103,538	2,353,904,244,611
Deferred tax liabilities to be recovered within 12 months	364,976,354,963	364,976,354,963
	<u>2,961,150,458,501</u>	<u>2,718,880,599,574</u>
Net-off	<u>(2,806,633,387,058)</u>	<u>(2,651,055,824,431)</u>
Net deferred income tax payable	<u>154,517,071,443</u>	<u>67,824,775,143</u>

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	2021 VND	2020 VND
Beginning of year	67,824,775,143	394,444,939,970
Income statement charge/(credit) (Note 35)	86,692,296,300	(326,620,164,827)
End of year	<u>154,517,071,443</u>	<u>67,824,775,143</u>

The Group uses tax rate of 20% in the year 2021 (2020: 20%) to determine deferred income tax assets and deferred income tax liabilities.

Deferred income tax assets and deferred income tax liabilities mainly include temporary differences related to deductible temporary differences, taxable temporary differences and tax losses carried forward.

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.

23 DEFERRED INCOME TAX (continued)

The Group's tax losses can be carried forward to offset against future taxable profits for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented in the consolidated financial statements. The estimated amount of tax losses available for offset against the Group's future taxable income is:

Year of tax loss	Status of tax authorities' review	Loss incurred VND	Loss utilised VND	Loss carried forward VND
2020	Outstanding	2,414,670,803,135	(1,005,216,623,073)	1,409,454,180,062

24 OWNERS' CAPITAL**(a) Number of shares**

	2021		2020	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	541,611,334	-	541,611,334	-
Number of shares issued	541,611,334	-	541,611,334	-
Number of shares repurchased	-	-	(17,772,740)	-
Number of existing shares in circulation	541,611,334	-	523,838,594	-

(b) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2020	523,838,594	5,238,385,940,000
As at 31 December 2020	523,838,594	5,238,385,940,000
Sale of treasury shares (*)	17,772,740	177,727,400,000
As at 31 December 2021	541,611,334	5,416,113,340,000

24 OWNERS' CAPITAL (continued)**(b) Movement of share capital (continued)**

- (*) Pursuant to the Resolution No. 10-21/VJC-HDQT-NQ dated 5 March 2021 of the Board of Directors, the Group completed the sale of 17,772,740 treasury shares at the average price of VND132,248 per treasury share during period from 30 April to 22 May 2021.

Par value per share: VND10,000.

Each share is entitled to one vote at the Shareholders' meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

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25 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange difference VND	Post-tax undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2020	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	64,819,738,693	11,520,659,436,312	2,411,184,871	14,902,831,830,061
Net profit for the year	-	-	-	-	68,591,150,827	74,184,307	68,665,335,134
Dividends distribution	-	-	-	-	-	(1,829,539,234)	(1,829,539,234)
Foreign currency conversion differences for overseas activities	-	-	-	8,731,359,157	-	-	8,731,359,157
As at 31 December 2020	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	73,551,097,850	11,589,250,587,139	655,829,944	14,978,398,985,118
Net profit for the year	-	-	-	-	74,584,907,230	5,074,400,079	79,659,307,309
Business combination	-	-	-	-	-	12,454,650,788	12,454,650,788
Change in ownership interest	-	-	-	-	(1,726,786,287)	1,726,786,287	-
Appropriation to Bonus and Welfare fund (Note 22)	-	-	-	-	(380,676,119,348)	-	(380,676,119,348)
Sale of treasury shares	-	1,533,625,094	2,347,121,362,620	-	-	-	2,348,654,987,714
Foreign currency conversion differences for overseas activities	-	-	-	(184,281,491,101)	-	-	(184,281,491,101)
As at 31 December 2021	5,416,113,340,000	247,483,117,899	-	(110,730,393,251)	11,281,432,588,734	19,911,667,098	16,854,210,320,480

Pursuant to the Resolution No. 01-20/VJ-DHCD-DD dated 27 June 2020, the General Meeting of Shareholders of the Company approved the share dividends to its existing shareholders at the rate of 50% on the total par value of existing shares in circulation.

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26 DIVIDEND PAYABLE

	2021 VND	2020 VND
At the beginning/end of the year	<u>57,789,721,550</u>	<u>57,789,721,550</u>

27 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	For the year ended 31 December	
	2021	2020
Net profit attributable to shareholders (VND)	<u>74,584,907,230</u>	<u>68,591,150,827</u>
Weighted average number of ordinary shares in issue (shares)	534,697,008	523,838,594
Basic earnings per share (VND)	<u>139</u>	<u>131</u>

(b) Diluted earnings per share

The Company did not have any ordinary shares potentially diluted earnings per share during the period and up to the approval date of these consolidated financial statements.

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28 OFF CONSOLIDATED BALANCE SHEET ITEMS
(a) Foreign currencies

	2021	2020
USD	6,778,291	10,586,270
SGD	1,054,978	852,821
MYR	1,135,970	1,135,970
KRW	183,813,624	229,894,064
JPY	24,654,663	71,052,730
EUR	44,430	47,070
TWD	279,800	280,900
HKD	54,350	54,350
GBP	2,250	3,575
IDR	10,225,000	47,805,000
THB	94,420	105,169
CNY	18,478	18,378
INR	135,370	135,370
MMK	2,864,650	2,864,650

(b) Operating lease assets

The future minimum lease receipts/payments under non-cancellable operating leases were presented in Note 40(a).

29 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2021 VND	2020 VND
Passenger transportation		
- Domestic routes	1,989,321,073,633	4,613,721,637,168
- International routes including regular charter flights	144,542,035,476	2,705,373,999,227
- Ancillary revenue	5,035,073,240,719	6,170,607,471,206
- Non-regular charter flights	315,269,548,261	161,292,751,029
	<u>7,484,205,898,089</u>	<u>13,650,995,858,630</u>
Aircraft dry leases	1,315,130,305,300	1,050,068,574,828
Revenue from sales of aircraft and purchase right option	3,598,751,409,092	3,124,117,008,389
Other revenue	476,832,112,969	395,111,446,679
	<u>12,874,919,725,450</u>	<u>18,220,292,888,526</u>

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30 COST OF GOODS SOLD AND SERVICES RENDERED

	2021 VND	2020 VND
Flight operation expenses	8,861,800,697,367	14,849,130,306,461
Cost of aircraft sold	3,610,061,262,338	2,379,298,472,217
Technical expenses	1,309,828,401,380	1,948,532,113,824
Ground operation expenses	461,687,833,029	1,191,515,678,112
Cargo expenses	195,459,783,066	144,383,502,347
Safety, security, quality and assurance expenses	39,833,540,936	47,971,024,392
Reversal of provision for liabilities (*)	-	(1,445,196,940,370)
Others	435,052,692,393	516,587,200,044
	<u>14,913,724,210,509</u>	<u>19,632,221,357,027</u>

(*) Due to a number of aircraft being sub-leased to a related party.

31 FINANCIAL INCOME

	2021 VND	2020 VND
Income from shares transfer (*)	3,584,000,000,000	-
Interest income from deposits and lendings	282,517,918,574	344,898,788,490
Realised foreign exchange gains	152,788,488,938	98,014,891,307
Dividend income (Note 39(a)(vii))	4,591,233,000	17,371,644,000
Income from purchase right of shares	-	500,000,000,000
Others	8,874,416,420	10,144,304,697
	<u>4,032,772,056,932</u>	<u>970,429,628,494</u>

(*) The income is related to the transfer of the Group's shares in Pacific Star Investment and Development Company to related parties (Note 39(a)(vii)).

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32 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	804,782,847,259	452,572,729,500
Net loss from foreign currency translation at period-end	220,650,652,715	30,763,613,923
Unwinding discount of provisions	1,313,056	53,550,541,007
Realised foreign exchange losses	31,267,761,933	47,528,801,439
Reversal of provision diminution in value of investments	(255,000,000,000)	(165,000,000,000)
Others	4,552,008,645	-
	<u>806,254,583,608</u>	<u>419,415,685,869</u>

33 SELLING EXPENSES

	2021 VND	2020 VND
Advertising and marketing expenses	364,459,430,769	374,659,294,389
Sale commissions	155,542,376,390	280,130,515,680
Staff costs	63,053,932,893	95,299,897,805
Depreciation and amortisation	910,259,322	325,213,095
Others	23,790,238,560	13,661,119,770
	<u>607,756,237,934</u>	<u>764,076,040,739</u>

34 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	149,436,918,255	173,771,744,803
External service expenses	113,603,234,296	110,772,451,763
Rental	28,547,510,764	31,940,358,413
Depreciation and amortisation	10,762,004,815	6,093,143,340
Others	63,379,490,369	52,269,619,263
	<u>365,729,158,499</u>	<u>374,847,317,582</u>

35 BUSINESS INCOME TAX (“BIT”)

VietJet Aviation Joint Stock Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

Swift 247 Joint Stock Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

Galaxy Pay Limited Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

VietjetAir Cargo Joint Stock Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

Companies incorporated in British Virgin Islands

Vietjet Air IVB No. I Limited, Vietjet Air IVB No. II Limited

Income or profits generated in the British Virgin Islands are non-taxable.

Companies incorporated in Cayman Islands

Skymate Limited

Income or profits generated in the Cayman Islands are non-taxable.

Company incorporated in Singapore

Vietjet Air Singapore Pte. Ltd.

Vietjet Air Singapore Pte. Ltd. has an obligation to pay BIT at the rate of 17% of taxable profits.

Company incorporated in Ireland

Vietjet Air Ireland No. 1 Limited

Vietjet Air Ireland No. 1 Limited has an obligation to pay BIT at the rate of 25% of taxable profits.

35 BUSINESS INCOME TAX (“BIT”) (continued)

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

	2021 VND	2020 VND
Net accounting profit/(loss) before tax	180,379,522,924	(244,492,770,448)
Tax calculated at a rate of 20%	36,075,904,585	(48,898,554,090)
Effect of:		
Expenses not deductible for tax purposes	71,787,739,290	36,096,065,475
Effect of difference tax rates applied for subsidiaries	(6,225,181,660)	(293,605,839,374)
Income not subject to tax	(918,246,600)	(6,767,499,421)
Tax losses for which no deferred income tax asset was recognised		17,721,828
BIT charge/(credit) (*)	<u>100,720,215,615</u>	<u>(313,158,105,582)</u>
Charged/(credited) to income statement:		
BIT – current	14,027,919,315	13,462,059,245
BIT – deferred (Note 23)	86,692,296,300	(326,620,164,827)
	<u>100,720,215,615</u>	<u>(313,158,105,582)</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.

36 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year from the Group's operating activities, excluding cost of merchandises for trading activities. Details are as follows:

	2021 VND	2020 VND
Fuel costs	3,059,363,382,827	5,545,642,037,649
Costs of purchasing aircraft	3,610,061,262,338	2,554,048,472,217
Staff costs	1,614,199,197,656	2,799,777,767,421
Depreciation and amortisation	98,078,009,402	141,435,349,577
External service and other expenses	7,505,507,754,719	10,013,744,380,032
	<u>15,887,209,606,942</u>	<u>21,054,648,006,896</u>

37 SEGMENT REPORTING

The Board of Management of the Company determines that the management's decisions of the Group are based primarily on both the types of products and services provided by the Group and the geographic areas in which the Group supplies product and service. As a result, the segment reporting of the Group is presented in respect of the Group's business segments and geographical segments.

(a) Business segments

For management purposes, the Group has 2 business segments as follows:

- Providing passenger and cargo transportation services, ancillary services, aircraft leasing and in-flight advertising (referred to as "aviation services"); and
- Buying and selling aircraft and related assets.

Except as indicated above, the Group has no other business segments being aggregated to form a reportable business segment. Segmental information for total revenue and cost of sales is shown in Notes 29 and 30 to the consolidated financial statements. There is no internal revenue between business segments. All the Group's assets, liabilities, financial income and financial expenses, selling expenses, general and administration expenses, other income and other expenses are unallocated.

(b) Geographical segments

The Group's revenue is presented by geographical areas (by country of destination) as follows:

	2021 VND	2020 VND
In Vietnam	5,740,197,168,895	9,226,682,948,573
Outside Vietnam	7,134,722,556,555	8,993,609,939,953
	<u>12,874,919,725,450</u>	<u>18,220,292,888,526</u>

The Group has no other geographical segments, except for revenue because the Board of Management of the Company determines that the Group's management decisions are based primarily on revenue by geographical areas.

38 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

Non-cash transactions affecting the consolidated cash flow statement:

	Year ended 31 December	
	2021 VND	2020 VND
Reclassification of current portion of long-term borrowings	1,040,424,430,000	2,622,989,083,545
Appropriation to Bonus and welfare fund	380,676,119,348	-
Reclassification from long-term lendings into short-term receivables due to disposal of business cooperation contract	-	701,500,000,000

39 RELATED PARTY DISCLOSURES

During the year, the Group had major transactions and balances with the following related parties:

Related party	Relationship
Sovico Holdings Joint Stock Company	Major shareholder
Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank)	Major shareholder
Thai Vietjet Air Joint Stock Co., Ltd.	Associate
Cam Ranh International Terminal Joint Stock Company	Associate
Saigon Ground Services Joint Stock Company	Other related party
Truong Son Plaza Joint Stock Company (formerly known as Vietjet Plaza Joint Stock Company)	Other related party
Cong Hoa Commercial Investment Joint Stock Company (formerly known as Thuy Duong - Duc Binh Commercial Joint Stock Company)	Other related party
Sovico Energy Holdings Company	Other related party
Sovico Group Joint Stock Company	Other related party
Phu Long Real Estate Corporation	Other related party
Menas Company Limited	Other related party
Angelica Holding Limited	Other related party
Angelica Aircraft Assets Limited	Other related party
Apricot Aircraft Company (Ireland) 8577 Limited	Other related party
Apricot Aircraft Company (Ireland) 8592 Limited	Other related party
Apricot Aircraft Company (Ireland) 8605 Limited	Other related party
Apricot Aircraft Company (Ireland) 8670 Limited	Other related party
Apricot Aircraft Company (Ireland) 8676 Limited	Other related party
Apricot Aircraft Assets Limited	Other related party
Apricot Aircraft Assets No.1 Limited	Other related party
AAA Aircraft Asset Company Limited	Other related party
AAA Golden Aircraft Star No.1 Limited	Other related party
AAA Golden Aircraft Star No. 5 Limited	Other related party
World Go International Limited	Other related party
Indochina Beach Hotel Joint Stock Company	Other related party
Conasi Property Management and Development Corporation	Other related party
Guangzhou Representative of Vietjet Aviation Joint Stock Company	Other related party
New Generation Service Supply Joint Stock Company	Other related party

39 RELATED PARTY DISCLOSURES (continued)**(a) Related party transactions**

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

	2021 VND	2020 VND
i) Revenue from aircraft leasing		
Associate	1,022,878,715,600	1,050,068,574,828
Other related party	292,251,589,700	24,345,848,859
	<u>1,315,130,305,300</u>	<u>1,074,414,423,687</u>
ii) Revenue from sales of purchase right option		
Other related party	-	641,630,000,000
	<u>-</u>	<u>641,630,000,000</u>
iii) Income from sales of engines		
Other related party	-	1,675,464,000,000
	<u>-</u>	<u>1,675,464,000,000</u>
iv) Training revenue		
Other related party	300,029,748,989	-
	<u>300,029,748,989</u>	<u>-</u>
v) Revenue from other services		
Associate	55,430,218,259	175,002,070,685
Major shareholder	50,528,100	-
	<u>55,480,746,359</u>	<u>175,002,070,685</u>
vi) Aircraft operating lease expenses		
Other related party	882,616,623,347	1,293,892,652,946
	<u>882,616,623,347</u>	<u>1,293,892,652,946</u>

39 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2021 VND	2020 VND
vii) Financing activities		
<i>Interest income</i>		
HDBank	17,178,157,424	27,995,110,486
Associate	190,410,491,676	215,537,095,730
Other related parties	44,788,482,432	31,460,986,301
	<u>252,377,131,532</u>	<u>274,993,192,517</u>
<i>Interest expense</i>		
HDBank	68,494,378,852	81,907,669,443
Other related parties	156,855,342,466	27,616,438,356
	<u>225,349,721,318</u>	<u>109,524,107,799</u>
<i>Proceeds from borrowings</i>		
HDBank	2,710,411,814,342	3,156,260,951,776
Other related party	-	1,000,000,000,000
	<u>2,710,411,814,342</u>	<u>4,156,260,951,776</u>
<i>Term deposits and certificate of deposits</i>		
HDBank	<u>4,060,000,000,000</u>	<u>5,889,000,000,000</u>
<i>Dividend income (Note 31)</i>		
Associate	-	11,250,000,000
Other related parties	4,591,233,000	6,121,644,000
	<u>4,591,233,000</u>	<u>17,371,644,000</u>

(a) Related party transactions (continued)

	2021 VND	2020 VND
viii) Investment activities		
<i>Shares transfer (*)</i>		
Income from shares transfer	5,184,000,000,000	
Payments received	1,598,289,600,000	
(*) During the year, the Group entered into agreements to purchase and transfer shares in Pacific Star Investment and Development Company to other related parties for a total amount of VND5,184,000,000,000. In accordance with the aforementioned transfer agreements, the transfer amount will be settled in 30 months.		
<i>Income from sale of purchase right option of trading securities</i>		
Income from sale of purchase right option		500,000,000,000
Payments received		300,000,000,000
<i>Purchase of corporate bonds</i>		
Deposit for purchase of corporate bonds		2,000,000,000,000
Received refund from deposit for purchase of corporate bonds		2,000,000,000,000
Interest income		52,661,095,889
<i>Transfer of the commercial right</i>		
Income from transfer of the commercial right		793,160,000,000
Payments received	290,000,000,000	400,000,000,000
<i>Disposal of right and obligation of a real estate project</i>		
Reclassification from long-term lendings into short-term receivables due to of disposal of business cooperation contract		701,500,000,000
Interest income	770,506,849	31,460,986,301
Payments received	656,700,000,000	

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(a) Related party transactions (continued)

	2021 VND	2020 VND
viii) Investment activities (continued)		
<i>Investment in projects with other related parties</i>		
Deposit received	1,200,000,000,000	790,000,000,000
Deposit repaid	1,990,000,000,000	-
Interest expense	46,772,465,754	-
	<u> </u>	<u> </u>
<i>Lending</i>		
Other related parties	953,831,650,692	-
	<u> </u>	<u> </u>
ix) Other transactions		
<i>Prepayment for office rental</i>		
Major shareholder		21,504,159,376
	<u> </u>	<u> </u>
<i>Office rental expenses</i>		
Major shareholder	8,378,243,913	8,378,243,913
Other related parties	36,093,425,436	24,246,902,255
	<u> </u>	<u> </u>
	44,471,669,349	32,625,146,168
	<u> </u>	<u> </u>
<i>Payments and (receipts) on behalf, net cashflows</i>		
Associate	396,681,892,333	333,594,389,704
	<u> </u>	<u> </u>
<i>Consulting fee</i>		
Other related parties	25,413,925,298	-
	<u> </u>	<u> </u>
x) Compensation of key management		
Board of Director	7,459,821,964	8,578,929,527
Board of Management	10,453,094,607	9,981,003,673
	<u> </u>	<u> </u>
	17,912,916,571	18,559,933,200

39 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties

	2021 VND	2020 VND
Cash and cash equivalents (Note 4)		
HDBank	814,294,104,391	1,947,626,832,738
Investment held to maturity		
HDBank	-	4,000,000,000
Short-term trade accounts receivable (Note 6)		
Associate (i)	2,981,583,703,080	2,043,844,207,397
Other related parties (ii)	3,510,418,885,100	2,953,635,130,502
	6,492,002,588,180	4,997,479,337,899
(i) Receivables from aircraft dry leases.		
(ii) The receivable balance mainly includes receivables from sales of aircraft and purchase right option, receivables relating to disposal of engines, and receivables from aircraft dry leases and training activities.		
As at the approval date of these consolidated financial statements, the amount of VND300 billion had been collected with respect to the receivable from training activities.		
Short-term prepayments to suppliers (Note 7)		
Other related party	392,344,113	-
Short-term lendings (Note 8(a))		
Other related party	657,000,000,000	-
Long-term lendings (Note 8(b))		
Other related parties	789,648,322,692	499,159,644,000

39 RELATED PARTY DISCLOSURES (continued)

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

	2021 VND	2020 VND
Other short-term receivables (Note 9(a))		
Associates (iii)	1,595,304,781,031	1,198,705,488,698
Other related parties (iv)	3,680,088,736,877	2,819,112,588,473
	<u>5,275,393,517,908</u>	<u>4,017,818,077,171</u>

(iii) The receivable balance mainly includes payment on behalf and earns interest at the rate of 9% per annum (2020: 8.8% per annum).

(iv) The receivable balance mainly includes receivables from the transfer of the business and operation rights of the Vietjet Plaza Building, receivables relating to the disposal of rights and obligations in the Republic Plaza project, and receivables from transfer of shares in Pacific Star Investment and Development Company.

Other long-term receivables (Note 9(b))

Associate (v)	468,344,946,987	468,344,946,987
Other related parties (vi)	1,951,602,041,056	257,619,240,719
	<u>2,419,946,988,043</u>	<u>725,964,187,706</u>

(v) The receivable balance mainly includes payment on behalf, is unsecured and interest free.

(vi) The receivable balance mainly includes receivables from a related party regarding the maintenance reserves, and receivables from transfer of shares in Pacific Star Investment and Development Company.

Short-term trade accounts payable (Note 14)

HDBank	733,297,968	-
Other major shareholder	24,859,785,367	24,576,182,144
Associate	2,335,782,331	29,578,997,675
Other related parties	185,884,019,033	266,425,359,427
	<u>213,812,884,699</u>	<u>320,580,539,246</u>

39 RELATED PARTY DISCLOSURES (continued)

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

	2021 VND	2020 VND
Short-term advances from customers (Note 15)		
HDBank	448,777,861	131,582,161
Associate	8,649,099,558	5,298,624,920
Other related parties	1,965,569,620	834,481,786
	<u>11,063,447,039</u>	<u>6,264,688,867</u>
Short-term accrued expenses		
HDBank	1,712,695,006	1,151,750,817
Other related parties	92,708,021,157	29,450,568,306
	<u>94,420,716,163</u>	<u>30,602,319,123</u>
Other short-term payables (Note 19(a))		
HDBank	876,788,785	881,188,041
Major shareholders	69,869,108,860	68,941,671,872
Other related parties	19,556,164,384	735,557,000,000
	<u>90,302,062,029</u>	<u>805,379,859,913</u>
Short-term borrowings (Note 20(a))		
HDBank	2,384,576,498,152	1,921,659,266,962
Other related party	700,000,000,000	1,000,000,000,000
	<u>3,084,576,498,152</u>	<u>2,921,659,266,962</u>

40 PRINCIPLE AGREEMENTS**(a) Commitments under operating leases****(i) The Group as a lessee**

The Group signs operating lease agreements, the expected future lease payments, according to terms in these agreements, are as follows:

	2021 VND	2020 VND
Within one year	8,616,964,284,145	7,295,557,109,808
Between one and five years	37,298,127,372,065	28,258,167,505,305
Over five years	24,811,592,924,072	24,551,317,111,601
Total minimum payments	<u>70,726,684,580,282</u>	<u>60,105,041,726,714</u>

(ii) The Group as a lessor

The Group signs operating lease agreements, the expected future lease receipts, according to terms in these agreements, are as follows:

	2021 VND	2020 VND
Within one year	1,337,091,416,984	1,258,236,370,463
Between one and five years	4,397,115,040,369	3,525,160,217,707
Over five years	1,389,127,587,327	1,528,098,437,383
Total minimum receipts	<u>7,123,334,044,680</u>	<u>6,311,495,025,553</u>

40 PRINCIPLE AGREEMENTS (continued)**(b) Other commitments**

The Group signed a principle agreement and related amendments with Airbus S.A.S to purchase 186 aircraft. As at 31 December 2021, the Group has received 67 of the aircraft, with the remaining aircraft being scheduled to be delivered to the Group up to 2026. To power these aircraft, the Group also ordered 106 aircraft engines from CFM International S.A and 128 aircraft engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance service agreements. Pursuant to the aircraft purchase agreement between the Group and Airbus S.A.S, the Group's principal agreements in relation to the pre-delivery payments for aircraft that are to be delivered until 2023 are capped at USD212.5 million as of 30 June 2022. The Group's agreements with respect to the principle agreement and related amendments are subject to the manufacturer's ability to comply with the committed aircraft delivery schedule.

On 31 May 2017, the Group signed an agreement with Honeywell Aviation Services to purchase 98 auxiliary power units for the Airbus aircraft. This agreement runs through 2022 and includes maintenance services for 12 years.

The Group also signed a principle agreement and related amendments with Boeing Company to purchase aircraft. Pursuant to this agreement, as of 31 December 2021, the aircraft delivery schedule committed by Boeing Company in the contract and related amendments is no longer agreed with the aircraft delivery schedule in the existing agreement. Therefore, as at the approval date of these separate financial statements, the implementation of contractual terms and other related obligations (include the pre-delivery payment) are being discussed between the Group and Boeing Company and subject to the appropriate conditions required by the Group.

The consolidated financial statements were approved by the Board of Management on 30 April 2022.



Pham Ngoc Thoa
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer

Đinh Viet Phuong
Permanent Vice President
cum Managing Director