

# ANNUAL REPORT 2021



**PROACTIVE  
ADAPTATION**

**FIRM  
BELIEF**

**RECOVERY  
AND GROWTH**





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# TABLE OF CONTENTS

<b>I. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER</b>	<b>7</b>
<b>II. DEVELOPMENT ORIENTATION AND STRATEGY</b>	<b>15</b>
Vision - Mission	15
Core values	15
Orientations	17
Overall goals	18
Sustainable development goals	18
Risks	19
<b>III. COMPANY OVERVIEW</b>	<b>21</b>
General information	21
Business lines and network	22
Establishment and development history	24
Organization and management structure	26
Shareholder structure	36
Highlighted events	38
Awards and Accolades	40
<b>IV. BUSINESS PERFORMANCE</b>	<b>42</b>
Key operational indicators	42
Key financial indicators	46
<b>V. ASSESSMENT OF THE BOARD OF DIRECTORS</b>	<b>48</b>
On the operations of Vietnam Airlines	48
The BOD's supervision on the Board of Management	51
Activities of the Committees under the Board of Directors	52
On the operations of the Board of Management	53
On the orientation of operations for 2022	54
<b>VI. REPORT OF THE BOARD OF MANAGEMENT ON BUSINESS RESULTS IN 2021</b>	<b>56</b>
Overview of business environment	56
Performance in various functions	57
Route network	57
Fleet	62
Commercial performance	64
Services performance	69
Technical performance	72
Flight operation	74
Safety and security	75
Human resource management	78
Communications and brand development	82
Information technology	87
Restructuring of Vietnam Airlines and subsidiaries	89
Cooperation programs	91
Investment activities	93
Asset investments	93
Intercorporate investments	93
Financial performance	99
Development plan for upcoming time	107



## TABLE OF CONTENTS

<b>VII. ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES</b>	<b>108</b>
Compliance with the environmental protection law	108
Employee welfare and benefits	109
Social engagement and community responsibilities	110
<b>VIII. CORPORATE GOVERNANCE</b>	<b>112</b>
Corporate governance structure	112
Information and activities of the Board of Directors	114
Report of the Board of Supervisors	115
The coordination between the BOS, the BOD, the CEO and the BOM	118
Share transactions of Internal shareholders and related person(s)	118
Activities of the Chief Administrator and Corporate Secretary	119
Investor Relations	119
<b>IX. RISK MANAGEMENT</b>	<b>120</b>
<b>X. AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>124</b>



## LIST OF ABBREVIATIONS

<b>AFTK</b>	Available Freight Tonne Kilometers
<b>ASK</b>	Available Seat Kilometers
<b>AGM</b>	Annual General Meeting
<b>BH</b>	Block Hour
<b>BOD</b>	Board of Directors
<b>BOM</b>	Board of Management
<b>BOS</b>	Board of Supervisors
<b>CARG</b>	Compound Annual Growth Rate
<b>Consolidated</b>	Vietnam Airlines and subsidiaries, affiliates
<b>FS</b>	Financial Statements
<b>FSC</b>	Full Service Carrier
<b>GSM</b>	General Shareholders' Meeting
<b>HCMC</b>	Ho Chi Minh City
<b>IT</b>	Information Technology
<b>PA</b>	Pacific Airlines Joint Stock Aviation Company
<b>JSC</b>	Joint Stock Company
<b>K6</b>	Cambodia Angkor Air
<b>KOL</b>	Key Opinion Leader
<b>LCC</b>	Low Cost Carrier
<b>LTD</b>	Limited Liability Company
<b>MC</b>	Members' Council
<b>OTP</b>	On Time Performance
<b>PAT</b>	Profit after tax
<b>PBT</b>	Profit before tax
<b>RFTK</b>	Revenue Freight Tonne Kilometers
<b>RPK</b>	Revenue Passenger Kilometers
<b>IATA</b>	International Air Transport Association
<b>SBL</b>	Sale and Leaseback
<b>VNA Group</b>	Vietnam Airlines and PA
<b>Vietnam Airlines/ VNA</b>	Parent company (including Vietnam Airlines and VASCO)



*In defiance of the toughest challenges  
caused by COVID-19, Vietnam Airlines  
started the business year of 2022 with  
a spirit of **Proactive Adaptation -  
Firm Belief - Recovery and Growth***

**Mr. DANG NGOC HOA**  
Chairman of the Board



# I. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

*Dear Valued Shareholders, Customers, and Partners of Vietnam Airlines,*

First of all, the Board of Directors and the Board of Management of Vietnam Airlines would like to express our sincere thanks to our valued customers, shareholders, and partners whose support has been invaluable to us in a year full of challenges and upheavals.

The year of 2021 has been a period of unprecedented challenges that created havoc on the aviation industry worldwide and Vietnamese carriers.

A series of COVID outbreaks in 2021 led to plummeting travel demands, especially during the peak seasons, including the Golden Buffalo Lunar New Year and the summer, and caused a sharp decline in revenues of most carriers, including Vietnam Airlines. In particular, the outbreak and lockdown between April and late 2021 almost brought passenger transport to its knees. There were absolutely no commercial flights operating over the country's airspace during this time. With our skies empty and a plane silent, revenue from passenger transport was almost zero.

Internationally, except for a few repatriation flights approved by the Government, the vast majority of flights operated in 2021 were primarily one-way and had a small component of cargo transport as part of the service.

Vietnam Airlines was firmly impacted by the global situation as the country's flag carrier. In the face of unimaginable difficulties, the BOD, BOM and the entire team stood united and tight-knit in our utmost efforts to maintain business operations and find a way through these immense challenges.

In 2021, Vietnam Airlines continued to win the trust and live up to our noble responsibility as the national flag carrier. We ensured absolute safety across our operations and satisfactorily fulfilled all political and social duties.

The unique responsibility and role of Vietnam Airlines were demonstrated clearly and prominently by our tireless flights serving the country during the pandemic. As the national flag carrier and the country's leader in air transport, despite the numerous difficulties facing our business, Vietnam Airlines demonstrated our determination to join the State and the Government, the health sector, and the people in the COVID-19 response efforts by maintaining an air bridge for the transportation of medical resources to epicenters while meeting the urgent demand for travel and connectivity in the context of minimized air travel to Southern provinces and cities.

Vietnam Airlines' capabilities proved to be highly instrumental in transporting medical supplies, especially enormous quantities of vaccines, for what was seen as the country's biggest-ever vaccination campaign. With our leading experience in cargo transport, Vietnam Airlines carried out the free-of-charge transport of nearly 300 tons of medical supplies and some 15,000 medical and military personnel to Vietnam, as well as to many provinces across the country.



In 2021, Vietnam Airlines successfully implemented the capital increasing package. Accordingly, Vietnam Airlines completed the issuance of additional 796.1 million shares to existing shareholders, thus increasing funding resources and cash flow by VND 7,961 billion, also improving financial indicators and meeting the listing requirements on HOSE. The Corporation previously signed loan contracts with three commercial banks, including Southeast Asia Commercial Joint Stock Bank (SeABank), Maritime Commercial Joint Stock Bank (MSB), and Saigon-Hanoi Commercial Joint Stock Bank (SHB) for a total loan amount of VND 4,000 billion to finance business operations. Consequently, it is an important resource to support Vietnam Airlines to overcome difficulties, maintain business operations, and capture opportunities as the market recovers.

Especially, by utilizing flexible and creative business management solutions, Vietnam Airlines has achieved better-than-expected results compared to the adjusted plan which was approved by the General Meeting of Shareholders in 2021. Total consolidated revenue reached VND 29,752 billion, equal to 79.6% of the 2021 plan. The consolidated loss before tax was VND 1,339 billion lower than the plan submitted to the 2021 General Meeting of Shareholders.

These results came from Vietnam Airlines' efforts, as well as our quick and focused responses to the COVID-19 situation. At the core of these efforts, the overall corporate restructuring plan for the 2021 - 2025 period, aims at responding to COVID-19 whilst continuing to focus on improving the competitiveness, operational efficiency and strengthening our financial capacity to quickly regain growth momentum as the pandemic morphed into the new normal for air travel across the world.

Specifically, Vietnam Airlines has exercised restructuring in all 7 groups of the organization. The major activities include **restructuring of the fleet** through negotiation on extension and deferment of payments, reduction of aircraft rental costs, cancellation, or delay of new aircraft acceptance, **restructuring of assets** through liquidation of old aircraft, sale and leaseback, **restructuring of the investment portfolio and subsidiaries** through capital



transfer, equitization and divestment of certain investments to focus on the core businesses, and **restructuring of land and properties**. In addition, we have also **restructured our funding resources** by issuing more shares, raising funds from external sources, and issuing bonds.

In addition, Vietnam Airlines has taken steps to streamline the organization by reducing the number of functions and better allocating resources to optimize efficiency and improve productivity while cutting costs, all whilst improving employee income. To date, Vietnam Airlines has removed 4 functions at the Corporation and 70 departments at subsidiaries and business units. We aim to remove another 25 - 26 clues in the coming years. In order to improve operational efficiency, the Corporation also aims to **restructure corporate governance** through innovation in our governance capacity, promotion of information technology applications, and digital transformation.

Along with our successful restructuring, Vietnam Airlines has implemented many solutions to cut costs in the short term, as well as optimize the cost structures with the goal of continuing to reduce expenses post-pandemic. Vietnam Airlines estimated that approximately more than VND 10,300 billion in costs were eliminated during 2021, of which over VND 5,500 billion was through self-effort. This result mainly came from agile reorganizing production in line with market movements, labor restructuring, negotiating discounts, rescheduling, or postponing payments, restructuring loans, and completing the sale of old aircrafts.

In addition, Vietnam Airlines is also researching and seeking opportunities to open new routes. In November 2021, Vietnam Airlines took a big step forward when it became the first Vietnamese airline to open regular direct flights to the United States - the country with the most stringent aviation safety regulations in the world.

Vietnam Airlines is also a pioneer that accompanies the Government, the tourism industry, and localities in piloting the electronic health passport and a future model of safely welcoming international tourists. The airline has cooperated with the Ministry of Health,

the Ministry of Foreign Affairs, and a number of provinces and cities to successfully conduct the first flights to test the IATA Travel Pass electronic health passport, and at the same time test international arrivals following the model of travel bubble, creating a premise for the restoration of regular international flights in early 2022.

With the unprecedented development of COVID-19, disease control was the most important criterion for the aviation industry, whilst continuing to operate under aviation safety regulations. As a result, in 2021, Vietnam Airlines was recognized as Vietnam's leading airline in terms of disease safety and met the strict requirements of the international aviation industry. According to Skytrax, an international air transport rating organization, the COVID prevention and control standards of Vietnam Airlines are rated at 5/5 stars, making us the first airline in Vietnam and the 9<sup>th</sup> in the world to achieve this recognition. More so, a famous aviation website, AirlineRatings.com, also rated Vietnam Airlines' COVID control at 7/7 stars.

Despite the setbacks caused by COVID-19, a series of new products launched in 2021 further affirmed Vietnam Airlines' ability to accelerate digital transformation. Products like **VNA Mall** and **VNAMAZING** were just two of our initiatives towards becoming a reliable e-commerce link between sellers and customers, as well as between businesses.

The abovementioned efforts helped Vietnam Airlines achieve several awards from prestigious organizations domestically and globally, including **Top 10 Customer Experience Excellence Brands** by the KPMG's survey, **Vietnam Best Brands Rankings** for the 3<sup>rd</sup> straight year announced by YouGov, **Top 10 Famous Brands of Vietnam in 2021** voted by the Vietnam Intellectual Property Association, and **Best Reputation Management PR – Communications Campaign in 2021** for the Vietnam – American flight route awarded by VNPR.

Those have quickly become moral boosters and an important source of encouragement that will help Vietnam Airlines maintain our recovery momentum in 2022 and aim for stable development in the following years.



*Accelerating restructuring  
and associating with business  
performance and efficiency*

**Mr. LE HONG HA**  
Chief Executive Officer



### *Ladies and gentlemen,*

Together with the exciting upturn in the country's economy, thanks to the stimulus packages under the National Assembly and the Government's Socio-Economic Development Recovery Program, new hope has emerged for the aviation industry as a whole and Vietnam Airlines in particular. Benefiting from the positive community response to COVID vaccines, the local aviation industry is also forecasted to recover faster than other countries and expects to benefit from many development opportunities thanks to the increasing demand for tourism and trading in both domestic and international markets.

Right from the first days of 2022, airports have again been filled with passengers. Likewise, the skies have also become busy with non-stop flights, marking the start of a "new normal" after 2 years of aviation closure due to COVID.

Along with dozens of domestic routes that are gradually increasing in frequency, Vietnam Airlines has restored our entire international flight network as soon as the authorities of Vietnam and other countries gave the green light to a complete opening across borders. This will bring new vitality to travel and the aviation industry.

Employing the motto "Proactive Adaptation – Firm Belief – Recovery and Growth" along with this recovery momentum, Vietnam Airlines is studying new services such as home delivery of boarding pass, self-scan boarding pass, and pre-flight and post-flight delivery of luggage. We are also planning the application of digital transformation technology to the management of COVID control standards to deliver "touchless" service experiences, which will shorten the processing time and minimize contact for passengers, an important step towards 5-star service quality.

However, there remain many difficulties that the local aviation industry as well as Vietnam Airlines will have to face in the coming months. In addition to the efforts needed to maintain operations within the "new normal" standard of disease control and the possibility of unpredictable variants, our airlines are now facing rising jet fuel prices and complicated international tensions, that, no doubt, will give rise to potential challenges for our business operations.

In addition to the direct impacts on finance and cash flow, carriers also face many problems related to business environments in the short and long term, such as fleet resource oversupply, price competition, and so on. These issues will have long-term effects and weaken the competitiveness of domestic airlines in comparison to many foreign players. All of these stem from the impact of the COVID-19 on the local aviation industry.

Confronting those challenges, Vietnam Airlines has set the target of synchronously deploying various solutions to improve aircraft efficiency with optimal costs, while flexibly adjusting the operation plan to cope with changing situations and governmental policies in countries where Vietnam Airlines is operating.

We believe that with the experience, solidarity, and efforts of the Board of Directors, Board of Management, and the entire team, as well as the support of our valued customers, shareholders and partners, Vietnam Airlines will fulfill the tasks we have ahead in 2022 to create a solid foundation for the coming years of recovery and continue the "**Reach Further**" journey in both domestic and international markets as the leader of Vietnam's aviation industry.

## 2021 KEY HIGHLIGHTS





**DOMESTIC  
MARKET SHARE**

**48%**

**INTERNATIONAL  
MARKET SHARE**

**17%**



**PASSENGERS**

**6.1**

**MILLION**

**LOTUSMILES**

**3.7** MILLION

**MEMBERS**





## II. DEVELOPMENT ORIENTATION AND STRATEGY

### A. DEVELOPMENT ORIENTATION

#### 1. VISION - MISSION

- Uphold the No.1 position as Vietnam's aviation group leader.
- Secure the largest local market share for VNA Group (Vietnam Airlines, Pacific Airlines, Vasco).
- Be the flag carrier, the key force of transportation in Vietnam, a leading Asian airline of customers' choice.
- Provide high-quality air transport services up to customers' diverse needs in the most delightful ways.
- Create a civilized and professional working environment with an abundance of growth opportunities for employees.
- Conduct effective business and ensure sustainable benefits for shareholders.

#### 2. CORE VALUES

- Safety first, which is the basis for all activities.
- Customer-centricity. Vietnam Airlines is well aware that the organization's development is associated with the trust of customers.
- Employees are the most valuable asset. All remuneration policies are built fairly and worthily to maintain the cohesion and solidarity of the organization.
- Constant innovation. Creativity is at the heart of innovation. We constantly innovate various business aspects with a disruptive mindset for great success.
- A responsible airline group. We are aware that our community and society's sustainable development is the first and foremost priority in every decision made and action taken in Vietnam Airlines' operation.





# LUXURY - CLASSY

## BUSINESS CLASS SERVICES

## B. DEVELOPMENT STRATEGY

### 1. ORIENTATIONS

- Reform the organizational structure, enhance leadership competency and efficiency.
- Consider safety the prerequisite and a cornerstone for the existence and development of Vietnam Airlines.
- Maintain the leading position of VNA Group in terms of market share and competitiveness, promote sales in both full service and low-cost segments to achieve the dual goals of market share and efficiency. In VNA Group, Vietnam Airlines plays a central role, leading and innovating the aviation business governance on the basis of service quality revamp towards 5-star international standard, and offering services to both traditional and low-cost segment; concurrently scaling up the low cost carrier (LCC) business to best serve the diverse demands of customers; restructure Pacific Airlines and Vasco on the basis of streamlining the apparatus, effectively utilizing shared resources with Vietnam Airlines, leveraging advantages and strengths of each carrier to reduce costs and enhance the overall competitiveness of the whole VNA Group.
- Develop Vietnam Airlines with a breakthrough mindset on the backbone of modern and advanced technology, thus upgrading the organization's innovative DNA; focus on having a robust and swift digital transformation; prioritize the advancement of e-commerce and customer support technology; continue to invest in fleet modernization and development.
- Ensure that all solutions, development policies, scaling-up or improvement of efficiency are coherent with corporate social responsibilities, community's well-being, and environmental protection.
- Expand the role of Vietnam Airlines in the aviation industry through active engagement in developing air transport policies, planning and constructing airport infrastructure, ensuring the ability to build base airport with a designated area for Vietnam Airlines that comes with repair and maintenance facilities, as well as other ancillary services; enhance international collaboration via joint-ventures to acquire experience, management technology, scientific and technological advancement; explore new businesses in accordance with the changing habits and behaviors of customers.
- Execute a holistic and harmonious restructuring of the subsidiaries to build a more coherent operational and governance structure for Vietnam Airlines, focusing on air transport and synchronized services.



## 2. OVERALL GOALS

- Top 3 leading airline groups in Southeast Asia in terms of revenue.
- Top 10 most favorite airlines in Asia.
- Consolidate 4-star airline services and progressively achieve 5-star airline standards.
- Implement a remarkable technological transformation toward a digital airline.
- Become one of the most favorite workplaces in Vietnam.

## 3. SUSTAINABLE DEVELOPMENT GOALS

- Vietnam Airlines persistently endeavors to affirm its position and prestige in the hearts of Vietnamese and international customers, provide the best products and services as well as contribute to the overall development of the community and society. Vietnam Airlines also attaches great importance to improving social welfare and joins forces to develop the country through community activities.
- Regarding the environmental issues, Vietnam Airlines always prioritizes compliance with the law on environmental protection by establishing organizational structure, developing and imposing regulations as well as implementing, supervising and assessing the performance of the entire system. In addition, Vietnam Airlines has ceaselessly modernized its fleet with new and modern aircraft, minimizing negative impacts on the environment, and reducing emissions and noise. Not only complying with environmental protection regulations, but the Group also invested in and renovated vehicles, equipment, and technology. Simultaneously, the Group has researched, enhanced, and adopted technological, technical, operational, and executive solutions to reduce fuel consumption and CO<sub>2</sub> emission, thereby minimizing environmental impacts.





## 4. RISKS

2021 – 2025 is a period of dramatic transformation. It is characterized by the evolution of the 4<sup>th</sup> industrial revolution and the prevalence of digital technology and big data. This leads to changes in the consumption habits of different customer groups. Additionally, Vietnam's air transport industry continues to face challenges related to environmental protection, risks of pandemics and natural disasters, as well as regulatory shortcomings and contradictions, and increasingly fierce competition on the international market given the rising trend of open skies.

### Environment

The aviation industry produces about 2% of global CO<sub>2</sub> emissions and is considered one of the industries that greatly affects global climate change given its rapid growth rate, while other industries are switching to clean energy sources. Using alternative fuels could help airlines reduce their negative impacts on the environment and make a good impression on customers, given the trends of green consumption to reduce carbon emissions and increase recycling. This will encourage airlines' decisions on leasing, purchasing, and using their fleet.

Epidemics and environmental disasters are unpredictable, which pose a serious risk for the aviation industry. It directly affects travel needs, and aviation is one of the first industries to suffer the consequences.

### Competition

Recently and shortly, passengers are expected to be business travelers, experts, returnees, whilst the number of main customers - tourists (accounting for 40% of the total demand) has not yet recovered to its pre-COVID level. Moreover, since this customer group is very price-sensitive, airlines are predicted to compete fiercely to attract passengers and fill planes.

### Pandemic

Although most countries in the world have reached a relatively high rate of vaccination, the pandemic is still very complicated due to the prevalence of many new variants and decreased vaccine effectiveness. Also, many countries maintain travel barriers in welcoming tourists back. The unpredictable development of the pandemic is also an obstacle to the re-opening, especially on international routes to/from Vietnam.



## III. COMPANY OVERVIEW

### 1. GENERAL INFORMATION

- Name in Vietnamese: Tổng Công ty Hàng không Việt Nam - CTCP
- Name in English: Vietnam Airlines JSC
- Address: 200 Nguyen Son, Bo De Ward, Long Bien District, Hanoi
- Telephone number: (+84.24) 3827 2732 | Fax: (+84.24) 3872 2375
- Website: [www.vietnamairlines.com](http://www.vietnamairlines.com)
- Email: [nhadautu@vietnamairlines.com](mailto:nhadautu@vietnamairlines.com)
- Business registration certificate for Joint Stock Company number 0100107518, issued by Hanoi Department of Planning and Investment, and registered for the 9<sup>th</sup> change on 12 January 2022.
- Charter capital: VND 22,143,941,740,000
- Ticker: HVN. Par value: VND 10,000 per share
- Total number of outstanding shares: 2,214,394,174 shares (as of 31 December 2021)



## 2. BUSINESS LINES AND BUSINESS NETWORK

### 2.1. MAIN BUSINESS LINES

- Air passenger transportation (air transport services for passengers), air cargo transportation (transportation of luggage, cargo, parcels, postal items, mails).
- Direct support services for air transportation:
  - › General aviation operations (flights for terrain photography, geological surveys, flights for calibration of air traffic control towers, repair and maintenance of high voltage transmission lines, oil and gas services, afforestation, environmental inspection, search and rescue operations, medical first aid, flights for political, economic, social, national security and defense tasks).
  - › Other specialized aviation services.
  - › Provision of commercial, tourism and hospitality services, sale of duty-free goods
- in waiting areas at international border gates being airports, on-board, and in Vietnam’s provinces and cities.
  - › Provision of ground-based technical and commercial services; services at passenger terminals, cargo terminals and parking lots at airports.
- Repair and maintenance of vehicles: maintenance of aircraft, engines, spare parts, aviation supplies and equipment, equipment for groundwork and other technical equipment.
- Manufacturing of measuring, testing, navigating, and controlling equipment: manufacturing of spare parts, supplies, technical equipment and other aviation industry components, provision of technical services and spare parts to domestic and international airlines.

### 2.2. BUSINESS NETWORK

As of 31 December 2021, Vietnam Airlines has



### List of domestic branches/ offices

1. Branch of Vietnam Airlines JSC. in Tuy Hoa
2. Branch of Vietnam Airlines JSC. in Chu Lai
3. Branch of Vietnam Airlines JSC. in Dong Hoi
4. Northern Region branch of Vietnam Airlines JSC.
5. Central Region branch of Vietnam Airlines JSC.
6. Branch of Vietnam Airlines JSC. in Hai Phong
7. Branch of Vietnam Airlines JSC. in Vinh
8. Branch of Vietnam Airlines JSC. in Dien Bien
9. Branch of Vietnam Airlines JSC. in Buon Me Thuot
10. Branch of Vietnam Airlines JSC. in Nha Trang
11. Branch of Vietnam Airlines JSC. in Quy Nhon
12. Branch of Vietnam Airlines JSC. in Da Lat
13. Branch of Vietnam Airlines JSC. in Hue
14. Branch of Vietnam Airlines JSC. in Pleiku
15. Branch of Vietnam Airlines JSC. in Can Tho
16. Branch of Vietnam Airlines JSC. in Phu Quoc
17. Branch of Vietnam Airlines JSC. in Rach Gia
18. Branch of Vietnam Airlines JSC. in Thanh Hoa
19. Southern Region branch of Vietnam Airlines JSC.
20. Branch of Vietnam Airlines JSC.  
– Vietnam Air Service Company (VASCO)
21. Branch of Vietnam Airlines JSC.  
– Flight Training Center
22. Branch of Vietnam Airlines JSC. in Hanoi
23. Branch of Vietnam Airlines JSC. in Con Dao
24. Branch of Vietnam Airlines JSC. in Ca Mau
25. Branch of Vietnam Airlines JSC. – Lotusmiles
26. Heritage Magazine
27. Flight Crew 919
28. Cabin Crew
29. Noi Bai Operation Center
30. Tan Son Nhat Operation Center

### List of overseas branches/ offices

1. Branch of Vietnam Airlines JSC.  
in The United Kingdom
2. Branch of Vietnam Airlines JSC. in Cambodia
3. Branch of Vietnam Airlines JSC. in Siem Reap
4. Branch of Vietnam Airlines JSC. in Taiwan
5. Branch of Vietnam Airlines JSC. in Kaohsiung
6. Branch of Vietnam Airlines JSC. in Germany
7. Branch of Vietnam Airlines JSC. In Republic of  
Korea
8. Branch of Vietnam Airlines JSC. in Busan
9. Branch of Vietnam Airlines JSC. in Hong Kong
10. Branch of Vietnam Airlines JSC. in Laos
11. Branch of Vietnam Airlines JSC. in Luang Prabang
12. Branch of Vietnam Airlines JSC. in Russia
13. Branch of Vietnam Airlines JSC. in Malaysia
14. Branch of Vietnam Airlines JSC.  
in The United States
15. Branch of Vietnam Airlines JSC. in Myanmar
16. Branch of Vietnam Airlines JSC. in Japan
17. Branch of Vietnam Airlines JSC. in Osaka
18. Branch of Vietnam Airlines JSC. in Fukuoka
19. Branch of Vietnam Airlines JSC. in Nagoya
20. Branch of Vietnam Airlines JSC. in France
21. Branch of Vietnam Airlines JSC. in Singapore
22. Branch of Vietnam Airlines JSC. in Thailand
23. Branch of Vietnam Airlines JSC. in Australia
24. Branch of Vietnam Airlines JSC. in Melbourne
25. Branch of Vietnam Airlines JSC. in China
26. Branch of Vietnam Airlines JSC. in Shanghai
27. Branch of Vietnam Airlines JSC. in Guangzhou
28. Branch of Vietnam Airlines JSC. in Chengdu
29. Branch of Vietnam Airlines JSC. in Indonesia
30. Representative office in Europe
31. Branch of Vietnam Airlines JSC. in Canada

### 3. ESTABLISHMENT AND DEVELOPMENT HISTORY



Vietnam National Airlines was incorporated

1993



Vietnam Airlines launched its new logo – The Golden Lotus which embodies the outstanding improvements in service quality, flight route expansion, and fleet development

2002



Vietnam Airlines became an official member of IATA

2006

September: The Prime Minister approved Vietnam Airlines' equitization plan

November: Vietnam Airlines successfully launched its initial public offering at Ho Chi Minh City Stock Exchange

2014

1995  
Vietnam Airlines Corporation was incorporated by merging 20 enterprises in the aviation industry

1995

2003  
Vietnam Airlines overhauled its operations by adopting the holding company model, following Decision No. 372/QĐ-TTg on 04 April 2003 issued by the Prime Minister  
Vietnam Airlines received and commissioned the first Boeing 777 aircraft, which marked its fleet modernization project

2003



2010  
Vietnam Airlines became a State-owned One-Member Limited Liability Company  
Vietnam Airlines became the 10<sup>th</sup> member of SkyTeam Airline Alliance

2010







**March:** Vietnam Airlines held the first General Shareholders' Meeting and adopted the Charter of Joint Stock Company

**April:** Officially operated as a Joint Stock Company since 01 April 2015

**July:** Received and commissioned state-of-art Airbus A350 and Boeing 787 aircraft. Became the first airline in Southeast Asia and the second in the world to receive the new generation Airbus A350-900 aircraft. Launched the new corporate identity system

Completed the application for a public company and securities registration

## LOTUSMILES

**January:** Vietnam Airlines, whose shares were officially listed on the UPCOM stock exchange with the ticker HVN, became a public company with the top market cap

**September:** Received Skytrax's certificate for a 4-star standard airline for the 2<sup>nd</sup> year in a row

**December:** Welcomed the 200<sup>th</sup> passenger after 20 years of operation and reached 1.5 million Lotusmiles members

**May:** HVN shares were officially listed on Ho Chi Minh Stock Exchange (HOSE) on 07 May 2019

**July:** Received Skytrax's certificate for a 4-star standard airline for the 4<sup>th</sup> year in a row

**August:** Officially received the first Boeing B787-10 aircraft

**August:** Officially granted a Foreign Air Carrier Permit from the US Department of Transportation to expand the reciprocal codeshare agreement with Delta Airlines

**October:** Welcomed the 100<sup>th</sup> aircraft to Vietnam Airlines' fleet



Awarded the 5-star COVID-19 Airline Safety Rating from Skytrax

**November:** The first and only airline from Vietnam to operate regular direct flights between Vietnam and the United States

2015

2017

2019

2021

2016

**July:** Officially certificated as a 4-star international airline according to Skytrax standards

**July:** ANA Holdings Inc. officially became Vietnam Airlines' strategic shareholder and also signed the business and capital partnership agreement



2018

**July:** Received Skytrax's certificate for a 4-star standard airline for the 3<sup>rd</sup> year in a row

**October:** Signed the strategic cooperation agreement with Vingroup to develop and provide combined aviation and tourism products for all air routes and hospitality facilities

**November:** Officially received the first Airbus A321neo aircraft



2020

**May:** 25<sup>th</sup> anniversary of Vietnam Airlines' establishment

Successfully conducted 180 missioned flights to more than 30 countries and territories to repatriate 52,500 Vietnamese nationals.

## 4. ORGANIZATION AND MANAGEMENT STRUCTURE

### 4.1. ORGANIZATION STRUCTURE

Vietnam Airlines is a joint stock company with legal status in accordance with Vietnamese laws.

The structure of organization, governance and supervision of Vietnam Airlines comprises of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Chief Executive Officer



#### Changes in the organization structure in 2021

Together with Vietnam Airlines, the Group's member companies have simultaneously restructured, rearranged their organization and human resources to reduce the number of focal points, streamline the workforce, and reallocate tasks to suit the new situation on the principle of optimizing labor productivity. Notable activities in 2021 are:

- ▶ Reported to the State management agency on organizational restructuring in the Master Plan on solutions to remove difficulties of Vietnam Airlines caused by the prolonged COVID-19 pandemic in the 2021-2025 period.
- ▶ Completed the restructuring of agencies and units under the Technical Division, the Flight Operations Division, the Safety - Quality Department, the Cabin Crew, and the Passenger Service Department.
- ▶ Continued to restructure the Northern, Central and Southern branches, and other local branches; Noi Bai, Da Nang, Tan Son Nhat Operation Centers, and airport operation departments at local airports.





## 4.2. VIETNAM AIRLINES - THE LEADERSHIP TEAM

### BOARD OF DIRECTORS



**Mr. DANG NGOC HOA**

Chairman of the Board

Position held in other organizations: Chairman of Investment and Strategy Committee; Member of Executive Committee of Vietnam Chamber of Commerce and Industry (VCCI), 2021 – 2025 term.

Year of birth: 1972

Year of commencement at Vietnam Airlines: 1995

Qualification: Master of Aviation Engineering



**Mr. LE TRUONG GIANG**

Member of the Board

Position held in other organizations: Chairman of the Human Resource and Remuneration Committee; Chairman of the Board of Tan Son Nhat Cargo Services JSC. (TCS)

Year of birth: 1967

Year of commencement at Vietnam Airlines: 1993

Qualification: Master of Business Administration



**Mr. DINH VIET TUNG**

Member of the Board

Position held in other organizations: Deputy CEO of SCIC; Chairman of the Board of LICOGI Corporation; Chairman of the Board of Bao Minh Insurance Corporation

Year of birth: 1974

Year of commencement at Vietnam Airlines: 2021

Qualification: Master of Finance and Banking



**Mr. LE HONG HA**

Member of the Board cum Chief Executive Officer

Position held in other organizations: Chairman of Member's Council of Vietnam Air Petrol One-Member Co. Ltd (SKYPEC); Member of the Executive Committee of Vietnam Union of Friendship Organizations term VI of 2019 – 2024 tenure

Year of birth: 1972

Year of commencement at Vietnam Airlines: 1994

Qualification: Bachelor of Business Administration, Bachelor of Laws



**Mr. TA MANH HUNG**

Member of the Board

Position held in other organizations: Vice Chairman of the Board of Cambodia Angkor Air (K6)

Year of birth: 1972

Year of commencement at Vietnam Airlines: 1996

Qualification: Master of Economic Management



**Mr. TRUONG VAN PHUOC**

Independent Member of the Board

Position held in other organizations: Member of the Prime Minister's Economic Advisory Group; Member of the Science Board of Standing Committee of National Assembly

Year of birth: 1959

Year of commencement at Vietnam Airlines: 2021

Qualification: Doctoral of Economics



**Mr. TOMOJI ISHII**

Member of the Board

Position held in other organizations: Senior Vice President of Strategic Planning of ANA Holdings Inc.

Year of birth: 1966

Year of commencement at Vietnam Airlines: 2020

Qualification: Bachelor of Political Science

## BOARD OF MANAGEMENT



**Mr. LE HONG HA**

Position held in other organizations: Chairman of Member's Council of Vietnam Air Petrol One-Member Co. Ltd (SKYPEC); Member of the Executive Committee of Vietnam Union of Friendship Organizations term VI of 2019 – 2024 tenure

Year of birth: 1972

Year of commencement at Vietnam Airlines: 1994

Qualification: Bachelor of Business Administration, Bachelor of Laws



**Mr. TRINH NGOC THANH**

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Member's Council of Vietnam Airport Ground Services Company Limited (VIAGS); Member of IATA's Industry Affairs Advisory Council (IAAC); Member of Vietnam's Slot Coordination Council

Year of birth: 1964

Year of commencement at Vietnam Airlines: 1988

Qualification: Master of Business Administration



**Mr. NGUYEN CHIEN THANG**

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Members' Council of Vietnam Airlines Engineering Company Limited (VAECO)

Year of birth: 1972

Year of commencement at Vietnam Airlines: 1995

Qualification: Master of Aviation Engineering



**Mr. TO NGOC GIANG**

Deputy Chief Executive Officer

Position held in other organizations: Captain of the Flight Crew Division 919

Year of birth: 1970

Year of commencement at Vietnam Airlines: 1995

Qualification: Master of Science/ Pilot





**Mr. TRINH HONG QUANG**

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Board of Directors – Pacific Airlines (PA); Member of the Committee of the National Conference on Logistics solutions to reduce costs and effectively connect infrastructure system

Year of birth: 1963

Year of commencement at Vietnam Airlines: 1992

Qualification: Master of Business Administration



**Mr. NGUYEN HONG LINH**

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Board of Directors – Viet Flight Training JSC. (VFT)

Year of birth: 1962

Year of commencement at Vietnam Airlines: 1984

Qualification: Pilot



**Mr. DINH VAN TUAN**

Deputy Chief Executive Officer

Position held in other organizations: Chief Executive Officer of Pacific Airlines (PA)

Year of birth: 1970

Year of commencement at Vietnam Airlines: 1996

Qualification: Master of Development Economics



**Mr. TRAN THANH HIEN**

Chief Accountant cum Head of Finance and Accounting Department

Position held in other organizations: Chairman of Vietnam Aircraft Leasing JSC. (VALC)

Year of birth: 1963

Year of commencement at Vietnam Airlines: 1992

Qualification: Master of Business Administration

## BOARD OF SUPERVISORS



**Ms. NGUYEN THI THIEN KIM**

Chief Supervisor

Year of birth: 1967

Year of commencement at Vietnam Airlines: 1993

Qualification: Master of Business Administration

## CHIEF ADMINISTRATOR CORPORATE SECRETARY



**Mr. NGUYEN XUAN THUY**

Chief Administrator – Secretary of the company

Position held in other organizations: Member of the Members' Council  
of Vietnam Airlines Engineering One-Member Co. Ltd. (VAECO)

Year of birth: 1962

Year of commencement at Vietnam Airlines: 1992

Qualification: Master of Business Administration



**Mr. MAI HUU THO**

Member of the Board of Supervisors

Year of birth: 1962

Year of commencement at Vietnam Airlines: 1984

Qualification: Master of Business Administration



**Ms. NGUYEN THI HONG LOAN**

Member of the Board of Supervisors

Position held in other organizations: Deputy Manager of General Planning – SCIC

Year of birth: 1979

Year of commencement at Vietnam Airlines: 2021

Qualification: Master of Business Administration

## COMMITTEES UNDER BOARD OF DIRECTORS

### 1. Investment and Strategy Committee

Mr. Dang Ngoc Hoa, Chairman of the Board – Chairman of the Committee

Mr. Le Hong Ha, Member of the Board cum CEO – Member

Mr. Ta Manh Hung, Member of the Board – Member

Mr. Le Truong Giang, Member of the Board – Member

Mr. Tran Thanh Hien, Chief Accountant cum Head of Finance and Accounting Department – Member

Mr. Nguyen Quang Trung, Head of Planning and Development Department – Member

Mr. Le Duc Canh, Head of Investment and Procurement Department – Member

Mr. Do Dong Hung, Deputy Manager of the Board Secretariat – Secretary

### 2. Human Resource and Remuneration Committee

Mr. Le Truong Giang, Member of the Board – Chairman of the Committee

Mr. Nguyen Chien Thang, Deputy CEO – Member

Mr. Vu Dinh Thuy, Head of Human Resource Department – Member

Mr. Trieu Hai Dang, Manager of Human Resource Department – Secretary

## 4.3. List of subsidiaries and affiliates

(as at 31 December 2021)

### List of Subsidiaries

NO	SUBSIDIARY	SHORT NAME	ADDRESS	BUSINESS LINES	PAID-IN CHARTER CAPITAL (VND MILLION)	STAKE OF VNA (%)
1	Vietnam Airlines Engineering Limited	VAECO	Noi Bai International Airport, Phu Minh Commune, Soc Son District, Hanoi	Maintenance, repair of aircrafts, engines, and spare parts	1,093,117	100.00
2	Vietnam Air Petrol Limited	SKYPEC	202 Nguyen Son, Bo De Ward, Long Bien District, Hanoi	Airline fuel supply	800,000	100.00
3	Vietnam Airlines Caterers Limited	VACS	Tan Son Nhat International Airport, Ward 2, Tan Binh District, HCMC	Airline catering services	85,448	100.00
4	Vietnam Airport Ground Services Limited	VIAGS	49 Truong Son, Ward 2, Tan Binh District, HCMC	Ground, technical, and commercial services	250,000	100.00
5	Pacific Airlines JSC. (PA)	PA	112 Hong Ha, Ward 2, Tan Binh District, HCMC	Aviation transportation	3,522,081	68.85
6	Noi Bai Cargo Terminal Services JSC.	NCTS	Noi Bai International Airport, Phu Minh Commune, Soc Son District, Hanoi	Air cargo services	261,669	55.13
7	Tan Son Nhat Cargo Services Limited	TCS	46-48 Hau Giang, Ward 4, Tan Binh District, HCMC	Air cargo services	93,726	55.00
8	Tan Son Nhat Cargo Services and Forwarding Limited	TECS	6 Thang Long, Ward 4, Tan Binh District, HCMC	Air cargo services	51,430	51.00
9	Vinako Forwarding Company Limited	VINAKO	49 Truong Son, Ward 2, Tan Binh District, HCMC	Forwarding, logistics, warehousing services...	8,578	65.05
10	Noi Bai Catering Services JSC.	NCS	Noi Bai International Airport, Phu Minh Commune, Soc Son District, Hanoi	Airline catering services and related services	179,491	60.17
11	Noi Bai Airport Services JSC.	NASCO	Noi Bai International Airport, Phu Minh Commune, Soc Son District, Hanoi	Support services in aviation and related services	83,158	51.00
12	Viet Flight Training JSC.	VFT	117 Hong Ha, Ward 2, Tan Binh District, HCMC	Pilot training	66,000	51.52
13	Aviation Information and Telecommunications JSC.	AITS	414 Nguyen Van Cu, Bo De Ward, Long Bien District, Hanoi	IT and telecommunications services	58,032	52.73
14	General Aviation Import-Export JSC	ALSIMEXCO	1, Alley 200/10 Nguyen Son, Bo De Ward, Long Bien District, Hanoi	Labor export and import	10,000	51.00
15	Sabre Vietnam JSC.	SABRE VN	5 <sup>th</sup> Floor, De Nhat Building, 53 Quang Trung, Nguyen Du Ward, Hai Ba Trung District, Hanoi	Services related to the distribution of Sabre system and call system	5,200	51.69



## List of Affiliates

NO	AFFILIATE	SHORT NAME	ADDRESS	BUSINESS LINES	PAID-IN CHARTER CAPITAL	STAKE OF VNA (%)
1	Vietnam Aircraft Leasing JSC	VALC	6 <sup>th</sup> Floor, 18 Ly Thuong Kiet, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi	Purchase, lease and sublease of aircraft	63,315,837 (USD)	32.48
2	Cambodia Angkor Air	K6	206A, Preah Norodom Blvd, Sangkat Tonle Basac, Khan Chamkarmon, Phnom Penh, Cambodia	Air passenger and cargo transportation services	100,000,000 (USD)	14.00
3	Da Nang Airport Service JSC	VACS	Tan Son Nhat International Airport, Ward 2, Tan Binh District, HCMC	Airline catering services	42,677 (VND million)	36.11
4	General Aviation Import-Export JSC	AIRIMEX	414 Nguyen Van Cu, Bo De Ward, Long Bien District, Ha Noi	Import and distribution of aircraft spare parts and airport ground equipment	31,113 (VND million)	41.31
15	Aviation High Grade Plastic JSC	APLACO	Alley 200 Nguyen Son, Bo De Ward, Long Bien District, Ha Noi	High-grade plastic	17,280 (VND million)	30.41

## 5. SHAREHOLDER STRUCTURE

### 5.1. STOCK INFORMATION

<b>TYPE OF SHARE</b>	Common shares
<b>PAR VALUE</b>	VND 10,000 per share
<b>TOTAL NUMBER OF OUTSTANDING SHARES</b>	2,214,394,174 shares
<b>TOTAL NUMBER OF LISTED SHARES</b>	2,214,394,174 shares

### 5.2. SHAREHOLDER STRUCTURE

SHAREHOLDER TYPE	NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	OWNERSHIP (%)
<b>I. LOCAL</b>	<b>2,083,180,286</b>	<b>40,823</b>	<b>94.07</b>
1. Individual	143,955,826	40,765	6.5
2. Institution	1,939,224,460	58	87.57
<i>Commission for the Management of State Capital at Enterprises (CMSC)</i>	1,222,368,291	1	55.2
<i>State Capital Investment Corporation (SCIC)</i>	689,488,080	1	31.14
<i>Other</i>	27,368,089	56	1.24
<b>II. FOREIGN</b>	<b>131,213,888</b>	<b>731</b>	<b>5.93</b>
1. Individual	2,824,109	690	0.13
2. Institution	128,389,779	41	5.8
<i>ANA Holdings Inc.</i>	124,438,698	1	5.62
<i>Other</i>	3,951,081	40	0.18
<b>TOTAL</b>	<b>2,214,394,174</b>	<b>41,554</b>	<b>100</b>

(Source: List of shareholders confirmed on 03 November 2021)

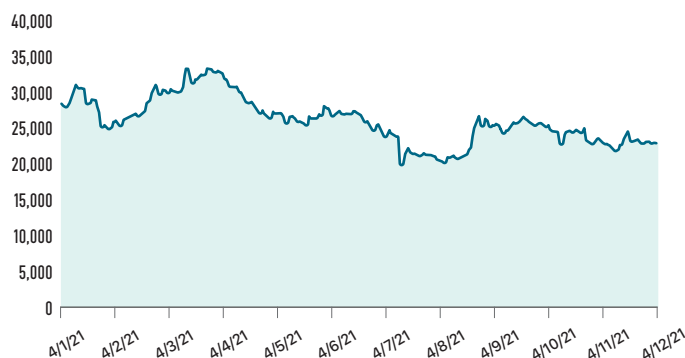
## List of Major Shareholders (ownership above 5% of the stake)

NO	SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP (%)
1	Commission for the Management of State Capital at Enterprises (CMSC)	1,222,368,291	55.20
2	State Capital Investment Corporation (SCIC)	689,488,080	31.14
3	ANA HOLDINGS INC.	124,438,698	5.62

### Stock Data

Ticker	HVN:HOSE
Sector	Aviation
Closing (31 Dec 2021)	23,150
52-week high	33,800
52-week low	20,100
Market capitalization (VND billion)	51,263
Number of outstanding shares	2,214,394,174

### HVN Stock Performance

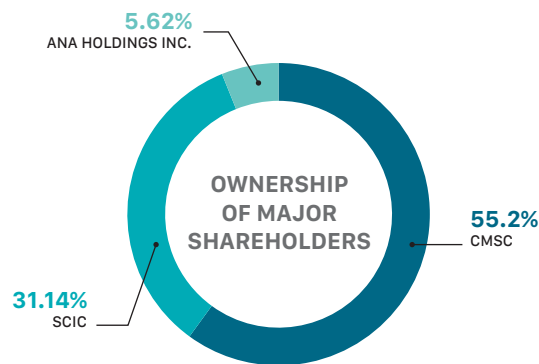
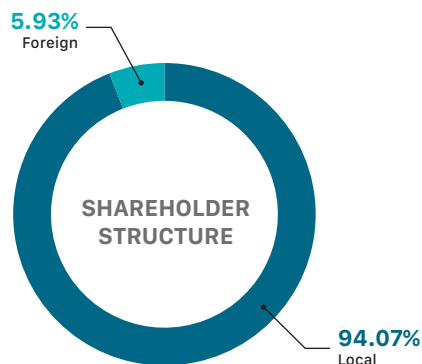


## Changes in owner's equity in 2021

NO	TIME OF CAPITAL RAISING	VALUE OF ADDITIONAL CAPITAL	CHARTER CAPITAL	CAPITAL RAISING SOURCE
1	April 2015		11,198,648,400,000	
2	July 2016	1,076,689,380,000	12,275,337,780,000	Private issuance for strategic foreign shareholder
3	December 2018	1,907,570,690,000	14,182,908,470,000	Private issuance for existing shareholders
4	September 2021	7,961,033,270,000	22,143,941,740,000	Private issuance for existing shareholders

As of 31 December 2021, the owner's investment capital (Account 410) was VND 22,143,941,740,000, an increase of VND 7,961,033,270,000 compared to 01 January 2021. Within the year, Vietnam Airlines completed the new share issuance for existing shareholders to increase

capital by VND 7,961 billion, of which the State Capital Investment Corporation (SCIC) exercised the right to buy shares of the State owner. After completing the share issuance, the shareholder structure of Vietnam Airlines is as follows:



## 6. HIGHLIGHTED EVENTS



Annual General Meeting of Shareholders on 04 July 2021

Apr.2021

Jul.2021

Oct.2021



Vietnam Airlines Festa under "Hanoi Tourism and Culinary Culture Festival 2021", on April 16-18, 2021



Launching ceremony of VNA Visa international credit card and VNAMall e-commerce platform on October 19-21, 2021



## AMERICAN EVENT SERIES



Forum on *"Promoting Vietnam – US trade in the new context"* on 16 November 2021



VNA – NovaGroup cooperation signing ceremony on 10 December 2021

Nov.2021

Dec.2021



Opening ceremony of the first non-stop commercial flight SGN-SFO on 28 November 2021



VNA – SpaceSpeakers Group cooperation signing ceremony on 18 December 2021



Opening ceremony of the first non-stop commercial flight SFO-SGN on 29 November 2021

## 7. AWARDS AND ACCOLADES



**Vietnam Golden Star**  
(VNA ranked in the Top 100)



**Asia's Leading Culture Airline**  
**World's Leading Airline – Premium Economy Class**  
by Word Travel Award



**Top 10 Most Famous Brands awarded**  
by the Vietnam Intellectual Property Association



**Asia's Best MICE Airline**  
by World Mice Awards



**Vietnam National Brand**  
by the Ministry of Industry and Trade



**Top Vietnam Best Brand Rankings 2021**  
awarded by YouGov



**COVID-19 Airline Safety rating**  
The highest COVID safety rated airline awarded by Skytrax



**Best Reputation Management PR –  
Communications Campaign in 2021 for the  
Vietnam – American flight route**  
awarded by VNPR



**VNR500 – Top 500 Best Enterprises of Vietnam**  
(VNA ranked 26<sup>th</sup>)



**Top 10 Customer Experience Excellence  
in Vietnam**  
by the auditing and consulting firm KPMG

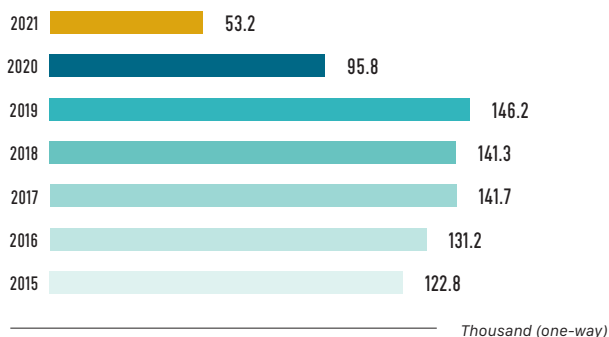
# IV. BUSINESS PERFORMANCE

## 1. KEY OPERATIONAL INDICATORS

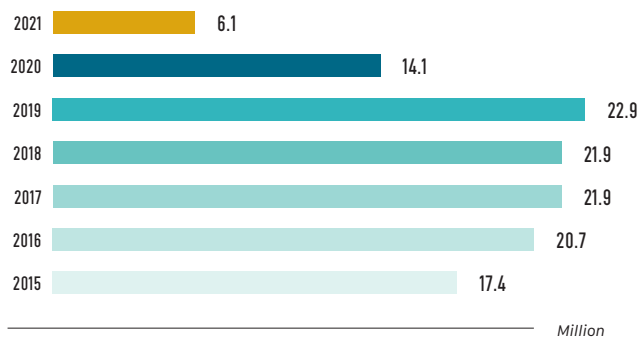
### VIETNAM AIRLINES (VNA AND VASCO)

METRIC	UNIT	2015	2016	2017	2018	2019	2020	2021	2021/2020
Number of flights	Thousand (one-way)	122.8	131.2	141.7	141.3	146.2	95.8	53.2	<b>55.6%</b>
Passengers carried	Million	17.4	20.7	21.9	21.9	22.9	14.1	6.1	<b>43.5%</b>
Cargo and parcel carried	Thousand tons	208.4	271	323	341.5	348	195.9	219.8	<b>112.6%</b>
Revenue passenger-kilometers (RPK)	Billion passengers.km	28.7	32.8	34.8	36.3	37.6	15.2	5.1	<b>33.9%</b>
Available seat-kilometers (ASK)	Billion seats.km	35.8	40.6	42.7	44.7	46.5	19.4	7.2	<b>37.1%</b>
Load Factor	%	80.7%	80.8%	81.5%	81.3%	80.9%	78.3%	71.6%	<b>-6.7%</b>

#### NUMBER OF FLIGHTS

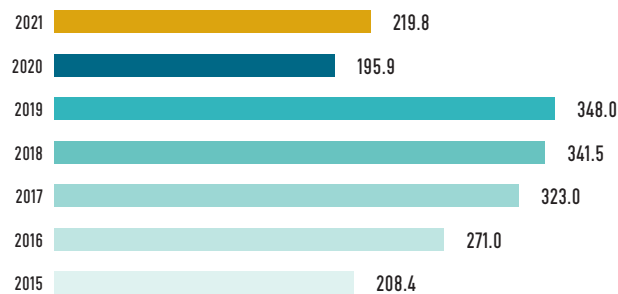


#### PASSENGER CARRIED



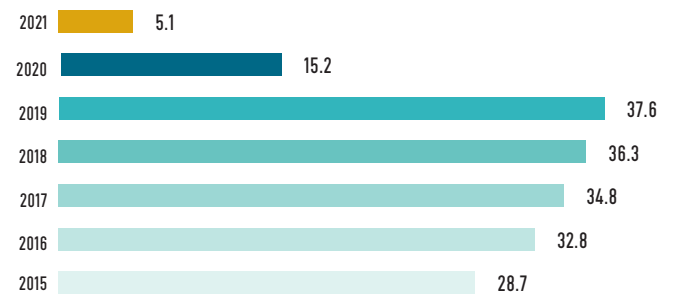


### CARGO AND PARCEL CARRIED



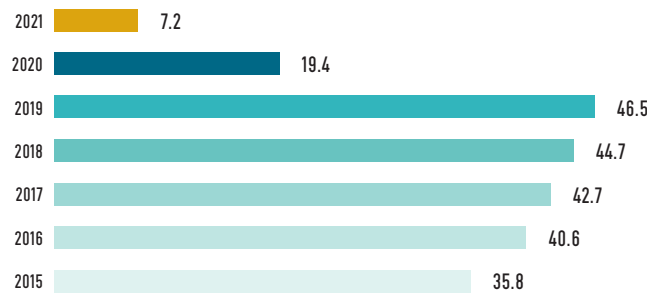
Thousand tons

### REVENUE PASSENGERS-KILOMETERS (RPK)



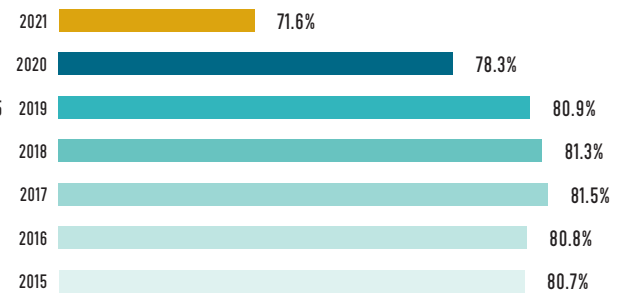
Billion passengers.km

### AVAILABLE SEATS-KILOMETERS (ASK)



Billion seats.km

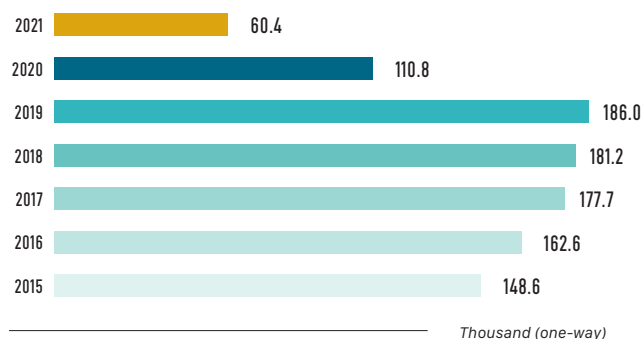
### LOAD FACTOR



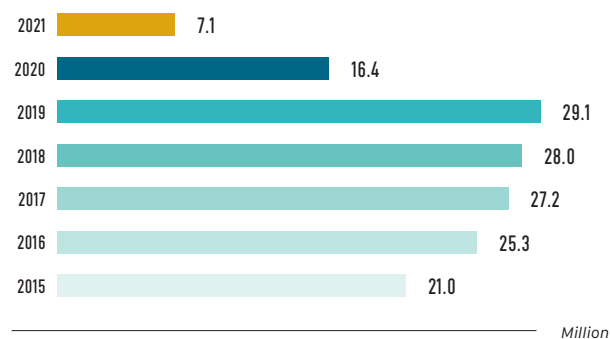
## VIETNAM AIRLINES GROUP (VNA, VASCO AND PA)

Metric	Unit	2015	2016	2017	2018	2019	2020	2021	2021/2020
Number of flights	Thousand (one-way)	148.6	162.6	177.7	181.2	186	110.8	60.4	<b>54.5%</b>
Passengers carried	Million	21	25.3	27.2	28	29.1	16.4	7.1	<b>43.1%</b>
Cargo and parcel carried	Thousand tons	209	289	344	366	371.3	201.7	222.2	<b>101.8%</b>
Revenue passenger-kilometers (RPK)	Billion passengers.km	31.6	36.3	39.2	41.5	42.9	17	5.8	<b>34.3%</b>
Available seat-kilometers (ASK)	Billion seats.km	39.2	44.9	48	50.8	52.8	21.6	8.2	<b>37.8%</b>
Load Factor	%	81.0%	80.8%	81.7%	81.7%	81.2%	78.5%	71.4%	<b>-7.1%</b>

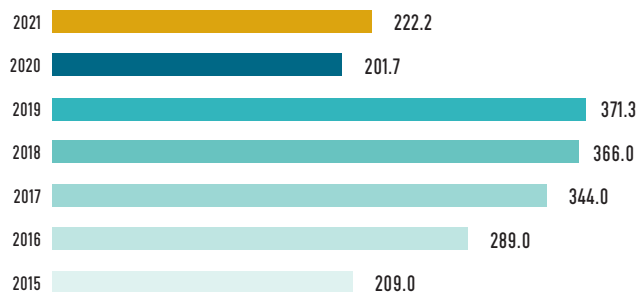
### NUMBER OF FLIGHTS



### PASSENGERS CARRIED

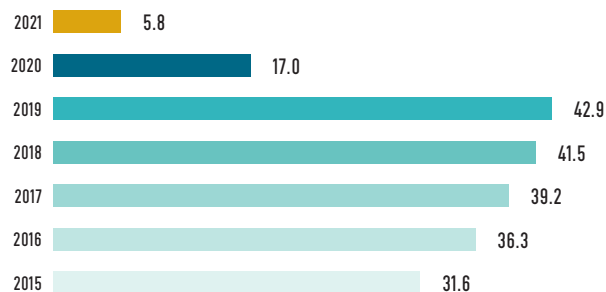


### CARGO AND PARCEL CARRIED



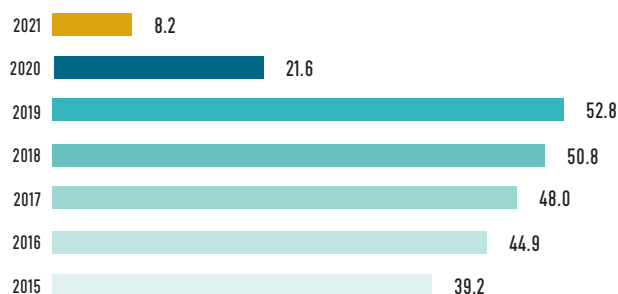
Thousand tons

### REVENUE PASSENGERS-KILOMETERS (RPK)



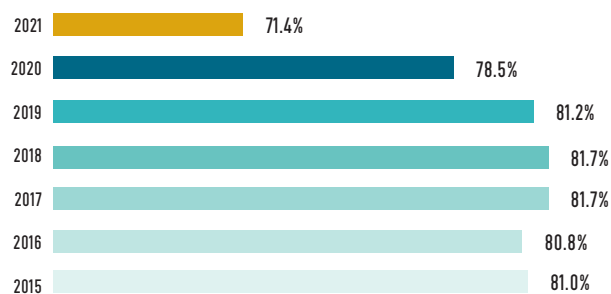
Billion passengers.km

### AVAILABLE SEATS-KILOMETERS (ASK)



Billion seats.km

### LOAD FACTOR



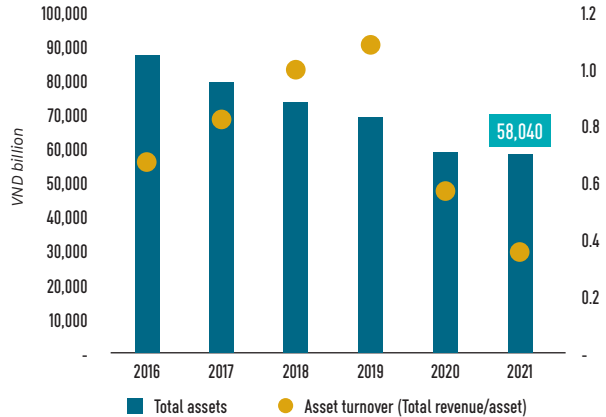
## 2. KEY FINANCIAL INDICATORS

### PARENT COMPANY

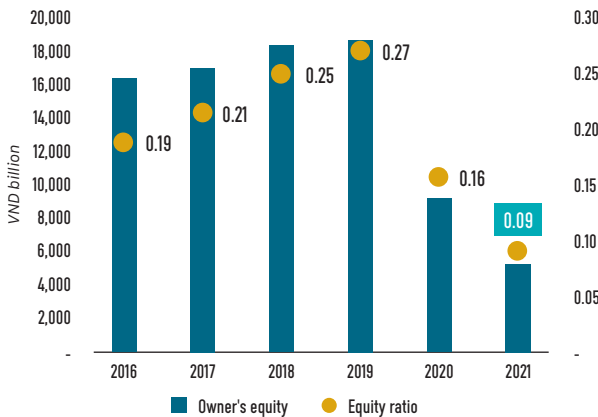
#### BUSINESS RESULTS



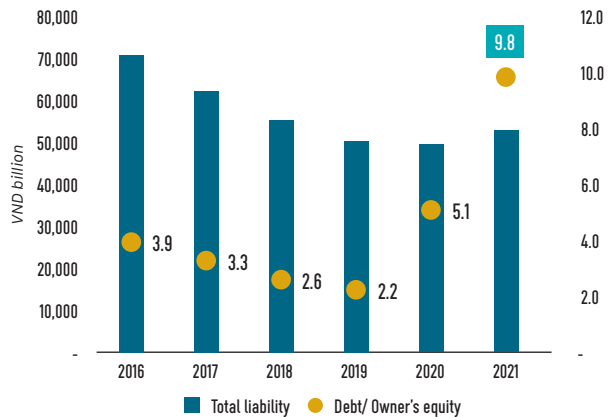
#### TOTAL ASSETS AND ASSET TURNOVER RATIO



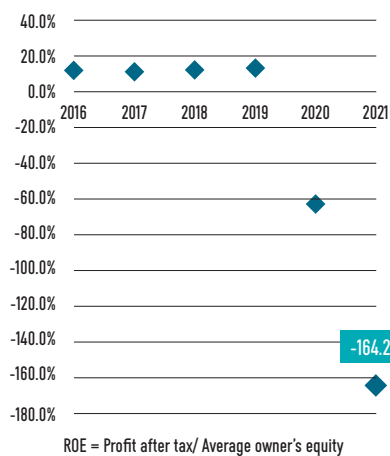
#### CAPITAL AUTONOMY



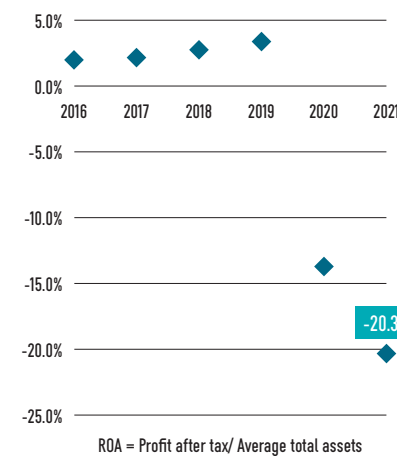
#### TOTAL LIABILITY AND DEBT RATIO



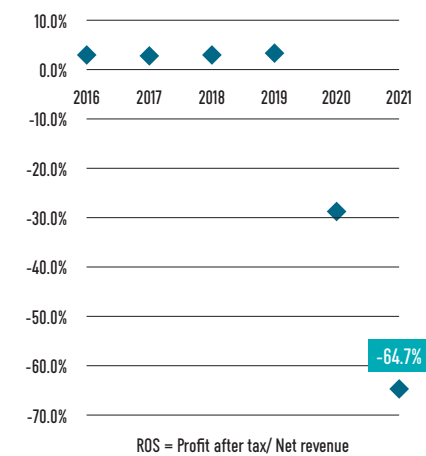
#### ROE



#### ROA



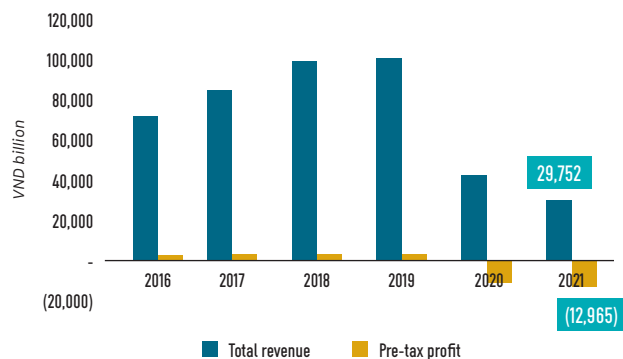
#### ROS



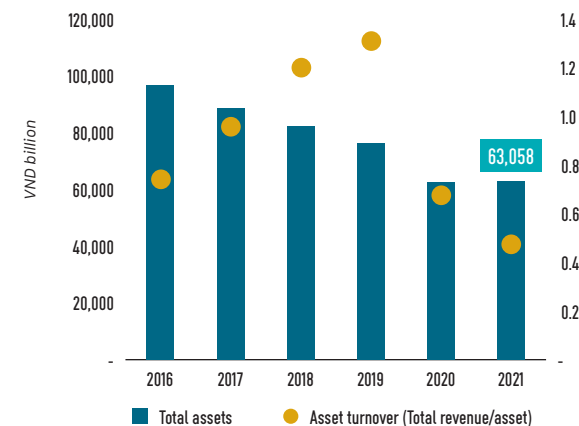


## CONSOLIDATED RESULTS

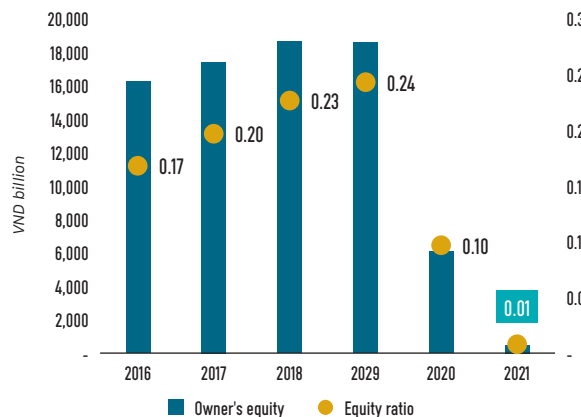
### BUSINESS RESULTS



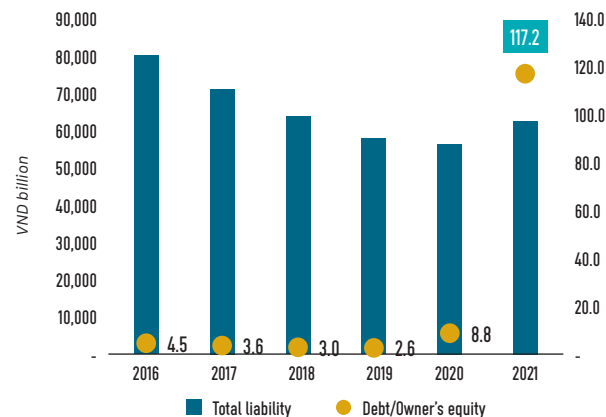
### TOTAL ASSETS AND ASSET TURNOVER RATIO



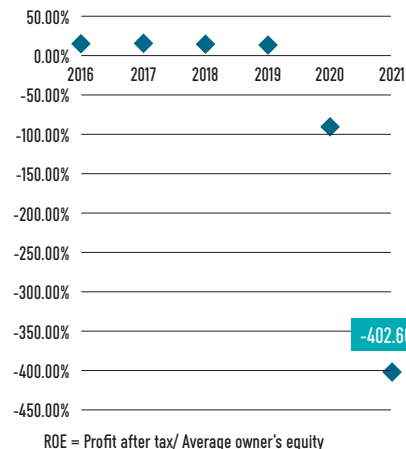
### CAPITAL AUTONOMY



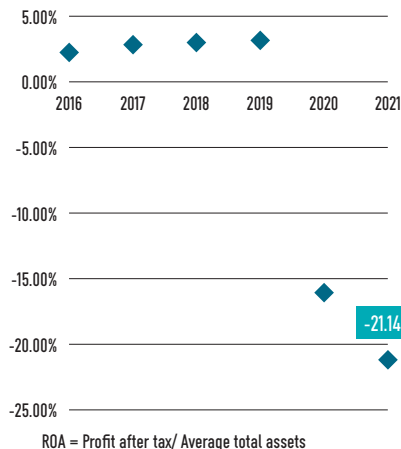
### TOTAL LIABILITY AND DEBT RATIO



### ROE



### ROA



### ROS



# V. ASSESSMENT OF THE BOARD OF DIRECTORS

## 1. ON THE OPERATIONS OF VIETNAM AIRLINES

### OPERATIONS OF THE GENERAL MEETING OF SHAREHOLDERS

- Implementation of the business plan in 2021**  
Based on the agenda approved by the General Meeting of Shareholders, the Board of Vietnam Airlines drastically directed and implemented business solutions from the beginning of the year to ensure business continuity and sustainability. Due to the stagnation of passenger transport caused by the pandemic, the Group attached great significance to cargo transport operations in maximizing revenue and optimizing resources. In 2021, the parent company's loss was reduced by VND 1,062 billion, resulting in VND 1,280 billion reduction in consolidated loss compared to the targets submitted to the 2021 Annual General Meeting of Shareholders. *(The results of some targets assigned by the 2021 General Meeting of Shareholders are detailed in the Business Performance Report submitted to the General Meeting of Shareholders.)*
- Salary and remuneration of the Board of Directors and Board of Supervisors**  
Salary and remuneration of the Board of Directors and Board of Supervisors in 2021 were implemented in accordance with the approval of the General Meeting of Shareholders *(details in the Report on the implementation of the salary and remuneration fund in 2021 of the Board of Directors, the Board of Supervisors submitted to the 2022 Annual General Meeting of Shareholders.)*
- Share issuance plan to increase charter capital of Vietnam Airlines**  
Completed the issuance of shares to increase the charter capital by VND 7,961 billion (out of VND 8,000 billion) for existing shareholders. The BOD issued a Resolution approving the additional capital budgeting plan for approved purposes. After having completed the capital raising, Vietnam Airlines re-registered charter capital and amended the Group's Charter.
- Sale of 06 ATR72 aircraft to replace with a regional jet fleet**  
The BOD issued Resolution 1551/NQ-HDQT/TCTHK dated 29 October 2021 on approving the plan to sell 06 ATR72 aircraft manufactured in 2009 - 2010. However, Vietnam Airlines is still unable to sell these aircraft due to unfavorable market conditions. In 2022, the Group will revisit the plan to sell the ATR72 model besides selecting an alternative regional jet.
- Selection of auditors for financial statements in 2022-2024**  
The BOD assigned the CEO to form a Bidding Team to select an auditor for the financial statements for the period of 2022 - 2024. At the moment, Vietnam Airlines chose one of the Big 4 Accounting Firms to be the official auditor for the 2022 - 2024 financial statements of Vietnam Airlines.
- Amendment of legal documents under the authority of the General Meeting of Shareholders**  
The Group has issued legal documents approved by the General Meeting of Shareholders, including the Group's Charter, Internal regulations on corporate governance, Regulations on operations of the BOD and Regulations on operations of the Board of Supervisors.
- Plan to restructure Vietnam Airlines due to the impact of the COVID-19 in the period of 2021 - 2025 (Resolution of the Extraordinary General Meeting of Shareholders 2021)**  
The Board adopted the Resolution to approve the Master Plan to remove difficulties caused by COVID-19 for Vietnam Airlines and the Restructuring Plan for Vietnam Airlines for the period of 2021 - 2025 to report to State agencies.
- Change of business lines (Resolution of Extraordinary General Meeting of Shareholders 2021)**  
On 27 January 2022, the Department of Planning and Investment of Hanoi granted the Certificate



of change in business registration which acknowledges the change in business lines of Vietnam Airlines.

## THE BOARD OF DIRECTORS

The Board of Vietnam Airlines consists of 7 members, including 01 independent member and 01 executive member (cum CEO). Each member of the Board takes charge of management, production, and business areas well suited to their capabilities and experience. All Board members have successfully fulfilled their missions in compliance with the law, the Charter, ensuring the comprehensive management of production and business, finding the right direction for Vietnam Airlines during the tough times of the entire industry.

The Board has held 9 regular meetings to evaluate business performance, put forward orientations, direct operations, and discuss topics for the governance of Vietnam Airlines. In addition to meetings, the Board

also issued Resolutions and Decisions through written consultation from Board members. The BOD meetings were held in accordance with the provisions of the Enterprise Law, the Charter, and the internal regulations on governance and met the actual requirements of Vietnam Airlines. The Board of Supervisors was invited to attend and offer their opinions at all BOD meetings. In addition, the BOD conducted off-line working sessions on critical topics, projects, and necessary issues to promptly address the business requirements of Vietnam Airlines.

In 2021, the BOD of Vietnam Airlines issued 215 Resolutions and 106 Decisions on the governance of Vietnam Airlines and directed the BOM to perform the business and production tasks assigned by the General Meeting of Shareholders. The BOD resolutions and decisions complied with regulations, fulfilling the requirements of management and administration to maintain operations during the severe pandemic.

In 2021, the BOD focused on steering the Group's key missions including:

- Successfully held 02 General Meetings of Shareholders to approve the agenda according to regulations and authority.
- **Business and production activities:** The BOD led the disease prevention and control, ensured continuity, flexibly operated, and constantly sought opportunities to optimize revenue and costs. Specifically, notable solutions were driving freight transport and launching new flights. In late November 2021, Vietnam Airlines officially debuted its regular flights to the US with a view to expanding the international route network and optimizing the wide-body aircraft.
- **Disbursement of the liquidity support package of VND 12,000 billion:** As approved by the National Assembly, the Government and State agencies, in 2021, Vietnam Airlines completed the signing of contracts and disbursement of the refinancing loan of VND 4,000 billion; completed the stock issuance to increase the capital of VND 7,961 billion for existing shareholders. At this issuance, the State Capital Investment Corporation (SCIC) invested VND 6,894.9 billion to purchase shares under the rights of state shareholders at Vietnam Airlines. Besides, ANA Group, a strategic shareholder of Vietnam Airlines, released the right to purchase 70 million shares to Vietnam Airlines staff. The shares under the purchase of ANA were evenly distributed to more than 13,000 employees of VNA Group. This is a benefit and encouragement for employees during the harsh time of the pandemic, with a view to maintaining the employee engagement.
- **Response to COVID-19, ensuring liquidity and business continuity:** calibrating flight schedules, products; radically mitigating expenses; negotiating with aircraft owners and vendors to reduce costs and reschedule payments; restructuring loans, flexibly using short-term loans to offset shortfalls in cash flow; rearranging employees and flexibly utilizing resources and remuneration policies to jointly shoulder the difficulties during the pandemic. In addition to internal solutions, Vietnam Airlines has submitted updates on the impact of the pandemic on business, along with recommendations about state policies on support for Vietnam Airlines (reducing taxes and fees, service prices, depreciation extension, etc.). The Chairman and the CEO personally engaged in many high-level negotiation rounds with aircraft owners for early return of aircraft, better rental prices, and deferred payment to bring Vietnam Airlines through the challenging time.
- **Organizational and human resources restructuring:** The Board of Directors has decided that the organizational and human resources restructuring is necessary in order to reduce the number of focal points, streamline the workforce, and reassign tasks to suit the new situation on the principle of optimizing productivity.
- **Master plan restructuring:** Directing the establishment of a Master Plan to address the difficulties faced by Vietnam Airlines from the impact of COVID-19 in the 2021 - 2025 period for better recovery in the post-pandemic period. As of June 2022, after reviewing and updating the scenarios for the period of 2022 - 2025 with data close to the reality as well as taking into consideration recommendations from Ministries, Authorities, Vietnam Airlines has completed the Master Plan and submitted it to the Commission for Management of State Capital (CMSC) for calibration before proposing to the Prime Minister.
- **Pacific Airlines (PA) shareholder restructuring:** Following the policies approved by the Government, the Board of Directors has issued directions regarding the solutions to maintain operations while PA seeking new investors to restructure. During this period, PA optimizes its operations, streamlines the system, and leverages shared resources with VNA Group for minimal expenses, enhanced resource efficiency and synergy with Vietnam Airlines' products. At present (June 2022), PA is facing some serious financial issues including cash flow shortage, overdue debts threatening insolvency and cease of operations. The investor selection process raised certain concerns about the mechanisms and policies within the legal framework for state-owned enterprises.
- **Capital transfer at K6:** In 2021, Vietnam Airlines finalized the negotiation and signed the share transfer contracts with K6. Quarter I of 2022 marked the completion of Phase 1 in the process of share transfer.
- **Investment in Long Thanh International Airport project:** The Board of Directors requested to research and prepare the proposal of specific mechanisms to state agencies for Vietnam Airlines and its subsidiaries to invest in the Aviation Service Complex of the International Airports Corporation of Long Thanh.



## 2. THE BOARD OF DIRECTORS' SUPERVISION ON THE BOARD OF MANAGEMENT

The Board of Directors has made several efforts to facilitate close supervision over the operations of the Board of Management, evidenced by the issuance of Resolutions and Decisions within its authority, organization of periodic meetings for reporting, making assessments and issuing timely direction for the production and business activities of the Group.

The Board of Directors fulfilled its responsibility of supervising the CEO and the Board of Management through the constant participation in periodic meetings of the Board of Management.

In addition, the Board of Directors also closely monitored the operations/functions of each department through reports of the internal audit system, the Group's Controllers at the subsidiaries, Periodic reports of the CEO at the Board of Management meetings and other reports upon request.

Quarterly, the CEO reports to the Board of Directors on the implementation results of the Resolutions/ Decisions issued by the Board of Directors.

The Board of Directors evaluates the performance of the Board of Management as follows:

- During the pandemic outbreak in 2021, the Board of Directors agreed to continue implementing Resolution 315a/NQ-HĐQT dated 2020 to enable greater agility in management. The BOM effectively adopted numerous solutions in response to COVID-19

to ensure the liquidity and business continuity, namely: calibrating flight schedules, products; radically mitigating expenses; negotiating with aircraft owners and vendors to reduce costs and reschedule payments; restructuring loans, flexibly using short-term loans to offset shortfalls in cash flow; rearranging employees and flexibly utilizing resources and remuneration policies to jointly shoulder the difficulties during the pandemic. The Board of Directors has strictly implemented the resolutions, decisions and directions of the Board of Directors, focusing on close and prudent administration and management with a great sense of responsibility to overcome the difficulties, unceasingly improve and strengthen governance capability, all for the maximized and legitimate benefits of Vietnam Airlines and its shareholders. The Board of Management has fulfilled all its regulatory reporting obligations during the implementation of the Board of Directors' directions and escalated to the Board matters beyond the delegation of authority of the CEO. The Board of Directors regularly organizes working sessions with departments to promptly support and address any difficulties and problems faced during their operations.

- Vietnam Airlines CEO is also a member of the Board of Directors, which enables regular communication between the Board of Directors and the Board of Management. Accordingly, the continuous supervision of the Board of Management has ensured timely support and direction from the Board of Directors.



### 3. ACTIVITIES OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS

In 2021, the Committees under the BOD played an active role in advising the BOD and supporting its activities as follows:

- **The Investment and Strategy Committee** advised the Board on major issues including restructuring of the Services, Commercial, and Flight operation Departments, reports on restructuring of investments in K6 and PA, development plan of the fleet for the 2020 - 2025 period, report on solutions to resolve difficulties via a support package of VND 12 trillion to improve liquidity, and submission of the overall restructuring scheme to the Commission for the Management of State Capital at Enterprises (CMSC). Additionally, the Committee also advised on other major projects of the Company such as participation in several projects in Long Thanh airport and a scheme for restructuring of the fleet.
- **The Human Resource and Remuneration Committee** consolidated the personnel and regulation on organizations and operations to meet the business requirements. The Committee advised the BOD on the human resource management policy and staff policy in 2021 due to the impact of the COVID-19 pandemic.
- The BOD issued Resolution No. 1747/NQ-HĐQT/TCTHK dated 06 December 2021, approving the plan of not establishing the Audit Committee, thereby ceasing the operation of the Audit Committee under the BOD following the Decision No. 05/QĐ-HĐQT/TCTHK dated 02 April 2015.

Instead, the Group had the Department of Inspection and Auditing which performed the supervising and monitoring function on behalf of the BOD and BOM. In 2021, the Department of Inspection and Auditing developed, reported to the CEO, and submitted for BOD's approval of the regulation on internal audit in line with guidance in Decree No. 05/2019-NĐ-CP and Circular No. 66/2020/TT-BTC and amended the organizational and operational regulations of the Department of Inspection and Auditing in accordance with legal requirements on internal audit and actual operations of the Department.

In 2021, the headcount under the Department of Inspection and Auditing was reduced in line with

the Group's direction amid the impacts of the COVID-19 pandemic. Internal audit activity involved 9 employees, 2 of which were the Chairman and one member of the Audit Committee. However, the Department of Inspection and Auditing made every effort to fulfill the following assigned tasks:

- Continuing and completing the internal audit themes bridging from 2020, including:
  - > Reporting to the BOD: Examining and supervising the use of A350/B787 aircraft and evaluating the use of A32F aircraft.
  - > Reporting to the CEO: Auditing the process of managing the materials and spare parts on AMASIS; Auditing and evaluating data quality on the MIS system; Evaluating the partnership agreement with CAE and evaluating the effectiveness of reconfiguration of 203-seat A321 aircraft.
- Verifying finalization of the completed projects at the BOD's request and reporting the results to the BOD in line with regulations, including the project on the reconfiguration of 6 A321 aircraft and the project on the reconfiguration of 8 A321 aircraft.
- Performing other bespoke tasks at the requests of the CEO and the BOD:
  - > Reviewing the CEO's proposals to the BOD.
  - > Synthesizing reports and evaluation of supervisors on a monthly/quarterly basis in line with regulations.
  - > Appraising the plan 2022 of the Group and member companies.
- Performing the tasks assigned by the BOS:
  - > Appraising financial statements for 2020 and reviewing semi-annual financial statements for 2021 at the request of the BOS.
  - > Implementing 2 themes of the BOS: Supervising the deployment of the AQD system and implementation of GDPR.
- Monitoring the implementation of recommendations by State agencies (Transport Inspectors, State Audit of Vietnam)
- Monitoring the implementation of the external audit agreement for the 2019 - 2021 period and the selection of audit firms for the 2022 - 2024 Financial Statements.

## 4. ON THE OPERATIONS OF THE BOARD OF MANAGEMENT



In 2021, the Board of Management demonstrated flexibility and creativity in leading Vietnam Airlines through challenges, and successfully fulfilling business targets and duties:

- Based on the orientation of the Board of Directors, the BOM regularly followed market movements to orchestrate the drastic and synchronous development and execution of timely solutions, carry out business operations with safety, quality, efficiency, and sustainability.
- The BOM properly performed the reporting of business performance in all aspects. In addition to the analysis and evaluation of implementation results, reports also provided forecasts and assessments of the market situation in the next period and developed various management scenarios, thereby enhancing proactiveness and flexibility in running the business.
- The BOM fully and earnestly executed the Resolutions and Decisions of the Board of Directors; complied with the provisions of law, Vietnam Airlines' Charter, and other internal regulations.

While implementing BOD Resolutions, the CEO assigned specific tasks to agencies and units, specifying the timeline/ deadline for completion/reporting. Agencies and units implemented the assigned tasks in earnest.

## 5. ON THE ORIENTATION OF OPERATIONS FOR 2022

Plan direction: The Company defines the key goals, directions, and tasks for 2022 as follows:



**ABSOLUTE SAFETY** is the prerequisite and cornerstone for the recovery and development of Vietnam Airlines. Therefore, it is still the top priority. In particular, monitoring and checking the technical status and safety processes, especially with the resumption after prolonged suspension of COVID-19, will be at the heart of safety activities in 2022.



**OPERATIONAL AND COMMERCIAL ACTIVITIES:** Develop flexible management plans accommodating market scenarios, proactively adopt responding solutions to market fluctuations. On the international market: progressively liaise with overseas partners to recover international flights following the countries' re-open plans, timely capture opportunities to seize and maintain market share as well as ensure the effective use of resources. On the domestic market: play the central role in local passenger transportation with VNA Group's market share of over 50%. Expand cargo transportation by utilizing the available resources and continuing the price adjustment to increase the effectiveness of air freight. The ultimate target of market share is above 60% for domestic and above 12% for the international market.



**COST OPTIMIZATION AND BALANCE OF CASH FLOW:** Follow up negotiations with lenders, especially the aircraft owners on reduction of existing debts and rental payments of the current rental agreements; advance return of rented aircraft, and delay aircraft receipt for newly signed contracts. Concurrently, VNA continues to propose and implement liquidity support solutions by the State - a shareholder of the Group, accelerates the restructuring of the investment portfolio in subsidiaries and affiliates, and continues the asset restructuring (sale/ sale and leaseback of old aircraft) to ensure a healthy cash flow.



**SERVICE QUALITY ENHANCEMENT:** Balance 4-star service quality with pandemic safety; continue the "Uplifting service" campaign with new service offerings and customer experience enhancement, towards achieving 5-star standards, especially in terms of human resource quality.



**DIGITAL TRANSFORMATION:** Prioritize resources for digital transformation projects with a sharp focus on improving customer experience and enhancing the quality of the management system. E-commerce projects with possibilities to increase revenue shall be quickly rolled out following a trial-and-error approach.



**PREPARATION FOR LONG-TERM PLANS:** Evaluate and forecast changes in the market and passenger demands in the post-pandemic new normal; identify the Company's development orientations in the long run; re-organize the business model to ensure its competitiveness, market expansion, and profitability.





# SPACIOUS - COMFORTABLE

## PREMIUM ECONOMY CLASS

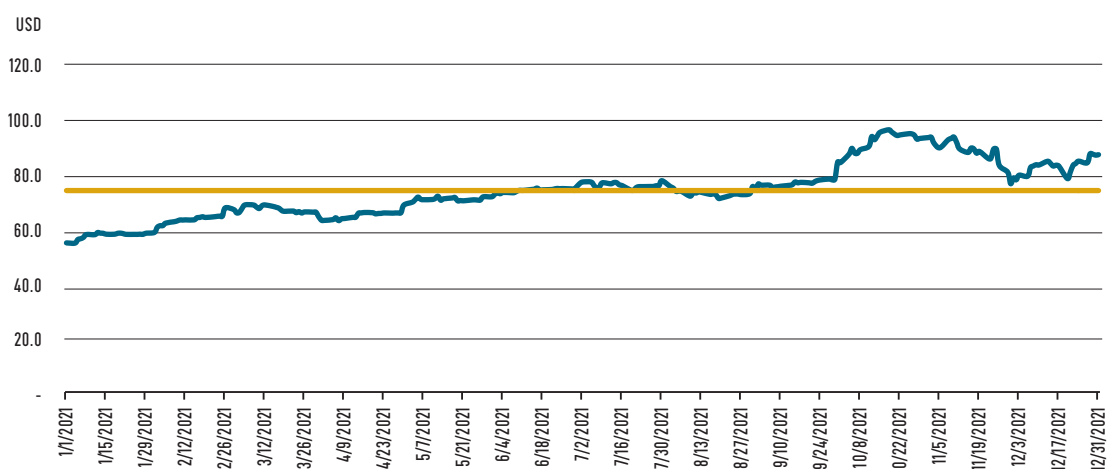
# VI. REPORT OF THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

## 1. OVERVIEW OF BUSINESS ENVIRONMENT

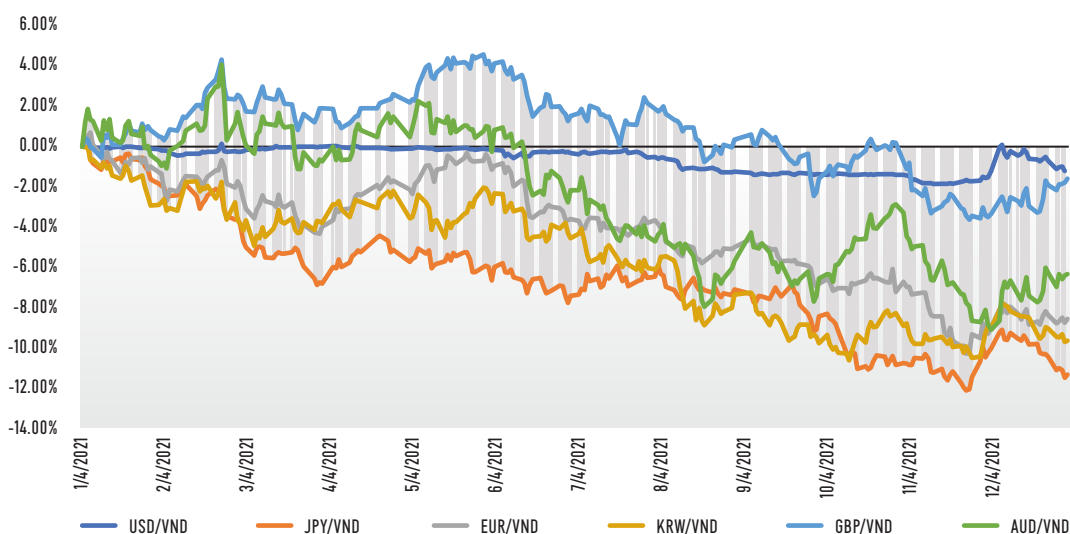
The average fuel price in 2021 was USD 72.6 per barrel, increasing by USD 25.8 per barrel year-on-year. This partly impacted the Group's overall operating costs and business performance.

In 2021, the VND and CNY followed an upward trend against the USD while most of the other key currencies (EUR, JPY, AUD, GBP, KRW) fell against the USD, thereby minimizing the interest rate risk for Vietnam Airlines.

FUEL PRICE PERFORMANCE- JET KEROSENE



EXCHANGE RATE PERFORMANCE (%)



## International market

The regular network of international flights from/to Vietnam continued to be frozen in 2021, with the main passengers being experts or repatriated citizens. In fact, the regular international passenger transportation stagnated. On a full-year basis, international flights served a total of 434,000 passengers, equal to 1.3% of the pre-pandemic level (2019).

## Domestic market

Regarding the domestic market, the pandemic outbreaks broke out during two peak periods: the Lunar New Year and the summer holiday. Social distancing orders were imposed by many cities and provinces; hence, the travel demands plummeted. The size of the domestic market was 14.4 million passengers, 61.4% below the 2019 result and 47.7% lower than the half-year forecast. In addition to the tremendous decline in the number of passengers, the

average fare of domestic flights was also dropped 18% year-on-year, based on the first 10-month data.

Consequently, Vietnamese carriers could only operate at 60 – 70% of their capacities.

## Assessment of international aviation organizations

As stated in IATA's October 2021 report, the COVID-19 pandemic was the biggest shock to the global aviation industry, with its long-lasting impacts. Previous events such as the 11 September attack, the 2003 SARS outbreak, or the 2009 Great Recession only caused the global Revenue of Passengers Kilometers (RPK) to decrease by 5 – 20% and it took only 6 – 18 months for the whole industry to recover. In contrast, COVID-19 has persisted for 2 years and showed no sign of vanish. The RPK of 2021 was only 40% of that in 2019 and the expected loss of global airlines was forecasted at USD 60 billion.

## 2. PERFORMANCE IN VARIOUS FUNCTIONS

### 2.1. ROUTE NETWORK

By the end of 2019, Vietnam Airlines had an international network of 61 routes to 33 destinations in 18 countries and territories. From the end of March 2020, most of the routes were suspended. Such suspension lingered throughout 2021 and the expected recovery in 2022 would be difficult due to the prevalence of new COVID-19 variants.

To better meet domestic demand and optimize the fleet, Vietnam Airlines opened 22 new domestic routes, bringing the total number of operating routes to 61 by July 2020. This set a record of newly launched routes in the past 10 years. Due to serious pandemic outbreaks in Vietnam, social distancing orders were imposed by cities and provinces from June to October 2021. Therefore, most of the domestic routes were operated at a low frequency and niche routes from Hai Phong/ Thanh Hoa/ Vinh to tourist destinations like Nha Trang/ Phu Quoc were also suspended. Given the high vaccination rate in 2022, the Group has built a roadmap to resume all the domestic flights accordingly.

## International Network

(Including repatriation flights and cargo flights, eliminating low frequency routes with less than 5 flights/ year)







*Vietnam Airlines hợp tác liên danh với SNCF từ Paris đến 18 điểm nội địa Pháp;  
Vietnam Airlines offers codeshare services on 18 domestic French routes to/from Paris operated by SNCF.*

## Domestic Network

(Total routes operated in 2021)



## Asia Route Map



## 2.2. FLEET

AIRCRAFT TYPE	JANUARY	DECEMBER	AVERAGE AGE
A350-900	14	14	4.8 years
B787-9	11	11	5.9 years
B787-10	04	04	2.3 years
A321CEO	51	49	10.3 years
ATR72	07	07	12.2 years
A321NEO	20	20	2.7 years
<b>TOTAL</b>	<b>107</b>	<b>105</b>	

**Note:**

- The aforementioned number of aircraft includes one (01) dry-leased aircraft to K6 and excludes short-term wet-leased aircraft.
- A321CEO aircraft: two (02) aircraft were handed over to buyers in December 2021.

## FLEET DEVELOPMENT PLAN FOR THE PERIOD OF 2021 – 2025, VISION TOWARDS 2030

AIRCRAFT TYPE	2021	2022	2023	2024	2025	2030
WIDE-BODY VNA GROUP	29	29	33	33	33	37
NARROW-BODY VNA GROUP	89	89	86	93	100	123
NARROW-BODY VNA	71	71	62	66	70	86
NARROW-BODY VNA LCC	18	18	24	27	30	37
ATR-REGIONAL JETS	07	08	6-20	6-20	6-20	6-20
<b>TOTAL</b>	<b>125</b>	<b>125</b>	<b>125-139</b>	<b>132-146</b>	<b>139-153</b>	<b>166-186</b>

**Note:**

- Data of 2021 – 2022: actual number of aircraft.
- Target number for 2023 – 2025, with a vision to 2030: according to the data in the Strategy Report for the 2021 – 2025 period.





VNA Group's orientation is to utilize the current fleet of modern aircraft with simplicity. The fleet will consist of 3 main types in accordance with the international practice:

### WIDE-BODY AIRCRAFT

Wide-body aircraft will continue to operate on routes from/to the USA, Europe, Australia, and North Asia, as well as exploiting additional flights to Europe and Northeast Asia.

### NARROW-BODY AIRCRAFT

Mainly serves the domestic market and low-capacity/ short-haul international routes (less than 5 hours of flight). This fleet will be divided into A321-equivalent and A320-equivalent groups, in which Vietnam Airlines will use A321 aircraft associated with business class while PA will use A321 and A320 aircraft with maximum seat configuration.

### REGIONAL JET AIRCRAFT (ATR72)

Mainly operates at local airports and airports with limited infrastructure, on small-capacity routes. This fleet can cooperate with narrow-body aircraft to enhance flight frequencies on the small-capacity routes for better competitiveness and newly opened airports (Sapa, Na San, Lai Chau, etc.)





## 2.3. COMMERCIAL PERFORMANCE

### a. Passenger transportation

#### Parent company

Given the unfavorable market condition, Vietnam Airlines flexibly adjusted business operations, actively participated in repatriation efforts and expert transport, increased the transport of medical equipment and supplies, launched new routes, and grasped every opportunity to enhance revenue.

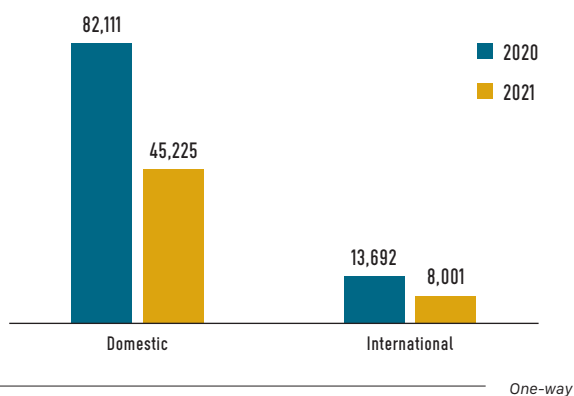
Noteworthy, in late November 2021, Vietnam Airlines officially debuted its regular flights to the US with a vision to expand the international route network and optimize the wide-body aircraft. Initially, Vietnam Airlines started the Ho Chi Minh City – San Francisco route with a frequency of 2 flights/week, which is expected to increase to 7 flights/week when the pandemic is under control. Flights between Vietnam and the US were conducted by the

most modern wide-body aircraft, including Boeing B787 and Airbus A350.

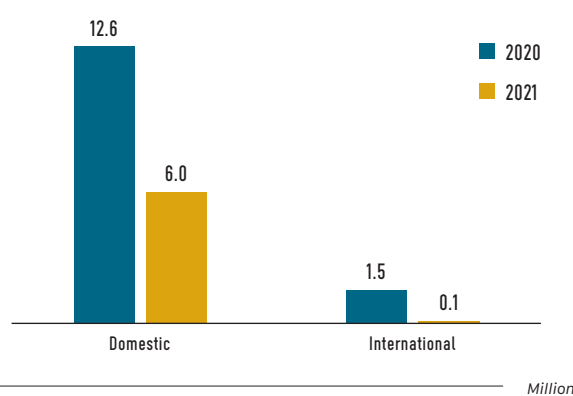
Starting from the first COVID-19 outbreak, Vietnam Airlines has reconfigured 9 wide-body and 8 narrow-body aircraft into cargo carried aircraft by removing seats or covering seats on passenger cabins. As such, an average of 160 cargo flights per week were conducted in many countries. As a result, transportation revenue accounted for 30% of the total revenue, a steady increase from the pre-pandemic level of just 9%. In 2021, Vietnam Airlines' cargo revenue reached VND 8,200 billion, marking up 48% of the parent company's total revenue. Additionally, more than 280 repatriation and expert flights in 2021 contributed nearly VND 1,200 billion to Vietnam Airlines' total revenue.

METRIC	2020	2021	2021/2020
<b>TOTAL FLIGHTS</b> <i>(one-way)</i>	95,803	53,226	55.6%
Domestic	82,111	45,225	55.1%
International (*)	13,692	8,001	58.4%
<b>PASSENGERS CARRIED</b> <i>(million)</i>	14.1	6.1	43.5%
Domestic	12.6	6.0	48.0%
International (*)	1.5	0.1	5.7%

#### TOTAL FLIGHTS



#### PASSENGERS CARRIED

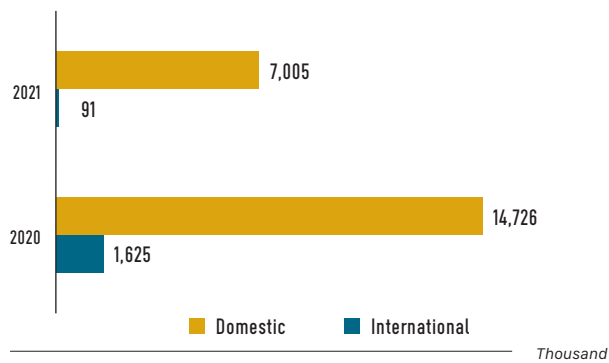


### VNA Group (Parent company and PA)

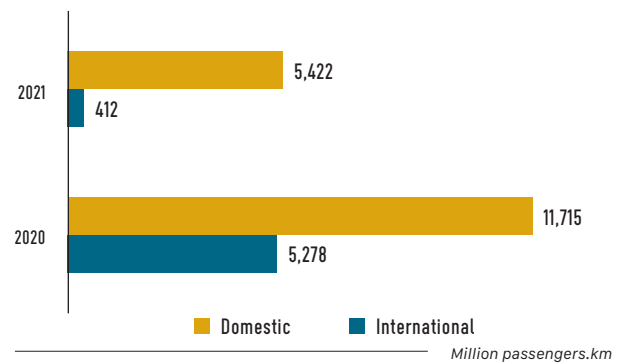
METRIC	INTERNATIONAL			DOMESTIC			TOTAL		
	2020	2021	2021/2020	2020	2021	2021/2020	2020	2021	2021/2020
Passengers (Thousand)	1,625	91	5.6%	14,726	7,005	47.6%	16,350	7,096	43.4%
RPK (Million passengers.km)	5,278	412	7.8%	11,715	5,422	46.3%	16,993	5,834	34.3%
ASK (Million seats/km)	7,604	907	11.9%	14,037	7,246	51.6%	21,640	8,153	37.7%
Load factor	69.4%	45.4%	-24.0%	83.5%	74.8%	-8.7%	78.5%	71.6%	-6.9%
Market share (*)	22.5%	17.0%	-5.5%	51.3%	48.0%	-3.3%	45.5%	46.5%	1.0%

\* Not including charter flights

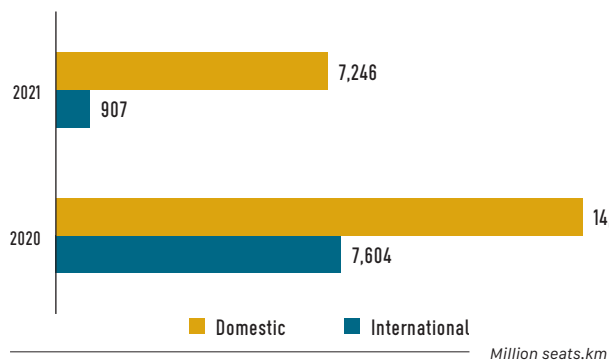
#### PASSENGERS



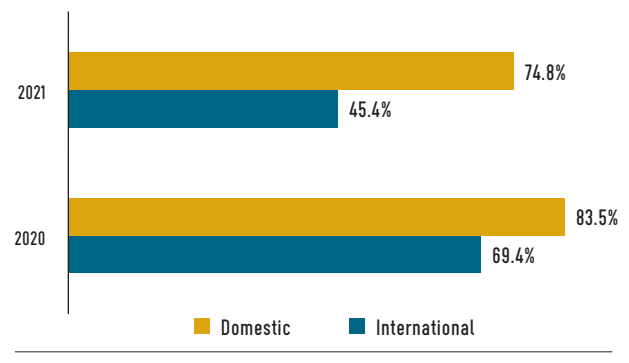
#### RPK



#### ASK



#### LOAD FACTOR



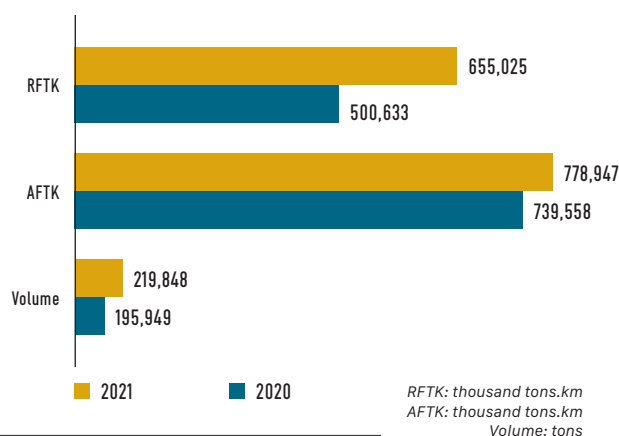
## b. Cargo and parcel transportation

### Parent company (VNA and VASCO)

#### Business results

METRIC	2020	2021	2021/2020
Volume (Tons)	195,949	219,848	112.2%
AFTK (thousand tons.km)	739,558	778,947	105.3%
RFTK (thousand tons.km)	500,633	655,025	130.8%
Market share	17.3%	16.5%	-78.0%

#### CARGO AND PARCEL TRANSPORTATION



#### Operational capacity by regions

METRIC	RFTK (THOUSAND TONS.KM)			AFTK (THOUSAND TONS.KM)			LOAD FACTOR (%)		
	2020	2021	2021/2020	2020	2021	2021/2020	2020	2021	2021/2020
Europe	143,486	265,346	185%	160,369	295,331	184%	89.5%	89.8%	0.4%
Oceania	78,216	63,266	81%	90,060	69,681	77%	86.8%	90.8%	3.9%
Northeast Asia	155,892	190,826	122%	200,784	209,717	104%	77.6%	91.0%	13.4%
Southeast Asia	14,863	15,276	103%	19,742	18,908	96%	75.3%	80.8%	5.5%
South Asia		9,913			12,262			80.8%	
Indochina	151	35	23%	1,073	35	3%	14.1%	100.0%	85.9%
Middle East		8,737			9,709			90.0%	
Africa	154	0	0%	448	0	0%	34.4%		
America	82	3,404	4150%	737	3,745	508%	11.1%	90.90	79.8%
Vietnam	107,643	98,137	91%	265,771	166,155	63%	40.5%	59.1%	18.6%
<b>TOTAL</b>	<b>500,487</b>	<b>654,940</b>	<b>131%</b>	<b>738,984</b>	<b>785,542</b>	<b>106%</b>	<b>67.7%</b>	<b>83.4%</b>	<b>15.6%</b>

The Vietnam freight market increased by 17.5% year-on-year in 2021 (international market: 123.5%, domestic market: 87.6%).

COVID-19 persisted throughout 2021, therefore, passenger flights were still suspended. Vietnam Airlines still enhanced converting passenger aircraft into freighters, which not only optimized available resources but also helped generate revenue during the challenging period. Vietnam Airlines performed 7,483 cargo flights using

Boeing B787, Airbus A350, A321 from two major cities – Hanoi and Ho Chi Minh City – to Europe, Japan, South Korea, China, Hong Kong, Singapore, Malaysia, Israel, Thailand, and Australia. Cargo flights were chartered with committed revenue and always achieved a load factor of 95 – 100%.

In addition to transporting goods to support socio-economic activities, Vietnam Airlines’ cargo flights also transported supplies for the COVID-19 prevention and containment campaign, including medical masks, protective clothing, medical materials and equipment, especially vaccines, etc. These flights were Vietnam Airlines’ efforts to ensure seamless trade activities and business operations, especially in export and import sectors, also to improve the life quality of workers at industrial parks and major factories, and to assist the government in the prevention and control of the COVID-19 pandemic.

Thanks to the sales efforts of Vietnam Airlines, cargo operations across the entire route network achieved the following results in 2021: Freight Tonne Kilometers reached 655 million tons-km, equivalent to 131% of that in 2020. International and domestic FTK accounted for 556 million tons-km and 98 million tons-km respectively, equivalent to 142% and 91% respectively compared to 2020.

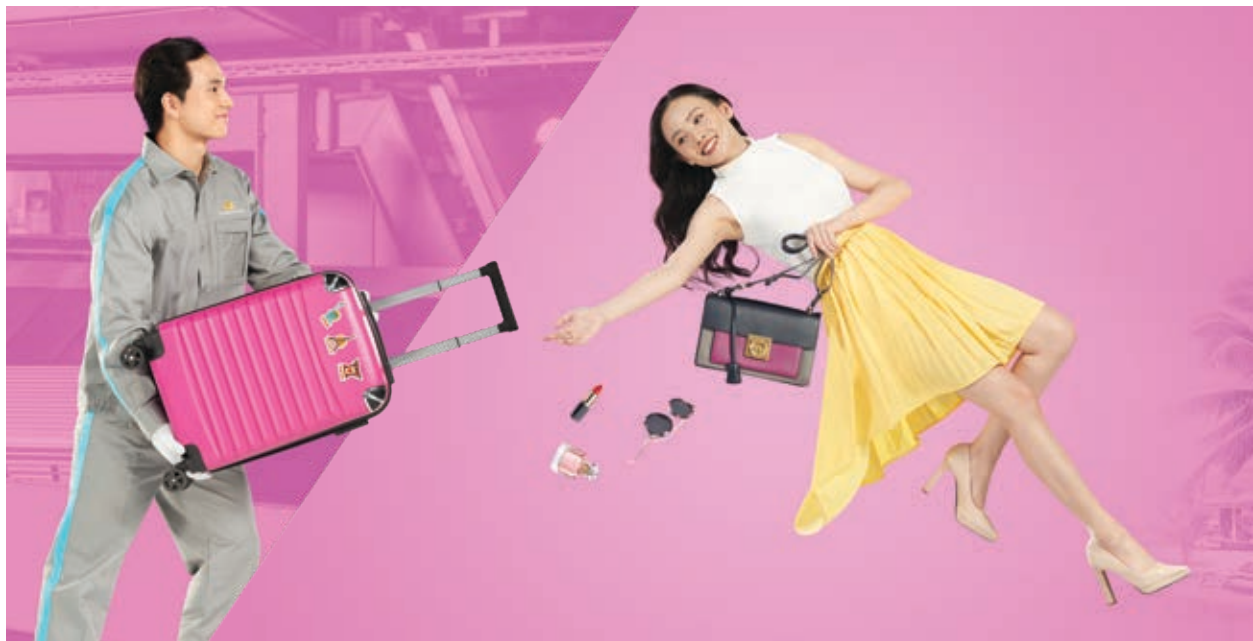
### Subsidiary (Pacific Airlines)

#### Business results

METRIC	2020	2021	2021/2020
Volume (tons)	5,768	2,369	41.1%
Domestic (tons)	5,571	2,319	41.6%
International (tons)	197	50	25.4%

#### Operational capacity by regions

METRIC	RFTK (THOUSAND TONS.KM)		
	2020	2021	2021/2020
Northeast Asia	21	71	340%
Southeast Asia	89	29	33%
Vietnam	5,130	2,504	49%
<b>TOTAL</b>	<b>5,240</b>	<b>2,604</b>	<b>50%</b>



### c. Frequent Flyer Program (Lotusmiles)

As of 31 December, 2021, the Lotusmiles program had a membership of 3.7 million. To achieve such a figure, the Program adopted many solutions to attract customers, including:

- Referrals.
- Cross-sale to the customer base of Lotusmiles' partner companies and organizations.
- Tourism fairs and events in Vietnam.
- Communications to customers via websites and to Vietnam Airlines passengers on B2C digital platforms.
- Ticket buyers of Vietnam Airlines.

System upgrades: Given Vietnam Airlines' goal to become the leading digital and 5-star airline, the Lotusmiles program has successfully transformed the frequent flyer management system. Several brand-new features were introduced to members, including:

- Family account allows family members to combine miles and gain rewards for the whole family.
- Members can prolong bonus miles that are about to expire within 6 months with a reasonable fee.
- Members can recover bonus miles that expire within 6 months with a reasonable fee.

The Program has constantly improved its service quality through the following policies:

- Offers for membership card renewal and bonus miles: Given the impacts of the COVID-19 pandemic, since March 2021, the Lotusmiles Program has promptly offered renewals for Platinum, Gold, and Titanium cardholders to preserve the benefits and retain customers. Members with bonus miles expiring in 2021 had their miles renewed to redeem their bonuses.
- Customers were encouraged to buy tickets on the Vietnam Airlines website and app under the program "**Buy Tickets Online, Double Bonus Miles**".
- **FridaySmiles** program: In this program, members were entitled to many privileges when using Vietnam Airlines services (applying for new registration, purchasing miles/flights, redeeming bonus miles for qualifying miles/flights, purchasing airline tickets by miles and cash) on every Friday.
- Privileges for family account: Members with a the family account were given 1,000 bonus miles. When the family travels together, each member is given 20% of bonus miles per flight.
- Promotion program to encourage members to buy miles/flights to upgrade their tiers.
- Launching of lucky Lotusmiles card numbers for sale.
- Mile accumulation: Supplement mile accumulation policies for special tickets such as discounted tickets for Vietnam Airlines' employees and tickets on charter flights.
- Flight awards: Supplement reward thresholds for members on Vietnam - US flights.
- Non-flight awards: Continue to offer diversified reward products, such as MobiFone phonecards, VinID points, iPhone and Samsung smartphones, travel accessories, healthcare items, green products, and other attractive rewards.

Customer experience enhancement:

- Easier and more user-friendly log-in: In addition to card numbers, members can now log in to their accounts using their email addresses or mobile phone number. Apart from passwords, members can also log in by fingerprint or face recognition.
- Cutting mile accumulation time: Miles will be added to member accounts 120 minutes after the flight departure instead of 5 days as previously.





Additionally, the Lotuses program has also offered various deals from its partners, such as discounts for hotel rooms, food, and healthcare services.

In terms of the partnership, Lotuses has a network of 21 aviation partners and 34 non-aviation partners. They are prestigious local and foreign brands operating in various fields (finance, banking, telecommunications,

hospitality, travel, car rental, shopping, beauty), providing members with a variety of unique, enjoyable, and value-added experiences. In 2021, the Program started issuing member cards co-branded with Sacombank, in addition to the existing partners in Vietnam, including Vietcombank, Techcombank, TPBank, Standard Chartered Bank, VPBank, Vietinbank, VIB, and Sumitomo Mitsui in Japan.

## 2.4. SERVICES PERFORMANCE

### Overall assessment

- 2021 was a year full of challenges and upheavals. COVID-19 pandemic exerted its impact on every aspect of life, economy, and society in Vietnam and around the globe. The tourism industry in general and air transportation in particular were hit first with tremendous losses that may linger for a long time due to the fear of travel from customers and travel restriction orders from authorities. To help customers overcome their concerns, in 2021, Vietnam Airlines put forward the top priority to pandemic prevention efforts to ensure safety for both passengers and employees. Thanks to its relentless endeavors and drastic solutions, Vietnam Airlines took part in Skytrax's COVID-19 Airlines Safety Rating and coordinated with relevant units to make necessary adjustments at each touchpoint as recommended by Skytrax. Therefore, a 5-star rating was awarded to Vietnam Airlines for its pandemic prevention and control tasks.
- NPS and CSI continued to be positive, especially in Q1 and Q2. In Q3, the aviation service was almost "frozen" due to the pandemic, therefore, there was no data for comparison. Average NPS reached 51 points, 13 points higher than the target and increased by 9 points year-on-year. Average CSI reached 4.15 points, 0.25 points higher than the target and increased by 0.17 points year-on-year. This proved customers' understanding and recognition of Vietnam Airlines' efforts in fine-tuning the service policy, stabilizing the flight schedules, and adjusting the commercial policies flexibly in line with each stage of the pandemic to live up to customers' expectations.

### Quality enhancements

- In 2021, Vietnam Airlines continued screening, adjusting and rationalizing all service standards (in-flight meals and beverages, medical equipment and materials for pandemic prevention and control, entertainment, newspapers), in-ground services (apron operation, de/anti-icing, handling of dangerous goods, change in passenger cabin door opening/closing) and in-flight services (communications, etc.) to ensure uniform service quality, cost-saving and fulfillment of pandemic prevention requirements at the same time.
- Vietnam Airlines also constantly innovated and introduced new products to ensure cost efficiency, improve customer experience, and increase revenue.

### Key notes in services performance

- Served the delegates attending the 13<sup>th</sup> National Party Congress and performed special charter flights to Japan, the US, Switzerland, England, France, India, etc.
- Proactively implemented the safety processes in international passenger and cargo flights complied with the designated functions and tasks in the COVID-19 period, carrying more than 115,000 returnees and experts, directly communicated, served, and monitored safety operations to 30 airports with no Vietnam Airlines representative offices in 24 countries with irregular operations from Vietnam.
- Worked closely with specialized departments in developing and updating the flight schedule in concord with each stage of the COVID-19 pandemic, coordinated with relevant units to conduct cargo flights when passenger flights were suspended and achieved fruitful results.

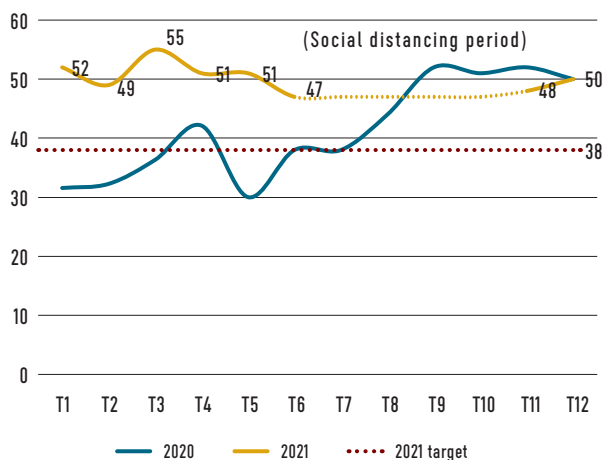
- Played a central role in developing the culture of **"Uplifting service"** to improve service and domain knowledge in Vietnam Airlines' effort to maintain 4-star quality and move towards 5-star standards.
- Focused on the execution of solutions on contracts and cost management, payment and debt management, payment re-schedule/deferral, cost optimization, etc.; working with suppliers to roll out new service processes: centralized load, reduction of services supplied by partners at overseas airports (aircraft cleaning, catering, etc.) to save cost without affecting the operations and overall service quality.
- Remarkably fulfilled the task of advising the top management on quality governance, including process-based and target-based governance (KPI, APMP, product-based governance, etc.); successfully built tools to support quality governance including E-doc, CAPA, Customer Complaints management.
- Continued implementing and coordinating with other departments in conducting the following projects: the transformation of the Sabre DSC

system in Vinh, Chu Lai and Con Dao airports; development of SSR online service; supply chain management software (LMS); website pre-purchase (in conjunction with the Marketing and Digital Transformation Department).

### Indicators of customer satisfaction

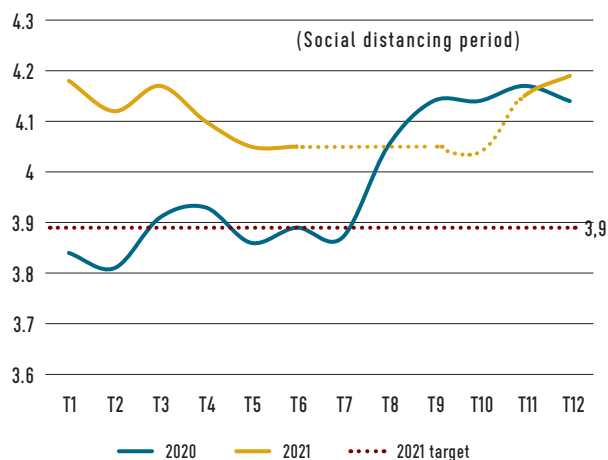
- In 2021, the **Net Promoter Score (NPS)** reached 51%, enjoying a year-on-year increase of 17 points and exceeding the target by 13 points. The NPS of around 51% reflected customers' trust and endorsement towards Vietnam Airlines despite difficulties in travel procedures caused by the pandemic.
- The average **Customer Satisfaction Index (CSI)** in 2021 was 4.14 (out of 5), enjoying a year-on-year increase of 0.29 points and exceeding the target by 0.24 points. CSI hovered around 4.14 points and peaked at 4.19 points in December, which was also the highest CSI ever. This demonstrated Vietnam Airlines' improved service quality regardless of challenges and obstacles.

#### NET PROMOTER SCORE (NPS)



**NPS: 51% +17% YOY**

#### CUSTOMER SATISFACTION INDEX (CSI)



**CSI: 4,14 +0,29 YOY**

Source: Vietnam Airlines' online survey on frequent flyers

## Main directions for services in 2022

2022 is going to be another challenging year for the aviation industry as the pandemic is still rampant while the international market has not shown signs of recovery, reflected by restrictions on commercial flights from some countries. To maintain the 4-star service quality and aim at 5-star standards in the future, the Service Department focuses on the following tasks:

- Further improving the 4-star service quality and implementing the “Uplifting service” culture in tandem with flexible management in different pandemic prevention scenarios.
- Adjusting the standards toward simplicity in line with the new trends and new norms.
- Continuing digital transformation to improve customer experience and management efficiency.
- Quickly adopting new policies and processes for international routes following the requirements of state management agencies, countries, IATA, etc.
- Performing effective cost management.



## 2.5. TECHNICAL PERFORMANCE

### Results of technical assurance for safe and effective operation and fulfillment of the Group's operations plan and 4-star service quality requirements

- Optimization of the scheduled aircraft maintenance plan at VAECO, and the engine, gear and APU maintenance plan, to fulfill the goal of increasing aircraft availability.
- Improvement in the preparation of the WP contents, proactive formulation of short- and long-term maintenance plans so as not to be passive in terms of labor resources, spare parts and supplies, formulation of plans, preparation of relevant work to return aircraft on time to reduce the periodic overdue rate.
- Continuation of the implementation of basic engineering programs (AD/SB, MOD) to improve the reliability of the equipment and aircraft system, development of an overall program for maintenance - repair improvement and failure detection, maintaining and improvement of the coordination between the Flight Operations and Technical Department to reduce the number of operational disruptions.
- Coordination with relevant agencies and units to flexibly arrange the number of aircraft to put into operation / to be preserved: development of a list of aircraft to be preserved according to the order of priority, deployment of the preservation according to the established order of priority in order to meet the operation requirements from time to time.
- Completion of scheduled maintenance to meet the requirements for the sale of 2 A321 aircraft VN-A344 and VN-A345 (A344 handover in November 2021 and A345 handover in January 2022), helping to increase revenue and reduce cost burden during the suspension.
- Preservation of the aircraft interior quality despite of reduced budget. Preparation of human and material resources to leverage the service towards 5-star standards. Completion the seat removal on A321, A350 and B787 aircraft for cargo transportation.

**Solutions to improve aircraft efficiency and reduce technical costs: The Group has been synchronously implementing a wide range of solutions to improve the efficiency of aircraft operation at optimal cost amidst sharply declined operational capacity due to the pandemic, such as:**

- Proactive coordination with relevant departments

and units in planning the aircraft operation and maintenance to reduce costs of engine, equipment and fuselage maintenance and raising funds to improve the efficiency of each route and flight, thereby optimizing costs and cash flow.

- Proactive negotiation with repair partners, engine and equipment lessors or pooling partners on cost reduction, price calculation method, product, and service standards in line with actual market situation and operation demand.
- Close coordination with the Finance and Accounting Department to optimize the cash flow of payments between the Group and partners to reduce capital expenditures.
- Continued experiment of programs on fuel-saving, weight reduction and flight control surfaces adjustment. Coordination with Operation Control Center and Application Research Center in continuing the analysis of fuel consumption data to improve the effectiveness of solutions. Enhancement of 4.0 technology application, implementation of technical and maintenance solutions to reduce fleet's fuel consumption. Fuel-saving maintenance was added to the CMR program and will be rolled out from March 2022.
- Strict control over full-service contracts for spare parts and supplies/ pooling, service contracts for brake pads, contracts for interior maintenance signed with foreign partners, orders for repair of spare parts and supplies beyond pooling, control of the service level and TAT to ensure spare parts and supplies for the operation and periodic maintenance of aircraft.

### Orientation for the development of maintenance facilities of Vietnam Airlines and VAECO

- Strengthening and promoting the cooperation and establishment of joint ventures or associations with major partners (in both aircraft maintenance and finance) to learn, access and transfer new maintenance technology, modern and advanced management practices to Vietnam Airlines in order to optimize the costs of aircraft maintenance and repair, improve competitiveness, and gradually become a maintenance center of the region.
- Expansion of the capacity in aircraft and equipment maintenance and repair. The focus is on the development of aircraft structure repair capacities, especially for the fleet of new generation aircraft,

building and completing a hangar system for synchronous maintenance of aircraft/ engine/ equipment at the new Long Thanh airport and the key airports Noi Bai, Tan Son Nhat, Da Nang.

- Research on investment in aircraft equipment maintenance and repair and auxiliary workshops, to improve the efficiency of aircraft and equipment maintenance and repair in a synchronous manner, to serve the Group's fleet in the short run and later to provide to external partners.
- Promotion of digital transformation in repair and maintenance management, including the conversion to a new MRO IT system satisfying management requirements of an airline with more than 100 aircraft, increased use of the aircraft manufacturers' software and equipment alongside software developed by Vietnam Airlines to improve the efficiency of aircraft maintenance and repair.
- Development of the Training Center into an EASA/ FAA Part 147 approved center to meet the training needs of the labor market, thereby increasing revenue and contributing to the profitability of Vietnam Airlines and ensuring the stable quality and quantity of the special labor force for the technical management and maintenance of Vietnam Airlines.
- Development of independent technical capabilities to design, manufacture and apply for approval of local mods and local parts from aviation authorities, namely CAAV, FAA, EASA, thus allowing Vietnam Airlines to be more proactive in maintenance work.

### Impressive and outstanding indicators of technical works

- In 2021, Vietnam Airlines performed a great volume of work, contributing to the fulfillment of business targets and ensuring absolute safety. Specifically:

METRIC	2021 RESULTS
ARL	94.31%
DR A321	99.66%
DR A350	99.49%
DR B787	99.31%
DR ATR72	99.58%

- Fleet maintenance:
  - > Offsite maintenance: Provide technical assurance for 91,794.50 flight hours (including A321: 47,048.82 FH, A350: 20,732.44 FH, B787: 20,405.69 FH and ATR72: 3,607.55 FH).
  - > Onsite maintenance

CHECK TYPES	A321	A350	B787	ATR72
A check	0	103	47	25
Phase check	758			
C/ Y check	113	14	14	9
Other	283	37	45	3





## 2.6. FLIGHT OPERATION

METRIC		2021 ACTUAL	2020 ACTUAL	2021 PLAN	% 2020	% PLAN
Total flight hours		108,884	178,964	146,611	-39.2%	-25.7%
Total number of flights		50,261	87,440	80,645	-42.5%	-37.7%
On-time departures		47,188	78,866	/	-40.2%	/
On-time arrivals		46,160	74,114	/	-37.7%	/
Total VIP/VAP flights		125	99	/	26.3%	/
OTP	Departure	93.9%	90.2%	88.0%	3.7%	5.9%
	Arrival	91.8%	84.8%	80.0%	7.1%	11.8%
OSP	Departure	60.1%	47.0%	46.0%	13.1%	14.1%
	Arrival	76.6%	61.8%	50.0%	14.8%	26.6%

- In 2021, the total number of international flights increased by 1,500 (mainly cargo flights), and domestic cargo flights increased by 1,400. However, the total number of domestic passenger flights decreased by 35,600, causing a drop of 37.7% in the total number of flights, equivalent to nearly 30,400 flights compared to the forecast.
- All arrival/departure OTP and OSP indicators exceeded the targets.
- All divisions under the Flight Operation Department have completed their tasks in 2021, successfully responding to the impacts of the COVID-19 pandemic in the first months, then at the end of May 2021 when the outbreak happened again, and during its strong outbreak in July, August, and September 2021 with the emergence of the new variant. During this period, 19 provinces in Southern Vietnam, Danang, and Hanoi imposed social distancing in accordance with the Government's Directive 16 issued by the Prime Minister.
- The Flight Operation Department closely worked with divisions under the Sales Department to operate charter flights for medical staff, pandemic control and prevention equipment, vaccines, cargo flights, and repatriation flights at the request of the Ministry of Foreign Affairs for long-haul routes that required long execution time. Special charter flights in 2021 and the first regular non-stop flight to the US (SGN –SFO) on 28 November 2021 were successfully made.
- Close coordination with divisions under the Sales and Technical Department was ensured to deploy oiling/maintenance of aircraft according to market fluctuations; preparing scenarios to cope with the complex developments of the COVID-19 pandemic and bad weather conditions were prepared in advance.
- Charter flights serving the Delegates to the 13<sup>th</sup> National Congress of the Party in January 2021, and the election of Deputies to the 15<sup>th</sup> National Assembly and People's Councils for the 2021 – 2026 term were successfully operated.
- Submissions were made to the Civil Aviation Authority of Vietnam (CAAV) for approvals on the integrated operations of VNA and VASCO, Mobile Operations application for domestic routes, FDP concessions, approvals of EDTO 180min, Datalink, and RNP-2 to prepare for the US flight operations.
- Training courses via E-learning system and completed UPRT training for pilots to meet the requirements of the CAAV were launched. E-Certificate for pilots, flight attendants, and technical operators was also implemented.
- The Flight Operation Department deployed the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and continued to analyze and evaluate energy-saving solutions: Derate Climb, route optimization, and CFP reliability enhancement solutions.

## 2.7. SAFETY AND SECURITY

### Safety tasks

2021 was the second year of the COVID-19 pandemic, with 2 outbreaks (the 3<sup>rd</sup> and the 4<sup>th</sup> cumulatively) that lasted for long periods, causing severe socio-economic consequences and adversely impacting Vietnam Airlines' operation and business activities. The operation and business plans were constantly revised to adapt to changing situations, the government's policies, and safety regulations of CAAV and foreign aviation authorities where Vietnam Airlines operates. The Safety - Quality Department has advised Vietnam Airlines' leaders to strengthen risk management policies while applying cost-saving measures when the domestic and international aviation markets were frozen with greater challenges. Presented with extreme difficulties, the Safety - Quality Department has focused on administration and consultation to help Vietnam Airlines' leaders maintain safety requirements, fulfill assigned functions and tasks, and ensure proper implementation of the **"Solidarity - Innovation - Bravery - Action"** spirit. From the programs and travel plans of leaders of all levels, the Department has taken charge and coordinated with relevant parties to

comprehensively deploy all aspects of work, applying various measures to strengthen management, identification, and assessment of potential safety and security risks in order to minimize incidents; thus, meeting VNA's requirements for irregular operations, productions, and business activities. Therefore, safety control measures in 2021 effectively met the KPIs set by the company's Safety Committee. There were no type B errors according to the CAAV's regulations. The company reached a KPI of 7.98, much lower than the planned 9.5. For incidents/events caused by external factors such as bird strikes, and lightning, particularly those related to FOD, the Group timely took safety measures. The minor events, especially those of Level 3, continued to lower compared to 2021.

Main and outstanding tasks performed and completed in 2021: Advising and helping leaders of the Group to consolidate the organization of the Safety Committee of VNA Group, and improve the Safety Management System of the company; successfully fulfilling the Department's operations plans; ensuring labor resources during the company's extremely difficult



time; submission to the CAAV for approvals of plans for cargos and passengers carriage on cabins, including options with/without seats, repatriation flights for overseas Vietnamese; successful renewal of IATA's IOSA Certificate and CAAV's AOC Certificate for Vietnam Airlines. In particular, the Department has coordinated with other agencies and units of the Group to deploy and be granted a regular commercial direct flight license by the FAA to the US under FAR129 and some FAOCs to other countries around the world. It continued to implement the Safety Culture Program 2021, focusing on integrity and reporting throughout the company, with the goal of upgrading the Safety Culture to above level 4 and towards level 5 by 2025; conducted a flexible and creative Safety - Quality assessment that is effective in complex pandemic conditions; maintained the ability to continuously fly the aircraft fleets currently in operation; continued to promote and effectively operate the AQD System according to the leadership orientation in the Resolutions of the company's Party Committee, especially the Resolution on digital transformation; amended and revised the Safety - Quality documents in accordance with flight operation activities in new conditions; supervised the performance of preservation and maintenance of aircrafts when resting, putting aircrafts into operation after being maintained in accordance with the provisions of the CAAV; promoted internal training to improve professional qualifications for staff in the Department, and ensured disease prevention for employees during the pandemic.

## Security tasks

### VIETNAM AIRLINES' AVIATION SECURITY POLICIES

- Vietnam Airlines determined to ensure operation security, performed by its qualified and trained staff along with abundant and well-maintained equipment following strict procedures under the appropriate supervision to ensure the safety of passengers and all employees.
- Vietnam Airlines issued Aviation Security Programs which were approved by the Civil Aviation Authority of Vietnam and foreign authorities in order to comply with the regulations on aviation security of Vietnam and other countries where Vietnam Airlines operates. These Aviation Security Programs set forth mandatory regulations, requiring all Vietnam Airlines' staff, departments,

and units to strictly comply.

- Vietnam Airlines accepts associated costs of aviation security, effectively uses the financial resources to invest in the aviation security mandates, ensuring the whole safety of Vietnam Airlines' operations, air traffic and national security.
- Vietnam Airlines expects that commitments and policies of the Aviation Security Programs and relevant documents will be exercised by its staff professionally in all operations. All violations of aviation security will be investigated, clarified, and strictly handled as well as timely rewarded to units or individuals for the good observance.

### ASSURANCE FOR AVIATION SECURITY OF VIETNAM AIRLINES

- In 2021, Vietnam Airlines faced difficulties and challenges while the business environment of air transport is affected by the economic and political uncertainties regionally and globally. Intensified trade tensions between economies and escalating political conflicts between countries and regions impacted the domestic and international cargo and passenger transport volume domestically and globally. Especially, COVID-19 resurgence severely hit the aviation industry and Vietnam Airlines, fundamentally changing Vietnam Airlines' business and development plan.
- Coping with the abovementioned situations, Vietnam Airlines drastically implemented many management and administration solutions, closely following the direction of the CMSC, the Ministry of Transportation, the Civil Aviation Administration of Vietnam, and proactively liaising with relevant units and agencies to effectively execute the contents, requirements, and regulations of assurance for aviation security. It ensures the operational security of all aspects of Vietnam Airlines across its business networks, and also contributes to Vietnam Airlines' business results. Some outstanding achievements are:
  - › Focusing on reviewing, amending, and supplementing the 7<sup>th</sup> Aviation Security Programs of Vietnam Airlines, complying with the current legal regulations and the actual operation of Vietnam Airlines; completing the Aviation Security Procedures for the US routes, making an important contribution to the approval of TSA and FAA approval for Vietnam

Airlines' sufficient capacity of aviation security to commence regular commercial flights to the US from 28 November 2021; performing comprehensive aviation security assessments of Vietnam Airlines in accordance with IATA's IOSA standard with no recommendations, contributing effectively to the assessment and renewal of IOSA certificate in 2021 of Vietnam Airlines.

- › Closely coordinating with relevant units and agencies to deploy plans to ensure absolute security for domestic VIP flights, 06 outbound private flights, charter flights aboard to transport Vietnamese citizens back home, cargo charter flights and domestic commercial flights; firmly mastering the security situation to actively and promptly implement aviation security measures for flight routes, networks in areas at risks of insecurity, effectively responding to operational threats (applying Level 1 of
- advance aviation security control measures during Lunar New Year 2021, 30 April - 1 May holiday, National Day on 2 September, during the time of 13<sup>th</sup> National Party Congress, the election of deputies to 15<sup>th</sup> National Assembly and multi-level People's Councils for the term of 2021 – 2026; considering to adjust flight routes before military conflicts in Afghanistan, etc.).
- › Performing a series of measures to ensure security for passengers, baggage, cargo, postal items, aircraft, and internal security control; ensuring information security and preventing smuggling and commercial fraud, stealing of baggage and items, etc.; promptly detected, investigated, and handled 21 cases of security violations, with no serious cases. That is a steady drop from 31 cases in 2020, helping to ensure aviation security for all Vietnam Airlines' flights and operations domestically and internationally.

### Statistics of aviation security cases in 2021

NO	INCIDENT	2021 (CASES)	2020 (CASES)	CHANGE
1	Bomb/ explosives/ weapon threat	0	1	1 ↓
2	Disruptive passenger(s)	2	9	7 ↓
3	Smoking passenger(s)	2	4	2 ↓
4	Onboard usage of mobile phone, tablet	3	3	-
5	Drunk passenger(s)	2	0	2 ↑
6	Onboard stealing	0	4	4 ↓
7	False travel documents	0	6 (9 pax)	6 ↓
8	False identification	0	0	-
9	Illegal weapon carriage	0	1	1 ↓
10	Unapproved weapons, ammunition, and support instruments	0	2	2 ↓
11	In-ground stealing	0	1	1 ↓
12	Missing items in checked baggage	0	1	1 ↓
13	Wrong flight boarding/ connecting	4	3	1 ↑
14	Life-vest missing/ stealing	0	0	-
15	Crew violation	0	1	1 ↓
16	Other violation	8	16	8 ↓
<b>TOTAL</b>		<b>21</b>	<b>52</b>	<b>31 ↓</b>

## 2.8. HUMAN RESOURCE MANAGEMENT

### Total number of employees

As of 31 December 2021, the Group’s consolidated number of employees was 18,978, including 5,626 of the parent company and 13,352 from subsidiaries and affiliates.

Of the above, with respect to the parent company: The employees are understood as those on the administration list of the relevant subordinate units (excluding ALSIMEXCO), including employees with suspended labor contracts and part-time workers in accordance with employment policy during the COVID-19 period.

### Parent company

#### Labor force

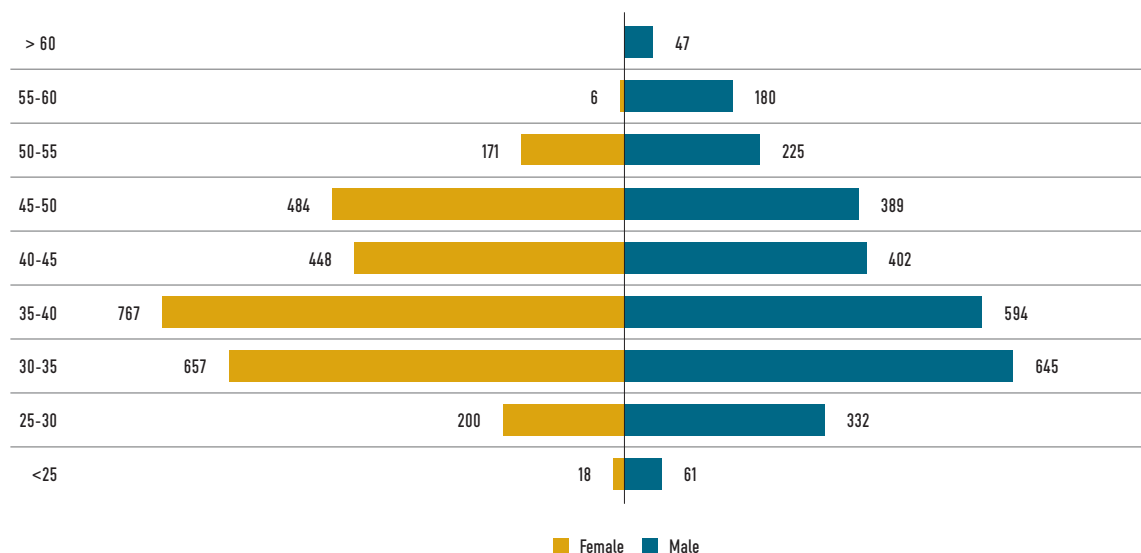
The average number of employees was 4,201, based on the total working hours which were converted to actual working days of a month; pilots and flight attendants were calculated based on the actual number of flights.

### Average income

Since 2020, the economy in general and the air transportation industry, in particular, have suffered from the severe impacts of the pandemic. 2021 witnessed a series of outbreaks across the country and newly identified variants worldwide. Many regions imposed and tightened social distancing with large-scale unprecedented measures. This led to a sharp fall in travel demand, and air transportation almost hibernated.

Due to the direct impact of the pandemic on the Revenue Tons-Kilometers (RTK) incentive and the adoption of Decree No. 20/2020/ND-CP, the wage fund and average income of employees in 2020 decreased sharply, equivalent to 49% of that in 2019. If the 2020 calculations had been kept, the wage fund in 2021 would only have reached 25% compared to 2019, severely affecting the income and living standard of employees.

### LABOUR COMPOSITION ON GENDER AND AGE-GROUP





In 2021, Vietnam Airlines actively discussed and worked with the CMSC and the Ministry of Labor-Invalids and Social Affairs (MOLISA) to propose the amendment to the Decree 20/2020/ND-CP dated 17 February 2020 of the government on piloting management of labor, wages, and bonuses for a number of economic groups and state-owned corporations. The proposal aimed for a better system to determine the wage fund, which would improve income for employees despite the severe impacts of the pandemic on the Group's operations and business results.

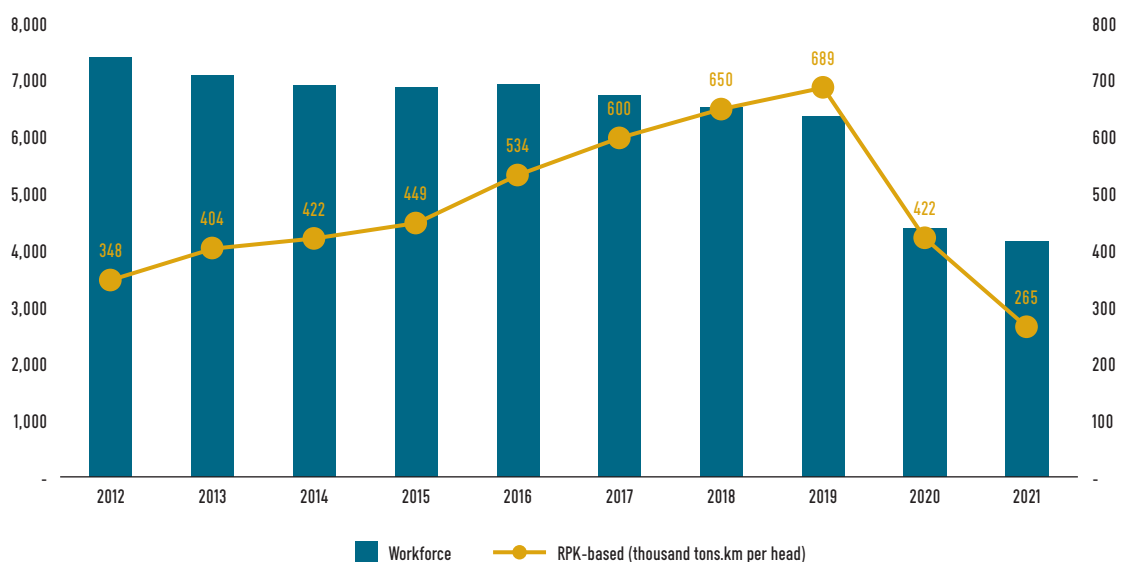
Based on the 2021 wage fund determined by Decree No. 87/2021/ND-CP regarding the amendment of Decree No. 20/2020/ND-CP, the Group flexibly managed the salary policy in accordance with the production and business scale of the Group through different periods, as a response to the pandemic crisis. Thereby, employees' conditions were stabilized, and high-quality workers received a great retention program. This policy created a foundation for the Group to swiftly recover and develop post-pandemic.

## Labor productivity indicators

**Labor:** In 2021, the Group maintained the flexible management of resources, personnel, and salary policies so that employees and the Group could share the respective difficulties of each phase of the pandemic, in accordance with the scale of its production and business activities. The use of labor was implemented with focus and priorities given to maintaining job positions for the special workforce, gathering resources for the recovery period of the market, and minimizing incurred costs resulting from labor force rotation during low productivity periods.

**Labor productivity:** Due to the impacts of consecutive COVID-19 waves in 2021, operational capacity was drastically dropped down, 2021 RTK per employee reached 265 thousand tons.km per employee, equal to 88% compared to the plan (submitted to the 2021 Annual General Meeting of Shareholders) and 63% compared to 2020.

## LABOR PRODUCTIVITY



## Implementation results

### Recruitment

The Group continued its program for the training of succession officials, recruitment and training a special workforce in the form of socialization; admitted junior pilots for training of on type rating flight operation.

### Training

In 2021, the Group actively promoted the application of information technology in training for officers and employees across the organization. Therefore, even when the COVID-19 pandemic was developing unpredictably, training activities in 2021 were still actively implemented as planned and scheduled. The highlights are as follows:

NO	TRAINING CONTENTS	NUMBER OF TRAINEES
1	Training in IOSA subjects as required by the Civil Aviation Safety Regulations in aircraft and flight operations for pilots, flight attendants, flight operators, technical staff, and ground operation staff	15,781
2	UPRT training	941
3	Training of safety culture	125
4	Training of "Uplifting service" culture	1,169
5	Training on new operation modes and new route operation	5,419
5.1	<i>Cargo transportation on passenger CABIN</i>	5,119
5.2	<i>Training on opening and closing passenger exit door from outside</i>	300
6	Training on opening airline routes to the USA (Aviation safety, training for people with disabilities)	1,934
7	Conferences on corporate governance, digital transformation	547
8	Training for special specialists	05
9	Master of Science (MSc) in Aviation Operations and Management at RMIT University.	02



### General assessment: The achievements of the training work in 2021 consist of the following:

- Organized training courses in IOSA subjects as required by the Civil Aviation Authority of Vietnam: 100% of aviation staff (pilots, flight dispatchers, aircraft technicians, ground operators) were trained in IOSA subjects in accordance with the regulations of the Civil Aviation Administration of Vietnam, contributing to the safety of flight operations of the Group.
- Completed the certificate renewal with IATA (IOSA) and the Civil Aviation Authority of Vietnam (AOC): In 2021, IATA and the Civil Aviation Administration of Vietnam carried out a regular assessment of the Vietnam Airlines Corporation. IATA approved the renewal of the IOSA certificate, while the Civil Aviation Administration of Vietnam approved the renewal of the AOC certificate.
- The whole system has actively changed the training method, sped up the migration of the training programs and curricula to the E-Learning system in order to take control of the training progress, as well as ensure quality and effectiveness in training.

### Operations status and activity highlights of Vietnam Airlines' training facilities:

2021 was considered a turning point in applying information technology in training activities at 03 training centers (TTHL, VIAGS, VAECO), specifically as follows:

- Implemented full migration of IOSA training curricula (theory) to the E-Learning system to deploy online training.
- Organized training courses for IOSA subjects to ensure quality and effectiveness: Ensure 100% of employees receive IOSA training as required by the Civil Aviation Authority of Vietnam.
- Organized timely and effective training for over 7,000 aviation staff to meet the Group's new operation requirements and request of opening a flight route to the US.

## Corporate culture

Throughout 25 years of establishment and development, Vietnam Airlines has been building its distinctive corporate culture. The corporate culture of Vietnam Airlines is not only confined to a communication culture, but also includes the vision, mission, core values, rules, management style, goals, development strategies, as well as behavior and the attitude of all Vietnam Airlines' members.

Against the backdrop of the prolonged and damaging COVID-19 pandemic, the cultural value of Vietnam Airlines has increasingly been promoted and beefed it up to adapt to external changes and encouraged every member to join forces in overcoming challenges. At the same time, Vietnam Airlines has always been focusing on conveying the message of its own cultural value to customers and shareholders through oriented and cultured branding.



## 2.9. COMMUNICATIONS AND BRAND DEVELOPMENT

### Brand development in 2021

In 2021, through advertising campaigns, branding activities focused on highlighting the image of VNA Group and our key message - our efforts to overcome the pandemic, coordinate with the country and the government to fight the pandemic, and support economic recovery: safe flights with Vietnam Airlines, dedication to the health of passengers, increasing cargo transportation, transporting doctors and medical supplies, stimulating tourism, trade connections, and more. In addition, to utilize our outstanding advantages in products and services, Vietnam Airlines launched various campaigns for super aircraft B787/A350, VNAXPRESS, business class, mobile app, digital airlines, and direct flights to the US, thereby attracting huge support from the public and creating a foundation for the sale.

Regarding the sale programs, media advertising activities closely followed market trends (with around 100 programs launched). This was a result of effective management of media channels, and the utilization of owned channels for cost-saving. Our paid channels met the targets on views, clicks, interactions, etc., driving great traffic to our website during each program and bringing direct revenue to the online sales channel. In addition, Vietnam Airlines released articles on our flexible ticket policies during the pandemic and launched livestream channels to introduce our products on social media to help promote sales.

2021 was also a successful year in building and deploying many new communication tools such as Spirit TV and social media, diversifying forms and contents (Infographic, TikTok, Livestream) to increase effective interaction with customers.

Moreover, Vietnam Airlines has been cooperating with influential partners such as Rap Viet, SpaceSpeakers, and VGS to expand the young customer group and enter the community groups. This is a strategy to promote our image and open up opportunities in selling packages as well as co-branded products.

### KPI results

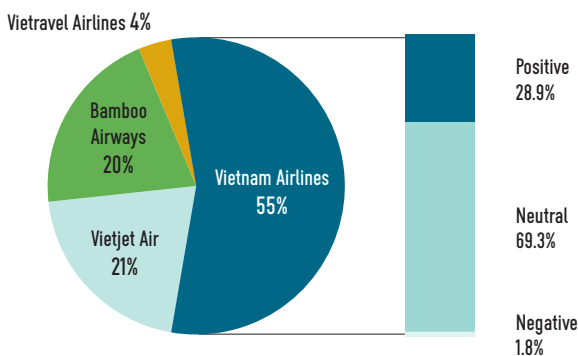
METRIC	2021 PLAN	2021 ACTUAL
VNA Group communication coverage (Press)	>55%	55.4%
VNA Group communication coverage (Social media)	>55%	58.7%
Sentiment	Negative < 0.5%	Negative 0.2%

**In the press channel**, VNA Group accounted for 55.4% of the press coverage (Vietjet Air 20.6%, Bamboo Airways 20.4%, and Vietravel Airlines 3.6%). The total quantity of articles mentioning Vietnam Airlines reached 62,066; with a positive sentiment of 28.9% - neutral 69.3% - negative 1.8%.

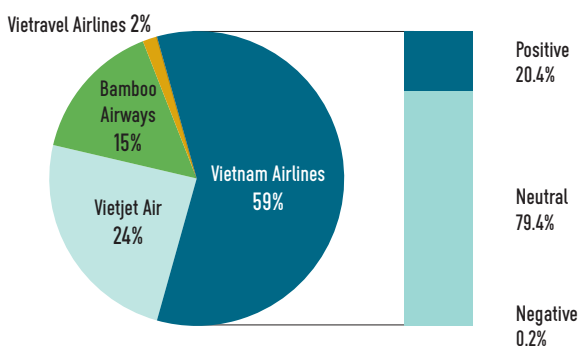
**On social media channel**, VNA Group accounted for 58.7% of the social media coverage (Vietjet Air 24.3%, Bamboo Airways 15.4%, Vietravel Airlines 1.6%). Buzz volume was 2,140,044; Total interactions: 13,182,021; positive sentiment 20.4% - neutral 79.4% - negative 0.2%.

**The negative ratio on newspapers and social networks: 0.2%**

#### PRESS CHANNEL



#### SOCIAL MEDIA CHANNEL





## Highlighted advertising campaigns

Vietnam Airlines  
SÀI GÒN VIỆT NAM

COVID-19  
SAFETY RATING

5 STARS  
SKYTRAX

**VIETNAM AIRLINES TỰ HÀO  
CHINH PHỤC CHỨNG CHỈ  
5 SAO CAO NHẤT SKYTRAX  
VỀ AN TOÀN VÀ PHÒNG CHỐNG  
DỊCH COVID-19**

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**CHÚC MỪNG  
SINH NHẬT**

26  
NĂM

TỔNG CÔNG TY  
HÀNG KHÔNG  
VIỆT NAM

Thời gian mua vé: 20/02/2021 - 28/02/2021  
Thời gian bay: 20/02/2021 - 27/02/2021  
Miles tích lũy: 0 - 100 Miles  
#VietnamAirlines

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**THÁNG 4  
NỔI LẠI ĐƯỜNG BAY QUỐC TẾ**

Bay tới **SEOUL/TOKYO**  
từ **200 USD**

Bay tới **SYDNEY**  
từ **1.100 USD**

Liên hệ mua vé ngay hôm nay: 020.220.1100  
Thời gian mua vé: 01/03/2021 - 31/03/2021  
Thời gian bay: 01/04/2021 - 31/03/2022  
Miles tích lũy: 0 - 100 Miles  
#VietnamAirlines

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**VIETNAM AIRLINES  
GIFT CARD**

SẢN PHẨM KHUẾ DIỆU THỊN HẠNG 5 SAO

Công nghệ hiện đại  
để tăng sự hứng

Thiết kế sang trọng, thời  
hi đại và tiện dụng

Hướng dẫn sử dụng  
Thương Mại Điện Tử

Trải nghiệm ngay! [www.vietnamairlines.com](http://www.vietnamairlines.com)

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**VNAM MALL**

**HÀNG CHẤT MUA NGAY  
GIAO NHANH NHƯ BAY**

Trải nghiệm ngay! [www.vnammall.vietnamairlines.com](http://www.vnammall.vietnamairlines.com)

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**Khởi  
trương** SẢN THƯƠNG MẠI ĐIỆN TỬ  
BÁN TOUR TRỰC TUYẾN  
TỪ NGÀY 30/10/2021

**VNAMAZING**  
Ưu đãi độc quyền. Mua ngay!

Giảm giá **30%** | Tặng vé **100K** | Tặng vé khứ hồi **15%**

Thời gian mua vé: 01/11/2021 - 31/12/2021  
Thời gian bay: 01/11/2021 - 31/12/2022  
Miles tích lũy: 0 - 100 Miles  
#VietnamAirlines

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**Hành trang bay  
cho hành trình trọn vẹn**

THÊM CHẾ TRƯỜNG  
BAY AN TOÀN

ĐỒNG GIÁ  
MỠI ĐUA 25K

TẶNG KIẾN  
HÀNH LÝ

HOÀN LĨNH HOẠT  
ĐIỂM MIỄN PHÍ

HÀNG THƯƠNG GIA  
NHIỀU ƯU ĐÃI

Liên hệ: 020.220.1100

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**BAY THĂNG TỚI  
MY**

ƯU ĐÃI ĐẶC BIỆT  
TP. HỒ CHÍ MINH - SAN FRANCISCO

Từ **430 USD**  
- 9.796.800 VND/châu  
chưa gồm thuế, phí

Thời gian mua vé: 01/11/2021 - 31/12/2021  
Thời gian bay: 01/11/2021 - 31/12/2022  
Miles tích lũy: 0 - 100 Miles  
#VietnamAirlines

Vietnam Airlines  
SÀI GÒN VIỆT NAM

**LOTUSMILES**

**Platinum Signature**  
ĐĂNG CẤP TRONG TẦM TAY

**199** TRIỆU VND  
CÓ 01 VÉ HỒN - 01 TRAVEL KIT

**899** TRIỆU VND  
CÓ 01 VÉ HỒN - 01 TRAVEL KIT

Liên hệ: 020.220.1100  
#VietnamAirlines



### Highlighted communication events







## Brand development plan in 2022

- Communication topics: Safe Vietnam – Vietnam Airlines; Premium products and services; Digital airline.
- Communication tools: Update new and modern communication tools to increase interaction with customers.
- Expand cooperation with provinces/cities, corporations, and large companies to expand the ecosystem of Vietnam Airlines and provide the best deliverables to customers

- KPI plan

METRIC	2022 TARGET
VNA Group communication coverage (Press, Social media)	56%
Sentiment Score - Negative	< 0.4%
Sentiment Score - Positive	> 24%



## 2.10. INFORMATION TECHNOLOGY

### Upgraded IT applications

In 2021, Vietnam Airlines deployed IT solutions to achieve the goal of turning Vietnam Airlines into a digital airline. The company studied and applied smart IT solutions in all fields to optimize workflows, save costs, increase revenue, and bring about a great customer experience. These targets were all in line with the development requirements of the Fourth Industrial Revolution. Specifically:

- Successfully upgraded the new customer remote management system (CLM); studied and deployed human resource management software (HRMS), workflow automation software (BPM).
- Successfully upgraded the Netline SCHED/Netline OPS and applications for the Golden Lotus Center, Finance and Accounting.
- Launched applications of lounge management (LAMS), Giftcard management, VNAMAIL e-commerce platform, and warehouse management.
- Successfully deployed the system of Customer Experience Management/Customer Data Hub to build and expand customer data, which helped membership development and customer experience enhancement.
- Completed the development of a shared database (Data Warehouse) which was used across the Group; effectively organized and exploited data sources through smart analytical reporting systems (Business Intelligence).
- Completed the implementation of Phase 2 for the B2B CRM system.
- Implemented IT Contract Management System, IT equipment management, and digital signature applied to the acceptance of IT service quality.
- Expanded the DCP Webservices connection for traditional agents and OTA to expand the sales network.
- Deployed the modules of plan management and pricing management on the Salesforce platform. Completed the new technology-based commercial management reporting system (Salesforce) for the commodity segment and Lotusmiles.
- Applied two KPI management and monitoring systems, which forecasted maintenance activities and optimized flight operations based on the Big Data platform of Airbus (Skywise).
- Completed required procedures to operate flights to the United States; established IT infrastructure for domestic and international airports/for virtual WAN - SASE based ticket offices.
- Ensured the sufficiency of teleconferencing and the VPN infrastructure system to support remote working for the Group's employees during the COVID-19 pandemic.

### Assessment of the IT system availability

The average availability of our IT system in 2021 was 99.98%, increasing by 0.01% compared to 2020.

### Policies on information security and confidentiality

- Ensured information security for IT systems, achieved the KPIs on information security such as: Installed information security software on 100% of workstations and servers; the ratio of handling information security incidents reached 100%.
- Maintained and secured infrastructure system to support remote working for employees during the COVID-19 pandemic. Optimized other information security services and solutions to cope with budget difficulties during the pandemic.
- Committed to conducting information security assessments and resolving security vulnerability of critical IT systems and new systems. Maintained the PCI DSS compliance certification of the International Card Payment Association.
- Resolved data protection complaints submitted to DPO and information security incidents such as false bookings or DDoS on the e-commerce website.
- Organized user awareness assessment regarding information security and drills on phishing email attacks; Replaced SSLs and brought back the centralized management model. Implemented anti-spoofing solutions for external emails; Separated the domain of the Email marketing system, improving the safety and effectiveness of Marketing emails. Conducted research and pilot of new information security solutions such as PAM, SOAR, and EDR.



## Roadmap and solutions to become a 4.0 enterprise (Digital Airlines)

- Promote research on digital infrastructure transformation, develop digital data resources, and encourage smart reports (BI). Set up a shared data warehouse covering all fields and meeting the needs of data mining and management in the cloud environment. Issue data management policies and data mining procedures across the Group.
- Synchronously deploy IT systems based on the standards and best practices of the industry. Apply the achievements of the Fourth Industrial Revolution such as Artificial Intelligence (AI) in forecasting, fuel optimization, etc.; apply biometric identification; apply Big Data to commerce, flight operation, customer service automation, and customer experience improvement.
- Strengthen the application and deployment of IT systems in technical maintenance to forecast the time of failure, thus improving the efficiency of aircraft maintenance and repair.
- Upgrade the information security monitoring system (SOC); successfully implement ISO 27001 and access management and configuration systems on important applications; complete the information security model for each application; deploy the decentralized management models on the application and database, ensure the data management, access, and extraction upon request.





## 2.11. RESTRUCTURING OF VIETNAM AIRLINES AND SUBSIDIARIES

### Operational restructuring

#### Management:

- Continued to promote the operation of repatriation flights and charter flights for specialists when international flights had not been fully recovered.
- Enhanced deployment speed at work and in important projects.
- Focused on JV negotiation; expanded business cooperation; improved the efficiency of existing cooperation; followed up on VN / BL contract.
- Maintained a load factor of above 90% for international passenger and repatriation flights. Developed regular freight routes to Japan, China, South Korea, Hong Kong, Australia, and Thailand. Completed and launched the applications of reporting, planning, and price management on the Salesforce platform.

#### Passenger sale operation:

- Increased the share of online sales for domestic flights.
- Joined the ecosystem of e-commerce platforms and e-wallets in Vietnam. Built a connection with major global and regional Metasearch.
- Increased revenue for side product sales.
- Enhanced the effectiveness of sales and agent administration, applied CA to every sales specialist through B2B tools; at the same time focused on developing both quantity and quality of corporate passenger sales.
- Expanded indirect sales channels, increased the provincial coverage of agents and sellers of Vietnam Airlines.
- Personalized the sales and service process to enhance customer experience.
- Improved capacity for management of products, pricing, and seats.
- Renovated the charter flight operation to meet targets in revenue.
- Focused on highly profitable sales on Vietnam Airlines and low-priced passenger sales on PA.
- Linked income incentives with sales results to the manager level.
- Further develop Lotuses membership. Promoted non-airline cooperation, improved membership service quality, and expanded mile sales channels.

#### Cargo transportation:

- Maintained the Group's market share of domestic cargo flights at 60% (the Hanoi - Sai Gon route accounted for over 62%, while the market share for highly profitable flights was over 80%).

### Financial restructuring of the Parent company

COVID-19 profoundly harmed Vietnam Airlines' financial resources, leaving severe and long-lasting damages to our financial performance and balance. Besides urgent countermeasures such as cost-cutting and saving based on the production scale, negotiating to reduce the prices, applying payment relaxation and deferrals with partners, especially lessors of planes, Vietnam Airlines also developed and implemented solutions for financial restructuring in 2021, including:

- Restructured stockholders' equity through issuing shares to existing shareholders to increase charter capital. This collected nearly VND 8,000 billion, raising the scale of charter capital to VND 22,143 billion.
- Successfully implemented a debt-refinancing loan package of VND 4,000 billion that added to the cash flow and improved liquidity to Vietnam Airlines.
- Continued structuring of debt for domestic and international loans. Flexibly used short-term loans. The structuring of loan debts with ECA partners and Eximbank helped ease the burden of cash flow for Vietnam Airlines in 2021 and the next phase. At the same time, the interest rate on debt restructuring was considerably lower than domestic medium-term loan interest rates for USD, saving on costs for capital.
- Restructured assets through the signing of contracts to liquidate A321CEO dated 2004, as well as performing sale and leaseback reserve engines, adding cash flow and income to Vietnam Airlines.

## Restructuring of subsidiaries

Based on the role and position of the subsidiaries in the air freight chain, as well as the financial situation of Vietnam Airlines, in light of the impact of the COVID-19 pandemic, in 2021, Vietnam Airlines studied, developed, and submitted a proposal to the Commission for the Management of State Capital regarding a solution for restructuring subsidiaries. As a result, Vietnam Airlines could focus on the main business of air transportation, increase income, improve cash flow, gradually eradicate accumulated losses, and create investment and growth capital for the parent company to prepare for the recovery period. We also increased the effectiveness of business activities and attracted external resources to strengthen the competitiveness of the subsidiaries. Additionally in 2021, Vietnam Airlines also actively implemented the capital restructuring at K6, completed market research and the seeking for new investors for the shareholder restructuring plan of PA.

## Human Resource and salary restructuring

With a large headcount and diverse operation fields, Vietnam Airlines had to restructure the personnel in such a way that allowed them to safely operate commercial and repatriation flights while ensuring labor safety during the pandemic in accordance with Vietnamese and international regulations and stage-to-stage business plan. Details are as follows:

### Local employees:

- **Pilots and flight attendants:** Managed according to actual productivity, ensured the maintenance of ratings and certifications, restricted flights during social distancing, utilized personnel effectively and safely. Kept vaccinations up-to-date and determined medical quarantine according to regulations.
- **Ground direct labor:** Assigned based on actual flight productivity, time frames of flight operation, labor norms, work positions, and optimization of manpower usage.
- **Implemented the following measures:** Tightened usage of the workforce to ensure cost savings and effectiveness. Limited personnel in unnecessary steps and tasks to cut costs. Prioritized using personnel that fulfilled all requirements and were able to multi-task. Unqualified employees need to be intensively trained in addition to self-improvement of skills and abilities.
- Fast-tracked vaccination on a priority basis to protect workers and fulfill the requirements of safe and effective operation.

### Foreign employees:

- Maintained the policy of minimizing the usage of the workforce for cargo and rescue flights.
- Limited mobilization and recruitment of foreign workforce. Specialized staff, including pilots and flight attendants, were primarily retained to maintain Vietnam Airlines' ratings and certificates and to ensure absolute safety in operation. Alongside communications strategies, the operation policies received great support from employees during the struggling period.

## 2.12. COOPERATION PROGRAMS

### Strategic partnership with shareholder ANA Holdings Inc.

In 2021, Vietnam Airlines maintained a good relationship with its strategic investor – ANA Holdings Inc. (ANA). The two parties continued to promote negotiations on the possibility of a joint venture. At the same time, the partnership provided technical assistance that focused on governance, commerce, operation, customer service, information technology and engineering.

#### Business cooperation

In 2021, the airline market was still under the impacts of COVID-19, which almost froze the cooperation between Vietnam Airlines and other airlines. During this period, Vietnam Airlines successfully negotiated with the partners to adjust cooperation plans in response to market fluctuations. The carrier also proposed post-pandemic cooperation plans. Additionally, in order to support direct flights from and to the United States, Vietnam Airlines negotiated to expand domestic American operations with American partners.

Regarding joint venture cooperation, Vietnam Airlines temporarily suspended the partnership with Air France from March 2020 as the former stopped operations on routes from and to France. In 2021, Vietnam Airlines focused on completing applications for approval from the relevant authorities in Vietnam and Taiwan regarding joint business contracts between Vietnam Airlines and China Airlines.

Multilateral cooperation: Vietnam Airlines participated in SkyTeam's joint activities and projects, which motivated the upgrade of its service system and standards to meet the requirements of the SkyTeam Alliance. In 2021, Vietnam Airlines actively contributed to the development and implementation of the Check-in project (allowing passengers to perform self-check-in with SkyTeam flights on multi-flight trips), bringing a seamless experience for travelers despite the unpredictable development of the COVID pandemic. As a SkyTeam member, we also pledged to pursue the Sustainable Development Goals proposed by the United Nations. Vietnam Airlines also actively and extensively participated in IATA activities, developing the role and influence of Vietnam Airlines on common policies which favored Vietnam. We also investigated implementing the IATA Travel Pass as the market recovered post-COVID.

#### Cooperation with local authorities

Cooperation between Vietnam Airlines and provinces/cities was further strengthened and expanded. In 2021, Vietnam Airlines continued to sign comprehensive cooperation agreements with the People's Committee of 9 provinces, including Khanh Hoa, Ninh Binh, Quang Tri, Dak Lak, Nghe An, Ninh Thuan, Quang Nam, Can Tho, and Dong Nai; maintained and organized activities to promote tourism, culture, and trade with previous partners such as Hanoi, Da Nang, and Ho Chi Minh City.

Signed agreements to cooperatively promote tourism, investment in commerce, air travel, and destinations. The focus was placed on the restoration of the aviation service sector in particular and the tourism sector in general against the effects of the COVID-19 pandemic. Built a policy to support and prioritize effective usage of partners' services and products, affirming the cooperation role between Vietnam Airlines and provinces/cities in the process of operation and growth. This increased the effectiveness of business productivity, and contributed to the promotion of tourism, encouraging commercial and financial growth of localities specifically and the entire country as a whole.

## Cooperation with economic groups

The cooperation between Vietnam Airlines and economic groups aims to promote the corporative strength of each party in the fields of operations and business, strengthen comprehensive cooperation towards the goal of becoming strategic partners. Through the comprehensive cooperation, Vietnam Airlines and those groups will jointly promote and support and expand business activities to better exploit the strength and potential of each side, the potential of the domestic and international market, in the traditional and mutually-interest fields of both sides, enhancing the benefits for their labor force.

In 2021, Vietnam Airlines intensively signed comprehensive cooperation with large corporations such as Xuan Truong Construction Private Enterprise, BRG Group, Southeast Asia Commercial Bank (SeABank), Vietnam Maritime Commercial Joint Stock Bank (MSB), NovaGroup Joint Stock Company, Thien Minh Travel Joint Stock Company, Viettel Group, etc., and continued pre-existing partnerships with Vingroup, Sun Group, Saigon Tourist, etc.





### 3. INVESTMENT ACTIVITIES

Vietnam Airlines' development and investment plan for 2021 was approved by the Board of Directors in Decision No. 489/QĐ-HĐQT/TCTHK dated 16 August 2021 with a total value of VND 281.8 billion. However, as the business operations were stagnant and cash flow was strained due to the impacts of the COVID-19 pandemic in 2021, Vietnam Airlines proactively assessed the urgency of investment projects, thus reviewing, reducing, rescheduling, and focusing only on projects that were crucial to business operations and cost-saving. Summary of results is as follows:

INVESTMENT PORTFOLIOS	2021 PLAN		2021 ACTUAL		% ACTUAL/ PLAN	
	Number of projects	Disbursement (VND billion)	Number of projects (*)	Disbursement (VND billion)	Number of projects	Disbursement
<b>Asset investment</b>						
Aircraft	1	1.8				0%
Basic construction	16	127.85	3	89.4	18.6%	69.9%
IT and equipment	14	47.15	2	9.5	14.3%	20.1%
<b>Intercorporate investment</b>	2					
<b>Provision for investments</b>		105.0				
<b>TOTAL</b>	<b>33</b>	<b>281.8</b>	<b>5</b>	<b>171.0</b>	<b>15.1%</b>	<b>35.1%</b>

(\*) Total number of to-be-implemented investment projects approved, number of investment projects completed and put into operation and completed project settlement in 2021.

#### 3.1. ASSET INVESTMENT PROJECTS IN 2021

##### a. Aircraft investment

The Department of Natural Resources and Environment approved the environmental impact assessment report of the plan to purchase 50 new narrow-body aircraft. Follow-up investment preparation procedures are being implemented in accordance with regulations.

##### b. Equipment investment

In 2021, the total value of equipment investment was VND 9.5 billion (with a completed volume worth VND 23.4 billion) to deploy in some urgent projects essentially needed for business operation, including replacement and expansion of teleconferencing system, UPS 150 KVA of M2 building, etc.

##### c. Construction investment

In 2021, the total value of construction investment was VND 89.4 billion (with a completed volume worth VND 114.8 billion), which was disbursed for the following projects:

- Revamp of the professional aviation training office at 200 Nguyen Son - Phase 2: Completed and put into use in Q1/2021.
- Construction project of Vietnam Airlines' commercial and trading center in Pleiku.
- Remaining payment of the renovation and expansion of the power supply for 200 Nguyen Son, which was completed before 2020 but the payment schedule was extended.

#### 3.2. INTERCORPORATE INVESTMENTS

##### a. Intercorporate investments in 2021





In 2021, Vietnam Airlines did not perform 2 additional investments as planned, including TCS (VND 86 billion in dividend) and NASCO (VND 21.4 billion from the investment and development fund).

## b. General overview of Intercorporate investments









In 2021, the operations of VNA Group’s investees faced much more difficulties compared to 2020 due to the prolonged COVID-19 pandemic and severe outbreaks that broadly happened in many cities and provinces, in industrial parks, and export processing zones. The lengthy social distancing periods imposed by cities and provinces caused disruptions in the supply chain and halted most business activities. In addition, the COVID-19 prevention and control policies of the government were constantly adjusted following the evolution of the pandemic, consequently, it has made companies become passive in running their business as well as suffered additional expenses. The companies made every effort to stay responsive to the pandemic containment while ensuring operation continuity, expansions of new services to improve revenue and aggressively cutting costs, strengthened cooperation between the businesses in VNA Group to improve the business efficiency and competitiveness of the VNA Group.

## c. Business performance of investees in 2021










### Subsidiaries

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		VAECO		<p>As the one member LLC wholly owned by Vietnam Airlines, VAECO provides maintenance and repair services for aircraft, aircraft engines and spare parts. The Company was established and developed in line with standards set by the Civil Aviation Authority of Vietnam (CAAV), the US Federal Aviation Administration (FAA) and the International Civil Aviation Organization (ICAO). The conformity with such standards allows VAECO to provide maintenance and repair services for all aircraft types of Vietnam Airlines and more than 40 international airlines operating routes to Vietnam. According to its 2021 pre-audited financial statements, VAECO achieved a total consolidated revenue of VND 1,430 billion, pre-tax profit was VND 7.6 billion while ROE reached 0.23%.</p> <p>In 2021, VAECO was severely hit by the COVID-19 pandemic, but the company’s leaders actively directed and managed flexible operation policies, performed various cost-saving solutions to ensure the profitability. At the same time, the company also maintained technical services for Vietnam Airlines and other airlines with absolute safety and quality, ensuring business continuity during the pandemic.</p>
2		SKYPEC		<p>The Company has extensive and in-depth experience in supplying aviation fuel for domestic and international airlines, with a storage system of over 210,000 m<sup>3</sup> and a network consisting of 18 airports in Vietnam and four major international airports in Korea.</p> <p>To meet strict quality requirements applied to aircraft fuel, the Company has constantly improved and invested in additional loading and unloading vehicles, and in the construction of modern facilities. The Company has developed laboratories in line with the ISO/IEC 17025:2005 international standard, with ten standard tests and a quality management system that also meets the QMS-certified ISO 9001-2015 standard, aiming to deliver the best services to domestic and foreign customers. The Company has implemented the smart surveillance system, integrated GPS and dashcam, digitized loading vehicles, thus ensuring strict control of the SKYPEC fuel supply chain. SKYPEC is a fuel supplier to all domestic airlines and nearly 100 foreign airlines operating in Vietnam.</p> <p>Due to the complicated impact of COVID-19 in 2021, the business conditions of SKYPEC were still negative. However, the company has been maintaining good performance derived from business management solutions that have started since the first COVID outbreak in 2020 to respond to the pandemic, ensure the business continuity, overcome the crisis and maintain efficiency. Those efforts include solutions for pandemic prevention and control, solutions for goods management, solutions for cash flow management, solutions for restructuring and human resource management, debt and loan management, solutions for operation cost management, etc. Therefore, despite being hit by COVID-19, SKYPEC still achieved a volume of nearly 653,211 tons, total revenue reached VND 9,822.98 billion, pre-tax profit reached more than VND 101,11 billion while the ROE reached 9.98%.</p>




NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
3		VACS		<p>VACS provides ready-made food and air catering services. The Company has implemented ISO 9001:2015 - the latest quality assessment standard - alongside many other quality management systems such as ISO 45001:2018 (replacing OHSAS), HACCP, etc. In 2021, due to the impact of the COVID-19 pandemic, international routes were closed and suspended. Consequently, VACS's meal supply dropped significantly. However, during this period, VACS made every effort to find and implement solutions to increase ancillary revenue and save costs: provided meals for quarantine areas and field hospitals; optimally saved general expenses and management costs; modified labor and remuneration policies. However, due to the prolonged outbreaks, the company suffered additional expenses for disease prevention and control, including sanitizing, the "3-onsite" model to maintain operation. Therefore, the pre-tax loss of VACS was VND 54 billion.</p>
4		VIAGS		<p>VIAGS's core business is providing services at passenger terminals and cargo terminals, apron services, technical services, ground trade for passengers and aircraft. Formerly a group of ground service businesses with more than 25 years of experience, VIAGS now has more than 4,000 employees trained from basic to in-depth expertise, and a modern equipment system operated according to the highest safety standards under ISO 9001-2015 and ISAGO.</p> <p>In 2021, due to the complicated development of the COVID-19 pandemic, VIAGS' operations still faced disadvantages. However, VIAGS has been maintaining good performance derived from business management solutions that have started since the first COVID outbreak in 2020 to respond to the pandemic, for ensure the business continuity, overcome the crisis and maintain efficiency. Those efforts include solutions pandemic prevention, solutions cash flow management, debt and loan management, solutions on operation cost management, etc. In 2021, the company served a total number of 49,370 flights, the pre-tax profit was VND 20.3 billion while ROE reached 5.2%. Within the year, VIAGS also received a number of service quality awards from several airlines (Eva Air, Raya Airways).</p>
5		Pacific Airlines		<p>PA operates in the air transport business and has 68.85% of charter capital owned by Vietnam Airlines. In 2021, the domestic aviation market got hit by a series of outbreaks and hence, making the travel demands plummet. Especially from July to September, PA almost stagnated all domestic flights, only performed repatriation flights and charter flights. From October 2021, the domestic market resumed with minimal frequency while strictly complying with disease prevention and control regulations. Also, the hike of fuel price pushed the average price of the year to USD 72.61 per barrel (an increase of 13.3% versus the forecast at the beginning of the year). Coping with PA's challenges, Vietnam Airlines came up with solutions to coordinate resources, negotiate with suppliers on payment delay/deferral and discounts to solve problems and help PA overcome the crisis. However, since the domestic and international markets were frozen as above-mentioned, PA resulted in a loss of VND 2,308 billion.</p>
6		NCTS		<p>NCTS is a leading cargo service company in the North, with 55.13% of charter capital owned by Vietnam Airlines. Amid complex developments of the pandemic, the Company closely directed the entire flight process while allocating suitable resources to meet the increasing requirements of airlines. At the same time, quarantine and risk prevention procedures were maximally ensured. The company focused on delivering the best commitment of service quality and was recognized by international airlines, NCTS notably received the appraisal letters from Etihad Airways, Asiana Airlines and especially Eva Airways' award of "<b>Best Station Performance Award for Excellent in Cargo Handling</b>" in 2020. NCTS made efforts to simultaneously carry out different solutions to improve service quality, increase competitiveness, raise revenue and save costs to maintain operational efficiency, achieving a total revenue of VND 751 billion, pre-tax profit was VND 281 billion while ROE reached 85%.</p>

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
7		TCS		<p>TCS is a joint stock company that provides cargo services for international flights at Tan Son Nhat Airport, with 55% of its charter capital owned by Vietnam Airlines. During the severe outbreak of the pandemic in HCMC, TCS made every effort to ensure service continuity, uphold service quality and flight safety and security. Also, the company strived to implement diverse solutions to increase revenue and save costs, thus maintaining high business performance. The total revenue was VND 981 billion, pre-tax profit was VND 597 billion while ROE reached 510%.</p>
8		TECS		<p>With 51% of charter capital owned by Vietnam Airlines, TECS operates mainly in the following business areas: Express courier delivery services, freight forwarding services, logistics services, customs brokerage services, warehouse, and storage of goods, etc. The Company effectively harnessed human resources, implemented measures to fully exploit cargo input, closely monitored complex developments of the pandemic and the market, and took advantage of all business opportunities to fulfill its operational targets. TECS made a total revenue of VND 473 billion, pre-tax profit of VND 126 billion and ROE reached 189%.</p>
9		VINAKO		<p>The Company specializes in traditional freight forwarding on commercial flights, with 65.05% of charter capital owned by Vietnam Airlines. In 2021, VINAKO's business operations, especially international export to Japan market, were significantly affected by the closure of international routes due to the impact of the pandemic. Since 2020, the company has been promoting cargo transportation via charter flights and until 2021, this is still the main revenue stream of the firm. However, the pandemic caused a direct impact on the management team and occurred with quarantine and prevention/control expenses associated. Together with the support of VNA, the flexible management solutions of the BOM, and the utmost efforts of employees, VINAKO successfully fulfilled the assigned plan with a pre-tax profit of VND 29 billion, ROE reached 255%.</p>
10		NCS		<p>NCS specializes in food production, catering services, etc. with nearly 30 years of experience. Regarding business operations, NCS has continuously implemented a quality management system that adheres to ISO 22000:2005, HACCP and HALAL standards. In 2021, due to the prolonged pandemic outbreaks the air transport was almost frozen, the catering standards also changed accordingly and hence putting all operations of NCS into lots of difficulties. Faced with challenges, the company has given specific and timely instructions, allocated resources to ensure the quarantine and tasks as well as the highest level of infection prevention. To improve business performance, NCS devised many solutions, shifting focus to non-airline products such as mooncakes, school snacks, Tet products, etc. while relocating workers and thoroughly implementing cost-saving measures. However, due to the severe impact of the pandemic, NCS suffered a loss of VND 76.8 billion.</p>



NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
11		NASCO		NASCO specializes in direct support services for air transport and other related support services at Noi Bai International Airport. The Company is operating under the Quality Management System ISO 9001:2015. In 2021, just like other businesses in the air transport service supply chain, NASCO's operations were seriously affected by the COVID-19 pandemic. However, NASCO made great efforts to manage operations, implemented diverse solutions to reduce costs, reached new customers, increased revenue from ancillary activities and maintained revenue from intercorporate investments. However, severely hit by the pandemic, the company suffered losses with a total consolidated revenue of VND 264.7 billion, pre-tax consolidated loss was VND 128 billion.
12		VFT		The Company provides pilot training for airlines in the region. In 2020, the General Meeting of Shareholders of VFT approved the project of training ATO 01-level pilots, marking an important step in the company's development roadmap. Now, the Company is implementing the necessary procedures to officially organize pilot training according to the approved project. In 2021, VFT faced many challenges from rivals while COVID-19 created difficulties for the pilot training project. However, because of the development of other training services and maximal saving, VFT's pre-tax profit was VND 9.7 billion, ROE reached 11.47%.
13		AITS		AITS provides information technology and telecommunications services. Currently, the Company plays an important role in the air transport supply chain of Vietnam Airlines by providing key information technology - telecommunications services such as: surveillance cameras, access control to M2 building, SMO, software and applications to support the Finance and Accounting Department, and the Sales and Marketing Department; CLM system, iPad and Wi-Fi Box delivery and management system, etc. In 2021, the company's pre-tax profit was VND 6.1 billion, ROE reached 7.87%.
14		ALSIMEXCO		ALSIMEXCO operates in business and service areas within the aviation industry, specializing in the supply, import and export of labor. The revenue from serving VNA contributed up to 80 – 90% of the total revenue. Therefore, during the pandemic, like VNA, the company's operation was hit severely. Facing the challenges, the company utilized its experience in labor supply and management, the Group advantages to find opportunities for new contracts, thereby improving the business results and partly offset the loss of main services, also utilizing the free cash and maximizing cost control to ensure a positive result. The company gained a pre-tax profit of VND 39 million.
15		SABRE VIỆT NAM		Sabre specializes in setting up reservation systems and related services through the Sabre Global Distribution System (GDS), Value Added Telecom Services; Telephone answering service; Air ticket agent service. Sabre Vietnam has provided Customer care services for Vietnam Airlines since 2017. In 2020, the Company began expanding to other external customer care services. In 2021, together with the general impact of the pandemic on the whole market, the fierce competition with other large GDS also became a challenge. Also due to the pandemic, the customer development and the revenue expansion outside of VNA were put on hold. Therefore, customer service remained the main revenue stream and helped the company exceed the plan with a pre-tax profit of VND 7 billion, ROE reached 102%.

## Affiliates

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		VALC	 32.48%	The Company specializes in purchasing, selling, renting, and subleasing aircrafts. VALC's core business is purchasing aircraft to lease to airlines, thereby contributing to the development of Vietnam's aviation industry, increasing the number of Vietnam-owned aircrafts, reducing dependency on the international aircraft supply market, improving competitiveness, and promoting the integration of Vietnam's aviation industry into the world. In 2021, Vietnam Airlines – the main client of VALC – severely suffered cash flow hit. VALC conducted support to VNA including reducing aircraft rental fees, payment deferral, refunding of engine recovery fund, replacing deposit term with L/C. VALC also made efforts to negotiate with ECA and sponsoring banks for payment delays of the respective principals. VALC gained a pre-tax profit of USD 15.8 million while ROE reached 19.7%.
2		CAMBODIA ANGKOR AIR (K6)	 14.00%	The flag carrier of Cambodia, K6 is an investee of Vietnam Airlines. In 2021, K6's business operations were heavily affected by the pandemic, similar to many airlines in the region and the world. To minimize damage and sustain operations during the crisis, K6 implemented restructuring solutions, reduced the scale of operations, maintained only a few main routes with minimal frequency, seized every opportunity to operate more charter and cargo flights to increase revenue, while thoroughly cutting costs to improve business performance. K6 still suffered a loss of USD 17.7 million.
3		MASCO	 36.11%	MASCO is the earliest and most long-standing business providing aviation services for airports in the Central region. Services include the provision of meals, supplies and tools on the plane, transportation of passengers, crew, flight attendants at airports, commercial activities at airport terminals, vocational training, etc. In 2021, MASCO's business operations were seriously affected by COVID-19. The Company took active measures to reduce costs, increase revenue from non-aviation areas, minimize damage and maintain operations. However, MASCO still suffered a loss of VND 14.8 billion.
4		AIRIMEX	 41.31%	Airimex operates mainly in the import and distribution of machinery, equipment, materials, and spare parts, and provides import - export services for the aviation industry. In 2021, the COVID-19 pandemic severely impacted all businesses of Airimex. To conquer challenges, the company has implemented all solutions in sync to improve revenue, cut costs to ensure business performance. In 2021, the total revenue of the company was VND 191.8 billion, pre-tax profit was VND 2.3 billion while ROE reached 5.9%.
5		APLACO	 30.41%	The Company operates mainly in the plastic industry. As one of the leading businesses in Vietnam's plastic industry, Alpaco has sufficient and state-of-the-art equipment and technologies to manufacture high quality and convenient products with diverse designs, including: airlines products, plastic packaging, etc. for domestic use and export (especially to Europe, Australia, and the U.S.). In 2021, Alpaco's pretax profit reached VND 1.2 billion.

## Other investments

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		SPT	 0.36%	SPT is a joint stock company with 0.36% of charter capital owned by Vietnam Airlines (equivalent to VND 4.3 billion). The Company provides postal, telecommunications and information technology services. Currently, the Group has not received information on SPT's business performance in 2021.

## d. Changes in the investments of Vietnam Airlines in subsidiaries and affiliates

In 2021, Vietnam Airlines did not perform additional intercorporate investments. According to the share transfer agreement of Vietnam Airlines at K6, Vietnam Airlines has successfully transferred its paid-in capital of USD 35 million, which was equivalent to 35% of K6's charter capital, to the new investor.

## 4. FINANCIAL PERFORMANCE

### 4.1. MANDATORY FINANCIAL INDICATORS FOLLOWING CIRCULAR 96/2020/TT-BTC

#### Parent company's results

METRIC (PARENT COMPANY)	UNIT	2020	2021	2021/2020
Total assets	VND billion	58,571	58,040	-0.9%
Net revenue	VND billion	30,468	18,312	-39.9%
Operating profit	VND billion	-9,596	-12,209	27.2%
Other profit	VND billion	852	376	-55.9%
Profit before tax	VND billion	-8,743	-11,833	35.3%
Profit after tax	VND billion	-8,755	-11,848	35.3%
Dividend payout ratio (*)	%	0%	0%	
Tax and payables	VND billion	16	12	-22.8%
<b>1. Liquidity ratio</b>				
» Current ratio (Short-term assets/Short-term debt)	Time	0.15	0.19	30.4%
» Quick ratio $\frac{\text{Short-term assets} - \text{Inventory}}{\text{Short-term debt}}$	Time	0.14	0.18	34.5%
<b>2. Capital structure</b>				
» Debt/ Total assets	%	84.4%	90.9%	7.8%
» Short-term debt/ Total assets	%	45.3%	55.7%	23.0%
» Long-term debt/ Total assets	%	39.0%	35.2%	-9.9%
» Debt (excluding air transport liability)/ Equity	Time	5.07	9.79	93.3%
» Debt/ Equity	Time	5.39	10.01	85.5%
» Equity/ Total capital	%	15.6%	9.1%	-41.9%
<b>3. Operating efficiency</b>				
» Inventory turnover (Costs of goods sold/ Average inventory)	Time	110.4	95.2	-13.8%
» Total assets turnover (Net revenue/ Total assets)	Time	0.52	0.32	-39.3%
<b>4. Profitability ratio</b>				
» Profit after tax/ Net revenue (ROS)	%	-28.73%	-64.70%	125.17%
» Profit after tax/ Average owner's equity (ROE)	%	-63.07%	-164.16%	160.29%
» Profit after tax/ Average total assets (ROA)	%	-13.73%	-20.32%	48.04%
» Operating profit/ Net revenue	%	-31.49%	-66.67%	111.69%

Note: (\*) Dividend payout ratio from the profit after tax of the previous year was implemented in the reported year.

## Consolidated results

METRIC (CONSOLIDATED)	UNIT	2020	2021	% 2021/2020
Total assets	VND billion	62,562	63,058	0.8%
Net revenue	VND billion	40,538	27,911	-31.1%
Operating profit	VND billion	-11,898	-13,132	10.4%
Other profit	VND billion	938	167	-82.2%
Profit before tax	VND billion	-10,960	-12,965	18.3%
Profit after tax	VND billion	-11,178	-13,279	18.8%
Dividend payout ratio (*)	%	0%	0%	
Tax and payables	VND billion	278	185	-33.3%
<b>1. Liquidity ratio</b>				
» Current ratio (Short-term assets/Short-term debt)	Time	0.25	0.28	9.3%
» Quick ratio	Time	0.20	0.22	13.0%
» $\frac{\text{Short-term assets} - \text{Inventory}}{\text{Short-term debt}}$	Time			
<b>2. Capital structure</b>				
» Debt/ Total assets	%	90.3%	99.2%	9.8%
» Short-term debt/ Total assets	%	52.3%	65.3%	25.0%
» Long-term debt/ Total assets	%	38.0%	33.8%	-11.0%
» Debt (excluding air transport liability)/ Equity	Time	8.8	117.2	1,235.8%
» Debt/ Equity	Time	9.3	119.3	1,182.3%
» Equity/ Total capital	%	9.7%	0.8%	-91.4%
<b>3. Operating efficiency</b>				
» Inventory turnover (Costs of goods sold/ Average inventory)	Time	17.7	18.5	4.5%
» Total assets turnover (Net revenue/ Total assets)	Time	0.6	0.4	-31.7%
<b>4. Profitability ratio</b>				
» Profit after tax/ Net revenue (ROS)	%	-27.6%	-47.6%	72.5%
» Profit after tax/ Average owner's equity (ROE)	%	-90.6%	-402.6%	344.5%
» Profit after tax/ Average total assets (ROA)	%	-16.1%	-21.1%	31.5%
» Operating profit/ Net revenue	%	-29.3%	-47.0%	60.3%
» EPS	VND	-7,704	-7,909	2.7%
» P/E	Time	-3.67	-2.92	-20.4%



## General overview

Amidst the severe impacts of COVID-19 on the aviation market domestically and globally, Vietnam Airlines implemented various solutions in sync to flexibly steer the business operations in response to the outbreak and market conditions. Meanwhile, Vietnam Airlines also actively implemented revenue improvement and cost-saving solutions, took initiatives in seeking support from the State, and made maximum efforts to improve business performance and ensure liquidity and business continuity.

The pandemic evolution was much more complicated than the plan presented at the 2021 Annual General Meeting of Shareholders. However, thanks to its own efforts, State policies on support and reduction of taxes and fees, Vietnam Airlines' losses in 2021 were much lower than the target submitted to the General Meeting of Shareholders. Of which, the separate pre-tax loss was VND 11,833 billion (VND 1,075 billion lower than the plan), and the pre-tax consolidated loss was VND 12,965 billion (VND 1,339 billion lower than the plan). Nevertheless, heavy losses exacerbated VNA's financial situation, worsening the financial indicators.

## 4.2. FINANCIAL ANALYSIS OF THE PARENT COMPANY AND CONSOLIDATION

### COVID-19 impacts and Vietnam Airlines' responses

In 2021, the international aviation market was still struck by the pandemic. In face of the severe pandemic with new variants, the government imposed restrictions and control measures on entry for most of the year. In Vietnam, the pandemic outbreak occurred in two critical and peak periods: the Lunar New Year and the summer holiday. Notably, the 4<sup>th</sup> wave of COVID-19 which had been the most serious wave ever resulted in the stagnation of the domestic airline in the 3<sup>rd</sup> quarter of 2021 and prolonged its impact towards the year-end. Vietnam Airlines quickly implemented synchronous solutions in response to the pandemic, mitigated damages and shoot for improving business performance and ensuring liquidity and business continuity, including:

- **Organization of production:** Actively evaluating and developing business scenarios, managing the business in line with the development of the market and pandemic; making every effort in repatriating the Vietnamese and experts; maximizing the fleet and market share of air freight; taking advantage of every opportunity to increase the revenue and cash flow. Vietnam Airlines also closely monitored the international air transportation market and the implementation of measures to recover the international air transportation of IATA, Vietnamese and other governments, hence, enabling the resume of international flights at the earliest.
- **Labor and remuneration policy:** Maintaining the flexible management of resources and HR policies so that employees and Vietnam Airlines could share the respective difficulties of each phase of the pandemic, in accordance with the scale of its production and business activities.
- **Cost optimization:** Rigorously implementing cost reduction, savings, and price negotiation with partners to minimize costs, submitting recommendations to the concerned authorities for extending the government's policy support. Vietnam Airlines was allowed to adopt the policy on depreciation and amortization of repair

and maintenance expenses, a 50% discount on landing and takeoff fees, and a 30% reduction of environmental protection tax.

- **Cash flow and liquidity management, negotiation of payment rescheduling and deferral:** Strengthening projections, strictly managing the cash flow, flexibly employing short-term loan and payment deferral with suppliers, restructuring loan for balanced cash flow, maintaining liquidity and continuity.

After the cash flow was supplemented with the refinancing loan package of VND 4,000 billion and shares issuance of VND 7,961 billion, Vietnam Airlines managed to pay part of the debt obligations to reduce the pressure of overdue debts, facilitate negotiation with suppliers, and pay due loan to banks (the total amount disbursed until 31 December 2021 was VND 9,687 billion). The business operations are anticipated to face numerous difficulties, Vietnam Airlines therefore went on tightly controlling the cash flow, effectively using the cash reserve, and remaining short-term loan limit for essential expenses. Plus, Vietnam Airlines arranged to pay overdue debts while negotiating with suppliers for discount and repayment rescheduling, and loan restructuring to enhance business performance and maintain liquidity.

Vietnam Airlines proactively reported to the government, the State representative (The Commission for the Management of State Capital at Enterprises), the Ministry of Finance, and other state agencies on a regular basis to update on business operations and propose support solutions for the aviation industry and enterprises. In 2021, Vietnam Airlines completed the signing and disbursement of refinancing loan contracts of VND 4,000 billion and completed the issuance of shares to increase the capital by VND 7,961 billion. The refinancing package and share issuance have greatly contributed to the financial resources of Vietnam Airlines, thereby improving the equity and liquidity reserve, paying part of debt obligations to reduce debt pressure, and facilitating effective negotiation with partners.

## Revenue and profit of the parent company

METRIC	2020	2021	2021/2020	
			VALUE	%
Total revenue	33,266	20,109	-13,157	-39.6%
<i>Net revenue</i>	30,468	18,312	-12,156	-39.9%
<i>Financial income</i>	1,938	1,421	-517	-26.7%
<i>Other income</i>	861	376	-485	-56.3%
Total costs	42,010	31,943	-10,067	-24.0%
Profit before tax	-8,743	-11,833	-3,090	35.3%
Profit after tax	-8,755	-11,848	-3,093	35.3%

Unit: VND billion

Due to the adverse impacts of COVID-19, business performance in 2021 was gloomier than that in 2020 though the loss was managed at lower figures than the targets submitted to the Annual General Meeting of Shareholders. Vietnam Airlines' separate total revenue and other income in 2021 reached VND 20,109 billion, a decrease of 39.6% year-on-year (achieving 81.5% of the full-year plan submitted to the AGM). Specifically, revenue from goods and services sold decreased by 39.9% year-on-year and accounted for 91.6% of the total revenue.

Financial income went down by 26.7% year-on-year (equivalent to VND 517 billion), and other incomes declined by 56.3% year-on-year (equivalent to VND 485 billion). A decrease of VND 517 billion in financial income

is attributed to a great shrinkage in dividends and profits of subsidiaries due to COVID-19. In 2021, the Group derived a profit of VND 177 billion from the transfer of 35% of its contributed capital at Cambodia Angkor Air, however, a decrease of VND 810 billion in dividends and profits from invested companies led to the year-on-year lower revenue from financial activities. Other income dropped VND 485 billion due to some components reduced year-on-year (income from liquidation of fixed assets, collection of insurance claims, etc).

Due to the sharp fall in revenue derived from the severe impacts of the COVID-19 pandemic in 2021, the parent company's pre-tax loss was VND 11,833 billion, a higher loss than 2020 but VND 1,075 billion lower than the 2021 plan submitted to the AGM.

## Equity and assets of parent company

METRIC	2020	2021	COMPARE TO 2020	
			Value	%
1. Short-term assets	3,907	6,208	2,300	58.87%
2. Long-term assets	54,664	51,833	-2,831	-5.18%
<b>TOTAL ASSETS</b>	<b>58,571</b>	<b>58,040</b>	<b>-531</b>	<b>-0.91%</b>
1. Liability	49,410	52,767	3,357	6.79%
<i>Short-term debt</i>	26,552	32,356	5,804	21.86%
<i>Long-term debt</i>	22,857	20,410	-2,447	-10.71%
2. Owner's Equity	9,161	5,274	-3,888	-42.43%
<b>TOTAL CAPITAL</b>	<b>58,571</b>	<b>58,040</b>	<b>-531</b>	<b>-0.91%</b>

Unit: VND billion

Total assets as of 31 December 2021 were worth VND 58,040 billion, a year-on-year decrease of VND 531 billion (0.9%). Non-current assets ending balance were VND 51,833 billion, a year-on-year decrease of VND 2,831 billion. Specifically, fixed assets dropped by VND 1,108 billion due to depreciation (VND 1,554 billion); newly added fixed assets were VND 447 billion, of which a large proportion was attributed to the building at No. 200 Nguyen Son - phase 2 (started in 2019, completed and put into use in 2021) and machinery. In 2021, Vietnam Airlines signed a contract to sell 2 fully depreciated Airbus A321CEO aircraft, one of which was delivered in 2021 (the other in January 2022); the aircraft liquidation added VND 91 billion to 2021 income. Long-term financial investments decreased by VND 692 billion mainly due to the divestment of 35% of capital at Cambodia Angkor Air (decreased by VND 620 billion), and the provision for devaluation of intercorporate investments (VND 72 billion).

Short-term assets were VND 6,208 billion at the end of the year, an increase of VND 2,300 billion year-on-year (58.9%). Items experiencing the highest uplift (VND 1,821 billion) were cash and deposit after stock issuance was added to cash reserve. Short-term receivables increased by VND 426 billion, other short-term assets increased by VND 57 billion as well.

Due to the addition of short-term assets (mainly the cash reserve and deposit) after stock issuance, the capital structure was adjusted with an increase in short-term assets (6.7% to 10.7%) and a decrease in long-term assets (93.3% to 89.3%) compared to that of 2020. Current short-term and quick solvency saw some improvement since 2020.

The owner's equity of Vietnam Airlines as of 31 December 2020 was VND 5,274 billion, a decrease of 42.4% year-on-year (equivalent to VND 3,888 billion). Liabilities as of 31 December 2021 were VND 52,767 billion, a 6.8% year-on-year increase (equivalent to VND 3,357 billion). Specifically, non-current liabilities and current liabilities accounted for 38.7% and 61.3%, respectively.

Current liabilities as of 31 December 2021 were VND 32,356 billion, a 21.9% year-on-year increase (equivalent to VND 5,804 billion). Reasons for the increase were mainly overdue payables to suppliers as well as loans and short-term financial leases. Total short-term debts and refinancing loans on 31 December 2021 were VND 8,099 billion, increasing by VND 2,987 billion versus 2020. Specifically, the refinancing loan was VND 4,000 billion and the maximum annual extension is 3 years. Overdue payables to suppliers stalled, delayed payment as of 31 December 2021 increased by VND 6,892 billion compared to 2020, ended up at VND 12,851 billion. After receiving the loan package for refinancing and capital gain, Vietnam Airlines paid off part of its overdue debts (VND 7,687 billion). Meanwhile, it also accelerated the negotiation with suppliers (especially lessors and repair and maintenance service providers) for the purpose of reducing short- and long-term costs and restructuring the repayment term for optimal benefits for Vietnam Airlines. However, with the challenging business situation, overdue debts continued to increase, the Group needs to balance its payments and restructure debts to ensure the money reserve for business continuity and avoid insolvency.

Non-current liabilities as of 31 December 2021 were VND 20,410 billion, a decrease of 10.7% year-on-year (equivalent to VND 2,447 billion) mainly due to the decrease in long-term loans and financial leases.

According to its long-term loan and financial lease contracts, the total outstanding balance of the parent company as of 31 December 2021 was VND 22,871 billion, a decrease of 3,490 billion VND year-on-year, which was a result of its repayment efforts during the year.

2021 capital indicators witnessed certain unfavorable changes: The debt-to-equity burgeoned by 10 times, as the debt-to-equity ratio with trade payables excluded increased by 9.8 times. Vietnam Airlines' capital structure changed towards decreasing owner's equity (from 15.6% to 9.1%) and increasing external financing (liabilities increased from 84.4% to 90.9%). In the composition of liabilities, the proportion of short-term debts increased (from 53.7% to 61.3%) while the proportion of long-term debts decreased (from 46.3% to 38.7%).

## Consolidated revenue and profit

METRIC	2020	2021	COMPARE TO 2020	
			VALUE	%
1. Total revenue and other income	42,433	29,752	-12,681	70.1%
<i>Net revenue</i>	40,538	27,911	-12,627	68.9%
<i>Financial income</i>	882	1,557	675	176.5%
<i>Other income</i>	1,013	284	-729	28.0%
2. Share of loss/profit in joint ventures and affiliates	-157	-203	-46	129.4%
3. Profit before tax	-10,960	-12,965	-2,005	118.3%
4. Profit after tax	-11,178	-13,279	-2,101	118.8%

Unit: VND billion

Business operations of subsidiaries were all affected by the heavy impacts of COVID-19, especially airlines and suppliers in the air transport chain. Therefore, the consolidated business performance in 2021 also plummeted. 2021 consolidated revenue was VND 29,752 billion, equivalent to 70.1% of that in 2020 and accomplishing 79.6% of the target set for 2021. In which, 2021 net revenue from goods and services sold was VND 27,911 billion (68.9% of that in 2020) and accounted for roughly 93.8% of total revenue. Financial income experienced a solid increase of 176.5% compared to 2020 (equivalent to VND 675 billion) mainly due to the profit from the

transfer of contributed capital at K6. Other incomes dropped by around VND 729 billion versus 2020 due to the decrease in some items (income from asset liquidation, collection of insurance claims, etc).

The consolidated pre-tax loss was VND 12,965 billion, which was VND 1,339 billion lower than the plan submitted to the AGM. The consolidated loss in 2021 was mainly from the parent company in addition to the gloomy business performance of subsidiaries, especially airlines and subsidiaries in the air transportation chain (fuel supply, ground service, catering, etc.) under the pressure of COVID-19.

## Consolidated equity and assets

METRIC	2020	2021	2021/2020	
			VALUE	%
1. Short-term assets	8,249	11,356	3,107	37.66%
2. Long-term assets	54,313	51,701	-2,611	-4.81%
<b>TOTAL ASSETS</b>	<b>62,562</b>	<b>63,058</b>	<b>496</b>	<b>0.79%</b>
1. Liability	56,490	62,534	6,044	10.70%
<i>Short-term debt</i>	32,705	41,194	8,489	25.95%
<i>Long-term debt</i>	23,784	21,339	-2,445	-10.28%
2. Owner's Equity	6,072	524	-5,548	-91.37%
<b>TOTAL CAPITAL</b>	<b>62,562</b>	<b>63,058</b>	<b>496</b>	<b>0.79%</b>



Total consolidated assets as of 31 December 2021 were VND 63,058 billion, a decrease of VND 496 billion year-on-year (0.8%). The closing balance of short-term assets was VND 11,356 billion, an increase of VND 3,107 billion (37.7%), deriving from an increase of VND 1,803 billion worth of cash and deposit, in addition to VND 1,304 billion more of other short-term assets (short-term receivables, inventories and other short-term assets increased by VND 570 billion, VND 401 billion and VND 333 billion, respectively).

Non-current assets were VND 51,701 billion at the end of the year, a decrease of VND 2,611 billion year-on-year. In which, fixed assets decreased by VND 1,279 billion (a decrease of VND 2,049 billion due to depreciation whilst an increase in fixed assets mainly from the parent company and some subsidiaries such as VIAGS, VAECO, SKYPEC). Long-term work-in-progress assets were reduced by VND 258 billion as some projects have been completed and put into use. Financial investments to affiliates decreased by VND 338 billion (mainly from the divestment at Cambodia Angkor Air). Long-term receivables and other long-term assets dropped by VND 253 billion and VND 483 billion, respectively.

The asset structure changed towards decreasing the proportion of current assets (decreasing from 25.2% to 13.2%) and increasing the proportion of non-current assets (increasing from 74.8% to 86.8%).

Consolidated owner's equity as of 31 December 2021 was VND 524 billion, a decrease of 91.4% year-on-year. Consolidated liabilities as of December 31 increased

by 10.7% year-on-year (equivalent to VND 6,044 billion). Which, non-current liabilities accounted for about 42.1% and current liabilities made up 57.9%.

The upsurge of short-term loans and overdue payables to suppliers resulted in an increase in short-term liabilities that reached VND 41,194 billion by 31 December 2021, an increase of 26.0%. Consolidated non-current liabilities as of 31 December 2021 were VND 21,339 billion, a decrease of VND 2,445 billion (10.3%) mainly due to the reduction in long-term debts and financial leases.

The total outstanding balance of the short-term loans as of 31 December 2021 was nearly VND 11,031 billion, an increase of VND 4,237 billion year-to-date. According to its long-term loan and financial lease contracts, the total outstanding balance of the Group as of 31 December 2021 was VND 23,769 billion, a decrease of VND 3,488 billion year-on-year, which was a result of its repayment efforts during the year.

Consolidated funding indicators in 2021 were adversely impacted: The debt-to-equity ratio increased rapidly by 119.3 times, while the debt-to-equity ratio (excluding trade payables) increased by 117.2 times. Vietnam Airlines' capital structure changed towards decreasing owner's equity (from 9.7% to 0.8%) and increasing external financing (liabilities increased from 90.3% to 99.2%). In the structure of liabilities, the proportion of short-term debts increased (from 57.9% to 65.9%) while the proportion of long-term debts decreased (from 42.1% to 34.1%).

## 5. DEVELOPMENT PLAN FOR UPCOMING TIME



### MARKET SHARE

Maintain Vietnam Airlines' leading position in Vietnam's passenger air transport industry.

Domestic market share

International market share

>50%

>25%



### AIR TRANSPORTATION

Ensure VNA's passenger and cargo volume (including VASCO) recovers and develops

- 2023: Recover to pre-COVID level
- 2021 - 2025:

Passenger transport's annual growth of over

11%  
/year



Cargo transport's annual growth of

17%  
/year



### LABOUR PRODUCTIVITY

Ensure the labour productivity needed for recovery and development

- 2023: Recover to pre-COVID level
- Post-2023: annual growth rate
- Employee satisfaction and engagement rate

5%  
/year

>90%



### DIGITAL AIRLINE

Digital airline score according to SkaiBlu reaches above 120 points.



### INDICATORS

Customer Satisfaction Index reaches above 4 points. Net Promoter Scores reaches above 30 points in average.



### SERVICES

Consolidate 4-star service quality and gradually upgrade Vietnam Airlines to 5-star airline standard



# VII. ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

## 1. COMPLIANCE WITH THE ENVIRONMENTAL PROTECTION LAW

### The amount of energy consumption (Jet A1 fuel, A92 gasoline, electricity, oil, etc.) and the amount of water used:

The direct energy consumption of Vietnam Airlines is mainly Jet A1 fuel, electricity, gasoline, and oil for vehicles serving the administration and office activities. In which, Jet A1 fuel amount accounted for 99.06% of the total energy consumption equivalent (Tonne of Oil Equivalent) with 381,343 tons of Jet A1 fuel equivalent to 400,410 TOE. Water for office activities is supplied by local water supply systems. Domestic wastewater is discharged directly into the local drainage system where Vietnam Airlines operates. Water supply for direct business operation, such as using on the aircraft, cleaning and sanitizing, etc. is provided by service providers.

### Implementation and compliance with regulations on environmental protection:

Implementation and compliance with regulations on environmental protection: Vietnam Airlines always prioritizes compliance with the law on environmental protection by establishing organizational structure, developing, and imposing regulations as well as implementing, supervising, and assessing the performance of the entire system. The company also strictly implemented the reporting regime as regulated in Circular No. 28/2020/TT-BGTVT date 29 October 2020 of the Ministry of Transportation and the Circular No. 25/2020/TT-BCT dated 29 September 2020 of the Ministry of Industry and Trade; monitoring the use of insecticides and aircraft cleaning chemicals; launched the **"Action Month for Environment in 2021 in response to the World Environment Day of 05 June"**. Vietnam Airlines also conducted regular assessments of compliance with the environmental laws of its major service providers.

### Activities and programs to protect the environment during the year:

Vietnam Airlines continues to implement the carbon offset program (CORSIA) following the ICAO roadmap, the European Emission Trading Scheme (EU-ETS) following the roadmap and regulations; initiated the **"Zero Waste Vietnam Airlines"** program to eliminate disposable plastic bags to replace by environmental-friendly alternatives; launched 17 solutions to reduce the amount of fuel consumption (saving 9,000 tons of Jet A1); gradually replaced fluorescent light bulbs with power-saving LEDs; launched "Action Month for Environment in 2021" and support the "World Environment Day of 05 June". Currently, Vietnam Airlines keeps reviewing, amending, and completing the contents of **"Zero Waste Vietnam Airlines"**, such as replacing plastic straws with bamboo/stainless steel/ environmental-friendly materials, replacing the plastic cover of the cargo boxes with thinner or more environmental-friendly materials, etc. to start deployment when allowed.

### Assessment of CO2 Emission control, fuel consumption, initiatives / innovations for fuel efficiency and noise reduction:

Vietnam Airlines seriously performed and implemented the carbon offset program (CORSIA) following the ICAO roadmap, the European Emission Trading Scheme (EU-ETS) following the roadmap and regulations (checking - reporting – verifying). Also, the company applied synchronous solutions for management, administration, and fleet operation (17 solutions) to reduce fuel consumption, thus reducing about 28,440 tons of CO<sub>2</sub> emissions

### Improvements for a green, clean, and beautiful working environment:

Enhancing and cleaning the working area, planting trees, and gradually switching to electronic documents.

## 2. EMPLOYEE WELFARE AND BENEFITS

In 2021, despite the difficult business environment, prolonged loss and inability to balance cash flow due to the fall of operation capacity, Vietnam Airlines still ensured job stability, income improvement. Supporting employees' living standards, especially for the workforce with relatively low income (associates, workers, staff), is always the top priority of Vietnam Airlines' leaders.

By the end of 2021, Vietnam Airlines launched a new payroll system and adjusted the income distribution system, starting on 01 January 2022. This is to encourage employees with high qualifications and high productivity to always strive to give the best performance.

The social insurance policies comply with the provisions of the State and the Law. Other policies such as health insurance for employees and their relatives, fee exemption and reduction, etc. remain unchanged. In addition, Vietnam Airlines has launched additional supporting policies for employees, who have their labor contracts temporarily suspended, but voluntarily resigned following the new human resource policy so that the employees can have enough funding while seeking new jobs or study opportunities.





### 3. SOCIAL ENGAGEMENT AND COMMUNITY RESPONSIBILITIES

In 2021, despite the unfavorable effect of COVID-19 that caused the nationwide travel and business restrictions, and the challenging business conditions; the employees suffering from contract delays and unpaid leave or forced to take part-time jobs to overcome the temporary hardship, Vietnam Airlines lived up to its commitments with the community, evidenced by:

- The **5<sup>th</sup> Vital Drops of Vietnam Airlines**: A total of 639 units of blood were collected; In which: Ha Noi: 222 units, Da Nang: 80 units; Noi Bai: 302 units. The Group donated 1000 blood units in total in 2021.
- Calling for all-out cleanup efforts at the airport terminals in three different areas, filming the **"Live like a flower"** clip to honor "those in blouse" during the COVID outbreak
- **"Share the love"** in the youth month, giving out 40 supporting gifts for disadvantaged students and 2 learning encouragement packages for Vinh Trung 1 and Vinh Trung 4 primary schools.
- The 2021 **"Spring for the flooded households"** program in Quang Binh, while the Board in Ha Noi organized **"Bridge Construction for Improved Livelihood"** in Yen Bai province; as well as supporting households in need in Soc Son district.
- Donating 3,000 copies of **Year of the Ox Spring Magazine** as cultural gifts to on-duty military units on border and islands, as a proof of the sincere appreciation of Vietnam Airlines staff for the people in remote areas on the occasion of Lunar New Year.



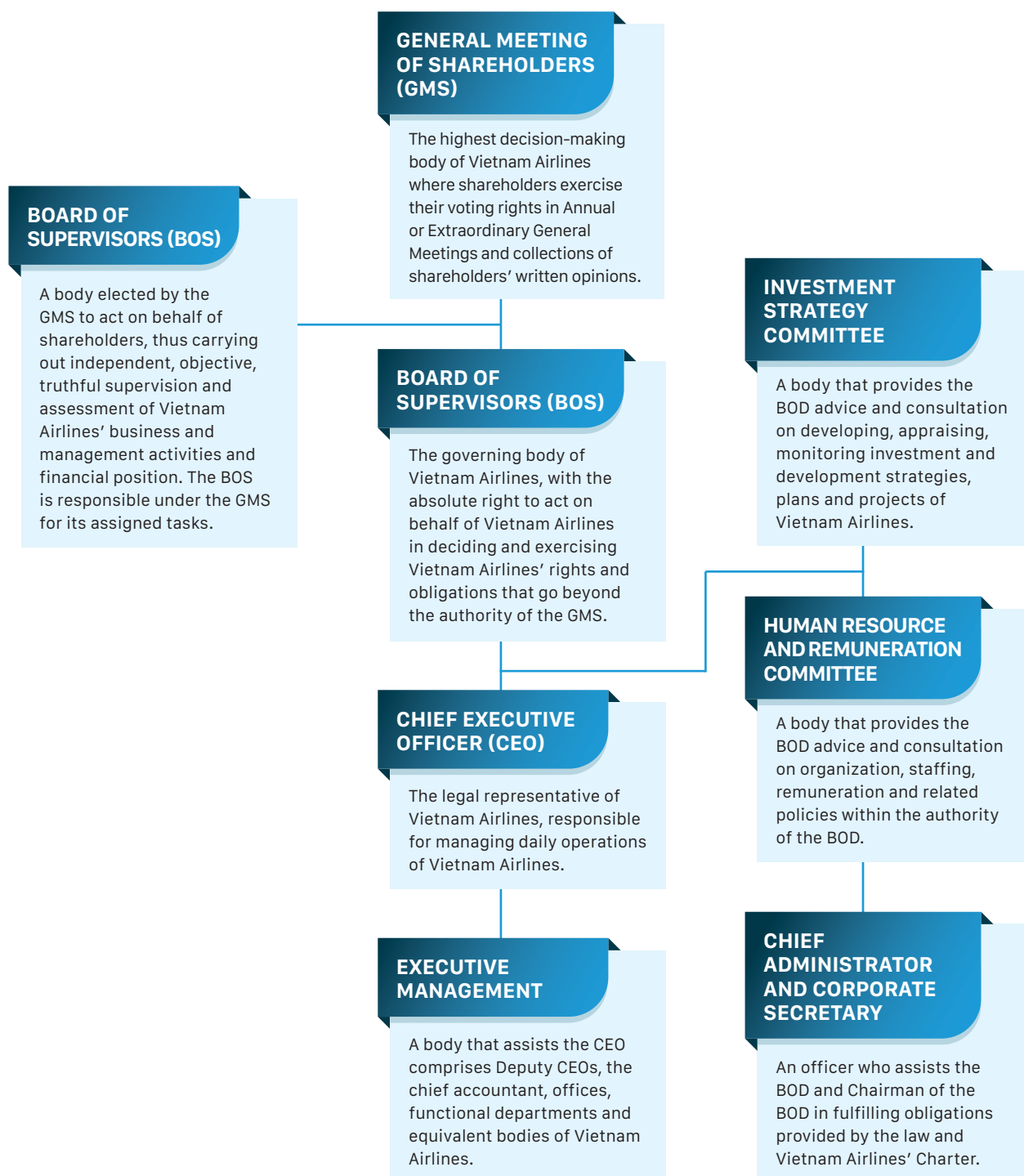




# WIDE-BODY – MODERN FLEET

# VIII. CORPORATE GOVERNANCE

## 1. CORPORATE GOVERNANCE STRUCTURE



## CORPORATE GOVERNANCE PRINCIPLES

Vietnam Airlines bases its corporate governance upon the Law on Enterprises 2020, the Law on Securities 2019, Decree No. 155/2020/ND-CP dated 31 December 2020 by the Government, Circular No.116/2020/TT-BTC dated 31 December 2020 by the Ministry of Finance, and other relevant laws, as well as its charter, regulations, and policies. Accordingly, the key principles are as follows:



## 2. INFORMATION AND ACTIVITIES OF THE BOARD OF DIRECTORS

### INFORMATION OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2021

NO	NAME	POSITION	DATE OF COMMENCEMENT IN THE BOD
1	Dang Ngoc Hoa	Chairman	10 August 2020
2	Le Hong Ha	Board Member cum CEO	10 August 2020
3	Ta Manh Hung	Board Member	01 October 2016
4	Le Truong Giang	Board Member	01 January 2021
5	Tomoji Ishii	Board Member	10 August 2020
6	Dinh Viet Tung	Board Member	14 December 2021
7	Truong Van Phuoc	Independent Board Member	14 December 2021

### MEETINGS OF THE BOARD OF DIRECTORS

NO	NAME	POSITION	NUMBER OF MEETINGS ATTENDED	RATE OF ATTENDANCE	REASON FOR NOT ATTENDING
1	Dang Ngoc Hoa	Chairman	9/9	100%	
2	Le Hong Ha	Board Member cum CEO	9/9	100%	
3	Ta Manh Hung	Board Member	9/9	100%	
4	Le Truong Giang	Board Member	9/9	100%	
5	Tomoji Ishii	Board Member	9/9	100%	
6	Dinh Viet Tung	Board Member	0/0	100%	Becoming a Board member since 14 December 2021
7	Truong Van Phuoc	Independent Board Member	0/0	100%	Becoming a Board member since 14 December 2021

## 3. REPORT OF THE BOARD OF SUPERVISORS

### 3.1. INFORMATION OF THE BOARD OF SUPERVISORS

- The 2021 Annual General Meetings of Shareholders held on 14 July 2021 elected Mr. Nguyen Thanh Tung to replace Mr. Lai Huu Phuoc.
- The 2021 Extraordinary Meeting of Shareholders held on 14 December 2021 elected Ms. Nguyen Thi Hong Loan to replace Mr. Nguyen Thanh Tung.

#### Composition of the Board of Supervisors:

NO	NAME	POSITION	DATE OF COMMENCEMENT IN THE BOS	QUALIFICATION
1	Ms. Nguyen Thi Thien Kim	Chief Supervisor	10 May 2019	Master of Business Administration, CPA Vietnam, CPA Australia
2	Mr. Mai Huu Tho	Member of BOS	Concurrent supervisor since 14 April 2015 Dedicated supervisor since 01 January 2021	Master of Business Administration
3	Ms. Nguyen Thi Hong Loan	Member of BOS	14 December 2021	Master of Business Administration

### 3.2. MEETINGS OF THE BOARD OF SUPERVISORS

In 2021, The Board of Supervisors (BOS) held 8 meetings to make decisions on the following issues:

- The execution of inspection and monitoring agendas, and key tasks in each stage; task allocation to BOS members.
- Appraisal results of the business operation reports, financial statements for 2020 and the first 6 months of 2021; Review results of the 2020 financial supervision reports for 2020 and the first 6 months of 2021.
- Regular supervising business operations, financial transactions, and investment activities of Vietnam Airlines.
- Approving the Draft Regulation on the operation of the BOS before reporting to the Commission of the Management of State Capital and submitting it to the Annual General Meeting of Shareholders.
- Evaluating the performance of the BOS in 2021 and developing an action plan for 2022.
- Agreeing on solutions for other issues within the functions and duties of the BOS.

### 3.3. THE BOARD OF SUPERVISORS' MONITORING ON THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT, AND SHAREHOLDERS

#### a. Supervision

- Supervising business operations by participating in all BOD and BOM meetings, Management briefings, Department briefings, and other meetings if needed.
- Supervising the implementation of resolutions of the General Meeting of Shareholders as well as resolutions and decisions of the BOD.
- Appraising the separate and consolidated financial statements for 2020 and the first 6 months of 2021; Appraising BOD report to submit to the 2021 Annual General Meeting of Shareholders; Reviewing the separate and consolidated construction supervision report for 2020 and for the first 6 months of 2021.
- Studying, drafting, and submitting resolutions for the approvals of the General Meeting of Shareholders, promulgating the Regulation on the operations of the BOS; Contributing ideas to the reforming of the Company's Charter and internal governance policy.



- Monitoring the execution of the 2021 business plan and the business planning of 2022 of the parent company and members.
- Supervising investment, operation and financial activities based on the reports of the CEO and directions of the BOD.
- Supervising the intercorporate investments based on the reports of the Investment and Procurement Department, the Inspection and Auditing Department, and supervisors.
- Supervising the implementation of recommendations of the State inspectors and auditors through the reports of the Inspection and Auditing Department; Regular supervising the implementation of recommendations of the CMSC and of the BOS.
- Preparing governance reports of the Company for 6 months and the full year.
- Preparing the supervising report on the compliance of the Decree 49/2014/NĐ-CP upon the request of the Capital Management Commission for 6 months and for full year.
- Contributing ideas to the amendment and reform of legal documents and performing other works of the Capital Management Commission when required, including the conclusion of the implementation of the 2013 Land Law, comments on the draft regulations on the state stake at Vietnam Airlines, suggestions to amend Law 69, etc.
- Supervising the implementation of the company's restructuring, the disbursement of the VND 4,000 billion loan package, the new share issuance to increase capital to VND 8,000 billion.
- Completing thematic supervisions; Performing IT and digital transformation solutions (AQD, GDPR); Monitoring the restructuring progress of PA.
- Solving other issues within the functions and duties of the BOS.

## b. Supervision results in 2021

### Business performance of Vietnam Airlines in 2021

- The air transportation business of Vietnam Airlines Group (including the parent company and members) remains to be severely hit by the widening spread and repeated outbreak in 2021, plus the unpredictable long-lasting COVID pandemic globally. The company has put every effort to reduce the loss lower than the approved target by the General Meetings of Shareholders.

- 2021 results are as follows: The parent company's revenue reached VND 19,691 billion, equal to 79.8% of the plan; The parent company's loss before tax reached VND 12,688 billion, a decline of 1.7% compared to the plan; The consolidated loss before tax reached VND 14,054 billion, reducing 1.75% compared to the plan submitted to the General Meetings of Shareholders.

### Assessment of the management of the Board of Directors and the Chief Executive Officer

#### Business operation

- Due to the COVID-19 pandemic, the 2021 Annual General Meeting of Shareholders was held later than prescribed (14 July 2021).
- On 14 December 2021, Vietnam Airlines held an Extraordinary Meeting of Shareholders to elect additional members to the BOD and the BOS. Accordingly, Mr. Dinh Viet Tung was appointed as a Member of the BOD (representative of SCIC's stake), Mr. Truong Van Phuoc was appointed as an Independent Member of the BOD, and reelected Mr. Ta Minh Hung as the Member of the BOD for a term of 5 years.
- In 2021, the BOD hosted 9 meetings, sent voting slips to the members of the BOD for 178 contents, issued 125 Resolutions and 106 Decisions. All the Resolutions and Decisions have been implemented by the BOD and the CEO following the squeezing of the market size and complicated the development of the pandemic.
- The BOD, the CEO, and the BOM have always proactively performed responding solutions to minimize the severe impact of the pandemic; utilizing the sharing and support of partners, fostering negotiations with aircraft lessors to propose overall support on the fleet restructuring; negotiating the discounts, payment delay, implementing various self-effort to maintain the company's undisruptive operation.
- The BOD and the CEO focused on building the 2022 business plan and 2021 – 2025 plan to report to the CMSC; focused on reducing and finalizing the effects of the COVID-19 pandemic; directed the synchronous implementation of solutions while ensuring operational safety and disease prevention; utilized every opportunity to increase revenue and cash flow to maintain the regular business operation.

- The BOD, the CEO, and the BOM initially built a restructuring model in all Departments, promoted some qualified executives to key positions, and cut a number of clues to increase efficiency and reduce costs.
- Implementing the policy of the Politburo, the National Assembly, and the government on solving the difficulties derived from COVID-19. On the morning of 07 July 2021, Vietnam Airlines signed credit agreements with 3 banks (SeABank, MSB and SHB) with a total loan of VND 4,000 billion. As of 31 December 2021, Vietnam Airlines completed signing the pledge agreement, the individual mortgage agreement and is now working with the banks on the mortgage agreement and joint pledge agreement to basically receive a whole of the total disbursement.
- At the 2021 Annual General Meeting of Shareholders, Vietnam Airlines was approved to issue new shares to existing shareholders to increase capital by VND 8,000 billion. Accordingly, 800 million new shares were issued by Vietnam Airlines to its shareholders. By the completion of the issuance on 14 September 2021, the total number of shares distributed was 769.1 million shares, equivalent to 99.51% of the total new shares issued. The total proceeds from the issuance were VND 7,961 billion. The charter capital of Vietnam Airlines increased to VND 22,143 billion, equivalent to nearly USD 1 billion.
- As of 31 December 2021, Vietnam Airlines has disbursed VND 5,687 billion to pay bank loans of VND 2,321 billion and pay overdue debts of VND 3,366 billion.
- Within 2021, the BOD and the CEO focused on completing a comprehensive digital transformation for the whole company.
- The execution of conclusions and recommendations from the State inspectors and auditors as well as from the CMSC and the BOS was at the heart of the BOD's and the CEO's concerns and directions. Some pending contents and problems related to the policies and structures are still being performed.
- The divestment at K6 has been actively implemented by the BOD, the CEO, and the stake representative, and also achieved many positive results. The two sides have completed the negotiations and signed the share transfer agreement, and the payment was made.
- Due to the complicated development of the pandemic, the unsuccessful aircraft sale impacted the cash flow, hence, business results were not achieved as expected. Currently, Vietnam Airlines is aggressively restarting this in the first quarter of 2022.

### Financial statements and financial management

- The 2021 financial statements of Vietnam Airlines are being prepared and revised by related Departments and units.
- The 2020 financial statements were audited by the independent auditor Deloitte. The financial reports for the first 6 months of 2021 were audited and reviewed by Deloitte, of which the emphasis of matters include:
  - › Deloitte would like to draw readers' attention to Note 02 of Note to the interim consolidated financial statements in regard to Vietnam Airlines' current liabilities exceeding its current assets, net loss, negative cash flows from operating activities, overdue payables, and negative owners' equity.
  - › Deloitte would like to draw readers' attention to Note 03 of the Notes to the interim consolidated financial statements in regard to a specific accounting regulation in recording depreciation and the allocation of report and maintenance costs of Vietnam Airlines' aircraft and engines.
- The financial situation of Vietnam Airlines in 2022 remains difficult with high potential risks and overdue debts, huge loss of cash flow, unsustainable financial balance, risk of negative owners' equity on the consolidated financial statements, and consequently impact of the listing on HOSE.

## 4. THE COORDINATION BETWEEN THE BOARD OF SUPERVISORS, THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER, AND THE BOARD OF MANAGEMENT

- The BOS has always coordinated with the BOD, the BOM, and managers of Vietnam Airlines, ensuring the legitimate and optimized benefits of Vietnam Airlines, the shareholders, and the employees.
- All documents and information requested by the BOS were timely and fully provided and elaborated by the BOD, BOM, and all departments.
- The BOS always received support and sufficient information from the major shareholder (the Commission for the Management of State Capital at Enterprises) to serve its inspection and supervision works.

## 5. SHARE TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PERSON(S)

NO	INDIVIDUAL/ ORGANIZATION	OWNERSHIP BEFORE TRANSACTION		OWNERSHIP AFTER TRANSACTION		REASON OF CHANGES
		NUMBER OF SHARES	STAKE (%)	NUMBER OF SHARES	STAKE (%)	
1	Dang Ngoc Hoa	9,695	0.000683569	21,595	0.000975	Purchasing of new share issuance for existing shareholders
2	Le Hong Ha	8,319	0.000582	19,531	0.000882	Purchasing of new share issuance for existing shareholders
3	Ta Manh Hung	9,005	0.00063	20,604	0.000930	Purchasing of new share issuance for existing shareholders
4	Le Truong Giang	7,999	0.00056	19,030	0.000859	Purchasing of new share issuance for existing shareholders
5	Le Huong Giang	6,000	0.0004	0	0	Share sale
6	State Capital Investment Corporation (SCIC)	0	0	689,488,080	31.14	Purchasing of new share issuance for existing shareholders
7	Trinh Ngoc Thanh	9,706	0.0007	21,680	0.000979	Purchasing of new share issuance for existing shareholders
8	Le Thi Phuong Lan	699	0.0000493	6,500	0.000294	Purchasing of new share issuance for existing shareholders
9	Nguyen Hong Linh	8,204	0.0006	19,351	0.000874	Purchasing of new share issuance for existing shareholders
10	Trinh Hong Quang	8,434	0.0006	10,500	0.000474	Purchasing of new share issuance for existing shareholders
11	Trinh Hong Minh	1,500	0.00015	6,673	0.000301	Purchasing of new share issuance for existing shareholders
12	Nguyen Chien Thang	5,000	0.0004	14,340	0.0006476	Purchasing of new share issuance for existing shareholders
13	To Ngoc Giang	2,194	0.00015	7,951	0.000359	Purchasing of new share issuance for existing shareholders

NO	INDIVIDUAL/ ORGANIZATION	OWNERSHIP BEFORE TRANSACTION		OWNERSHIP AFTER TRANSACTION		REASON OF CHANGES
		NUMBER OF SHARES	STAKE (%)	NUMBER OF SHARES	STAKE (%)	
14	Nguyen Xuan Tu	2,311	0.0002	8,831	0.000399	Purchasing of new share issuance for existing shareholders
15	Dinh Van Tuan	5,899	0.0000042	10,905	0.0005	Purchasing of new share issuance for existing shareholders
16	Tran Thanh Hien	8,432	0.0006	19,707	0.000890	Purchasing of new share issuance for existing shareholders
17	Nguyen Thi Thien Kim	4,455	0.0003	13,485	0.00061	Purchasing of new share issuance for existing shareholders
18	Mai Huu Tho	8,204	0.0006	12,831	0.000579	Purchasing of new share issuance for existing shareholders
19	Mai Huu Ha	20,000	0.000975	0	0	Share sale
20	Nguyen Xuan Thuy	4,045	0.0003	12,846	0.000580	Purchasing of new share issuance for existing shareholders

## 6. ACTIVITIES OF THE CHIEF ADMINISTRATOR AND CORPORATE SECRETARY

In 2021, the Chief Administrator - Corporate Secretary of Vietnam Airlines fulfilled the assigned duties as follows:

- Advising the Board of Directors in organizing BOD meetings and General Meeting of Shareholders; issuing Resolutions/Decisions of the Board of Directors and General Meeting of Shareholders on all fields of operation of Vietnam Airlines to ensure compliance with the law and the Charter of Vietnam Airlines.
- Acting as a communicator between the Board of Directors and the Board of Management.
- Taking charge of shareholder relations of Vietnam Airlines; organizing the conduct of related work between Vietnam Airlines and shareholders.
- Disclosing authorized information to the stock market.

## 7. INVESTOR RELATIONS

*“Vietnam Airlines is committed to always accompanying shareholders in establishing open and transparent communication channels, organizing safe, quality and efficient business operations, in order to bring benefits to shareholders while ensuring the sustainable development of Vietnam Airlines and fulfilling the developmental demand of the country”*

### Activities on Investor Relations

Vietnam Airlines followed strict regulations on information disclosure, thus delivering transparent and timely updates for shareholders and investors.

Vietnam Airlines always focused on ensuring the interests of shareholders, regularly updating and posting the company's activities widely on communication channels to facilitate timely information access for shareholders and investors. At the General Meeting of Shareholders, the Board of Directors also directly responded to shareholders' concerns about Vietnam Airlines' operations.

# IX. RISK MANAGEMENT

## 1. RISKS IN THE BUSINESS ENVIRONMENT

- In 2022, facing the emergence of new COVID variants like Delta, Omicron, etc., IATA has amended the forecast for the global aviation industry. Accordingly, the 2020 total demand is expected to reach 61% of 2019, way below the forecast in April 2021 (88% compared to 2019), in which the international market only reaches 44% of that in 2019. The oversupply is the major problem still; while the average load factor only reaches 75.1%, much lower than 2019's figure (82.6%).
- For Vietnam market, it is expected to see positive signs both domestically and internationally. Nevertheless, the macro attributes could hinder the aviation industry and still hide unpredictable risks. Specifically:
  - › For the domestic market, even though the progress of vaccination roll-out has brought relief, the pandemic situation and economic recovery still contain various risks and uncertainties.
  - › For the international routes from/to Vietnam, along with the complicated development of the pandemic globally, it is predicted that the industry recovery would be modest in the first half of 2022. In the latter half, even if there is indeed a recovery, its speed is forecasted to be slowed due to the expected tourist arrivals, which account for 70% of the total number of visitors, will not be able to come back any time soon in this context.
- The risk of fuel price in 2022 is projected to be enormously owing to the uncertainties of the macroeconomy, energy market, and geopolitical situation, notably the tension between Russia and Ukraine broke out at the end of February 2022, whilst fuel costs account for a huge portion in the cost structure of Vietnam Airlines.
- The risk of USD/VND and the exchange rate between USD and other currencies will brutally impact the revenue and operational costs of Vietnam Airlines. Most of the major costs such as fuel, repair, maintenance, etc. are paid in USD. Also, Vietnam Airlines' revenue derives from various currencies and will be correlated with the fluctuations of the global exchange rates.

## 2. LEGAL RISKS

- Vietnam Airlines fully complies with all applicable laws and regulations. Vietnam Airlines has never been and is not subject to any serious penalties imposed by any domestic or international authority.
- The possibility of disputes and proceedings relating to Vietnam Airlines' business areas: According to the best understanding of Vietnam Airlines at the time of this annual report, there are no disputes and proceedings which can severely impact our business operation and financial health.

### Risk management measures

- Improve the capacity for legal risk management and the professional competency of the Vietnam Airlines legal department. Proactively review and ensure that the business activities of Vietnam Airlines comply with the laws of Vietnam and host countries and international treaties to which Vietnam is a signatory.
- Closely cooperate with relevant state agencies and authorities of the host country.
- Continuously update legal documents relating to the business operations of Vietnam Airlines. Source domestic and international law consultancy bodies to assist Vietnam Airlines in complying with the laws of Vietnam and host countries and international treaties to which Vietnam is a signatory.
- Raise legal awareness among all departments, units, and employees of Vietnam Airlines.



### 3. COMPETITION RISKS

COVID-19 epidemic developed complicated in 2021 domestically and globally. Given that airlines have not been able to resume regular operations on international routes, they will continue intensifying operations on domestic routes. This has led to fierce competition and caused the average ticket price to decline. Also, the COVID outbreaks in Vietnam broke

out during the two most critical and peak seasons, which are the Lunar New Year and the summer holiday, making most of the cities and provinces impose strict social distancing orders and hence travel demands plummeted. The average ticket price on domestic routes declined 18% year-on-year. The average revenue only achieved 50% of the 2019's level.

### 4. SPECIFIC RISKS OF THE AVIATION INDUSTRY

- The air traffic control and airport technical infrastructure still have many limitations and are falling behind, resulting in the limited number of aprons at domestic airports.
- State policy on access to the right to operate landing/takeoff hours at major and international airports. Meanwhile, with rapid technological research and development, alternative technology products and solutions for aviation services such as video-conferencing and high-speed trains are posing more competition challenges for airlines.
- Scarcity of high-quality labor, especially of pilots and technical engineers.
- The need to continuously increase aircraft operation efficiency and effectiveness to guarantee its revenue. Such a need is partially met by reducing aircraft turnaround times at airports.
- Vietnam Airlines may also incur a substantial loss in the event of an aviation accident, thus damaging its property and image.

### 5. RISKS OF INFORMATION TECHNOLOGY

Vietnam Airlines is one of the first enterprises to fully implement the Information security management system as required by Vietnamese and international law, which includes: establishing the Information security structure, Information security policies and deploying the cyber security system. However, given the increasingly complex developments of global cyber security, Vietnam Airlines has to face many new risks regarding information security.

- The legal framework for information protection, especially personal information, is incomplete. This has led to many violations involving the usage of unverified information and the trading of personal information.
- Amid the complex COVID-19 situation, Vietnam Airlines organized distance working for a large number of employees, thus increasing information risks.

- Employee awareness was not high, leading to unintentional/intentional exploitation of internal information and personal data, and even cases of employees falling victim to fraud.

Therefore, in 2020, Vietnam Airlines stepped up the assessment of information security risks by strengthening cyber security monitoring, reviewing, and assessing information disclosure and strictly handling violations. Risk assessment for IT systems in-flight operation, finance, trade, etc. was conducted. Particularly, the Group cooperated with Department A05 to assess the level of information security in IT systems, ensuring that the Group's IT systems comply with provisions on cyber security, etc.

## 6. OTHER RISKS

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- Auditing cannot detect the weaknesses of the Group's internal control system.
- The audit procedures cannot detect critical misstatements.
- The auditors give insufficiently justified opinions about the audited entity.

### Risk management measures

- Ensure that the internal auditors follow regulations, have adequate qualifications and competencies to meet requirements, and uphold the professional ethics of auditors as well as the internal audit team.
- Ensure the independence and objectivity of auditors as well as the internal audit team.
- Develop and implement an internal audit process that conforms to current regulations, which includes planning based on risk assessment and quality control to ensure audit quality.
- The Group chooses a qualified and reputable audit company to audit the financial statements.
- Closely supervise the implementation of audit contracts, request agencies and units to confirm the labor hours of each level of auditors and give feedback on the performance of auditors to ensure audit quality. Annually review and evaluate audit results before implementing the following year's contract.



# DEDICATED - CARING

## BUSINESS CLASS SERVICES

# X. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF THE BOARD OF DIRECTORS

### VIETNAM AIRLINES JOINT STOCK COMPANY

No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

### STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS

The Board of Executive Officers of Vietnam Airlines Joint Stock Company (referred to as “Vietnam Airlines”) presents this report together with Vietnam Airlines’s consolidated financial statements for the year ended 31 December 2021.

#### THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVE OFFICERS

The members of the Board of Directors and Board of Executive Officers of Vietnam Airlines who held office during the year and to the date of this report are as follows:

#### Board of Directors

Mr. Dang Ngoc Hoa	Chairman
Mr. Ta Manh Hung	Member
Mr. Le Hong Ha	Member
Mr. Le Truong Giang	Member
Mr. Tomoji Ishii	Member
Mr. Dinh Viet Tung	Member (appointed on 14 December 2021)
Mr. Truong Van Phuoc	Member (appointed on 14 December 2021)

#### Board of Executive Officers

Mr. Le Hong Ha	President & CEO
Mr. Trinh Hong Quang	Executive Vice President
Mr. Trinh Ngoc Thanh	Executive Vice President
Mr. Nguyen Hong Linh	Executive Vice President
Mr. Nguyen Chien Thang	Executive Vice President (appointed on 14 April 2021)
Mr. To Ngoc Giang	Executive Vice President (appointed on 14 April 2021)
Mr. Dinh Van Tuan	Executive Vice President (appointed on 14 April 2021)
Mr. Le Duc Canh	Executive Vice President (appointed on 01 May 2022)
Mr. Nguyen The Bao	Executive Vice President (appointed on 01 May 2022)
Mr. Tran Thanh Hien	Chief Accountant

#### THE BOARD OF EXECUTIVE OFFICERS’ STATEMENT OF RESPONSIBILITY

The Board of Executive Officers of Vietnam Airlines is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of Vietnam Airlines as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Executive Officers is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that Vietnam Airlines will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

**VIETNAM AIRLINES JOINT STOCK COMPANY**

No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

**STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (Continued)**

The Board of Executive Officers of Vietnam Airlines is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of Vietnam Airlines and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Executive Officers is also responsible for safeguarding the assets of Vietnam Airlines and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Executive Officers confirms that Vietnam Airlines has complied with the above requirements in preparing these consolidated financial statements.

The COVID-19 pandemic has had a particularly serious impact on the global aviation industry and Vietnam Airlines is no exception. In response to the pandemic and to mitigate its effects, the Board of Executive Officers has proactively implemented a series of drastic measures in relation to its operations and its business activities. Vietnam Airlines has also made the most of the support from its partners, suppliers and lessors to maintain its business continuity. The Government of Vietnam has also implemented several programmes to support Vietnam Airlines and to assist it in maintaining its ability to continue as a going concern. We strongly believe that Vietnam Airlines will overcome the crisis and it will be well prepared for recovery and improved performance in the future.

For and on behalf of the Board of Executive Officers,



The stamp is circular and red, containing the text: "M.S.D.N: 0100107518-C.T.C.P.", "TỔNG CÔNG TY", "HÀNG KHÔNG VIỆT NAM", and "CTCP". A blue ink signature is written over the stamp.

Le Hong Ha  
President & CEO

25 May 2022





## INDEPENDENT AUDITORS' REPORT

No.: 1262 /VN1A-HN-BC

### INDEPENDENT AUDITORS' REPORT

**To:** The shareholders  
The Board of Directors and Board of Executive Officers  
Vietnam Airlines Joint Stock Company

We have audited the accompanying consolidated financial statements of Vietnam Airlines Joint Stock Company (referred to as "Vietnam Airlines"), prepared on 25 May 2022 as set out from page 05 to page 49, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Executive Officers' Responsibility for the Consolidated Financial Statements*

The Board of Executive Officers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Vietnam Airlines's preparation 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 Vietnam Airlines'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 Executive Officers, 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.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vietnam Airlines as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



## CONSOLIDATED BALANCE SHEET

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

**FORM B 01-DN/HN**  
Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### CONSOLIDATED BALANCE SHEET

As at 31 December 2021

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>11,356,265,055,530</b>	<b>8,249,494,570,296</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>1,713,826,600,918</b>	<b>1,653,719,016,108</b>
1. Cash	111		835,306,600,918	780,779,016,108
2. Cash equivalents	112		878,520,000,000	872,940,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>2,229,537,947,198</b>	<b>487,031,718,663</b>
1. Held-to-maturity investments	123	6	2,229,537,947,198	487,031,718,663
<b>III. Short-term receivables</b>	<b>130</b>		<b>3,999,680,977,124</b>	<b>3,430,155,968,255</b>
1. Short-term trade receivables	131	7	2,136,228,109,743	2,049,596,342,174
2. Short-term advances to suppliers	132	8	325,602,441,487	290,056,780,969
3. Other short-term receivables	136	9	1,832,873,306,547	1,284,193,167,125
4. Provision for short-term doubtful debts	137	10	(295,022,880,653)	(193,712,831,884)
5. Deficits in assets awaiting solution	139		-	22,509,871
<b>IV. Inventories</b>	<b>140</b>	<b>11</b>	<b>2,250,462,486,495</b>	<b>1,849,267,988,235</b>
1. Inventories	141		2,424,780,800,289	1,992,991,242,729
2. Provision for devaluation of inventories	149		(174,318,313,794)	(143,723,254,494)
<b>V. Other short-term assets</b>	<b>150</b>		<b>1,162,757,043,795</b>	<b>829,319,879,035</b>
1. Short-term prepayments	151	12	393,888,240,581	533,273,193,394
2. Value added tax deductibles	152		734,787,436,934	285,395,433,644
3. Taxes and other receivables from the State budget	153	19	34,081,366,280	10,651,251,997

The accompanying notes are an integral part of these consolidated financial statements

**VIETNAM AIRLINES JOINT STOCK COMPANY**No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam**FORM B 01-DN/HN**Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2021

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>51,701,472,352,946</b>	<b>54,312,643,125,608</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>1,103,045,224,145</b>	<b>1,356,393,790,259</b>
1. Long-term trade receivables	211	7	2,701,395,335	1,412,487,563
2. Other long-term receivables	216	9	1,101,968,999,311	1,355,552,018,696
3. Provision for long-term doubtful debts	219	10	(1,625,170,501)	(570,716,000)
<b>II. Fixed assets</b>	<b>220</b>		<b>43,252,176,742,937</b>	<b>44,531,154,826,285</b>
1. Tangible fixed assets	221	13	16,348,214,039,213	16,837,775,631,638
- Cost	222		38,240,248,594,914	38,315,430,088,989
- Accumulated depreciation	223		(21,892,034,555,701)	(21,477,654,457,351)
2. Finance lease assets	224	14	26,721,703,122,470	27,468,911,077,422
- Cost	225		44,667,923,191,304	44,667,782,667,496
- Accumulated depreciation	226		(17,946,220,068,834)	(17,198,871,590,074)
3. Intangible assets	227	15	182,259,581,254	224,468,117,225
- Cost	228		787,948,999,881	777,629,239,870
- Accumulated amortisation	229		(605,689,418,627)	(553,161,122,645)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>146,060,878,602</b>	<b>403,868,334,958</b>
1. Construction in progress	242	16	146,060,878,602	403,868,334,958
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>1,636,328,930,157</b>	<b>1,974,087,482,947</b>
1. Investments in associates	252	17	928,195,500,637	1,358,692,110,156
2. Equity investments in other entities	253	6	815,927,722,471	568,014,304,171
3. Provision for impairment of long-term financial investments	254	6	(114,594,292,951)	(2,618,931,380)
4. Held-to-maturity investments	255	6	6,800,000,000	50,000,000,000
<b>V. Other long-term assets</b>	<b>260</b>		<b>5,563,860,577,105</b>	<b>6,047,138,691,159</b>
1. Long-term prepayments	261	12	5,301,971,412,860	5,820,794,059,565
2. Deferred tax assets	262		5,422,195,265	7,916,643,821
3. Long-term reserved spare parts	263		256,466,968,980	218,427,987,773
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>63,057,737,408,476</b>	<b>62,562,137,695,904</b>

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED BALANCE SHEET (continued)

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam


**FORM B 01-DN/HN**  
Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2021

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>62,533,526,914,521</b>	<b>56,489,803,905,280</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>41,194,055,907,354</b>	<b>32,705,409,980,324</b>
1. Short-term trade payables	311	18	19,112,542,444,830	13,306,737,093,371
2. Short-term advances from customers	312		323,324,980,577	286,965,959,211
3. Taxes and amounts payable to the State budget	313	19	185,465,593,454	278,207,159,292
4. Payables to employees	314		1,070,339,472,083	983,236,254,692
5. Short-term accrued expenses	315	20	3,862,833,431,995	4,086,985,335,336
6. Short-term unearned revenue	318	21	405,392,155,538	742,674,749,385
7. Other current payables	319	22	825,150,095,131	528,583,840,304
8. Short-term loans and obligations under finance leases	320	23	14,374,923,867,416	11,193,774,554,197
9. Short-term provisions	321		8,536,055,307	8,631,515,415
10. Bonus and welfare funds	322	25	1,025,547,811,023	1,289,613,519,121
<b>II. Long-term liabilities</b>	<b>330</b>		<b>21,339,471,007,167</b>	<b>23,784,393,924,956</b>
1. Long-term unearned revenue	336		2,129,590,205	3,012,792,872
2. Other long-term payables	337	22	727,702,126,954	794,637,487,353
3. Long-term loans and obligations under finance leases	338	24	20,424,832,968,600	22,856,941,752,748
4. Deferred tax liabilities	341		184,806,321,408	129,801,891,983
<b>D. EQUITY</b>	<b>400</b>		<b>524,210,493,955</b>	<b>6,072,333,790,624</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>524,210,493,955</b>	<b>6,072,333,790,624</b>
1. Owners' contributed capital	411	26	22,143,941,740,000	14,182,908,470,000
- Ordinary shares carrying voting rights	411a		22,143,941,740,000	14,182,908,470,000
2. Share premium	412	26	1,220,498,156,541	1,220,852,256,541
3. Other owners' capital	414	26	241,355,237,827	241,355,237,827
4. Assets revaluation reserve	416	26	(1,153,004,222,954)	(1,153,004,222,954)
5. Foreign exchange reserve	417	26	81,746,409,909	234,377,202,081
6. Investment and development fund	418	26	931,333,809,451	931,333,809,451
7. Other reserves	420	26	2,024,298,861	2,024,298,861
8. Accumulated (losses)	421	26	(21,961,482,950,684)	(9,328,983,490,778)
- (Losses)/Retained earnings accumulated to the prior year end	421a		(9,051,260,284,868)	1,730,560,041,585
- (Losses) of the current year	421b		(12,910,222,665,816)	(11,059,543,532,363)
9. Non-controlling interests	429	27	(982,201,984,996)	(258,529,770,405)
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>63,057,737,408,476</b>	<b>62,562,137,695,904</b>

  
Ho Xuan Tam  
Preparer

  
Tran Thanh Hien  
Chief Accountant

  
Le Hong Ha  
President & CEO

25 May 2022

The accompanying notes are an integral part of these consolidated financial statements



## CONSOLIDATED INCOME STATEMENT

### VIETNAM AIRLINES JOINT STOCK COMPANY

No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

### FORM B 02-DN/HN

Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	30	28,093,455,616,140	40,756,791,189,121
2. Deductions	02	30	182,116,106,885	218,452,536,451
3. Net revenue from goods sold and services rendered (10=01-02)	10	30	27,911,339,509,255	40,538,338,652,670
4. Cost of sales and services rendered	11		37,929,515,743,205	47,975,249,579,193
5. Gross losses from goods sold and services rendered (20=10-11)	20		(10,018,176,233,950)	(7,436,910,926,523)
6. Financial income	21	32	1,557,025,514,904	882,308,903,054
7. Financial expenses	22	33	1,549,123,961,463	1,668,942,551,285
- In which: Interest expense	23		806,953,304,369	925,577,719,343
8. Share of loss in associates	24		(203,283,404,388)	(157,121,864,549)
9. Selling expenses	25	34	1,238,060,448,577	2,049,239,095,622
10. General and administration expenses	26	34	1,680,445,215,416	1,468,001,049,921
11. Operating losses (30=20+(21-22)+24-(25+26))	30		(13,132,063,748,890)	(11,897,906,584,846)
12. Other income	31	35	283,581,832,174	1,012,673,517,493
13. Other expenses	32		116,741,172,845	75,079,228,233
14. Profit from other activities (40=31-32)	40		166,840,659,329	937,594,289,260
15. Accounting losses before tax (50=30+40)	50		(12,965,223,089,561)	(10,960,312,295,586)
16. Current corporate income tax expense	51		256,599,759,744	212,597,151,034
17. Deferred corporate tax expense	52		57,170,026,826	5,196,137,687
18. Net losses after corporate income tax (60=50-51-52)	60		(13,278,992,876,131)	(11,178,105,584,307)
18.1. Vietnam Airlines's shareholders	61		(12,907,117,624,843)	(10,927,035,283,118)
18.2. Non-controlling interest	62		(371,875,251,288)	(251,070,301,189)
19. Basic (losses) per share	70	36	(7,909)	(7,704)



Ho Xuan Tam  
Preparer



Tran Thanh Hien  
Chief Accountant



Le Bang Ha  
President & CEO

25 May 2022

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

**FORM B 03-DN/HN**  
Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. <b>Losses before tax</b>	01	(12,965,223,089,561)	(10,960,312,295,586)
2. <b>Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	2,049,422,941,043	2,961,203,222,367
Provisions	03	244,839,464,033	127,926,460,653
Foreign exchange (gain) arising from translating foreign currency items	04	(371,570,433,444)	(76,557,930,111)
Gain from investing activities	05	(244,836,495,621)	(623,205,012,210)
Interest expense	06	806,953,304,369	925,577,719,343
3. <b>Operating losses before movements in working capital</b>	08	(10,480,414,309,181)	(7,645,367,835,544)
Changes in receivables	09	(541,773,716,442)	5,537,750,242,234
Changes in inventories	10	(469,828,538,767)	1,789,181,853,704
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	5,467,830,327,853	(3,795,574,439,932)
Changes in prepaid expenses	12	658,207,599,518	(398,927,844,234)
Interest paid	14	(812,881,120,736)	(1,001,033,081,211)
Corporate income tax paid	15	(262,754,597,271)	(355,745,421,777)
Other cash outflows	17	(317,700,707,449)	(585,850,696,913)
<b>Net cash used in operating activities</b>	20	(6,759,315,062,475)	(6,455,567,223,673)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(489,493,287,377)	(515,544,108,122)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	92,669,350,681	365,250,452,390
3. Cash outflow for lending, buying debt instruments of other entities	23	(2,318,204,366,708)	(838,616,739,420)
4. Cash recovered from lending, selling debt instruments of other entities	24	618,898,138,173	3,884,291,276,332
5. Interest earned, dividends and profits received	27	151,474,028,119	457,559,457,665
<b>Net cash (used in)/generated by investing activities</b>	30	(1,944,656,137,112)	3,352,940,338,845

The accompanying notes are an integral part of these consolidated financial statements

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

**FORM B 03-DN/HN**  
Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	7,960,679,170,000	-
2. Proceeds from borrowings	33	22,581,317,707,963	29,220,149,014,723
3. Repayment of borrowings	34	(18,938,448,300,065)	(23,806,390,218,003)
4. Repayment of obligations under finance leases	35	(2,559,801,317,229)	(3,217,171,598,106)
5. Dividends and profits paid	36	(277,575,431,368)	(398,457,995,403)
<b>Net cash generated by financing activities</b>	<b>40</b>	<b>8,766,171,829,301</b>	<b>1,798,129,203,211</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>62,200,629,714</b>	<b>(1,304,497,681,617)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>1,653,719,016,108</b>	<b>2,957,234,029,680</b>
Effects of changes in foreign exchange rates	61	(2,093,044,904)	982,668,045
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>1,713,826,600,918</b>	<b>1,653,719,016,108</b>



Ho Xuan Tam  
Preparer



Tran Thanh Hien  
Chief Accountant



Le Hong Ha  
President & CEO

25 May 2022

The accompanying notes are an integral part of these consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### VIETNAM AIRLINES JOINT STOCK COMPANY

No. 200 Nguyen Son Street, Bo De Ward,  
Long Bien District, Hanoi City, Vietnam

### FORM B 09-DN/HN

Issued under Circular No.202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

#### 1. GENERAL INFORMATION

##### Structure of ownership

Vietnam Airlines Joint Stock Company ("Vietnam Airlines"), formerly a State-owned Enterprise, was established under Decision No. 259/2006/QĐ-TTg dated 13 November 2006 by the Prime Minister, including its member units which are accounted for dependently ("dependent units").

Based on Decision No. 952/QĐ-TTg dated 23 June 2010 on the conversion of the Parent Company - Vietnam Airlines Corporation into a One Member Limited Liability Company owned by the State from 01 July 2010, the Parent Company - Vietnam Airlines Corporation, operating as a State-owned enterprise, was converted into Vietnam Airlines Company Limited, operating under the form of a One Member Limited Liability Company.

Vietnam Airlines runs its operation under the Enterprise Registration Certificate for One Member Limited Liability Company No. 0100107518 initially issued by the Hanoi Department of Planning and Investment on 30 June 2010. According to the third amendment of its Enterprise Registration Certificate dated 01 April 2015, Vietnam Airlines Company Limited – One Member Limited Liability Company was converted into Vietnam Airlines Joint Stock Company. Vietnam Airlines operates under the latest Enterprise Registration Certificate amended for the ninth time on 12 January 2022.

The number of employees of Vietnam Airlines and its subsidiaries as at 31 December 2021 was 18,641 (31 December 2020: 19,690).

##### Operating industry and principal activities

Vietnam Airlines's operating industry under the Enterprise Registration Certificate includes:

- Air transportation of passengers;
- Investment, management of investment capital and capital for business operation; overseas investments; purchase and sale of businesses; capital contribution, purchase of shares or share transfer, sale of shares;
- Air transportation of luggage, cargos, parcels, postal items and mails;
- Activities of general aviation (aerial photography of the terrain, geological surveys, lead flight calibration of air stations, repair and maintenance of high voltage lines, serving oil and gas, afforestation, environmental testing, search and rescue, medical emergency, providing flights for political, economic, social and national defence tasks);
- Provision of commercial, tourist, hotel, duty-free shop services offered at airports and in other provinces and cities; other aviation services;
- Provision of technical services for commercial ground; other services at passenger terminals and cargo terminals and parking services at airports, airfields;
- Repair and maintenance of motor vehicles (except automobiles, motors, motorbikes and other motorised vehicles); maintenance of aircraft, engines, spare parts, aviation equipment and other technical equipment;
- Production of components, spare parts, materials for aircraft, technical equipment and others in the aviation industry;
- Provision of technical services, materials and spare parts for local and international airlines;
- Provision of forwarding services, investment and exploitation of technical infrastructure at airports: passenger and cargo terminals, technical infrastructure and synchronous services in respect of air transport line;
- Multimodal transport;

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09-DN/HN**

- Export, import of aircraft, engines, spare parts, aviation equipment (rent, lease, hire purchase, purchase and sale) and other goods as per the State regulations;
- Manufacturing, export, import of tools, instruments and equipment serving for air transport line;
- Manufacturing, processing, export and import of food to serve on plane;
- Export and import of oil, gas and aviation grease (including fuels, lubricants and dedicated liquids) and other kinds of fuel;
- Supply of oil, gas and aviation grease (including fuels, lubricants and special liquids) and other kinds of fuels at airports;
- Gasoline retail agents;
- Provision of agent services to air carriers, aircraft engine, equipment and spare parts manufacturers, domestic and foreign travel and transportation companies;
- Printing (except as prohibited by the State);
- Construction and construction consultancy service (excluding construction design);
- Supply labour (excluding brokerage, referral, employment and labour supply for enterprises which have functions for labour export and supply, management of labour working abroad); export, import of labour;
- Science and technology;
- Trade in real estate;
- Trade in e-commerce services; and
- Training; finance, banking; finance leasing (only when permitted by the State's competent authorities).

For business lines that require certain conditions by the law, Vietnam Airlines and its subsidiaries operate only when meeting such conditions.

The main activity of Vietnam Airlines is providing air transportation of passengers.

**Normal production and business cycle**

Vietnam Airlines's normal production and business cycle is carried out for a time period of 12 months or less.

**Vietnam Airlines's structure**

Vietnam Airlines operates under the holding company and subsidiary model. The corporate structure of Vietnam Airlines consists of dependent units (including local and overseas branches), subsidiaries and associates.

Dependent units of Vietnam Airlines include:

- Heritage Magazine
- Flight Crew 919
- Cabin Crew
- Noi Bai Operation Center
- Tan Son Nhat Operation Center
- Branch of Vietnam Airlines JSC. – Flight Training Center
- Branch of Vietnam Airlines JSC. – LotuSmiles
- Branch of Vietnam Airlines JSC. – Vietnam Air Service Company (VASCO)
- Northern Region Branch of Vietnam Airlines JSC.
- Southern Region Branch of Vietnam Airlines JSC.
- Central Region Branch of Vietnam Airlines JSC.
- Branch of Vietnam Airlines JSC. in Thailand
- Branch of Vietnam Airlines JSC. in Singapore



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### **VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

- Branch of Vietnam Airlines JSC. in Malaysia
- Branch of Vietnam Airlines JSC. in Laos
- Branch of Vietnam Airlines JSC. in Cambodia
- Branch of Vietnam Airlines JSC. in Japan
- Branch of Vietnam Airlines JSC. in Republic of Korea
- Branch of Vietnam Airlines JSC. in Hong Kong
- Branch of Vietnam Airlines JSC. in Taiwan
- Branch of Vietnam Airlines JSC. in Russia
- Branch of Vietnam Airlines JSC. in Australia
- Branch of Vietnam Airlines JSC. in Germany
- Branch of Vietnam Airlines JSC. in France and Western Europe
- Branch of Vietnam Airlines JSC. in Canada
- Branch of Vietnam Airlines JSC. in China
- Branch of Vietnam Airlines JSC. in the US
- Branch of Vietnam Airlines JSC. in the UK
- Branch of Vietnam Airlines JSC. in Myanmar
- Branch of Vietnam Airlines JSC. in Indonesia

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

Details of Vietnam Airlines's subsidiaries and associates as at 31 December 2021 are as follows:

No.	Name	Address	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
<b>Subsidiaries</b>					
1	Pacific Airlines Aviation Joint Stock Company (i)	Vietnam	68.85	68.85	Aviation transportation business
2	Vietnam Airlines Engineering One Member Company Limited	Vietnam	100.00	100.00	Repair and maintenance of aircraft
3	Vietnam Air Petrol One Member Company Limited	Vietnam	100.00	100.00	Jet fuel business
4	Noi Bai Cargo Terminal Services Joint Stock Company	Vietnam	55.13	55.13	Providing cargo services for flights
5	Noi Bai Catering Services Joint Stock Company	Vietnam	60.17	60.17	Providing catering for flights
6	Vietnam Airlines Caterers Limited	Vietnam	100.00	100.00	Providing catering for flights
7	Viet Flight Training Joint Stock Company	Vietnam	51.52	51.52	Pilot training
8	Aviation Information and Telecommunication Joint Stock Company	Vietnam	52.73	52.73	Providing information and telecommunication services
9	Tan Son Nhat Cargo Services Joint Stock Company	Vietnam	55.00	55.00	Cargo services for flights
10	Tan Son Nhat Cargo Services and Forwarding Company Limited	Vietnam	51.00	51.00	Transportation, cargo forwarding, warehousing
11	Noi Bai Airport Services Joint Stock Company	Vietnam	51.00	51.00	Aviation transportation services
12	VINA KO Forwarding Company Limited	Vietnam	65.05	65.05	Forwarding cargo, ground transportation, warehousing
13	Aviation Labor Supply and Import-Export Joint Stock Company	Vietnam	51.00	51.00	Import-Export of labour
14	Sabre Vietnam Joint Stock Company	Vietnam	51.69	51.69	Automatic booking
15	Vietnam Airport Ground Services One Member Company Limited	Vietnam	100.00	100.00	Ground services
<b>Associates</b>					
1	Vietnam Aircraft Leasing Joint Stock Company	Vietnam	32.48	32.48	Aircraft leasing
2	General Aviation Import-Export Joint Stock Company	Vietnam	41.31	41.31	Trustee services for export and import
3	Danang Airport Services Joint Stock Company	Vietnam	36.11	36.11	Aviation services
4	Aviation High-Grade Plastic Joint Stock Company	Vietnam	30.41	30.41	Manufacturing plastic products

(i) From 30 July 2020, Jetstar Pacific Airlines Joint Stock Aviation Company changed its name to Pacific Airlines Joint Stock Aviation Company. As at the date of these consolidated financial statements, the procedures related to the change of shareholders and respective charter capital of Pacific Airlines Joint Stock Aviation Company are still under review by the relevant authorities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### Disclosure of information comparability in the consolidated financial statements

The comparative figures are the figures of Vietnam Airlines's audited consolidated financial statements for the year ended 31 December 2020.

#### 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

##### Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

The consolidated financial statements of Vietnam Airlines Joint Stock Company have been prepared in accordance with the regulations of the consolidated financial reporting regime applicable to Vietnam Airlines Joint Stock Company issued under Decision No. 1913/QĐ-TCHT-TCKT dated 18 December 2015 of Vietnam Airlines ("Decision 1913"). Decision 1913 is developed based on Decision No. 2581/TCHT-TCKT dated 30 December 2011 of Vietnam Airlines approved by the Ministry of Finance in its Official Letter No. 17011/BTC-CDKT dated 14 December 2011. Accordingly, the consolidated financial reporting regime applicable to Vietnam Airlines contains some differences from Vietnamese Accounting Standard ("VAS") No. 7 "Accounting for investments in associates" and VAS No. 25 "Consolidated financial statements and accounting for investments in subsidiaries" issued in conjunction with Decision No. 234/2003/QĐ-BTC dated 30 December 2003 and related implementation guidance in Circular No. 161/2007/TT-BTC dated 31 December 2007 and Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance. Details are as follows:

- Intra-group balances and transactions between Vietnam Airlines and its subsidiaries or among subsidiaries including receivables and payables, loans and borrowings, revenue and expenses are eliminated using the lower amounts in case of differences upon reconciliation and verification between Vietnam Airlines and its subsidiaries or among subsidiaries. In case of Vietnam Airlines providing transportation services to subsidiaries, the subsidiaries' figures related to such transactions will be used for elimination; and
- For intra-group purchases and sales of inventories, it is assumed that the previous year's inventory balances have been sold in the current year.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operation and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

##### Going concern assumption

As at 31 December 2021, Vietnam Airlines's current liabilities exceeded its current assets by VND 29,838 billion (as at 31 December 2020: VND 24,456 billion) and there were overdue payables of VND 15,779 billion, (as at 31 December 2020: VND 6,640 billion). During the year, Vietnam Airlines incurred a net accounting loss after tax in the amount of VND 13,279 billion (year ended 31 December 2020: VND 11,178 billion) and negative net cash flows from operating activities in the amount of VND 6,759 billion (year ended 31 December 2020: negative VND 6,456 billion). Vietnam Airlines's ability to continue as a going concern will depend upon the financial support of the Government of the Socialist Republic of Vietnam, the extensions of its borrowings from commercial banks and financial institutions and payables to lessors and suppliers.

The Board of Directors and the Board of Executive Officers have regularly assessed the impact and have implemented measures to cope with the crisis so that Vietnam Airlines can maintain its ability to continue as a going concern. The measures that have been implementing include the followings:

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B09-DN/HN**

- Vietnam Airlines has adjusted flight schedules and routes to match both market demands and the Government's disease control solutions to optimize costs and the use of existing aircraft crews, enabling it to maintain its market share in domestic passenger transportation especially during the peak season of the year;
- Vietnam Airlines has restructured its transportation services, including increasing flights for cargo transportation in the period of demand decline in both domestic and international passenger transportation;
- Vietnam Airlines has also implemented measures to cut down on general and administrative expenses, indirect expenses, expenses for advertising, marketing, trade promotion and other selling expenses;
- Vietnam Airlines has adjusted its employment policy and labour costs including the salary expenses for pilots, flight attendants, leaders and other departments of Vietnam Airlines;
- Vietnam Airlines has been negotiating discount offers and arranging delayed payment schedules with partners, many of whom have agreed to offer discounts for aircraft lease expenses, and maintenance services etc. or to delay payment of aircraft lease expenses, flight management expenses, flight services etc.;
- During the year, most local commercial banks have agreed to extend the principal balances and repayment schedules that meet the specified conditions of the State Bank of Vietnam. Vietnam Airlines is also negotiating with some local banks for additional facilities to be granted in 2022;
- Aiming to optimize its operations and reduce costs, Vietnam Airlines has actively adjusted its standards and procedures of ground service provision (check in, lounge, baggage conveyors, luggage scales, passenger boarding bridges, etc.), and in-flight services (meals, beverages, journalism, entertainment, etc.), as well as actively rearranging the schedules of aircraft maintenance, repair and overhaul ("MRO");
- Vietnam Airlines has been negotiating with lessors to cancel or delay scheduled aircraft deliveries, which has resulted in the delivery of 04 B787-10 and A320 aircraft being cancelled and 05 other B787-10 and A320 NEO aircraft being rescheduled for delayed delivery to the end of 2022 and 2023 instead of delivery in 2020 & 2021 as per the original agreements; and
- Vietnam Airlines has also sought other sources of income such as the liquidation of aircraft, sale and leaseback of aircraft and liquidation of investments. In 2021, Vietnam Airlines successfully negotiated to sell 02 out of 11 aircraft planned for disposal in 2021 and received part of the contract value. Vietnam Airlines is continuing with its plan to sell the remaining 09 aircraft in the following years. In addition, Vietnam Airlines has also approved to sell 06 ATR72 aircraft and to replace them with regional jet aircraft.

The State has also introduced supporting policies for businesses that have been affected by COVID-19 in general, and for aviation businesses in particular including policies to extend the tax payment term and land rental term, policies to support credit for businesses and policies to reduce tax on environmental protection for jet fuel.

In addition to the general support for businesses affected by the COVID-19 pandemic and for the aviation industry, the Government has been implementing financial support measures for Vietnam Airlines, including providing credit lines and increasing charter capital so that Vietnam Airlines can maintain its ability to continue to operate as a going concern.

On the basis of Circular 04/2021/TT-NHNN dated 05 April 2021, Vietnam Airlines has signed credit contracts with Southeast Asia Commercial Joint Stock Bank, Vietnam Maritime Commercial Joint Stock Bank and Saigon - Hanoi Commercial Joint Stock Bank with a credit limit of VND 4,000 billion, secured by 02 ATR aircraft, 11 A321 aircraft, 02 B787 engines and shares of Vietnam Airlines at its subsidiaries/associates listed on HOSE, HNX and UPCOM stock exchanges. During the year, the banks disbursed the entire above

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

credit limit to Vietnam Airlines. In addition, on 14 July 2021, the Annual General Meeting of Shareholders approved the plan to issue shares to increase the charter capital of Vietnam Airlines. The Government assigned the State Capital Investment Corporation (SCIC) to invest on behalf of the Government to buy shares in Vietnam Airlines under the authority of State shareholders. According to the issuance results, the number of shares distributed was 796,103,327 shares, accounting for 99.51% of the total number of shares allowed to be issued and the collected amount was VND 7,961,033,270,000.

Vietnam Airlines has also developed a plan to resolve difficulties and to recover in the period of 2021-2025 and has submitting such plan to the relevant authorities for assessment and approval. This includes a restructuring plan, solutions to continue to improve operational efficiency and cash flows and solutions to mobilize support from the Government to support its operations and future development until it recovers.

Up to the date of this report, based on the assessment of COVID-19 preventing measures and the positive development of pandemic control in Vietnam and around the world, the Government of Vietnam has removed the restrictions on air passenger transportation as well as tourism activities. The Company assesses that passenger transportation activities look promising for a recovery in 2022.

The Board of Executive Officers has carefully assessed the consolidated business and cash flow plans, as well as the ability to balance cash flows to pay off due debts and financial obligations and the loans and capital support from the Government. The Board of Executive Officers believes that it is appropriate to have the consolidated financial statements prepared on a going concern basis.

#### Financial year

Vietnam Airlines's financial year begins on 01 January and ends on 31 December.

### 3. SPECIFIC ACCOUNTING REGULATION APPLICABLE FOR THE YEARS 2020 AND 2021

On 12 January 2021, the Ministry of Finance issued Official Letter No. 26/BTC-TCDN ("Official Letter 26/BTC-TCDN") providing specific guidance for Vietnam Airlines to calculate depreciation and the allocation of repair and maintenance cost of aircraft and engines applicable for the financial year from 01 January 2020 to 31 December 2020. On 06 August 2021, the Government issued a Resolution No. 20/NQ-CP continuously approving the application of specific guidance on depreciation and allocation of repair and maintenance costs in 2021 similar to that of 2020. Accordingly, depreciation expense and monthly repair and maintenance expenses charged to the consolidated income statement for the year ended 31 December 2020 and 31 December 2021 were determined based on the monthly total actual hours in operation of each aircraft type and monthly total planned hours in operation of each aircraft type, as follows:

Monthly recorded depreciation/Monthly repair and maintenance of each aircraft type	=	Monthly depreciation value of each aircraft type /Repair and maintenance expense of each aircraft type in normal working condition	X	Total monthly actual hours in operation of each aircraft type
				-----
				Total planned hours of operation of each aircraft type in 2020. (the year with normal operations before the COVID-19 pandemic)

For the aircraft not in operation and standby engines, Vietnam Airlines recorded depreciation and allocation of repair and maintenance for the year consistently with the accounting policies for tangible fixed assets as presented in Note 04.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by Vietnam Airlines in the preparation of these consolidated financial statements, are as follows:



**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B09-DN/HN****Estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Executive Officers 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. Although these accounting estimates are based on the Board of Executive Officers' best knowledge, actual results may differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Vietnam Airlines and enterprises controlled by Vietnam Airlines (its subsidiaries) up to 31 December each year. Control is achieved where Vietnam Airlines has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by Vietnam Airlines.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Business combinations**

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**Investments in associates**

An associate is an entity over which Vietnam Airlines has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in Vietnam Airlines' share of the net assets of the associate. Losses of an associate in excess of Vietnam Airlines' interest in that associate (which includes any long-term interests that, in substance, form part of Vietnam Airlines' net investment in the associate) are not recognised.

Where a group entity transacts with an associate of Vietnam Airlines, unrealised profits and losses are eliminated to the extent of Vietnam Airlines' interest in the relevant associate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank demand deposits, deposits with original term of 03 months or less that are highly liquid and readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Financial investments**

##### ***Held-to-maturity investments***

Held-to-maturity investments comprise investments that Vietnam Airlines has the positive intent or ability to hold to maturity, including bank deposits with original term of more than 03 months.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

##### ***Equity investments in other entities***

Equity investments in other entities represent Vietnam Airlines's investments in ordinary shares of the entities over which Vietnam Airlines has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

#### **Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs comprise all applicable costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The cost of spare parts and supplies received is calculated based on prices stated in suppliers' commercial invoices and all related expenses (such as import duty, commission fees, transportation costs).

Unit price of aircraft spare parts and supplies for consumption is calculated using the specific identification method.

The following principles are applied in allocating the costs of spare parts and supplies issued for consumption:

- For spare parts and supplies which are consumable, issued for one-time consumption and unrepairable, the issued cost is the total value of such items and charged to the consolidated income statement during the year.

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DN/HN**

- For rotational spare parts and supplies issued for consumption of which unit price ranges from USD 1,500 to USD 50,000, the cost is recognised as a long-term prepayment in the consolidated balance sheet and allocated to the consolidated income statement on a straight-line basis over 03 years from the first issuance for consumption.
- For rotational spare parts and supplies issued for consumption of which unit price is more than USD 50,000, the cost is recognised as a long-term prepayment in the consolidated balance sheet and allocated to the consolidated income statement on a straight-line basis over 05 years from the first issuance for consumption.

Vietnam Airlines applies the perpetual method of accounting for inventories.

The assessment of necessary provision for inventory devaluation follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the consolidated balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

In cases of tangible fixed assets being aircraft, credits granted under aircraft purchase contracts are recognised in accordance with the following principles:

- Credit granted in form of services under aircraft purchase contracts is not recognized separately from cost of the aircraft but treated as a deduction from cost of sales upon actual receipt;
- Credit granted in form of spare parts or equipment which Vietnam Airlines is not likely to receive under aircraft purchase contracts is not recognised separately from cost of the aircraft but treated as a deduction from cost of sales upon actual receipt;
- Credit granted in form of equipment which Vietnam Airlines is likely to receive with a detailed list for handover under aircraft purchase contracts is recognised separately from cost of the aircraft.

Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalized as an additional cost to tangible fixed assets.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Aircraft	16 - 20
Aircraft engines	10
Buildings and structures	5 - 50
Machinery and equipment	3 - 20
Office equipment	3 - 10
Motor vehicles	3 - 10
Others	4 - 7

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

As presented in Note 03, Vietnam Airlines recorded depreciation of aircraft and engines applicable for the years 2020 and 2021 in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government.

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### Vietnam Airlines as a lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight – line basis over the term of the relevant lease.

#### Vietnam Airlines as a lessee

Assets held under finance leases are recognised as assets of Vietnam Airlines at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Vietnam Airlines’s general policy on borrowing costs (see below in Borrowing cost).

Leases where all the rewards and risks of ownership of assets substantially remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated using straight line method over their expected useful lives on the same basis as tangible fixed assets.

As presented in Note 03, Vietnam Airlines recorded depreciation of aircraft and engines under finance lease applicable for the years 2020 and 2021 in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government.

#### Intangible assets and amortisation

Intangible assets that are presented at cost less accumulated amortisation, representing the cost of land use rights and computer software, such as passenger/cargo revenue management software, cargo management software and accounting software. Vietnam Airlines does not amortise the granted indefinite land use rights. Land use rights with definite term are amortised using the straight-line method over the duration of the right to use the land. Intangible assets representing computer software are amortised using straight-line method over the period from 02 to 08 years.

#### Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, and other directly attributable costs and borrowing costs in accordance with Vietnam Airlines’s accounting policies. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B09-DN/HN**

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. Therefore, the final costs of these completed construction projects may vary depending on competent authorities' approval of settlement.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods.

Long-term prepaid expenses represent expenses of overhaul expenses for aircraft engines and fuselage; export credit guarantee fees in respect of financing contracts for aircraft purchasing; tools and supplies issued for consumption awaiting allocation, rotational spare parts and other expenses. Details are as follows:

- Overhaul expenses for aircraft engines and fuselages are allocated to the consolidated income statement from the month following when the overhaul was completed. For leased aircraft engines, the expenses awaiting allocation exclude the amount from maintenance reserves paid by the lessor. Vietnam Airlines allocates the overhaul expenses as follows: repair and maintenance expense of fuselage, main engines, auxiliary power unit and aircraft landing gears incurred at USD 300,000 or more will be allocated over the period of 03 years. Major maintenance expenses are fully recognized into the consolidated income statement if incurred at less than USD 300,000.

As presented in Note 03, Vietnam Airlines recorded payments relating to overhaul expenses for aircraft engines and fuselage applicable for the years 2020 and 2021 in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government.

- The cost of overhaul of aircraft engines specified in the engine maintenance contract on an hourly basis is recognized in the consolidated income statement based on flight hours.
- Export credit guarantee fees for financing contracts for aircraft purchasing under financial lease terms and other expenses relating to financing contracts are allocated to operating expenses over the financing duration.
- Tools, supplies issued for consumption awaiting allocation and rotational spare parts include:
  - The cost of tools and supplies issued for consumption that represent assets that do not meet fixed assets criteria and have their estimated useful lives of more than 01 year is allocated to the operating expenses over the period of 02 years.
  - Rotational spare parts are evenly allocated in each year (see details in the Note on "Inventories").

**Accrued expenses**

Estimated accrued expenses of the current year pertain to expenses actually incurred but their invoices not yet received as at 31 December 2021.

**Payable provisions**

Payable provisions are recognised when Vietnam Airlines has a present obligation as a result of a past event, and it is probable that Vietnam Airlines will be required to settle that obligation. Provisions are measured at the Board of Chief Executive Officers' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

**End of lease obligation**

Under the terms of aircraft operating lease contracts between Vietnam Airlines and lessors, Vietnam Airlines has an obligation to return the aircraft to the same working conditions as at delivery (except for normal wear and tear) upon returning the aircraft to lessors at the end of the lease period. In accordance



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

with Official Letter No. 11876/BTC-CDKT dated 25 August 2016 of the Ministry of Finance, Vietnam Airlines can recognize costs for operating lease aircraft return when incurred or make provision for aircraft return obligation over the lease period. Vietnam Airlines currently recognizes costs for operating lease aircraft return when incurred.

#### **Owners' equity and distribution of retained earnings**

Vietnam Airlines's owners' equity include contributed capital from ordinary shares, share premium, other funds and (accumulated losses)/retained earnings of each year.

Funds are appropriated from profit after tax which is distributed according to the Resolution of the General Meeting of Shareholders.

#### **Revenue recognition**

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will flow to Vietnam Airlines;
- (c) The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### **Aviation transportation revenue**

Sales of transportation documents (which comprise air tickets and vouchers) are presented as trade accounts payable on the consolidated balance sheet, which is recognised as revenue in the consolidated income statement when the actual carriage service is performed. Transportation documents (including regular tickets, MCO, luggage and YQ), which are expired but not yet used by customers are recognized as revenue in the consolidated income statement.

Revenue from aircraft charter and charter flights is recognised in the consolidated income statement upon completion of services. No revenue is recognised if the recovery of the payables due cannot be measured reliably.

#### **Auxiliary services for transportation**

Revenue from auxiliary services rendered, which are completed within a short time, is recognised in the consolidated income statement upon completion of services. No revenue is recognised if the recovery of the payable cannot be measured reliably.

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B09-DN/HN

***Unearned revenue from frequent flyer program***

Vietnam Airlines implements its frequent flyer program, namely the Golden Lotus Program for frequent customers, under which such customers can accumulate points when using services, participating in promotion programs, etc. provided by Vietnam Airlines or specific aviation and non-aviation vendors under Vietnam Airlines's Golden Lotus Program. The portion of revenue derived from the remaining usable reward points for which customers are expected to redeem shall be determined at fair value and recognized as unearned revenue. Unearned revenue is recognized as income in the year when customers redeem the points or upon expiry of the points.

***Revenue and other income***

Interest income is recognized on an accrual basis, by reference to the outstanding principal and at the applicable interest rate. Dividend income is recognized when the right to receive dividend is established.

Gain from sales of aircraft purchase right and lease back aircraft in form of operating lease are recognised as other income in the consolidated income statement. This accounting treatment is subject to further guidance and approval by the Ministry of Finance. On 10 February 2020, Vietnam Airlines sent an official letter to the Ministry of Finance to seek guidance for accounting treatments of these business transactions. The official response by the Ministry of Finance on 25 March 2020 stated that there is no prevailing regulation on the sales of aircraft purchase right and lease back of aircraft in Vietnamese Accounting Standards and accounting regimes for enterprises, therefore, the specific accounting treatment for this transaction shall be studied, taken into consideration and guided in the forthcoming time.

***Foreign currencies***

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the consolidated balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement. Unrealised foreign exchange gains as at the balance sheet date are not treated as part of distributable dividends to shareholders.

***Borrowing costs***

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

***Losses per share***

Vietnam Airlines presents basic losses per share ("LPS") for its ordinary shares. Basic LPS is calculated by dividing the loss after tax or the loss attributable to the ordinary shareholders of Vietnam Airlines by the weighted average number of ordinary shares outstanding during the year.

Vietnam Airlines does not have potential ordinary shares with dilution effect and therefore does not present diluted LPS.

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and Vietnam Airlines intends to settle its current tax assets and liabilities on a net basis.

As at 31 December 2021, Vietnam Airlines had a deductible loss that can be used to offset against future taxable income. Vietnam Airlines did not recognize deferred tax assets related to losses during the year due to uncertainty of future profit.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

## 5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	14,132,117,820	15,042,134,326
Bank demand deposits	819,191,563,236	760,565,745,638
Cash in transit	1,982,919,862	5,171,136,144
Cash equivalents	878,520,000,000	872,940,000,000
	<u>1,713,826,600,918</u>	<u>1,653,719,016,108</u>

## 6. FINANCIAL INVESTMENTS

## a. Held-to-maturity investments

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND		VND	
	Cost	Carrying amount	Cost	Carrying amount
<b>Short-term</b>				
- Term deposits (i)	2,229,537,947,198	2,229,537,947,198	487,031,718,663	487,031,718,663
<b>Long-term</b>				
- Term deposits (ii)	6,800,000,000	6,800,000,000	50,000,000,000	50,000,000,000
	<u>2,236,337,947,198</u>	<u>2,236,337,947,198</u>	<u>537,031,718,663</u>	<u>537,031,718,663</u>

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B09-DN/HN

- (i) Short-term held-to-maturity investments represent deposits with remaining terms not exceeding 12 months at the balance sheet date at commercial banks with annual interest rate ranging from 3.35% - 9.55% p.a. and are not cash equivalents.
- (ii) Long-term held-to-maturity investments represent deposits with remaining terms over 12 months at the balance sheet date at commercial banks with annual interest rate ranging from 8% - 8.8% p.a.

**b. Equity investments in other entities**

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
Cambodia Angkor Air (Note 17)	248,141,431,740	-	-	-
Phuong Nam Investment Tourism and Shipping One Member Limited Company	185,050,002,264	-	185,050,002,264	-
Tan Son Nhat Petrol Commercial Joint Stock Company	119,686,420,000	(11,631,687,460)	119,686,420,000	-
Cam Ranh International Aviation Services Joint Stock Company - Vietnam Airlines	90,000,000,000	(90,000,000,000)	90,000,000,000	-
Aviation Logistics Corporation	65,049,600,000	-	65,049,600,000	-
Southern Aviation Construction Port Joint Stock Company	52,000,000,000	-	52,000,000,000	-
Noibai Aviation Fuel Service Joint Stock Company	30,000,000,000	-	30,000,000,000	-
Aviation Ground Services Company Limited	17,000,000,000	(12,962,605,491)	17,000,000,000	(2,618,931,380)
Saigon Postel Corporation	6,161,138,309	-	6,161,138,309	-
Investments in other entities	2,839,130,158	-	3,067,143,598	-
	<b>815,927,722,471</b>	<b>(114,594,292,951)</b>	<b>568,014,304,171</b>	<b>(2,618,931,380)</b>

The fair value of investments as at 31 December 2021 has not been disclosed because these investments have no quoted market values and there is currently no guidance on determination of their fair value using valuation techniques. The fair value of these investments may differ from their cost.

**7. TRADE RECEIVABLES**

	Closing balance	Opening balance
	VND	VND
<b>a. Trade receivables from customers</b>		
Other airlines	907,150,288,911	721,859,236,475
Cargo transportation fees	320,905,828,314	214,172,098,998
Agents selling passenger transportation products	276,918,702,314	677,285,856,481
Others	633,954,685,539	437,691,637,783
	<b>2,138,929,505,078</b>	<b>2,051,008,829,737</b>
<b>b. Trade receivables from customers classified by payment term</b>		
Short-term	2,136,228,109,743	2,049,596,342,174
Long-term	2,701,395,335	1,412,487,563
	<b>2,138,929,505,078</b>	<b>2,051,008,829,737</b>
<b>In which: Trade receivables from related parties (i)</b> (Detail stated in Note 37)	<b>241,166,371,159</b>	<b>120,428,046,522</b>

- (i) The short-term trade receivables from related parties are unsecured, interest free and receivable as agreed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### 8. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Prepayment for acquiring construction in progress	82,319,206,561	88,534,659,998
Prepayment for aircraft repair	72,580,584,384	-
Others	170,702,650,542	201,522,120,971
	<u><b>325,602,441,487</b></u>	<u><b>290,056,780,969</b></u>

#### 9. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Short-term</b>		
Receivables related to transfer of capital contribution at Cambodia Angkor Air (i)	774,520,000,000	-
Deposits for leasing aircraft & aircraft engines in short-term (ii)	376,670,497,856	433,359,139,752
Prepayments for overhaul costs to be offset against overhaul reserve (iii)	293,259,544,766	304,475,263,739
Sublease receivables	195,709,263,149	232,139,448,087
Interest on deposits	18,240,070,503	12,290,536,839
Advances	11,058,740,346	9,939,373,624
Short-term collateral, deposits	6,265,268,754	9,546,287,004
Dividend receivables	5,110,864,723	2,072,767,359
Other short-term receivables	152,039,056,450	280,370,350,721
	<u><b>1,832,873,306,547</b></u>	<u><b>1,284,193,167,125</b></u>
<b>b. Long-term</b>		
Deposits for leasing aircraft & aircraft engines in long-term (ii)	902,424,077,673	1,157,288,567,316
Other long-term collaterals, deposits	194,524,232,161	193,777,742,248
Other long-term receivables	5,020,689,477	4,485,709,132
	<u><b>1,101,968,999,311</b></u>	<u><b>1,355,552,018,696</b></u>

**In which: Other receivables from related parties (iv)** **394,412,685,821**  
(Details as stated in Note 37) **432,192,466,398**

- (i) Vietnam Airlines has collected the receivables related to the transfer of contributed capital at Cambodia Angkor Air in January 2022 and March 2022 (Note 38).
- (ii) This amount represents deposits made by Vietnam Airlines for leasing aircraft and aircraft engines which will be refunded at the end of the lease term. During the year, Vietnam Airlines received approval from the lessors to partly offset the deposits against the payable of aircraft rental.
- (iii) Prepayment for overhaul costs to be offset against Overhaul reserve represents the actual repair expense that Vietnam Airlines expects to recover from aircraft lessors. When the settlement of repair expense is made between Vietnam Airlines and aircraft lessors, the unclaimed balance from the lessors will be recorded as expenses during the year.
- (iv) The other receivables from related parties are unsecured, interest free and receivable as agreed.



**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B09-DN/HN

**10. BAD DEBTS**

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	VND Provision	Cost	VND Provision
Pan Pacific Airlines	195,709,263,148	102,607,333,150	142,233,662,401	100,027,494,312
Cambodia Angkor Air	181,540,747,546	73,258,859,979	-	-
Indochina Airlines Joint Stock Company	38,537,918,851	38,537,918,851	38,537,918,851	38,537,918,851
Air Fast Ticket Group	5,286,958,961	5,286,958,961	5,710,811,053	5,710,811,053
Others	84,710,599,933	76,956,980,213	69,470,549,534	50,007,323,668
	<b>505,785,488,439</b>	<b>296,648,051,154</b>	<b>255,952,941,839</b>	<b>194,283,547,884</b>

*In which:*

Provision for doubtful debts - short-term	295,022,880,653	193,712,831,884
Provision for doubtful debts - long-term	1,625,170,501	570,716,000

Vietnam Airlines determines the recoverable amount by deducting provision for doubtful debts made at the balance sheet date from the cost.

**11. INVENTORIES**

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	VND Provision	Cost	VND Provision
Goods in transit	301,364,414,812	-	4,925,849,061	-
Raw materials	1,032,844,273,287	(174,318,313,794)	1,047,764,783,963	(143,723,254,494)
Tools and supplies	72,398,525,492	-	68,217,468,755	-
Work in progress	87,437,419,617	-	53,050,185,379	-
Merchandise	897,428,857,923	-	785,121,311,043	-
Goods in bonded warehouse	32,425,887,734	-	33,017,477,449	-
Goods on consignment	881,421,424	-	894,167,079	-
	<b>2,424,780,800,289</b>	<b>(174,318,313,794)</b>	<b>1,992,991,242,729</b>	<b>(143,723,254,494)</b>

As at 31 December 2021, Vietnam Airlines made provision for devaluation of inventories since these inventories' net realisable values are lower than their costs at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

## VIETNAM AIRLINES JOINT STOCK COMPANY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

## 12. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Current</b>		
Rentals of aircraft, aircraft engines and other assets	337,485,345,391	458,613,610,599
Commission from sales of transportation documents	489,550,648	2,753,731,275
Others	55,913,344,542	71,905,851,520
	<u><b>393,888,240,581</b></u>	<u><b>533,273,193,394</b></u>
<b>b. Non-current</b>		
Overhaul expenses for aircraft engines and fuselages	3,856,838,849,808	4,074,866,367,727
Export credit guarantee fees	885,208,284,281	1,102,587,807,874
Spare parts, tools and supplies	319,718,138,383	419,673,540,540
Others	240,206,140,388	223,666,343,424
	<u><b>5,301,971,412,860</b></u>	<u><b>5,820,794,059,565</b></u>

In the years 2021 and 2020, Vietnam Airlines allocated maintenance, repairs and overhaul (“MRO”) expenses of aircraft and engines in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government (Note 03). If Vietnam Airlines had applied its accounting policy, the balance of prepaid expenses of MRO at the balance sheet date would have decreased by VND 1,740 billion (31 December 2020: decreased by VND 1,139 billion), allocated expenses and after-tax loss in the consolidated income statement would have increased by the same amount of VND 1,740 billion (2020: increased by VND 1,139 billion).

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

## 13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Aircrafts, aircraft engines		Buildings, structures		Machinery, equipment		Motor vehicles		Office equipment		Others		Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>COST</b>													
Opening balance	28,709,190,486,836	2,561,221,814,591	4,048,022,395,925	1,785,551,944,369	889,991,375,811	321,452,071,457	38,315,430,088,989						
Addition	441,555,809	326,948,285,582	96,969,576,945	182,582,886,041	145,073,941,784	5,940,047,146	757,956,293,307						
Purchase	-	305,089,279,834	94,392,477,487	182,582,886,041	144,886,089,966	-	726,950,733,328						
Transfer from construction in progress	-	20,515,820,081	2,503,276,088	-	-	5,415,945,448	28,435,041,617						
Adjustment of costs	441,555,809	-	-	-	187,851,818	-	629,407,627						
Reclassification	-	1,342,059,410	-	-	-	-	1,342,059,410						
Other increases	-	1,126,257	73,823,370	-	-	524,101,698	599,051,325						
Decrease	(798,901,847,762)	(1,530,996,247)	(7,997,766,070)	(11,477,426,520)	(9,213,685,289)	(4,016,065,494)	(833,137,787,382)						
Disposal	(798,149,044,796)	(1,430,774,640)	(6,609,016,013)	(11,232,256,072)	(8,981,444,686)	(4,016,065,494)	(830,418,601,701)						
Reclassification	-	-	(1,388,750,057)	(245,170,448)	(232,240,603)	-	(1,866,161,108)						
Other decreases	(752,802,966)	(100,221,607)	-	-	-	-	(853,024,573)						
Closing balance	27,910,730,194,883	2,886,639,103,926	4,136,994,206,800	1,956,657,403,890	1,025,851,632,306	323,376,053,109	38,240,248,594,914						
<b>ACCUMULATED DEPRECIATION</b>													
Opening balance	15,284,513,072,344	1,282,535,525,342	2,873,129,029,845	1,143,666,392,289	691,018,410,832	202,792,026,699	21,477,654,457,351						
Addition	599,272,393,918	119,520,913,891	283,868,456,703	130,622,788,773	99,245,003,284	18,151,129,444	1,250,680,686,013						
Charge for the year	599,272,393,918	118,269,440,816	283,817,143,204	130,362,974,712	99,245,003,284	18,151,129,444	1,249,118,085,378						
Reclassification	-	1,251,473,075	-	259,814,061	-	-	1,511,287,136						
Other increases	-	-	51,313,499	-	-	-	51,313,499						
Decrease	(798,352,100,927)	(2,201,715,001)	(8,009,175,527)	(14,500,890,637)	(8,984,993,032)	(4,251,712,539)	(836,300,587,663)						
Disposal	(798,149,044,796)	(1,430,774,640)	(6,609,016,013)	(11,232,256,072)	(8,981,444,686)	(4,016,065,494)	(830,418,601,701)						
Reclassification	-	-	(1,272,091,701)	-	(3,548,346)	(235,647,045)	(1,511,287,092)						
Other decreases	(203,056,131)	(770,940,361)	(128,067,813)	(3,268,634,565)	-	-	(4,370,698,870)						
Closing balance	15,085,433,365,335	1,399,854,724,232	3,148,988,311,021	1,259,788,290,425	781,278,421,084	216,691,443,604	21,892,034,555,701						
<b>NET BOOK VALUE</b>													
Opening balance	13,424,677,414,492	1,278,686,289,249	1,174,893,366,080	641,885,552,080	198,972,964,979	118,660,044,758	16,837,775,631,638						
Closing balance	12,825,296,829,548	1,486,784,379,694	988,005,895,779	696,869,113,465	244,573,211,222	106,684,609,505	16,348,214,039,213						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

## VIETNAM AIRLINES JOINT STOCK COMPANY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

As at 31 December 2021, the cost of Vietnam Airlines's tangible fixed assets includes VND 5,177,292,570,968 (31 December 2020: VND 5,239,397,504,594) of assets which have been fully depreciated but are still in use.

As at 31 December 2021, Vietnam Airlines and its subsidiaries have pledged their tangible fixed assets with the net book value of approximately VND 13,269,409,149,112 (31 December 2020: VND 9,869,004,615,286) to secure banking facilities granted.

In the year 2021 and 2020, Vietnam Airlines depreciated its aircraft and engines in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government (Note 03). If Vietnam Airlines had applied its depreciation policy, the accumulated depreciation of tangible fixed assets at the balance sheet date would have increased by VND 1,675 billion (31 December 2020: increased by VND 675 billion), depreciation expense and the after-tax loss in the consolidated income statement would have increased by VND 1,000 billion (2020: increased by VND 675 billion).

## 14. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Aircrafts and aircraft engines	Machinery and office equipment	Total
	VND	VND	VND
<b>COST</b>			
Opening balance	44,664,070,223,496	3,712,444,000	44,667,782,667,496
Adjustment of costs	140,523,808	-	140,523,808
<b>Closing balance</b>	<b>44,664,210,747,304</b>	<b>3,712,444,000</b>	<b>44,667,923,191,304</b>
<b>ACCUMULATED DEPRECIATION</b>			
Opening balance	17,198,129,101,282	742,488,792	17,198,871,590,074
Charge for the year	746,605,989,964	742,488,796	747,348,478,760
<b>Closing balance</b>	<b>17,944,735,091,246</b>	<b>1,484,977,588</b>	<b>17,946,220,068,834</b>
<b>NET BOOK VALUE</b>			
Opening balance	27,465,941,122,214	2,969,955,208	27,468,911,077,422
<b>Closing balance</b>	<b>26,719,475,656,058</b>	<b>2,227,466,412</b>	<b>26,721,703,122,470</b>

As at 31 December 2021, Vietnam Airlines was leasing 26 aircraft including A321, B787 and ATR-72. At the end of each lease period, Vietnam Airlines has the option to purchase these aircraft under the lease contracts' terms and conditions.

In the years 2021 and 2020, Vietnam Airlines depreciated its aircraft and engines in accordance with the specific accounting guidelines of the Ministry of Finance and Resolution of the Government (Note 03). If Vietnam Airlines had applied its depreciation policy, the accumulated depreciation of finance lease assets at the balance sheet date would have increased by VND 3,145 billion (31 December 2020: increased by VND 1,331 billion), depreciation expense and the after-tax loss in the consolidated income statement would have increased by VND 1,814 billion (2020: increased by VND 1,331 billion).

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

## 15. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
<b>COST</b>				
<b>Opening balance</b>	<b>73,246,777,206</b>	<b>678,315,413,102</b>	<b>26,067,049,562</b>	<b>777,629,239,870</b>
Additions	-	10,947,704,733	-	10,947,704,733
Disposal	-	(446,126,540)	-	(446,126,540)
Other decreases	-	-	(181,818,182)	(181,818,182)
<b>Closing balance</b>	<b>73,246,777,206</b>	<b>688,816,991,295</b>	<b>25,885,231,380</b>	<b>787,948,999,881</b>
<b>ACCUMULATED AMORTISATION</b>				
<b>Opening balance</b>	<b>4,040,101,577</b>	<b>548,413,504,926</b>	<b>707,516,142</b>	<b>553,161,122,645</b>
Charge for the year	113,859,656	52,832,183,917	10,333,332	52,956,376,905
Other increases	-	59,762,788	-	59,762,788
Disposals	-	(446,126,540)	-	(446,126,540)
Other decreases	-	-	(41,717,171)	(41,717,171)
<b>Closing balance</b>	<b>4,153,961,233</b>	<b>600,859,325,091</b>	<b>676,132,303</b>	<b>605,689,418,627</b>
<b>NET BOOK VALUE</b>				
<b>Opening balance</b>	<b>69,206,675,629</b>	<b>129,901,908,176</b>	<b>25,359,533,420</b>	<b>224,468,117,225</b>
<b>Closing balance</b>	<b>69,092,815,973</b>	<b>87,957,666,204</b>	<b>25,209,099,077</b>	<b>182,259,581,254</b>

As at 31 December 2021, the cost of Vietnam Airlines's intangible assets includes VND 453,844,274,184 (31 December 2020: VND 428,561,882,278) of assets which have been fully amortised but are still in use.

## 16. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Petroleum warehouse for Tho Xuan airport	31,910,643,100	3,255,540,694
Project of video conferencing system	28,522,364,000	-
Funding for relocation and ground clearance for the cooperation area in phase 2, area of 1,045ha (phase 2)	17,837,109,000	17,837,109,000
Sharklet investment project for 10 A321 CEO owned aircrafts	1,688,302,364	1,158,726,195
Office for working and professional training for aviation officers - Phase 2	-	306,954,572,393
Other projects	66,102,460,138	74,662,386,676
	<b>146,060,878,602</b>	<b>403,868,334,958</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

17. INVESTMENTS IN ASSOCIATES

	Address	Closing balance		Opening balance	
		VND	VND	VND	VND
		Historical cost	Value under equity method	Historical cost	Value under equity method
Cambodia Angkor Air	Cambodia	-	-	868,495,011,091	412,329,082,669
Vietnam Aircraft Leasing Joint Stock Company	Viet Nam	439,335,275,853	897,932,463,471	439,335,275,853	910,896,807,802
Danang Airport Services Joint Stock Company	Viet Nam	86,652,841,772	9,977,808,155	86,652,841,772	15,171,528,185
General Aviation Import - Export JSC (Airimex)	Viet Nam	22,812,300,000	15,031,229,011	22,812,300,000	15,040,691,500
Aviation High Grade Plastic Joint Stock Company	Viet Nam	6,166,335,863	5,254,000,000	6,166,335,863	5,254,000,000
		<b>554,966,753,488</b>	<b>928,195,500,637</b>	<b>1,423,461,764,579</b>	<b>1,358,692,110,156</b>

During the year, Vietnam Airlines transferred 35% of its shares in Cambodia Angkor Air (Note 38) and no longer has significant influence in this entity (Note 6).

The movements of equity investments in associates under equity method are as follows:

	Closing balance	Opening balance
	VND	VND
<b>Opening balance</b>	<b>1,358,692,110,156</b>	<b>1,522,830,896,860</b>
Share of loss in associates incurred during the year	(209,283,404,388)	(157,121,864,549)
Foreign exchange differences arising from the translation of foreign operations	(22,260,792,171)	(4,869,548,869)
Divestment in associate	(209,389,155,331)	-
Other movements	4,436,742,371	(2,147,373,286)
<b>Closing balance</b>	<b>928,195,500,637</b>	<b>1,358,692,110,156</b>

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DN/HN**

**18. SHORT-TERM TRADE PAYABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
	Amount	Amount
Trade payables to suppliers	17,393,620,155,377	8,690,394,440,899
Payables from sales of passenger, baggage, MCO transportation document (i)	1,067,893,388,747	3,231,627,153,241
Payables relating to tax included in air ticket prices (ii)	497,225,110,449	975,269,655,099
Interlines payable	103,366,406,772	404,283,326,644
Payables from sales of cargo transportation documents	50,437,383,485	2,042,618,354
Others	-	3,119,899,134
	<u><b>19,112,542,444,830</b></u>	<u><b>13,306,737,093,371</b></u>

(i) Payables on sales of passenger, baggage, MCO transportation documents represent the value of service purchased by customers but not yet used at the end of the year.

(ii) Payables relating to tax included in air ticket prices represent the tax amount that Vietnam Airlines has to pay to the tax authorities or the airport administration agencies, including taxes that would be incurred when tickets are sold to customers or the transport service is performed.

As at 31 December 2021, Vietnam Airlines had outstanding overdue payables of approximately VND 15,779 billion (31 December 2020: approximately VND 6,640 billion). Up to the date of this report, the payable amount of approximately VND 2,716 billion as at the year-end has been accepted by the vendors and lessors to be extended and will be paid in the following years. Vietnam Airlines was also accepted to partly offset the payable balance related to maintenance reserve which has been transferred to the lessor (Note 38).

As at the date of these consolidated financial statements, Vietnam Airlines is continuing to negotiate with several lessors and suppliers of goods and services to restructure the repayment term of these payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B09-DN/HN

19. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance		Payable during the year		Paid during the year		Closing balance	
	Receivable	Payable	VND	VND	VND	VND	Receivable	Payable
Value added taxes	141,439,232	64,195,481,062	890,142,380,324	887,795,364,110	-	66,401,058,044	-	-
Import-export taxes	2,307,600,269	-	4,131,935,976	4,053,558,023	2,229,222,316	-	2,229,222,316	-
Corporate income taxes	2,507,166,614	47,623,982,553	266,978,737,290	262,754,597,271	3,038,841,527	52,379,797,485	3,038,841,527	52,379,797,485
Personal income taxes	5,505,070,522	18,868,288,210	153,919,767,901	176,417,673,435	20,792,448,607	11,657,760,761	20,792,448,607	11,657,760,761
Natural resource taxes	189,975,360	-	11,007,680	-	178,967,680	-	178,967,680	-
Land and housing taxed and land rentals	-	20,032,847	90,089,701,793	97,951,620,790	7,841,886,150	-	7,841,886,150	-
Environmental protection taxes	-	136,972,208,100	795,773,023,500	883,918,026,600	-	48,827,205,000	-	48,827,205,000
Withholding taxes	-	10,499,009,945	44,956,222,087	49,285,362,441	-	6,169,869,591	-	6,169,869,591
Other taxes, fees and duties	-	28,156,575	677,019,021	675,273,023	-	29,902,573	-	29,902,573
	<b>10,651,251,997</b>	<b>278,207,159,292</b>	<b>2,246,679,795,572</b>	<b>2,362,851,475,693</b>	<b>34,081,366,280</b>	<b>185,465,593,454</b>		

According to Tax Inspection Minutes dated 28 April 2011 issued by the Tax Department of Ho Chi Minh City, Pacific Airlines Aviation Joint Stock Company ("PA") – a subsidiary of Vietnam Airlines has an obligation to pay an additional amount of VND 303 billion to the State Treasury for the period from 01 January 2004 to 30 June 2009, in which tax and penalty are VND 186 billion and VND 117 billion, respectively.

According to Article 6.1.c of the Investment and Share Reassignment Agreement dated 26 April 2007 between Qantas Airways Limited, Qantas Asia Investment Company (Singapore) Pte. Ltd. and the State Capital Investment Corporation of Vietnam ("SCIC"), SCIC agreed to reimburse PA any unrecorded payables including cumulative tax payable or as reported by PA on 31 July 2007.

From August 2012 to February 2013, PA had paid a part of the aforementioned tax liability with an amount of VND 63.5 billion, representing tax payable incurred for the period after Qantas Asia Investment Company (Singapore) Pte. Ltd. invested in PA (after 31 July 2007).

According to Official Letter No.3106/TCT-QLN dated 29 August 2012 issued by the General Department of Taxation, PA was permitted to defer the payment of tax penalty until receiving any further guidance. On 4 February 2013, the Ministry of Finance sent the Tax Department of Ho Chi Minh City Official Letter No. 1894/BTC-TCT requesting the Tax Department of Ho Chi Minh City to delay the collection of PA's tax liabilities of VND 127.8 billion incurred prior to 31 July 2007 until further guidance.

Accordingly, the remaining tax and penalty payables of VND 127.8 billion and VND 117 billion, respectively, had not been recorded in the consolidated financial statements as at 31 December 2021 and 31 December 2020.

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

## 20. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Aircraft lease and repair expenses	2,720,882,038,079	3,094,090,801,198
Interest expenses	84,252,873,512	90,328,806,475
Flight services expenses	50,144,983,002	151,460,762,595
Aircraft fuel expenses	859,714,093	14,429,965,994
Others	1,006,693,823,309	736,674,999,074
	<u><b>3,862,833,431,995</b></u>	<u><b>4,086,985,335,336</b></u>

## 21. SHORT-TERM UNEARNED REVENUE

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Customer loyalty programme	381,295,417,399	720,418,863,800
Others	24,096,738,139	22,255,885,585
	<u><b>405,392,155,538</b></u>	<u><b>742,674,749,385</b></u>

## 22. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Short-term</b>		
Deposits received for overhaul reserve	218,948,919,302	44,628,734,113
Short-term deposits received	35,026,507,903	51,658,510,279
Dividends payable	103,577,609,897	14,081,923,991
Others	467,597,058,029	418,214,671,921
	<u><b>825,150,095,131</b></u>	<u><b>528,583,840,304</b></u>
<b>b. Long-term</b>		
Receipt in advance of credit granted under Material Solutions Agreement	306,861,245,824	306,861,245,824
Deposits received for overhaul reserve and aircraft leasing	235,847,442,990	284,969,880,711
Long-term deposits received	184,993,438,140	202,806,360,818
	<u><b>727,702,126,954</b></u>	<u><b>794,637,487,353</b></u>
<b>In which:</b>		
<b>Other payables to related parties (i)</b> (Details stated in Note 37)	<b>213,912,854,350</b>	<b>284,957,684,781</b>

- (i) The other payables to related parties mainly represent the aircraft lease deposits of these parties that Vietnam Airlines is obliged to repay when the lease term expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES	Opening balance		During the year		Closing balance
	VND		VND		VND
	Amount	Increases	Decreases	Exchange rate difference due to revaluation	Amount
Short-term borrowings	6,793,826,926,818	22,431,853,151,828	18,200,649,837,789	5,624,803,389	11,030,655,044,246
Current portion of long-term loans (see Note 24)	1,394,405,060,007	1,599,057,139,702	791,996,264,133	(14,593,906,193)	2,186,872,029,383
Current portion of long-term obligations under finance leases (see Note 24)	3,005,542,567,372	740,539,175,418	2,559,801,317,229	(28,883,631,774)	1,157,396,793,787
	<b>11,193,774,554,197</b>	<b>24,771,449,466,948</b>	<b>21,552,447,419,151</b>	<b>(37,852,734,578)</b>	<b>14,374,923,867,416</b>

Details of short-term borrowings as at 31 December 2021:

	Closing balance	Opening balance
	VND	VND
Vietnam Maritime Commercial Joint Stock Bank	2,894,353,713,705	239,236,488,060
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,263,392,341,177	2,702,673,642,494
Southeast Asia Commercial Joint Stock Bank	2,182,633,748,925	460,229,350,704
Bank for Investment and Development of Vietnam	1,451,473,049,248	1,110,997,055,038
Saigon - Hanoi Commercial Joint Stock Bank	999,999,999,874	-
Vietnam Technological and Commercial Joint Stock Bank	485,616,714,390	849,681,477,364
Military Commercial Joint Stock Bank	295,201,715,520	369,078,361,629
Vietnam Joint Stock Commercial Bank for Industry and Trade	294,144,621,509	951,930,551,529
Vietnam International Commercial Joint Stock Bank	136,935,210,127	-
Bank for Social Policy	18,110,153,837	-
Tien Phong Commercial Joint Stock Bank	8,793,775,934	-
Bangkok Bank Public Company Limited	-	110,000,000,000
	<b>11,030,655,044,246</b>	<b>6,793,826,926,818</b>



**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DN/HN**

As at 31 December 2021, the balance of short-term loans disbursed in USD is USD 71,332,885 equivalent to VND 1,634,949,735,202 (as at 31 December 2020: USD 87,633,987 equivalent to VND 2,030,682,206,104).

The loans from Southeast Asia Commercial Joint Stock Bank, Vietnam Maritime Commercial Joint Stock Bank and Saigon - Hanoi Commercial Joint Stock Bank with a total credit limit of VND 4,000 billion according to Circular No. 04/2021/TT-NHNN dated 05 April 2021 (Note 2) bear the interest rate is 0% and the annual management fee ranging from 2.3% to 2.5%. These facilities are secured by assets including aircraft, engines and shares of Vietnam Airlines in subsidiaries and associates listed on the stock exchange HOSE, HNX and UPCOM.

The remaining short-term loans are unsecured.

**24. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	<u>Opening balance</u>	<u>Closing balance</u>
	VND	VND
Long-term loans (i)	8,306,299,587,724	8,996,358,108,541
Long-term obligations under finance leases (ii)	15,462,802,204,046	18,260,531,271,586
	<u>23,769,101,791,770</u>	<u>27,256,889,380,127</u>
<b>In which:</b>		
- Amount due for settlement within 12 months	3,344,268,823,170	4,399,947,627,379
- Amount due for settlement after 12 months	20,424,832,968,600	22,856,941,752,748

**(i) Long-term loans**

As at 01 January 2021 and 31 December 2021, details of long-term loans of Vietnam Airlines are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	4,746,897,114,367	4,841,484,151,488
Bank for Investment and Development of Vietnam	1,425,937,795,088	1,534,149,214,049
Vietnam Export Import Commercial Joint Stock Bank	820,517,376,000	832,043,520,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	430,839,927,593	426,736,811,249
Vietnam - Russia Joint Venture Bank	279,230,907,160	302,597,895,600
Indovina Bank Ltd	219,508,080,000	254,303,280,000
Vietnam International Commercial Joint Stock Bank	153,208,423,562	171,286,356,335
Military Commercial Joint Stock Bank	112,825,811,730	501,245,807,568
Tien Phong Commercial Joint Stock Bank	53,892,964,145	62,559,555,046
Vietnam Maritime Commercial Joint Stock Bank	33,826,308,769	19,244,828,236
Vietnam Technological and Commercial Joint Stock Bank	28,080,899,310	46,821,348,970
Vietnam Prosperity Joint Stock Commercial Bank	1,533,980,000	2,611,900,000
Vietnam Bank for Agriculture and Rural Development	-	1,273,440,000
	<u>8,306,299,587,724</u>	<u>8,996,358,108,541</u>

As at 31 December 2021, certain long-term loans are secured with assets formed from the loans amounting to VND 5,722 billion (31 December 2020: VND 5,541 billion) (Note 13) while the remaining are unsecured.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

Vietnam Airlines's long-term loans are mainly disbursed in USD and VND. The outstanding long-term loans are classified by currency of disbursement as follows:

	<u>Opening balance</u>	<u>Closing balance</u>
	VND	VND
Borrowings in USD	7,050,086,903,955	7,787,885,474,838
Borrowings in VND	1,256,212,683,769	1,208,472,633,703
	<u><b>8,306,299,587,724</b></u>	<u><b>8,996,358,108,541</b></u>

In the year, long-term loans of Vietnam Airlines bore annual interest rates as below:

- Long-term borrowings denominated in VND: Ranging from 7.0% to 9.8% per annum; and
- Long-term borrowings denominated in USD: Ranging from 2.87% to 4.53% per annum.

During the year, Vietnam Airlines has signed an agreement with five banks to reschedule the repayment of the current portion of long-term loans with total principal amounts of USD 34,024,994.10 and VND 51,663,381,539. All outstanding balances due for payment in this period will be paid in instalments within the next 01 year along with the original due principal amount. At the date of this report, Vietnam Airlines continues to negotiate with the banks to reschedule payments.

As at 31 December 2021, long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
In the first year	2,186,872,029,383	1,394,405,060,007
In the second year	1,333,898,406,343	1,445,250,876,725
From the third to fifth year inclusive	3,194,103,572,643	3,905,196,583,717
After fifth years	1,591,425,579,355	2,251,505,588,092
<b>Total</b>	<u><b>8,306,299,587,724</b></u>	<u><b>8,996,358,108,541</b></u>
Less: Amount due for settlement within 12 months (Presented at short-term borrowing)	2,186,872,029,383	1,394,405,060,007
<b>Amount due for settlement after 12 months</b>	<u><b>6,119,427,558,341</b></u>	<u><b>7,601,953,048,534</b></u>

#### (ii) Long-term obligations under finance leases

As at 31 December 2021, details of long-term obligations under finance leases of Vietnam Airlines are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
ING Group	7,050,135,955,196	8,121,002,366,400
Citibank	4,729,433,173,246	5,793,122,204,100
MUFG Bank	1,494,937,500,000	1,667,531,306,135
JP Morgan Chase Bank	1,083,672,961,100	1,287,974,410,800
HSBC Bank	1,020,419,051,700	1,163,384,399,100
Credit Agricole Bank	82,785,891,440	224,869,791,300
Viettel-CHT Company Limited	1,417,671,364	2,646,793,751
	<u><b>15,462,802,204,046</b></u>	<u><b>18,260,531,271,586</b></u>

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DN/HN**

As at 31 December 2021, certain long-term obligations under finance leases are guaranteed by the Ministry of Finance amounting to VND 15,461 billion (31 December 2020: VND 16,590 billion) while the remaining are secured by finance lease assets or unsecured.

All long-term obligations under finance leases denominated in USD have outstanding balances as at 31 December 2021 of USD 678,726,272 (31 December 2020: USD 790,384,607).

During the year, Vietnam Airlines signed agreements with two banks to reschedule the repayment of the current portion of long-term loans due in 2021 with a total principal amount of USD 18,398,524. All outstanding balances due for payment in this period will be paid in instalments within the next 01 year along with the original due principal amount. At the date of this report, Vietnam Airlines continues to negotiate with banks to reschedule payments.

The future minimum payments under the above non-cancellable finance leases under the following terms:

**As at 31 December 2021**

	Total payments	Interest	Principal
	VND	VND	VND
In the first year	1,335,515,761,103	178,118,967,316	1,157,396,793,787
In the second year	3,809,943,272,682	153,295,584,201	3,656,647,688,481
From the third to fifth year inclusive	9,297,395,204,942	163,491,591,172	9,133,903,613,770
After fifth years	1,530,029,872,524	15,175,764,516	1,514,854,108,008
	<b>15,972,884,111,251</b>	<b>510,081,907,205</b>	<b>15,462,802,204,046</b>

**As at 31 December 2020**

	Total payments	Interest	Principal
	VND	VND	VND
In the first year	3,224,713,424,730	219,170,857,358	3,005,542,567,372
In the second year	4,171,458,421,158	166,048,271,006	4,005,410,150,152
From the third to fifth year inclusive	8,335,200,957,699	219,415,557,205	8,115,785,400,494
After fifth years	3,176,401,074,693	42,607,921,125	3,133,793,153,568
	<b>18,907,773,878,280</b>	<b>647,242,606,694</b>	<b>18,260,531,271,586</b>

**25. BONUS AND WELFARE FUNDS**

The bonus and welfare funds are appropriated from retained earnings as approved by shareholders at the Annual General Meeting of Shareholders. These funds are used to pay bonus and welfare to employees in accordance with Vietnam Airlines's bonus and welfare policies. Movements of bonus and welfare funds during the year were as follows:

	Current year	Prior year
	VND	VND
Opening balance	1,289,613,519,121	961,922,914,945
Addition in the year	53,446,495,473	913,134,302,448
Other addition	188,503,878	406,998,641
Paid in the year	(317,700,707,449)	(585,850,696,913)
Closing balance	<b>1,025,547,811,023</b>	<b>1,289,613,519,121</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

26. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Assets revaluation reserve	Foreign exchange reserve	Investment and development fund	Other reserves	Retained earnings/ Accumulated (losses)	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Opening balance	14,182,908,470,000	1,220,852,256,541	241,355,237,827	(1,153,004,222,954)	239,246,750,951	801,378,380,887	2,024,298,861	2,612,482,961,570	18,147,244,133,683
Loss for the year	-	-	-	-	-	-	-	(10,927,035,283,118)	(10,927,035,283,118)
Appropriation to investment and development fund	-	-	-	-	-	129,955,428,564	-	(129,955,428,564)	-
Appropriation to Bonus and Welfare fund	-	-	-	-	-	-	-	(891,162,325,604)	(891,162,325,604)
Currency translation differences	-	-	-	-	(4,869,548,870)	-	-	-	(4,869,548,870)
Other increases	-	-	-	-	-	-	-	6,686,584,938	6,686,584,938
<b>Closing balance</b>	<b>14,182,908,470,000</b>	<b>1,220,852,256,541</b>	<b>241,355,237,827</b>	<b>(1,153,004,222,954)</b>	<b>234,377,202,081</b>	<b>931,333,809,451</b>	<b>2,024,298,861</b>	<b>(9,328,983,490,778)</b>	<b>6,330,863,561,029</b>
Opening balance	14,182,908,470,000	1,220,852,256,541	241,355,237,827	(1,153,004,222,954)	234,377,202,081	931,333,809,451	2,024,298,861	(9,328,983,490,778)	6,330,863,561,029
Shares issued (i)	7,961,033,270,000	(354,100,000)	-	-	-	-	-	7,960,679,170,000	7,960,679,170,000
Loss for the year	-	-	-	-	-	-	-	(12,907,117,624,843)	(12,907,117,624,843)
Appropriation to Bonus and Welfare fund	-	-	-	-	-	-	-	(45,163,581,551)	(45,163,581,551)
Currency translation differences	-	-	-	-	(22,260,792,172)	-	-	-	(22,260,792,172)
Impact due to divestment in associates	-	-	-	-	(130,370,000,000)	-	-	317,883,499,097	187,513,499,097
Other increases	-	-	-	-	-	-	-	1,898,247,391	1,898,247,391
<b>Closing balance</b>	<b>22,143,941,740,000</b>	<b>1,220,498,156,541</b>	<b>241,355,237,827</b>	<b>(1,153,004,222,954)</b>	<b>81,746,409,909</b>	<b>931,333,809,451</b>	<b>2,024,298,861</b>	<b>(21,961,482,950,684)</b>	<b>1,506,412,478,951</b>

(i) On 14 July 2021, the Annual General Meeting of Shareholders approved a plan to issue additional shares amounting to VND 8,000 billion to existing shareholders to increase Vietnam Airlines's charter capital. On 20 July 2021, the State Securities Commission granted the Certificate of Registration of Shares Offering to the public. On 21 September 2021, the Board of Directors has approved the results of the additional share issuance to existing shareholders in 2021. Accordingly, the number of shares distributed was 796,103,327 shares, reaching the rate of 99.51% of the total number of shares allowed to be issued, the total proceeds were VND 7,961,033,270,000.

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B09-DN/HN

Vietnam Airlines's authorized and issued shares:

Shares	Closing balance	Opening balance
<b>Number of shares issued to the public</b>	<b>2,214,394,174</b>	<b>1,418,290,847</b>
Ordinary shares	2,214,394,174	1,418,290,847
Preference shares	-	-
<b>Number of outstanding shares in circulation</b>	<b>2,214,394,174</b>	<b>1,418,290,847</b>
Ordinary shares	2,214,394,174	1,418,290,847
Preference shares	-	-

An ordinary share has a par value of VND 10,000.

**Charter capital**

In accordance with the 9<sup>th</sup> amended Enterprise Registration Certificate dated 12 January 2022, Vietnam Airlines's total charter capital is VND 22,143,941,740,000. The charter capital has been fully contributed by the shareholders as follows:

	Number of shares	Percentage	Closing contributed capital	Opening contributed capital
		(%)	VND	VND
State owner	1,222,368,291	55.20	12,223,682,910,000	12,223,682,910,000
State Capital Investment and Trading Corporation	689,488,080	31.14	6,894,880,800,000	-
ANA Holding Incorporation (ANA)	124,438,698	5.62	1,244,386,980,000	1,244,386,980,000
Other shareholders	178,099,105	8.04	1,780,991,050,000	714,838,580,000
<b>Total</b>	<b>2,214,394,174</b>	<b>100</b>	<b>22,143,941,740,000</b>	<b>14,182,908,470,000</b>

**27. NON-CONTROLLING INTERESTS**

Movements of non-controlling interests during the year were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Opening balance</b>	<b>(258,529,770,405)</b>	<b>460,311,864,737</b>
Net (losses) for the year	(371,875,251,288)	(251,070,301,189)
Appropriation to Bonus and Welfare fund	(8,282,913,922)	(21,971,976,844)
Dividends, profits declared	(357,919,256,367)	(445,507,719,194)
Other movements	14,405,206,986	(291,637,915)
<b>Closing balance</b>	<b>(982,201,984,996)</b>	<b>(258,529,770,405)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### 28. OFF-BALANCE SHEET ITEMS

##### Operating lease commitments

The future minimum lease payments under non-cancellable operating lease aircraft were under the following terms:

	Closing balance	Opening balance
	VND	VND
Within one year	10,454,861,348,369	13,629,277,693,062
In the second to fifth year inclusive	45,003,427,817,667	62,370,090,413,106
More than five years	43,414,875,971,613	44,531,946,973,213
	<b>98,873,165,137,649</b>	<b>120,531,315,079,381</b>

Operating lease aircraft as at 31 December 2021 include:

- Aircraft A321 - 13 units under dry lease;
- Aircraft A321 NEO - 20 units under dry lease;
- Aircraft A320 - 17 units under dry lease;
- Aircraft ATR72 - 01 unit under dry lease;
- Aircraft B787-9 - 04 units under dry lease;
- Aircraft A350 - 14 units under dry lease; and
- Aircraft B787-10 - 04 units under dry lease.

Operating lease engines of which lease payments depend on cycles and flight hours as at 31 December 2021 include:

- Long-term lease aircraft engines – twelve units including four A321 aircraft engines, three A350 aircraft engines, two B787 aircraft engines and three A320 aircraft engines; and
- Short-term lease aircraft engines – eleven units including six A321 NEO aircraft engines, two A350 aircraft engines, one B787 aircraft engine and two A320 NEO aircraft landing gears.

As at 31 December 2021, the number of expired contract aircraft undergoing return procedures includes:

- Aircraft A321: 02 units; and
- Aircraft A320: 01 unit.

##### Foreign currencies

	Units	Closing balance	Opening balance
US Dollar	USD	6,325,790	6,667,923
Thai Baht	THB	5,694,525	14,213,080
Chinese Yuan	CNY	10,934,527	9,950,494
Singapore Dollar	SGD	40,818	392,215
Australian Dollar	AUD	424,179	447,994
Euro	EUR	435,921	945,516
Hong Kong Dollar	HKD	1,872,097	1,107,025
South Korean Won	KRW	100,922,610	61,053,655
Japanese Yen	JPY	106,657,166	109,573,373
Macao Patacas	MOP	2,520	2,520
Taiwan Dollar	TWD	3,348,262	7,799,940
British Pound	GBP	62,923	218,378
Canadian Dollar	CAD	23,491	30,925
Russian Ruble	RUB	4,901,681	30,826,429
Laos Kip	LAK	2,845,052	127,000
Malaysian Ringgit	MYR	698,823	351,850
Indonesian Rupiah	IDR	273,293,708	235,254,850

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DN/HN**

**Bad debts written off**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Bad debts written off	94,934,238,741	95,878,358,013

**Contingent liabilities**

As at 31 December 2021, the total balance of on-hold letters of credit of Vietnam Airlines to secure payment obligations was VND 2,622 billion (31 December 2020: VND 2,618 billion).

At the reporting date, Vietnam Airlines has several agreements to terminate the operating lease contracts for a number of aircraft and engines including rescheduling of delivery or cancellation. Vietnam Airlines has prudently evaluated the obligations related to the signed contracts and other agreements and has affirmed that Vietnam Airlines will not incur any additional material liabilities/losses related to these lease termination contracts which may impact its consolidated financial statements for the year ended 31 December 2021.

As at 31 December 2021, Vietnam Airlines has overdue payables to the lessors and vendors of aircraft and maintenance service providers. Vietnam Airlines has negotiated and obtained agreements to extend the payment period for some overdue amounts and it continues to discuss the matter with remaining vendors and lessors. Vietnam Airlines has evaluated its contingent liability/loss and affirms that there is no additional material obligation/expense related to vendors/lessors or third parties, arising from overdue payables which may impact the financial statement for the year ended 31 December 2021.

**29. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segments**

Vietnam Airlines mainly operates in passenger carriage by air and other business segments make up an insignificant proportion of Vietnam Airlines's operation. Consequently, the consolidated financial information presented on the consolidated balance sheet as at 31 December 2021 and all of revenue, expenses information presented in the consolidated income statement for the year then ended are mainly related to the passenger carriage activities.

**Geographical segments**

Vietnam Airlines's core operation is the passenger carriage by air, which is provided in Vietnam and in other countries around the world. In the year ended 31 December 2021, Vietnam Airlines's income generated in countries other than Vietnam did not make up over 10% of its total income. Accordingly, Vietnam Airlines did not prepare its consolidated financial statements by geographical segments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### 30. REVENUE

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax. Net revenue comprised:

	Current year	Prior year
	VND	VND
<b>Revenue from sales of goods and providing of services</b>		
In which:		
Aviation transportation	18,404,609,980,787	31,511,788,916,550
- Revenue from transportation of passengers, baggage	8,606,835,254,622	24,276,721,412,161
- Revenue from transportation of cargo and postal items	8,158,757,755,477	5,281,805,721,639
- Revenue from aircraft charter and charter flights	893,409,089,008	1,186,279,425,984
- Other revenue from aviation transportation	745,607,881,680	766,982,356,766
Auxiliary service for transportation	3,159,650,954,548	3,578,498,118,730
Sale of goods	5,185,878,295,757	4,983,691,973,605
Others	1,343,316,385,048	682,812,180,236
	<b>28,093,455,616,140</b>	<b>40,756,791,189,121</b>
<b>Revenue deductions</b>		
Sales discounts	(182,029,629,566)	(215,377,200,362)
Sales rebates	-	(2,798,397,394)
Sales returns	(86,477,319)	(276,938,695)
	<b>(182,116,106,885)</b>	<b>(218,452,536,451)</b>
<b>Net sales from sales of goods and providing of services</b>	<b>27,911,339,509,255</b>	<b>40,538,338,652,670</b>

#### 31. PRODUCTION COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials	7,187,979,582,073	9,116,926,937,895
Labour	4,365,016,657,260	4,798,941,463,801
Depreciation and amortisation	2,049,422,941,043	2,961,203,222,367
Out-sourced services	22,033,805,150,003	28,472,809,981,936
In which:	-	-
- Aircraft leasing	13,762,472,153,109	15,299,696,328,590
- Overhaul of aircraft engines	1,922,193,609,632	3,890,297,522,024
- Regular repair of aircraft engines	1,621,154,766,054	993,114,903,479
- Other out-sourced services	4,727,984,621,208	8,289,701,227,843
Other monetary expenses	695,827,350,026	815,335,041,575
	<b>36,332,051,680,405</b>	<b>46,165,216,647,574</b>

VIETNAM AIRLINES JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

## 32. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Bank and loan interest	83,965,433,993	172,956,585,622
Capital transfer interest	647,736,317,622	-
Dividends and profits received	95,174,183,698	160,042,719,222
Foreign exchange gain	726,191,108,124	543,590,531,398
Other financial income	3,958,471,467	5,719,066,812
	<u>1,557,025,514,904</u>	<u>882,308,903,054</u>

## 33. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expense	806,953,304,369	925,577,719,343
Expenses related to long-term loan contracts, finance lease contracts	265,382,232,233	236,433,087,218
Foreign exchange loss	173,521,891,063	491,660,383,026
Provision for impairment of long-term financial investments	100,343,674,110	-
Other financial expense	202,922,859,688	15,271,361,698
	<u>1,549,123,961,463</u>	<u>1,668,942,551,285</u>

## 34. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
<b>Selling expenses incurred during the year</b>		
Labor	399,763,979,568	435,517,650,655
Commission expenses	11,997,707,284	49,275,252,520
Ticket booking and seat reservation	141,623,788,061	465,333,154,570
Other selling expenses	684,674,973,664	1,099,113,037,877
	<u>1,238,060,448,577</u>	<u>2,049,239,095,622</u>
<b>General and administration expenses incurred during the year</b>		
Labor	549,359,126,879	499,420,534,841
Tax expenses	135,037,952,957	134,259,301,565
Other general and administration expenses	996,048,135,580	834,321,213,515
	<u>1,680,445,215,416</u>	<u>1,468,001,049,921</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

#### 35. OTHER INCOME

	Current year	Prior year
	VND	VND
Sale, disposal of fixed assets	91,659,973,096	447,457,579,936
Exemption from late payment interest on equitization payable	-	212,615,582,862
Penalties	7,485,402,692	44,719,497,143
Reverse the remaining overhaul fund after lease contracts with the lessee terminated	89,120,235,264	-
Others	95,316,221,122	307,880,857,552
	<b>283,581,832,174</b>	<b>1,012,673,517,493</b>

#### 36. BASIC (LOSSES) PER SHARE

##### *Basic (losses) per share:*

	Current year	Prior year
	VND	VND
<b>Accounting (losses) after corporate income tax</b>	<b>(12,907,117,624,843)</b>	<b>(10,927,035,283,118)</b>
Appropriation to Bonus and welfare funds (i)	-	-
<b>(Losses) after corporate income tax attributable to ordinary shareholders</b>	<b>(12,907,117,624,843)</b>	<b>(10,927,035,283,118)</b>
<i>Average ordinary shares in circulation for the year</i>	<i>1,632,039,138</i>	<i>1,418,290,847</i>
<b>Basic (losses) per share</b>	<b>(7,909)</b>	<b>(7,704)</b>

(i) Vietnam Airlines's subsidiaries have not come out with decisions on the amount of net profit to be appropriated to Bonus and Welfare funds for the year ended 31 December 2021.

#### 37. RELATED PARTY TRANSACTIONS AND BALANCES

##### *List of related parties with significant transactions and balances for the year:*

<u>Related party</u>	<u>Relationship</u>
Cambodia Angkor Air	Associate up to 31 December 2021
Vietnam Aircraft Leasing Joint Stock Company	Associate
Danang Airport Services Joint Stock Company	Associate
General Aviation Import-Export Joint Stock Company	Associate
Aviation High Grade Plastic Joint Stock Company	Associate

**VIETNAM AIRLINES JOINT STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B09-DN/HN

*During the year, Vietnam Airlines entered into the following significant transactions with its related parties:*

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Dividends and profits received</b>	<b>95,174,183,698</b>	<b>96,717,124,083</b>
Vietnam Aircraft Leasing Joint Stock Company	94,237,440,000	94,237,440,000
Danang Airport Services Joint Stock Company	-	(96,250)
General Aviation Import-Export Joint Stock Company	706,860,000	2,142,000,000
Aviation High-Grade Plastic Joint Stock Company	229,883,698	337,780,333
<b>Sale of goods and services</b>	<b>165,642,426,363</b>	<b>189,381,607,020</b>
Cambodia Angkor Air	165,642,426,363	189,381,607,020
<b>Fixed assets acquisition</b>	<b>24,821,440,000</b>	-
General Aviation Import-Export Joint Stock Company	24,821,440,000	-

*Significant related party balances as at the consolidated balance sheet date were as follows:*

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Short-term trade receivables</b>	<b>241,166,371,159</b>	<b>120,428,046,522</b>
Cambodia Angkor Air	241,166,371,159	120,428,046,522
<b>Other receivables</b>	<b>394,412,685,821</b>	<b>432,192,466,398</b>
Vietnam Aircraft Leasing Joint Stock Company	376,670,470,520	381,961,715,058
Cambodia Angkor Air	17,742,215,301	50,230,751,340
<b>Other payables</b>	<b>213,912,854,350</b>	<b>284,957,684,781</b>
Cambodia Angkor Air	213,912,854,350	284,957,684,781

*Remuneration paid to Vietnam Airlines's Board of Directors, Board of Executive Officers and Board of Supervisors during the year was as follows:*

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Remuneration of the Board of Directors, Board of Directors and Supervisory Board	8,022,921,545	6,497,295,779

**38. SUBSEQUENT EVENTS**

On 03 January 2022 and 29 March 2022, Vietnam Airlines received the amount of USD 30 million and USD 4 million, respectively from the acquirer purchasing Vietnam Airlines's investment at Cambodia Angkor Air (K6) (Vietnam Airlines also received a deposit with value of USD 1 million in 2019) corresponding to accumulated 35% of the shares in K6. According to the revised agreement, Vietnam Airlines will complete the terms of the agreement and liquidate the remaining contributed capital of this investment in the year 2022.

From 15 February 2022, the authorities have removed restrictions on passenger transport on international routes. At the same time, the Government Office also issued Document No. 34/TB-VPCP dated 16 February 2022 on reopening the domestic and international tourism industry from 15 March 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### VIETNAM AIRLINES JOINT STOCK COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DN/HN

On 05 January 2022, Vietnam Airlines and one aircraft leasing group signed an agreement to replace the overhaul fund by open letter of credit (L/C) and use the unused balance of the overhaul fund to offset against payables to this lessor in the amount of approximately USD 76 million.

On 22 February 2022, Vietnam Airlines and Joint Stock Commercial Bank for Investment and Development of Vietnam signed a credit contract on the granting of a credit limit in the amount of USD 30 million with the term starting from the signing date to 30 August 2022 inclusive, which includes all short-term loans, guarantee balance and Letters of credit (L/C) for Vietnam Airlines at the bank transferred from certain short-term credit contracts and certain guarantee contracts under the credit contract dated 12 October 2020.

On 11 March 2022, Vietnam Airlines and Southeast Asia Commercial Joint Stock Bank signed a credit agreement appendix attached to the original credit contract dated on 16 April 2021 to raise the credit limit from VND 200 billion to VND 700 billion or foreign equivalent currency (including loan limit, letter of credit limit).

On 22 March 2022, Vietnam Airlines and Saigon - Hanoi Commercial Joint Stock Bank (SHB) signed a credit contract on the granting of a credit limit in the form of loans, issuing letters of credit (L/C) in the amount of VND 500 billion. The credit limit is effective for 12 months and there is no collateral.



Ho Xuan Tam  
Preparer



Tran Thanh Hien  
Chief Accountant



Le Bang Hoa  
President & CEO

25 May 2022

# ANNEXES & ADDITIONAL INFORMATION

## HEAD OFFICE

### VIETNAM AIRLINES JSC

Address: 200 Nguyen Son, Long Bien District, Hanoi, Vietnam

- Contact center in Vietnam (24/7):
  - Call within Vietnam: 1900 1100
  - Calls from foreign countries to Vietnam: (+84.24) 3832 0320
  - Email: telesales@vietnamairlines.com
- Lotusmiles Contact Center (24/7):
  - Call within Vietnam: 1900 1800
  - Call from foreign countries to Vietnam: (+84.24) 3832 0320
  - Email: lotusmiles@vietnamairlines.com

## VIETNAM AIRLINES BRANCHES IN VIETNAM

### NORTHERN REGION BRANCH

Address: 25 Trang Thi, Hoan Kiem District, Hanoi

Tel: (+84.24) 6270 0200 | Fax: (+84.24) 3934 9636

E-mail: vpkvmb@vietnamairlines.com

### MIDDLE REGION BRANCH

Address: 27 Dien Bien Phu, Da Nang

Tel: (+84.236) 382 1130 / 826 465 | Fax: (+84.236) 383 2759

E-mail: reservation.mro@vietnamairlines.com

### SOUTHERN REGION BRANCH

Address: 49 Truong Son, Ward 2, Tan Binh District, HCMC

Tel: (+84-28) 3844 6667 | Fax: (+84-28) 3848 5312

Email: telesales.sro@vietnamairlines.com

### LOTUSMILES

Address: 200 Nguyen Son, Long Bien District, Hanoi, Vietnam

### VIETNAM AIR SERVICE COMPANY (VASCO)

Address: No. B114, Bach Dang Street, Ward 2, Tan Binh District, HCMC

### FLIGHT TRAINING CENTER

Address: No. 117 Hong Ha Street, Ward 2, Tan Binh District, HCMC

## MEMBER COMPANIES

### VIETNAM AIRLINES ENGINEERING COMPANY (VAECO)

Address: Noi Bai International Airport, Soc Son, Hanoi  
Tel: (+84.24) 3884-9657 | Fax: (+84.24) 3886-5532  
Website: vaeco.com.vn

### VIETNAM AIR PETROL COMPANY LIMITED (SKYPEC)

Address: 202 Nguyen Son, Bo De Ward,  
Long Bien District, Hanoi  
Tel: (+84.24) 3827 2316 | Fax: (+84.24) 3827 2317  
Email: skypec@skypec.com.vn | Web: www.skypec.com.vn

### VIETNAM AIRPORT GROUND SERVICE COMPANY LIMITED (VIAGS)

Address: 49 Truong Son, Ward 2, Tan Binh District, HCMC  
Tel: (+84.28) 3547 22 88 | Fax: (+84.28) 3547 11 88  
Email: vanthu.viags@vietnamairlines.com  
Web: www.viags.com.vn

### VIETNAM AIRLINES CATERERS LTD. (VACS)

Tan Son Nhat International Airport, Tan Binh District, HCMC  
Tel: (+84.28) 3844 8367 | Fax: (+84.28) 3844 6719  
E-mail: vncxcater@vnn.vn  
Web: www.vnaircaterers.com

### AVIATION INFORMATION AND TELECOMMUNICATIONS JSC (AITS)

Address: 414 Nguyen Van Cu, Long Bien District, Hanoi

### NOIBAI AIRPORT SERVICES JSC (NASCO)

Noi Bai International Airport, Soc Son District, Hanoi  
Tel: (+84.24) 3886 5457/ 3884 0085  
Fax: (+84.24) 3886 5555  
E-mail: nasco-khkd@fpt.vn

### GENERAL AVIATION IMPORT-EXPORT JSC (AIRIMEX)

414 Nguyen Van Cu, Long Bien District, Hanoi  
Tel: (+84.28) 3877 0265 / 3877 0266  
Fax: (+84.28) 3827 1925 / 3772 3439  
E-mail: arimex@fpt.vn

### JETSTAR PACIFIC AIRLINES JOINT STOCK AVIATION COMPANY (JPA)

Address: 112 Hong Ha, Ward 2, Tan Binh District,  
HCMC, Vietnam  
Tel: (+84.28) 3845 0092 | Fax: (+84.28) 3845 0085  
Web: www.jetstar.com

### CAMBODIA ANGKOR AIR JSC

Address: #206 Preah Norodon Blvd, Phnom Penh, Cambodia

### VIET FLIGHT TRAINING JSC (VFT)

Address: 117V Hong Ha, Ward 2, Tan Binh District, HCMC  
Tel: (+84.28) 3547 0916 | Fax: (+84.28) 3547 0920  
Hotline: (+84) 90 532 5860  
Email: vft@bayviet.com.vn | Web: www.bayviet.com.vn

### AVIATION LABOR SUPPLY AND IMPORT-EXPORT JSC (ALSIMEXCO)

Address: No. 1 Lane 200/10 Nguyen Son, Bo De,  
Long Bien, Hanoi  
Tel: (+84.24) 3827 1993 / 3873 2383  
Fax: (+84.24) 3873 0624  
E-mail: business@alsimexco.vn | Web: alsimexco.vn

### TAN SON NHAT CARGO SERVICES AND FORWARDING CO., LTD. (TECS)

Address: 06 Thang Long Street, Ward 4, Tan Binh District,  
HCMC, Vietnam  
Tel: (+84.28) 3811 0633 / 3811 0678  
Fax: (+84.28) 3811 5522 | Email: contactus@tecs.com.vn

## MEMBER COMPANIES

### VIETNAM AIRCRAFT LEASING JSC (VALC)

Address: Floor 14th, A Vincom Tower, No. 191 Ba Trieu,  
Hanoi, Vietnam

ĐT: (+84.24) 35 77 22 25 | Fax: (+84.24) 35 77 22 70

Email: info@valc.com.vn | Web: www.valc.com.vn

### DANANG AIRPORT SERVICES JSC

Address: Da Nang International Airport, Hai Chau District,  
Da Nang, Vietnam

Tel: (+84 511) 383 0340 | Fax: (+84 511) 382 6133

Email: masco@masco.com.vn

### NOI BAI CATERING SERVICES JSC (NCS)

Address: Noi Bai International Airport, Hanoi

Tel: (+84.24) 3886 5577 | Fax: (+84.24) 3884 0199

E-mail: nbcatering@hn.vnn.vn

### SABRE VIETNAM JSC

Address: 5<sup>th</sup> Floor, De Nhat Building, No. 53 Quang Trung,  
Nguyen Du Ward, Hai Ba Trung District, Hanoi

Tel: (+84.24) 39431975 | Fax: (+84.24) 39431972

Email: hannmc@sabretn.com.vn

Website: www.sabretn.com.vn

### TAN SON NHAT CARGO SERVICES

#### COMPANY LIMITED (TCS)

Address: Tan Son Nhat Airport, Tan Binh District, HCMC

Tel: (+84.28) 3848 6489 | Fax: (+84.28) 3842 7944

### VINAKO FORWARDING COMPANY LIMITED (VINAKO)

Address: 4 Truong Son Street, Ward 2, Tan Binh District, HCMC

Tel: (+84.28) 3844 6252 / 3848 5353

Fax: (+84.28) 3848 5353

E-mail: vinako.fwd@hcm.vnn.vn

### NOI BAI CARGO TERMINAL SERVICES JSC (NCTS)

Address: Noi Bai International Airport, Soc Son District, Hanoi

Tel: (+84.28) 3 5840905 | Fax: (+84.28) 3 5840906

E-mail: operation@noibaicargo.com.vn

### AVIATION HIGH – GRADE PLASTIC JSC

Address: Gia Lam Airport, Nguyen Son Street,  
Long Bien District, Hanoi

## VIETNAM AIRLINES BRANCHES IN FOREIGN

### UNITED KINGDOM

**London:** 11-13 Lower Grosvenor Place,  
SW1W 0EX, London, UK

### CAMBODIA

**Phnompenh:** No 41, 214 Samdech Pan Str.,  
Phnompenh, Kingdom of Cambodia

### TAIWAN

**Taiwan:** 5F, 59 Sung Chiang Road, Taiwan  
**Kaohsiung:** 3F-6, No.56, Min-sheng 1St,  
Rd, Kaoshiung City, Taiwan

### GERMANY

**Frankfurt:** ossmarkt 5, D-60311  
Frankfurt am Main, Germany

### KOREA

**Seoul:** Soon Hwa Bldg., 9<sup>th</sup> Floor, 89  
Seosomun-ro, Jung-Gu, Seoul, Korea  
**Pusan:** 3<sup>rd</sup> Floor, Passenger Terminal  
Gimhae Int'l Airport 108  
Gonghangjinip-ro, Gangseo-gu,  
Busan, Korea

### HONGKONG

Unit 918, 9F, China Merchants Tower,  
Shun Tak Centre  
168-200 Connaught Road Central,  
Sheung Wan, Hongkong

### LAOS

**Vientiane:** 63 Samsenthai Road,  
Lao Plaza Hotel 1<sup>st</sup> Floor – Vientiane  
**Luang Prabang:** Luang Prabang Airport,  
Lao P.D.R

### RUSSIA

**Moscow:** Bld. 1, 3<sup>rd</sup> Frunzenskaya,  
Moscow, 119270, Russia

### MALAYSIA

**Kuala Lumpur:** Suite 05, Level 5  
Menara Hap Seng, Jalan P.Ramlee,  
50250  
Kuala Lumpur, Malaysia

### UNITED STATE OF AMERICA

1388 Sutter Street, Suite 500,  
San Francisco, CA 94109

### MYANMAR

**Yangon:** #1702, Sakura Tower 339,  
Bogyoke Aung San Road,  
Kyauktada Township, Yangon, Myanmar

### JAPAN

**Tokyo:** Daido Seimei Kasumigaseki Bldg.,  
6F 1-4-2 Kasumigaseki, Chiyoda-ku,  
Tokyo 100-0013, Japan

### FRANCE

**Paris:** 33 Avenue du Maine – 75755 Paris  
Cedex 15, France

### SINGAPORE

**Singapore:** 10 Airport Boulevard,  
#02-102 Changi Airport terminal 4  
Singapore 819665

### THAILAND

**Bangkok:** 10<sup>th</sup> Floor, Wave Place Buiding,  
55 Wireless Rd. Lumpinee Patumwan  
Bangkok 10330, Thailand

### AUSTRALIA

**Sydney:** Level 25, St. Martins Tower,  
Suite 25.03, 31 Market Street, Sydney,  
NSW 2000, Australia  
**Melbourne:** Suite 10.06, 3 Bowen Cres,  
Melbourne, VIC 3004, Australia

### CHINA

**Beijing:** C818, Office Building, Beijing  
Lufthansa Center  
No.50, Liangmaqiao Road, Chaoyang  
District, Beijing 100125, China  
**Shanghai:** Room 1605, Imago Building  
No. 99 Wu Ning Street, Shanghai City,  
China  
**Quangzhou:** B shop,Lobby, Garden  
Hotel, 368 Huanshi East Road,  
Guangzhou, China  
**Chengdu:** No.25, 8 floor, block 1, No.20  
Jialing Road, Wuhou district, Chengdu,  
China

### INDONESIA

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