

ANNUAL REPORT

2022

WHOLEHEARTED
DEDICATION

PROACTIVE
BREAKTHROUGH

SUSTAINABLE
DEVELOPMENT





Vietnam



Để tải bản mềm Báo cáo thường niên 2022 của Vietnam Airlines, vui lòng truy cập website <https://www.vietnamairlines.com/vn/vi/about-us/investor-relations/annual-reports> hoặc quét QR code phía bên trái.

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LIST OF ABBREVIATIONS

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

I. MESSAGE FROM

THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER



Mr. DANG NGOC HOA
Chairman of the Board



Mr. LE HONG HA
Chief Executive Officer

After overcoming the challenges posed by the Covid-19 pandemic and amidst the aviation market's recovery, Vietnam Airlines has strived to overcome challenging time and is poised for a new phase with guiding principles remain "Genuine dedication - Proactive breakthrough - Sustainable development."

Dear Shareholders, Customers, and Partners,

On behalf of the Board of Directors, the Board of Management, and the esteemed members of Vietnam Airlines, I extend our sincerest greetings and express our deepest gratitude for your unwavering support throughout the recent year.

Undoubtedly, the aviation industry in Vietnam faced numerous trials and tribulations during this period. The anticipated recovery of the international market, which typically contributes 50% of our revenue, did not materialize as expected. Despite a commendable revival in the domestic market's volume, our airline encountered intense competition on pricing, resulting in a decline in revenue and operational efficiency. Furthermore, geopolitical conflicts, escalating fuel prices, high inflation, and adverse exchange rate fluctuations cast a shadow over the entire industry.

In light of these formidable challenges, the Board of Directors and the Board of Management, together with the entire workforce of Vietnam Airlines, have steadfastly united in our resolve to navigate these difficulties. We have embraced a spirit of adaptability, creativity, and proactive resource utilization, both internally while enhancing restructuring and in leveraging external support.

As a result of our unwavering determination, Vietnam Airlines has successfully weathered the most challenging period and has exceeded the targets set forth in the 2022 business plan endorsed by the General Meeting of Shareholders.

Our accomplishments in passenger transportation have been commendable, with a decent volume of 18.21 million passengers in 2022, surpassing the plan by 7.1%. Moreover, we have handled a substantial cargo volume of 213,034 tons. The consolidated revenue (including profit/loss in affiliates) recorded at VND 71,775 billion, surpassing the plan by an impressive 19.8%. Notably, the parent company alone generated VND 50,214 billion, exceeding the plan by 11%. At certain times, Vietnam Airlines was able to strike a balance between revenue and expenditure, resulting in profitability.

The consolidated pre-tax loss and the parent company's loss decreased by VND 2,020 and VND 2,993 billion versus 2021, respectively. Vietnam Airlines also contributed VND 3,321 billion to the state budget, marking a 40.5% increase compared to the previous year. Maintaining our leading position in the domestic market, Vietnam Airlines Group (comprising Vietnam Airlines, Pacific Airlines, and Vasco) holds a commanding market share of 41.3%, the largest in the industry domestically.

The comprehensive restructuring measures have been effectively implemented across all facets of our operations, resulting in a significant reduction in cash flow burden, increased income generation, and improved business performance throughout 2022. We have revamped aircraft lease agreements, renegotiated aircraft fleet expenses to defer payments, and directly lowered rental rates for leasing partners. We also undertook asset restructuring by liquidating older aircraft, engaging in sale and leaseback transactions for both aircraft and engines. Substantial measures were implemented to significantly reduce costs, including restructuring and divestment at some affiliates through stake sales and transfers of specific investment portfolios. Vietnam Airlines is also proactively pursuing financial restructuring initiatives, including debt restructuring and flexible utilization of short-term loans.

Furthermore, we have undertaken organizational restructuring by streamlining our organization, enhancing productivity, and improving income for our employees. Notably, in 2022 alone, we reduced 3 departments and 23 units. Throughout the entire period impacted by COVID-19, from 2020 to the present, we have streamlined a total of 4 departments and 51 units.

The above-mentioned measures have resulted in significant cost reductions for Vietnam Airlines, amounting to approximately VND 7,200 billion. Notably, the solutions achieved through negotiations with the partners accounted for nearly VND 4,300 billion of this total.

Dear valued Shareholders,

The achievements made in 2022 serve as a testament to Vietnam Airlines' unwavering determination to overcome challenges and pave the

way for the successful realization of our goals and strategies during the 2021 - 2030 period.

Looking ahead, our focus is on rapid recovery and breakthrough development in the upcoming years. To this end, Vietnam Airlines has established key directions and tasks for the 2021 - 2030 period, encompassing the following areas: (1) Ensuring the absolute safety of our operations; (2) Renovating our organizational structure, enhancing leadership capacity and effectiveness, executing a comprehensive and synchronous restructuring of production and business operations; (3) Enhancing competitiveness by integrating both traditional and low-cost segments, maintaining a leading position in the Vietnam market; (4) Embracing advanced and modern technology, fostering innovation capacity; (5) Fulfilling our role and responsibilities to society and the community, while preserving and protecting the ecological environment; (6) Expanding the role of Vietnam Airlines in the aviation industry through active participation in the development of aviation-load policies, contributing to regulatory planning, collaborating on the construction of airport infrastructure, and strengthening international joint venture cooperation.

The overall objective of Vietnam Airlines is to establish itself as a prominent airline group with top revenue in Southeast Asia, and securing a position among the Top 10 most favorite airlines in Asia. Moreover, we focus on robust technological transformation, transitioning into a digital airline, and becoming the most sought-after employer in Vietnam's labor market.

Aligned with these objectives and strategic orientations, and based on forecasts of opportunities, challenges, and operational scenarios, Vietnam Airlines has diligently formulated comprehensive plans and solutions across all domains:

In the production and business activities, we maintain an unwavering commitment to absolute safety, while concurrently optimizing processes and resources to enhance the utilization efficiency of our fleet, pilots, and crew, ensuring that the capacity closely aligns with market demand.

To enhance the overall customer experience, Vietnam Airlines remains committed to upgrade

service quality. Our company places a strong emphasis on designing products and services that cater to diversification, personalization, and the creation of memorable experiences. Simultaneously, we are dedicated to fostering a service culture that elevates the standards, enabling each and every employee to become a Service Ambassador capable of delivering exceptional experiences to our valued customers.

Alongside the initiatives to enhance performance and service quality, Vietnam Airlines will continue to diligently implement cost-saving and cost-management programs. Our objective is to reduce unit costs compared to the benchmark set in 2019, ensuring that prudent management and cost optimization accompany any cost drivers within the organization.

Regarding investments, Vietnam Airlines focuses on preparing for the narrow-body aircraft project and the reconfiguration of A321 aircraft to meet operational demands when the market recovers. Additionally, we are actively preparing to invest in an Integrated Aviation-Specific Service Complex at Long Thanh International Airport, further enhancing our commitment to growth and development.

In the restructuring efforts, Vietnam Airlines is actively pursuing the restructuring and divestments in a number of companies with contributed capital, simultaneously progressing through the reporting for policy approval and revolving guidance for divestment issues from competent agencies. We also continue the asset restructuring, liquidation of outdated aircraft, and the sale and leaseback of aircraft (SLB). To enhance efficiency, the company streamlined its organizational structure, reorganized workflows, and optimized resource allocation through compact apparatus and improved division of labor in order to ultimately enhance resource quality and overall operational performance. Vietnam Airlines concentrates to finalize the first phase of restructuring and capital transfer at Cambodia Angkor Air.

To effectively execute the aforementioned strategic directions, Vietnam Airlines places a strong emphasis on innovating corporate governance and vigorously implementing information technology systems and digital transformation across all

aspects of our business operations. We aim to establish ourselves as a leading digital airline within the region.

We are actively exploring and implementing cutting-edge information technology solutions, including facial recognition, flight control software, and streamlining seat allocation, among others. These initiatives are designed to optimize costs, streamline processes, and enhance labor productivity. Vietnam Airlines has made significant investments in researching and developing essential digital platforms and applications such as the Customer Data Platform (CDP), Omnichannel platform, application integration platform, and Big Data collection, processing, and analysis platform. Additionally, the VNA EZE Partner Management platform has been established to further augment our digital capabilities.

Vietnam Airlines takes pride in its role as the national flag carrier, ensuring the safe and respectful deployment of special aircraft flights. We are dedicated to supporting the aviation and tourism industry by proposing solutions, participating in recovery programs, and promoting Vietnamese culture and destinations to a global audience. Moreover, we are committed to making a positive impact on the community and society through large-scale CSR programs in collaboration with domestic and foreign organizations in the coming years.

Dear Shareholders,

Vietnam Airlines upholds the motto "Genuine Dedication - Proactive Breakthrough - Sustainable Development". Despite the challenges that lie ahead, we have full confidence in the guidance and support of the Party, State, Government, National Assembly, and regulatory agencies. With the experience, unity, and efforts of the Board of Directors, the Board of Management, and all employees, along with the wholehearted support of our esteemed shareholders, valued customers, partners, and stakeholders, Vietnam Airlines will successfully accomplish the tasks and consequently lay a solid foundation for us to continuously soar to new heights and reinforce our leading position in the Vietnamese aviation industry./.

2022 HIGHLIGHTS

REVENUE PASSENGER-KILOMETERS (RPK)

22.7

BILLION PASSENGERS.KM

(+291% YOY)

CONSOLIDATED REVENUE

VND **71,701**

BILLION

(+141% YOY)

NUMBER OF FLIGHTS

141,000

(+133.5% YOY)

LOTUSMILES

4.6 MILLION

MEMBERS

DOMESTIC
MARKET SHARE

41.3%

INTERNATIONAL
MARKET SHARE

21.4%

PASSENGERS
CARRIED

20.8

MILLION

(+193% YOY)

CARGO AND
PARCEL CARRIED

217,400

TONS

(-2.2% YOY)

Consolidated data of VNA Group (VNA, VASCO và PA)

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.

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.



B. DEVELOPMENT STRATEGY

1. MISSION ORIENTATION

- 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 standards, and offering services to both traditional and low-cost segments; 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 a 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.



C. SUSTAINABLE DEVELOPMENT GOALS

As the flag carrier of Vietnam, Vietnam Airlines is responsible for planning and implementing sustainable development programs and goals to minimize environmental impacts while enhancing economic objectives. The airline's sustainable development plan can be achieved through various measures, such as reducing carbon emissions through aircraft modernization programs, implementing fuel-saving technologies, optimizing flight routes, reducing water consumption, and minimizing plastic waste. Additionally, with the increasing demand for sustainable travel options, businesses that integrate sustainable development goals into their economic objectives are more likely to attract a larger customer base and improve the airline's reputation. This, in turn, enhances customer loyalty, increases future profitability, and contributes to the growth and maintenance of a competitive advantage in the aviation industry.

- Vietnam Airlines is committed to consistently asserting and maintaining the position and reputation of the Vietnam Airlines brand in the hearts of Vietnamese and global customers, aiming to deliver the highest quality products and services to customers while contributing to the overall development of the community and society. In addition to its core business activities, Vietnam Airlines places special emphasis on improving social welfare and actively participates in community development initiatives.
- Regarding the environment, Vietnam Airlines prioritizes compliance with environmental protection laws by establishing an organizational

structure, developing regulations, and implementing control and evaluation measures for the entire system's operations. The airline also continuously modernizes its aircraft fleet with new and advanced models that minimize environmental impact, such as reducing emissions and noise. The company not only strictly adheres to environmental protection regulations but also invests in upgrading equipment, technology, and research to apply innovative technological and technical solutions in operations and management, aiming to reduce fuel consumption and minimize the negative impact of CO₂ emissions on the environment.



D. RISKS

The period from 2021 to 2025 represents a transformative phase characterized by significant changes. Notably, the emergence of the Fourth Industrial Revolution, the proliferation of digital technology, and the advent of Big Data have resulted in shifts in consumer behavior across various customer segments. Additionally, the Vietnamese aviation industry continues to face challenges in environmental protection, risks related to diseases and natural disasters, as well as persisting inconsistencies and contradictions in the legal system. Furthermore, the industry experiences intensified international competition due to the growing prevalence of Open Skies Agreements.

■ Environmental factors

The aviation industry contributes 2% of global CO₂ emissions and is expected to become one of the sectors with significant influence on global climate change due to its rapid development. Meanwhile, other industries are transitioning to cleaner energy sources. The adoption of new energy sources is a solution to reduce the negative impact on the environment and create a positive impression on customers, in line with the trend of carbon reduction and increased recycling in green consumption. This will influence the decision-making process regarding the leasing and utilization of aircraft fleets by airlines.

Disease outbreaks and environmental disasters are unpredictable events that pose significant risks to the aviation industry. They directly affect people's travel demands, and the aviation sector is often one of the first to bear the consequences of such events.

■ Competition landscape

In 2022, the domestic aviation market experienced a strong recovery; however, it was not sustainable. The purchasing power and spending ability of the population remained relatively low, while intense competition among airlines led to lower average ticket prices compared to 2019. Despite higher domestic transport volume than pre-pandemic levels, domestic airlines incurred losses due to increased input costs, particularly fuel prices and the USD exchange rate.

Regarding international business, the market began to witness intensified competition as foreign airlines, with a faster recovery rate, increased their operational activities. This was reflected in the overall market supply, which grew by 2.5 times compared to 2021 and reached over 45% of the 2019 level.

■ Disease threat

The COVID-19 pandemic has been effectively managed, leading to the removal of various barriers such as quarantine and medical screening measures. As a result, international air travel has begun to regain momentum. However, the persistent threat of new COVID-19 variants and other infectious diseases continues to impact the recovery and progress of the aviation industry.



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
- Email: nhadautu@vietnamairlines.com
- Business registration certificate for Joint Stock Company number 0100107518, issued by Hanoi Department of Planning and Investment, and registered for the 9th 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 2022)





2. BUSINESS LINES AND BUSINESS NETWORK

2.1. BUSINESS LINES

- The main business of Vietnam Airlines is air transportation of passengers, cargo, luggage, parcels, postal items, and mail.
- Other business lines are specified in the Article 5 of the Charter dated 28 June 2022.

2.2. BUSINESS NETWORK

As of 31 December 2022, Vietnam Airlines has 23 domestic branches, 30 overseas branches and representative offices, and 04 dependent accounting units.



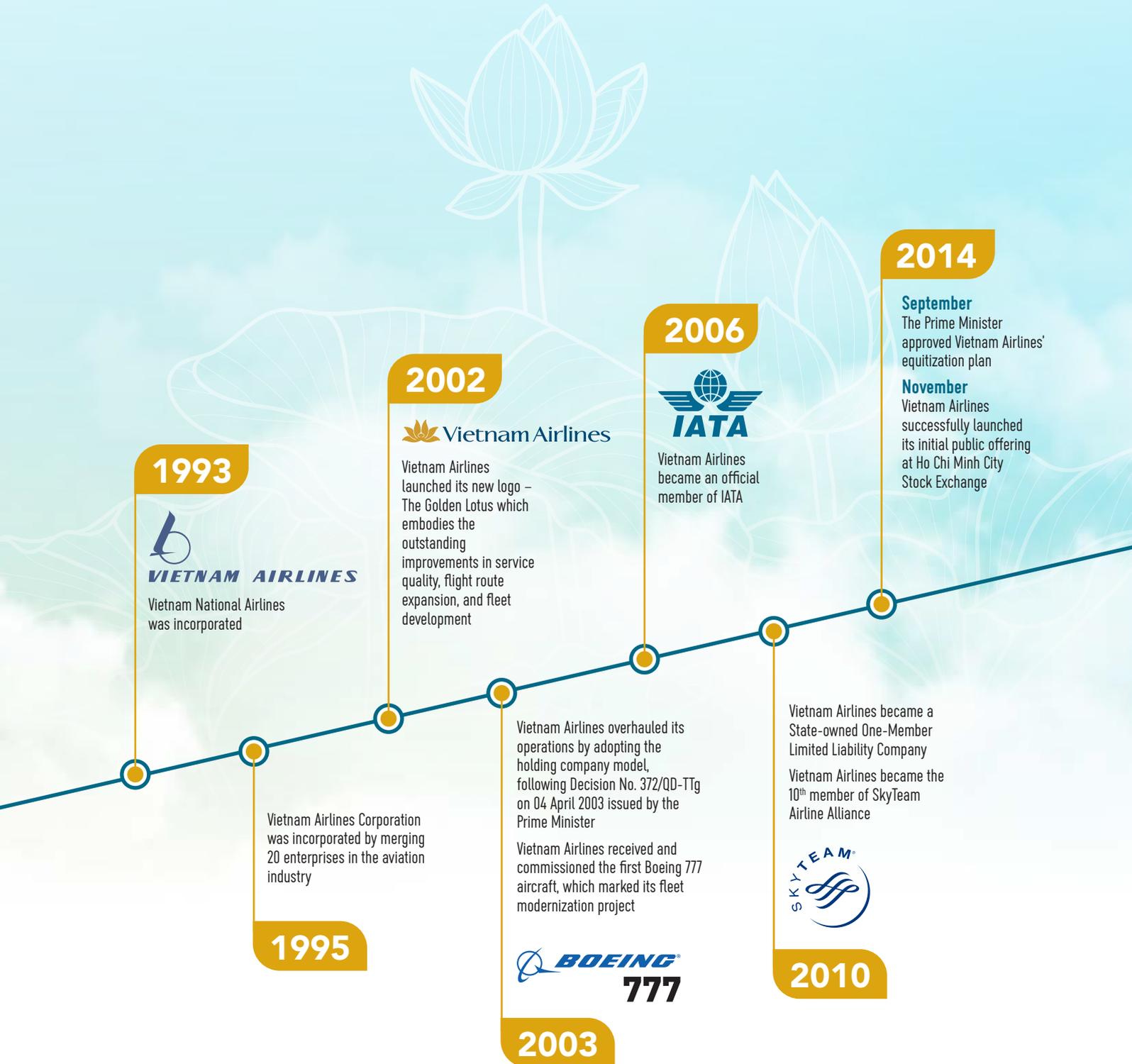
List of domestic branches/ offices

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

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

3. ESTABLISHMENT AND DEVELOPMENT HISTORY



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



November
Officially received the first Airbus A321neo aircraft

2020

May
25th anniversary of Vietnam Airlines' establishment

2022

June
The first and only airline in Vietnam to obtain the Extended Diversion Time Operations (EDTO) certificate for over 180 minutes for aircraft equipped with 2 engines.

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

January

Vietnam Airlines, whose shares were officially listed on the UPCOM stock exchange with the ticker HVN, became a public company with leading market capitalization

December

Welcomed the 200th million passenger after 20 years of operation and reached 1.5 million Lotusmiles members

LOTUSMILES

2017

May

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

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 Air Lines

October

Welcomed the 100th aircraft to Vietnam Airlines' fleet

The only airline in Vietnam 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



2021

2019



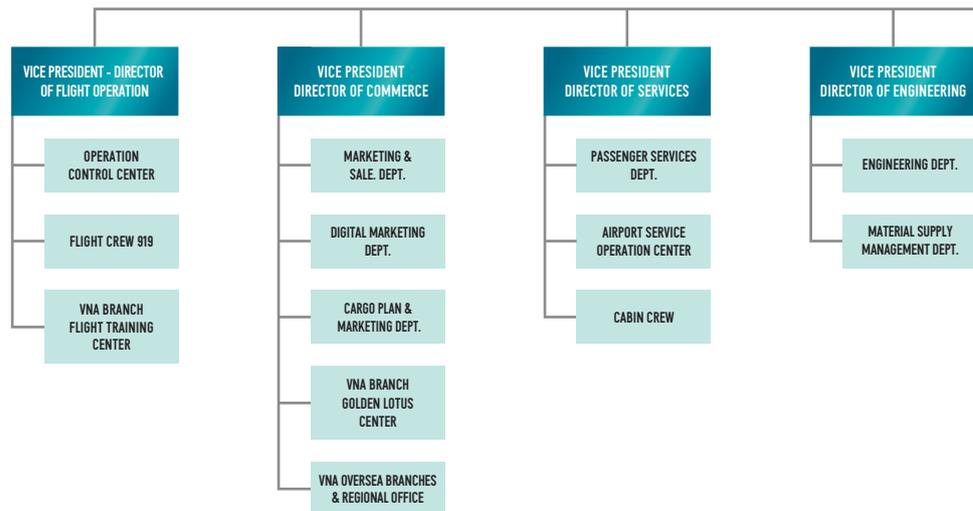
2015

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 the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Chief Executive Officer

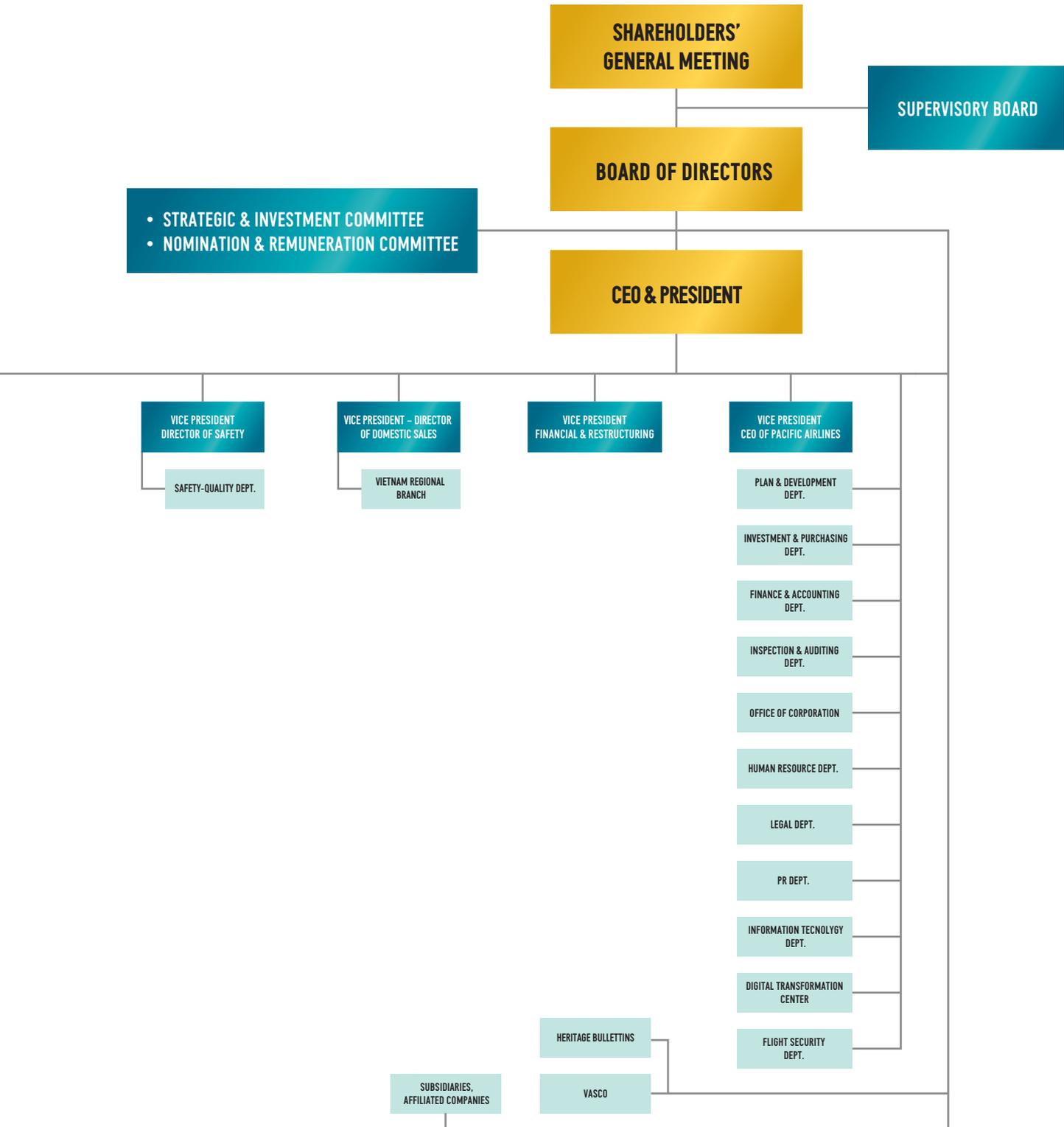


Changes in the organizational structure in 2022

Together with Vietnam Airlines, the 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 2022 are:

- Finalized the organizational restructuring plan in the Vietnam Airlines restructuring master plan to report to the Government of the CMSC.
- Completed the restructuring of divisions and units of the Commercial and Service Departments.

Organization chart as of 31 December 2022



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 – 2026 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); Member of Executive Committee of the Vietnam Canoeing, Rowing and Sailing Federation, term III (2022 – 2027)

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. HIROYUKI KOMETANI

Member of the Board

Position held in other organizations: Executive Vice President, Head of Strategy and Future Creation of ANA Holdings

Year of birth: 1965

Year of commencement at Vietnam Airlines: 2022

Qualification: Bachelor of Economics

BOARD OF MANAGEMENT



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. 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. TRINH HONG QUANG

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Board of Directors – Pacific Airlines JSC. (PA); Member of the Executive Committee of the Vietnam Organ Transplant Association, term 2022 - 2027

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. 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, Vice President of the Vietnam - France Friendship and Cooperation Association, term VII (2022 – 2027)

Year of birth: 1970

Year of commencement at Vietnam Airlines: 1995

Qualification: Master of Science/ Pilot



Mr. DINH VAN TUAN

Deputy Chief Executive Officer

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

Year of birth: 1970

Year of commencement at Vietnam Airlines: 1996

Qualification: Master of Development Economics



Mr. NGUYEN THE BAO

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Member's Council of Vietnam Airlines Caterers Limited (VACS); General Director of Vietnam Branch

Year of birth: 1973

Year of commencement at Vietnam Airlines: 1994

Qualification: Master of Political Economics



Mr. LE DUC CANH

Deputy Chief Executive Officer

Position held in other organizations: Chairman of the Board of Directors of Noi Bai Airport Services JSC. (NASCO)

Year of birth: 1973

Year of commencement at Vietnam Airlines: 1997

Qualification: Master of Business Administration



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



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, Board member of Quang Ninh Thermal Power JSC.
Year of birth: 1979
Year of commencement at Vietnam Airlines: 2021
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

4.3. COMMITTEES UNDER THE 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. Le Duc Canh, Deputy CEO – 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. 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

4.4. LIST OF SUBSIDIARIES AND AFFILIATES

(as of 31 December 2022)

LIST OF SUBSIDIARIES

№	SUBSIDIARIES	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	VIAGS	49 Truong Son, Ward 2, Tan Binh District, HCMC	Ground, technical, and commercial services	250,000	100.00
5	Pacific Airlines	PA	112 Hong Ha, Ward 2, Tan Binh District, HCMC	Aviation transportation	3,522,081	98.84
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.	AIT5	414 Nguyen Van Cu, Bo De Ward, Long Bien District, Hanoi	IT and telecommunications services	58,032	52.73
14	Aviation Labor Supply and 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	5th 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	AFFILIATES	SHORT NAME	ADDRESS	BUSINESS LINES	PAID-IN CHARTER CAPITAL	STAKE OF VNA (%)
1	Vietnam Aircraft Leasing JSC	VALC	6 th Floor, 18 Ly Thuong Kiet, Phan Chu Trinh Ward, Hoan Kiem Ward, Ha Noi	Purchase, lease and sublease of aircraft	63,315,837 (USD)	32.48
2	Da Nang Airport Service JSC	MASCO	Da Nang International Airport, Hai Chau District, Da Nang City	Air catering services, direct support services for air transportation	42,677 (VND million)	36.11
3	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
4	Aviation High Grade Plastic JSC	APLACO	Alley 200 Nguyen Son, Bo De Ward, Long Bien District, Ha Noi	High-grade plastic	44,708 (VND million)	30.41

5. SHAREHOLDER STRUCTURE

5.1. STOCK INFORMATION

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

5.2. SHAREHOLDER STRUCTURE

SHAREHOLDER TYPE	NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	OWNERSHIP (%)
I. LOCAL	2,081,021,981	49,740	93.98
1. Individual	146,769,261	49,665	6.63
2. Institution	1,934,252,720	75	87.35
<i>Commission for the Management of State Capital at Enterprises (CMSC)</i>	1,222,368,291	1	55.20
<i>State Capital Investment Corporation (SCIC)</i>	689,488,080	1	31.14
<i>Other</i>	22,369,249	73	1.16
II. FOREIGN	133,372,193	820	6.02
1. Individual	4,105,676	779	0.19
2. Institution	129,266,517	41	5.84
<i>ANA Holdings Inc.</i>	124,438,698	1	5.62
<i>Other</i>	4,827,819	40	0.22
TOTAL	2,214,394,174	50,560	100

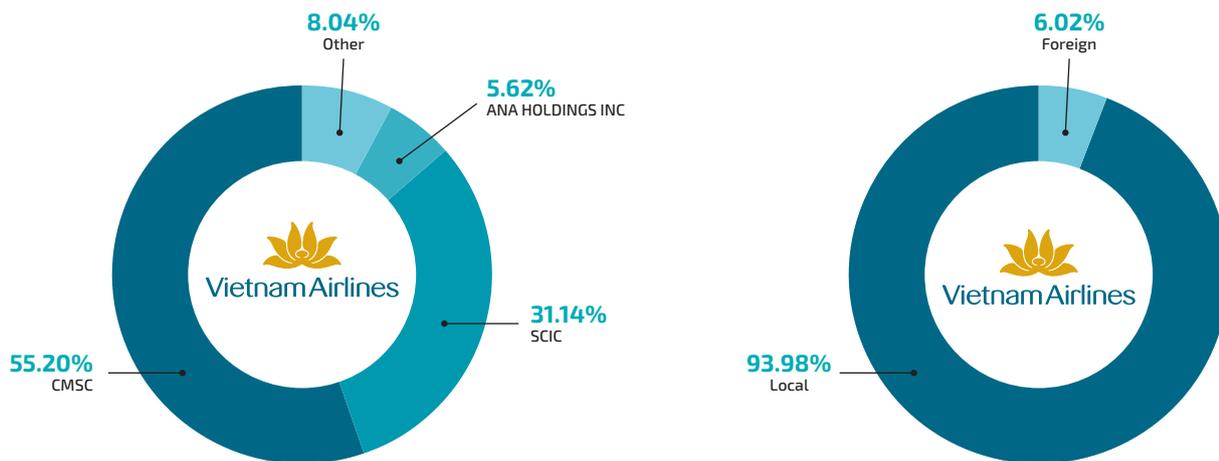
(Source: List of shareholders confirmed on 27 May 2022)

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

Rank	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

Changes in owner's equity in 2022

As of 31 December 2022, the owner's investment capital (CĐKT 410) was VND 22,143,941,740,000, unchanged compared to earlier of the year. The shareholder structure of Vietnam Airlines is as follows:



STOCK DATA

Ticker	HVN:HOSE
Sector	Aviation
Closing (30 Dec 2022)	13,900
52-week high	25,200
52-week low	8,610
Market capitalization (VND billion) by 30 Dec 2022	30,780
Number of outstanding shares	2,214,394,174

HVN STOCK PERFORMANCE



6. HIGHLIGHTED EVENTS



Launching Vietnam Airlines Gift Card

1/2022



Vietnam Airlines, Saigontourist Group, and Thien Minh Group jointly promoting trade, investment and tourism between Vietnam and the United States

5/2022



Launching media advertisement MV "Come on!"

7/2022

4/2022

Advertising campaigns of Vietnam Airlines in key international markets right after the reopening of outbound tourism on March 15, 2022



6/2022

- Vietnam Airlines inaugurated direct flights to India
- Vietnam Airlines became the first Vietnamese airline to attain EDTO over 180 minutes





Vietnam Airlines received 2 awards by World Travel Awards 2022

9/2022

YouGov Global Best Brand Rankings 2022
Top 10 Ranked: Vietnam

Rank	Brand name	Score
1	Samsung	48.4
2	Vietnam Airlines	44.5
3	Shopee	43.8
4	Panasonic	37.7
		32.2
		31.9
		31.9



- Vietnam Airlines ranked in the Top 10 Vietnam Best Brands 2022
- Donating miles to the humanitarian project of the Operation Smile

11/2022

10/2022

- Celebrating 20 years of the Golden Lotus symbol spreading its wings in the sky.
- Inauguration of "The Digital Culture of Vietnam Airlines" with digital lotus logo and seven core values
- Vietnam Airlines hosted the Hanoi Open Dragon Boat Festival 2022 and the Vietnam Airlines Race - Run for Love 2022.



8/2022

Vietnam Airlines aired the safety instruction video



12/2022

Launching the Million Miler Members program



7. AWARDS AND ACCOLADES



Asia's Leading Airline – Economy Class
by World Travel Awards (WTA)
Asia's Leading Airline Brand
by World Travel Awards (WTA)



Asia's Best MICE Airline 2022
by World MICE Awards



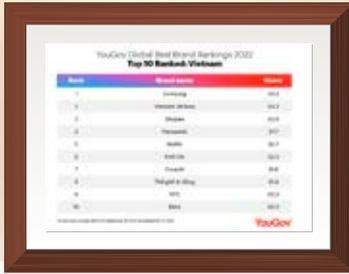
Ranked 48th in the World's 100
Best Airlines awarded by Skytrax



Vietnam Value 2022
by the Ministry of Industry and Trade of Vietnam



Ranked 1st in the Top 10
Most Recommended Brands in 2022 awarded
by YouGov



Top 10 Vietnam Best Brand Rankings
in 2022 by YouGov



Top 10 Well-known Brands 2022
by the Vietnam Intellectual Property Association



Top 10 Leading Customer Experience Brands
by the auditing and consulting firm KPMG



Top 10 Vietnam Best Employers
by Viet Research



Consolidation Prize in the Foreign Relation
Communication Awards: Music video “Come on”
Third Prize in the Foreign Relation
Communication Awards: Safety demo video

IV. BUSINESS PERFORMANCE

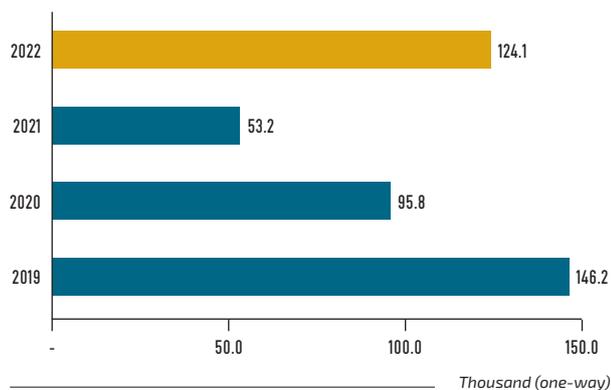
1. KEY OPERATIONAL INDICATORS

1.1. VIETNAM AIRLINES (VNA AND VASCO)

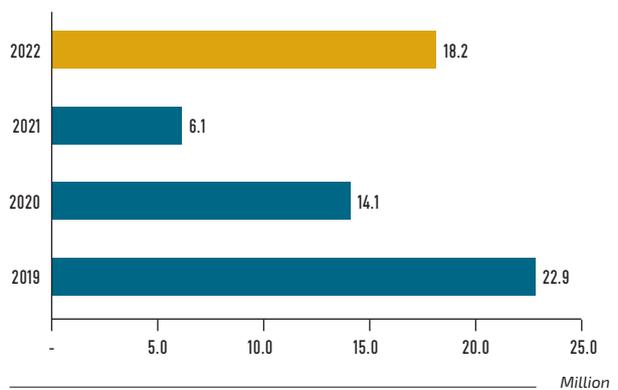
METRIC	UNIT	2019	2020	2021	2022	2022/2021
Number of flights	Thousand (one-way)	146.2	95.8	53.2	124.1	233.3%
Passengers carried	Million	22.9	14.1	6.1	18.2	299.0%
Cargo and parcel carried	Thousand tons	348	195.9	219.8	213.9	97.3%
Revenue Passenger-Kilometers (RPK)	Billion passengers.km	37.6	15.2	5.1	21.0	412.4%
Available Seat-Kilometers (ASK)	Billion seats.km	46.5	19.4	7.2	28.1	390.8%
Load Factor	%	80.9%	78.3%	71.6%	74.7%	+3.1%
Market share	%	29.1%	39.6%	40.5%	33.1%	-7.4%

* Ghi chú: 2019-2022 theo số liệu đã công bố trong BCTN các năm trước

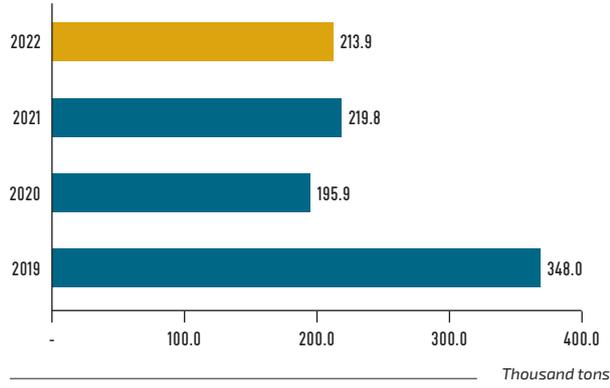
NUMBER OF FLIGHTS



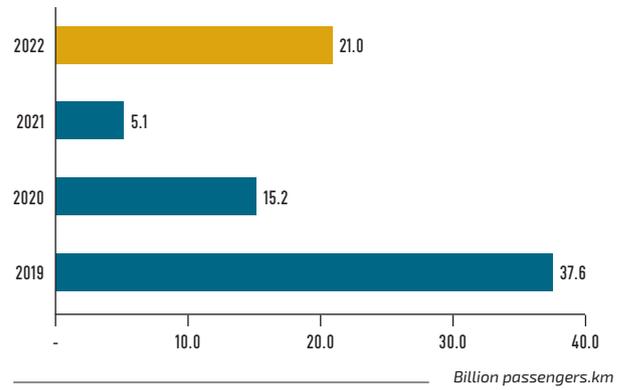
PASSENGERS CARRIED



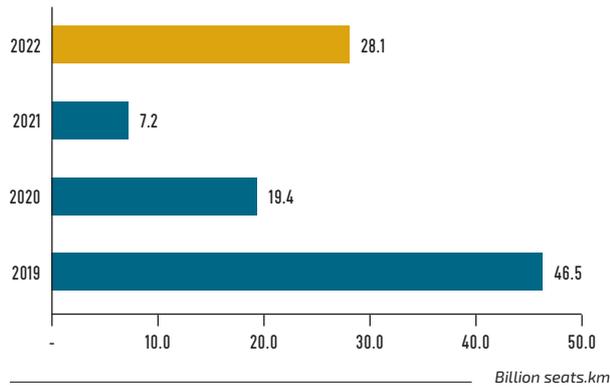
CARGO AND PARCEL CARRIED



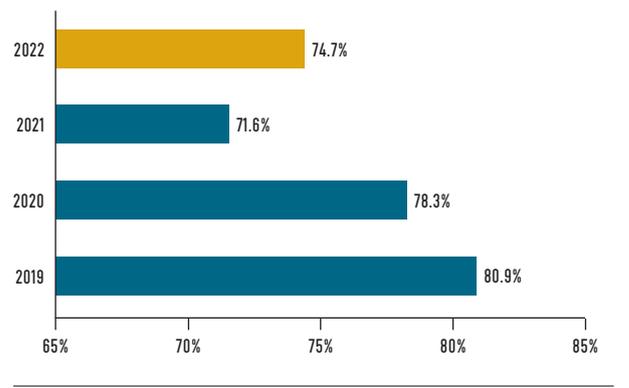
REVENUE PASSENGERS-KILOMETERS (RPK)



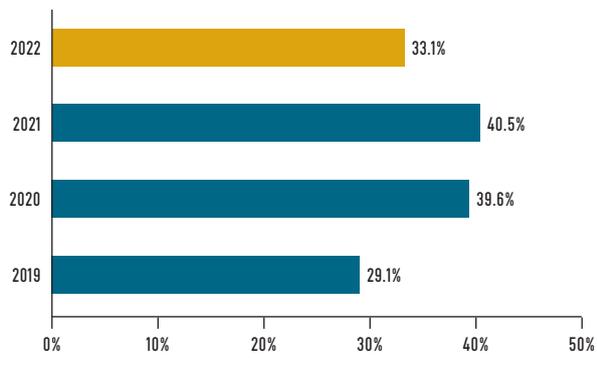
AVAILABLE SEATS-KILOMETERS (ASK)



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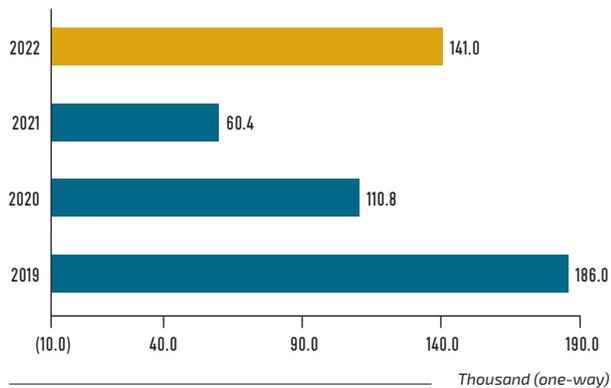
MARKET SHARE



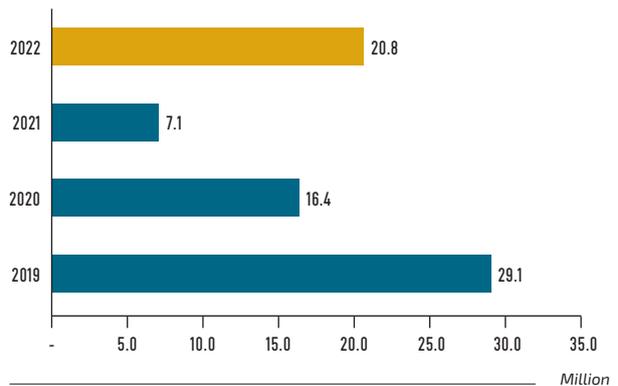
1.2. VIETNAM AIRLINES GROUP (VNA, VASCO AND PA)

METRIC	UNIT	2019	2020	2021	2022	2022/2021
Number of flights	Thousand (one-way)	186.0	110.8	60.4	141.0	233.5%
Passengers carried	Million	29.1	16.4	7.1	20.8	294.0%
Cargo and parcel carried	Thousand tons	371.3	201.7	222.2	217.4	97.8%
Revenue Passenger-Kilometers (RPK)	Billion passengers.km	42.9	17.0	5.8	22.7	389.3%
Available Seat-Kilometers (ASK)	Billion seats.km	52.8	21.6	8.2	30.2	369.8%
Load Factor	%	81.2%	78.5%	71.4%	75.2%	+3.8%
Market share	%	37.0%	46.1%	46.5%	37.7%	-8.9%

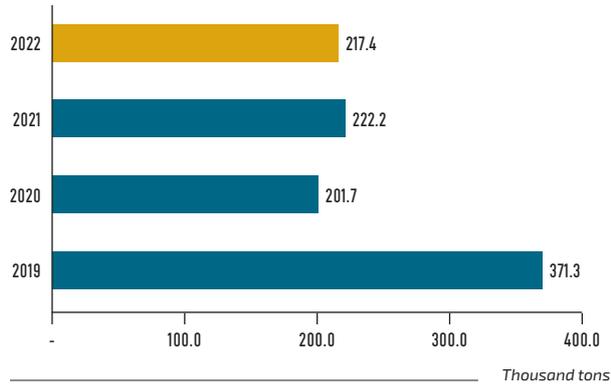
NUMBER OF FLIGHTS



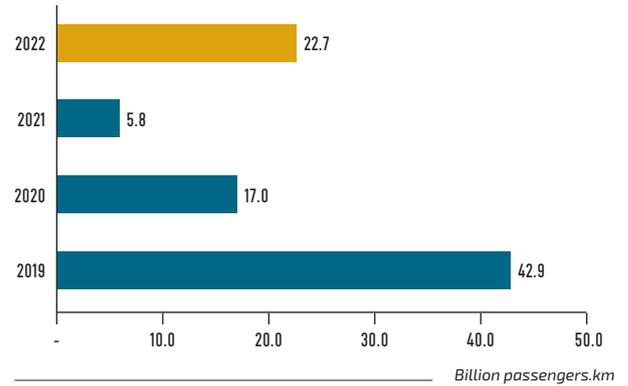
PASSENGERS CARRIED



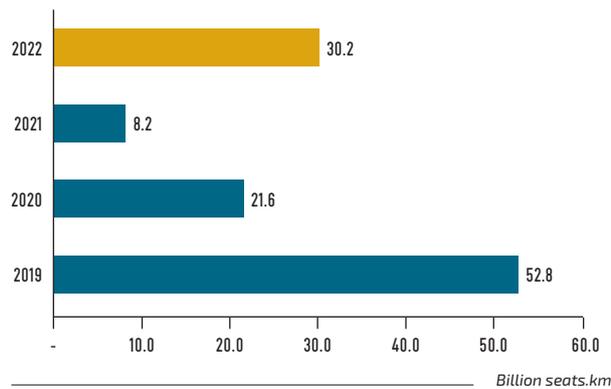
CARGO AND PARCEL CARRIED



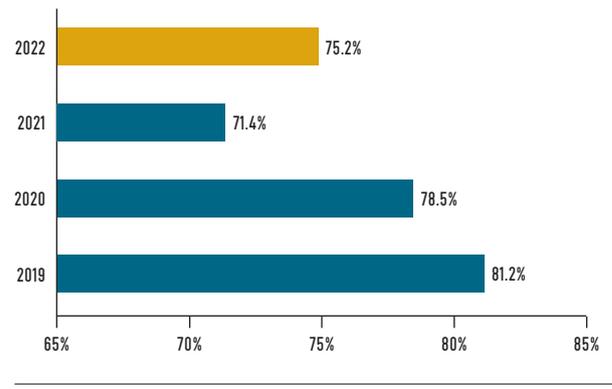
REVENUE PASSENGERS-KILOMETERS (RPK)



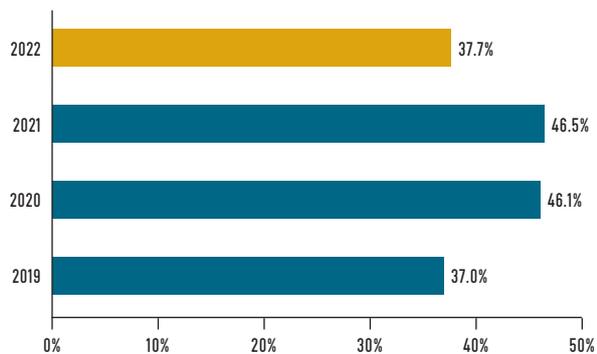
AVAILABLE SEATS-KILOMETERS (ASK)



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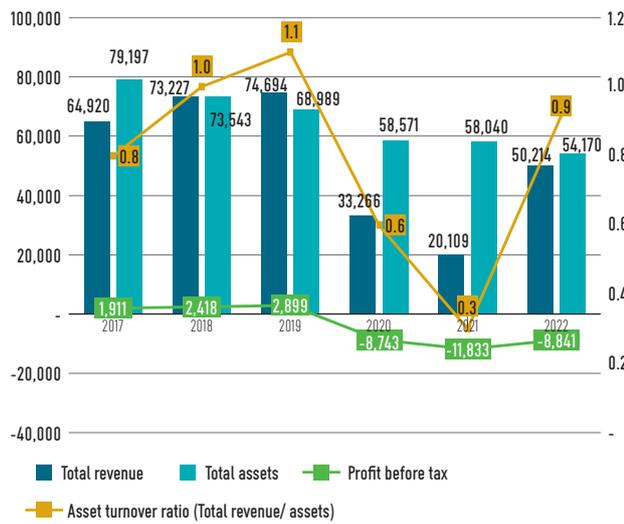
MARKET SHARE



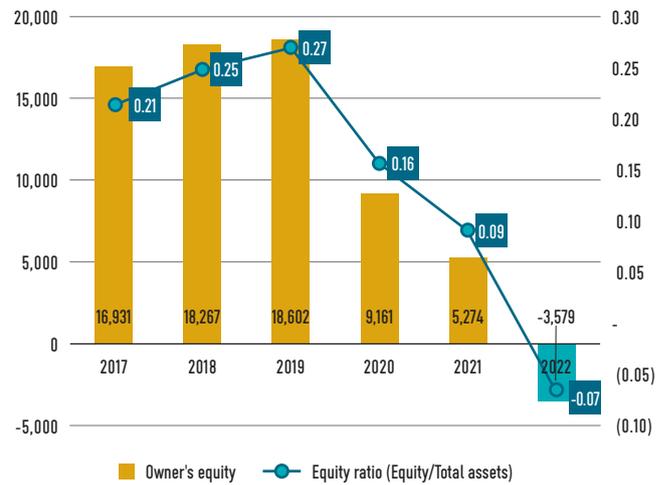
2. KEY FINANCIAL INDICATORS

2.1. PARENT COMPANY

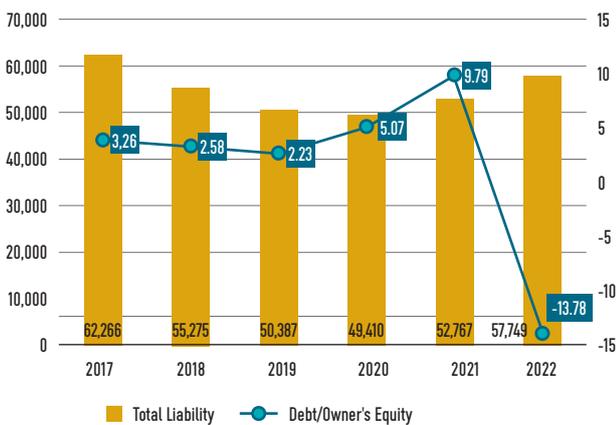
TOTAL REVENUE, TOTAL ASSETS, PROFIT BEFORE TAX, AND ASSET TURNOVER RATIO



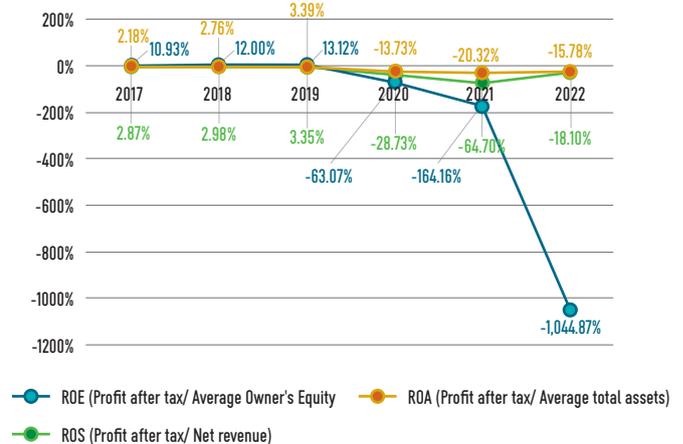
CAPITAL AUTONOMY



TOTAL LIABILITY AND DEBT RATIO

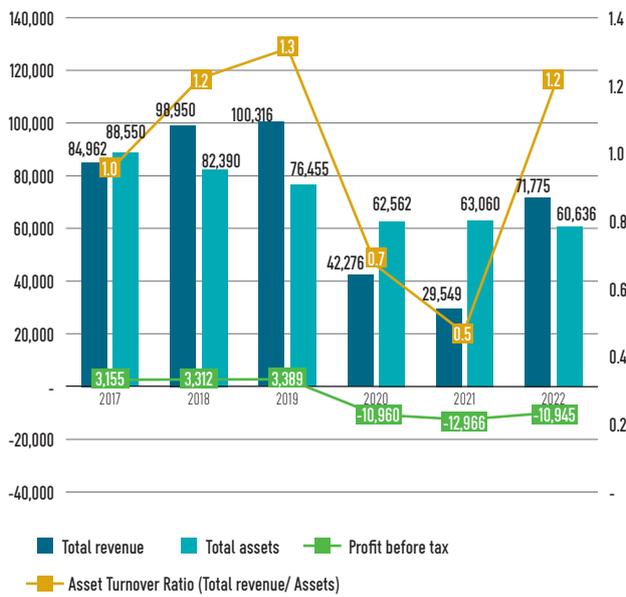


PROFITABILITY RATIOS

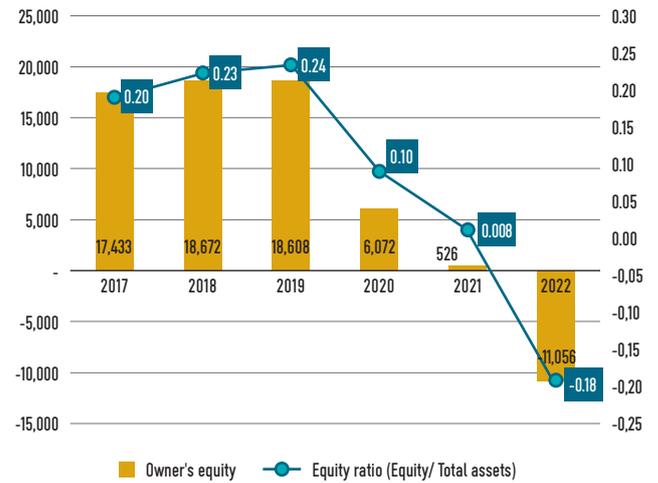


2.2. CONSOLIDATED RESULTS

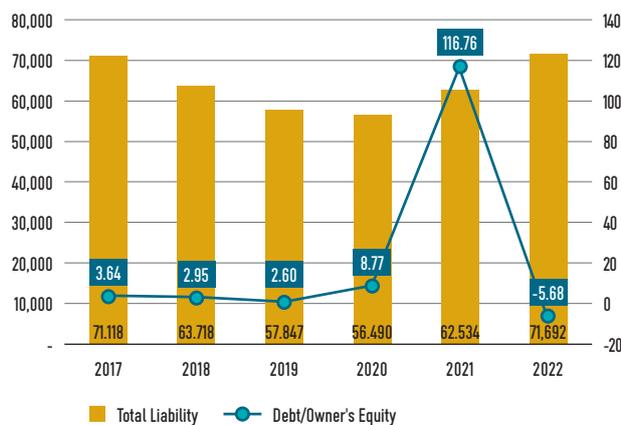
TOTAL REVENUE, TOTAL ASSETS, PROFIT BEFORE TAX AND ASSET TURNOVER RATIO



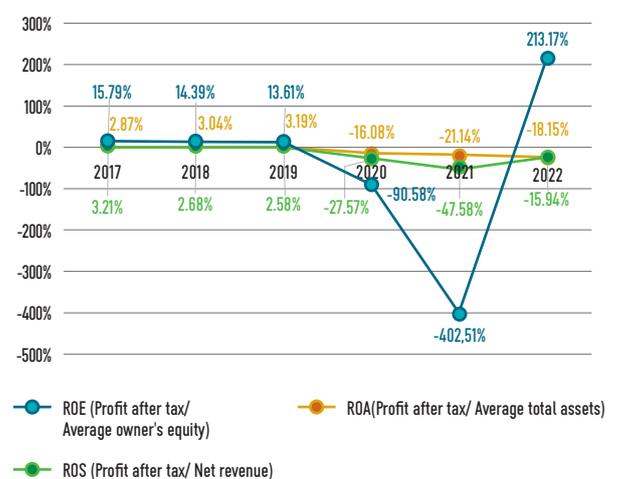
CAPITAL AUTONOMY



TOTAL LIABILITY AND DEBT RATIO



PROFITABILITY RATIOS



Note: ROE in 2022 is positive due to negative owners' equity and negative NPAT.

V. ASSESSMENT OF THE BOARD OF DIRECTORS

1. ON THE OPERATIONS OF VIETNAM AIRLINES

1.1. OPERATIONS OF THE GENERAL MEETING OF SHAREHOLDERS

- **Implementation of the 2022 business plan**

In line with the resolutions approved by the General Meeting of Shareholders, the Board of Directors of VNA has diligently executed strategic business solutions since the beginning of the year, aiming to ensure uninterrupted and sustainable operations. The Corporation's production and business activities in 2022 encountered various challenges, including a slow recovery of the international market, overcapacity, and lower average fares in the domestic market. Additionally, high fuel prices, unchanged domestic fare limits, the absence of fuel surcharges on domestic routes for airlines, and only partial compensation for increased fuel costs through surcharges on international routes added to the difficulties. Unfavorable factors such as interest rates and exchange rates further compounded the situation. Consequently, Vietnam Airlines' business performance in 2022 did not witness proportional improvement relative to the growth rate of passenger volume. The parent company managed to reduce losses compared to 2021 and also achieved a reduction in losses compared to the plan. The consolidated losses were also lower than initially reported at the Annual General Meeting of Shareholders in 2022.

- **Salary and remuneration of the Board of Directors and the Board of Supervisors**

Salary and remuneration of the Board of Directors and Board of Supervisors in 2022 were implemented in accordance with the approval of the General Meeting of Shareholders.

- **Sale of 06 ATR72 aircraft to replace with a regional jet fleet**

Based on the approved plan in Resolution 1551/NQ-HĐQT/TCTHK dated October 29, 2021, the Corporation initiated the sale of 6 ATR72-500

aircraft in the first round in 2021, but it was not successful. Due to the unfavorable aircraft market conditions during the COVID period and the changing operational requirements based on the upgrade plans for VCS/DIN airports, Vietnam Airlines will proceed with the second round of selling these aircraft in 2023 and 2024.

- **Regarding the decision to sell 09 A321CEO aircraft (Resolution of the 2020 Annual General Meeting of Shareholders)**

In 2023, the Corporation successfully sold and auctioned three A321CEO aircraft (VN-A350/351/352). Currently, negotiations are underway for a purchase contract with the winning auction partners, and the handover of the aircraft is expected to be completed in Q4/2023 - Q1/2024.

As for the two aircraft (VN-A353/354) initially intended for conversion from passenger to cargo for sale and leaseback, the Corporation has suspended the conversion process due to significant market changes following the COVID-19 pandemic. Presently, six A321CEO aircraft manufactured in 2007-2008 remain in the Corporation's fleet. The plan to sell or engage in sale and leaseback for these aircraft in 2024 and subsequent years will be considered based on assessments of operational needs, market conditions, and actual cash flow balance.

- **Selection of an auditor for the 2022 financial statements**

The Board of Directors has issued Resolution No. 895/NQ-HĐQT/TCTHK dated August 4, 2022, approving the selection results of the service package "Audit of the 2022 Financial Statements of Vietnam Airlines Corporation - Joint Stock Company" and signing the contract for audit services for the 2022 Financial Statements with Deloitte Vietnam Limited Liability Company.

- **Restructuring work and the Restructuring Masterplan of Vietnam Airlines for the period 2021 - 2025**

The Annual General Meeting of Shareholders in 2022 approved the major directions for restructuring work and business innovation, and has delegated authority to the Board of Directors to approve detailed scopes after receiving guidance from relevant state agencies. In 2022, VNA will proactively pursue self-restructuring initiatives to incrementally revive

production and business operations. Concurrently, the Corporation will also finalize the Master Project and submit it to the CMSC for feedback from ministries. After the comprehensive solutions to remove difficulties for Vietnam Airlines have been approved by the competent authorities, the Board of Directors will approve the Restructuring Masterplan of Vietnam Airlines for the period 2021 - 2025 as a basis for organizing and implementing the plan.

1.2. THE BOARD OF DIRECTORS

In 2022, the Board of Directors focused on directing the following key activities:

- **Successfully organized the Annual General Meeting of Shareholders** to approve the prescribed and authorized Resolutions.
- **Regarding business operations:** Vietnam Airlines proactively implemented a series of measures to ensure stable operational activities and disease prevention. The transportation metrics in 2022 exceeded the plan. However, the international aviation market has not fully recovered, and the domestic market has been affected by overcapacity and low average revenue, particularly due to the impact of fuel price increases and currency depreciation against the USD. As a result, the 2022 financial performance did not improve in line with the volume growth rate.
- **Regarding the disbursement of the liquidity support package of VND 12,000 billion to the State:** The Board of Directors has overseen the execution of the State's measures to address challenges arising from the COVID-19 impact on the Corporation. Notably, this includes the VND 12,000 billion liquidity support package, comprising refinancing loans and share issuance to increase charter capital. By October 2022, the Corporation successfully disbursed and utilized the proceeds from the share offering to existing shareholders, aligning with resolutions from the 2021 Annual General Meeting and Board of Directors. This comprehensive utilization of the liquidity support package, as endorsed by competent authorities, ensured the Corporation's financial stability and uninterrupted operations. The timely implementation of this support package bolstered trust and garnered active support in negotiations for price reductions and payment deferrals with creditors and suppliers.
- **Ensuring liquidity and operational continuity:** Vietnam Airlines implemented measures such as flight scheduling and product management, cost-saving initiatives, negotiations with lessors and suppliers for cost reduction and payment deferral, debt restructuring, and flexible utilization of short-term loans to offset cash flow shortage. With the gradual improvement in business operations in the early months of the year and during the peak Tet holiday period, especially during the peak summer season, Vietnam Airlines' cash flow improved significantly. The Corporation partially balanced its cash flow to ensure the continuity of business operations, support overdue debt repayment commitments to partners, repay debts of subsidiaries, repay bank loans and fulfill ticket refund obligations to maintain trust with partners and customers, and also ensure smooth supply and business activities.
- **Regarding restructuring and streamlining the apparatus:** The Board of Directors directed the review and consolidation of the organizational structure to reduce decision-making levels and streamline the workforce, reallocating tasks in accordance with the new circumstances, with the principle of optimizing labour productivity.

- **Regarding the restructuring masterplan of Vietnam Airlines to overcome difficulties due to the impact of COVID-19 pandemic:** The Corporation continues to complete and report to the CMSC and competent authorities in order to seek resolutions for mechanisms and policies, while simultaneously taking proactive measures as directed by government leaders.
- **Regarding the investment project at Long Thanh International Airport:** Vietnam Airlines submitted a report to the Ministry of Transport on the investment proposal and suggested appointing Vietnam Airlines to be the investor for the project "Integrated Aviation-Specific Service Complex of Vietnam Airlines Group at Long Thanh International Airport". The project will be further developed as instructed.

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

The Board of Directors provided guidance and oversight of the operations of the Board of Management through the issuance of Resolutions and Decisions within its authority. Regular meetings were organized to receive reports, evaluate the situation, and provide timely guidance on the business activities of the Corporation.

The Board of Directors fulfilled its supervisory role over the activities of the CEO and the Board of Management by participating in periodic meetings of the Board of Management.

Additionally, the Board of Directors also closely monitored the operations of individual departments through reports from the internal auditing system and the Corporation's controller at subsidiary companies. Regular reports from the CEO at Board of Management meetings and reports as requested were also used for monitoring purposes.

On a quarterly basis, the CEO reported to the Board of Directors on the implementation of Resolutions and Decisions issued by the Board of Directors.



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

- In 2022, amidst significant political, economic, and social fluctuations, the Board of Management flexibly and effectively implemented measures to ensure liquidity and business continuity. They proactively deployed solutions to overcome difficulties, leveraged partnerships and support, intensified negotiations with lessors, and implemented self-reliant measures to maintain the Corporation's uninterrupted operations.
- The Board of Management diligently implemented Resolutions, Decisions, and directives from the Board of Directors. They managed the business operations with meticulous care and a strong sense of responsibility. They tackled challenges and continuously enhanced their professional and modern management capabilities to fulfill assigned tasks and duties in the best interests of the Corporation and its shareholders.
- The Board of Management provided comprehensive reports in compliance with regulations during the implementation of the Board of Directors' directives. They sought the Board's guidance when encountering issues that exceeded the delegated decision-making authority of the CEO.
- The Board of Management regularly engaged with relevant agencies and units to review and promptly resolve difficulties and obstacles in business operations.
- The CEO of Vietnam Airlines also serves as a member of the Board of Directors, ensuring close and frequent communication between the Board of Management and the Board of Directors. As a result, the supervision of the Board of Management's business performance occurred continuously, ensuring timely support and guidance from the Board of Directors.

3. ACTIVITIES OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS

In 2022, with the guiding principle of “*Proactive Adaptation – Firm Belief – Growth Restoration*”, the Board of Management demonstrated flexibility and proactiveness in leadership and guidance, successfully steering Vietnam Airlines through challenges and achieving outstanding results in business objectives.

- Based on the orientations of the Board of Directors, the Board of Management consistently monitored market movements to orchestrate the drastic and synchronous development and execution of timely solutions, carry out business operations with safety, quality, and sustainability.
- The reporting regime on the status of business activities across various aspects was effectively performed. In addition to analyzing and evaluating performance results, the reports emphasized forecasting and assessing the upcoming market situation to develop operational scenarios and enhance proactive and flexible management of business operations.
- The Board of Management 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.



4. ON THE ORIENTATION OF 2023 OPERATIONS

The Corporation defines the key goals, directions, and tasks for 2023 as follows:

ENSURING ABSOLUTE SAFETY

Remains the foremost prerequisite and fundamental pillar for the recovery and advancement of Vietnam Airlines. Thus, it continues to be our highest priority. Specifically, in 2023, meticulous monitoring and scrutiny of the technical condition and safety protocols, particularly during the resumption phase following the extended lockdown caused by COVID-19 pandemic, will be central to our safety endeavors.

STREAMLINING COST MANAGEMENT

Spearheading initiatives and programs aimed at optimizing cost management. Reestablishing and enhancing the standard of service quality by minimizing cost-related expenses, reducing wastage and losses, and eliminating unnecessary services. Ensuring operational efficiency that aligns with or exceeds the Corporation's 5-year plan of the Comprehensive Solutions Masterplan to overcome the impacts of the COVID-19 pandemic during the period of 2021 - 2025.

HOLISTIC RESTRUCTURING

Persevering in the process of organizational and operational restructuring, reforming, and optimizing to enhance efficiency and cost reduction. Conduct thorough assessments of the relevance of each cost component and devise suitable management strategies. Ensuring sufficient resources for pilots, flight attendants, and engineers to meet high volume demands. Focusing on the managerial personnel training and striving for the utmost labour productivity by building upon the accomplishments of 2019 as the foundation for augmenting the remuneration fund, elevating the average income.

ENHANCING RESOURCE UTILIZATION EFFECTIVENESS

Increasing the efficiency of resource allocation for the fleet, pilots, and flight attendants. Ensuring that the average operational hours from the latter half of 2023 reach and surpass the levels achieved in 2019.

EXPEDITING DIGITAL TRANSFORMATION

Adhering to the Corporation's digital transformation strategy during the 2022 - 2026 period. Persistently pursuing the objective of becoming a digital airline and striving to attain a digital transformation score within the range of 2.5 to 3.0 by the end of 2023.

OPERATIONAL AND COMMERCIAL ENDEAVORS

Preparing contingency plans that closely align with the progress of countries' relaxation of travel and quarantine policies. Prioritizing resources to swiftly resume operations on international routes, based on an overall efficiency assessment of Vietnam Airlines. Formulating appropriate and adaptable resource allocation plans for each scenario, proactively adjusting to market fluctuations, ensuring preparedness for the recovery of the international market, particularly in terms of resources for pilots, crew members, and fleet.

REVITALIZING SALES STRATEGIES, MAXIMIZING RASK

Developing online sales channels that align with market dynamics and industry trends, with a targeted increase in the sales rate to 21%. Amplifying sales of supplementary revenue sources and augmenting the proportion of high-revenue customers to elevate the RASK performance of the entire network, surpassing the 2019 levels.



VI. REPORT OF THE BOARD

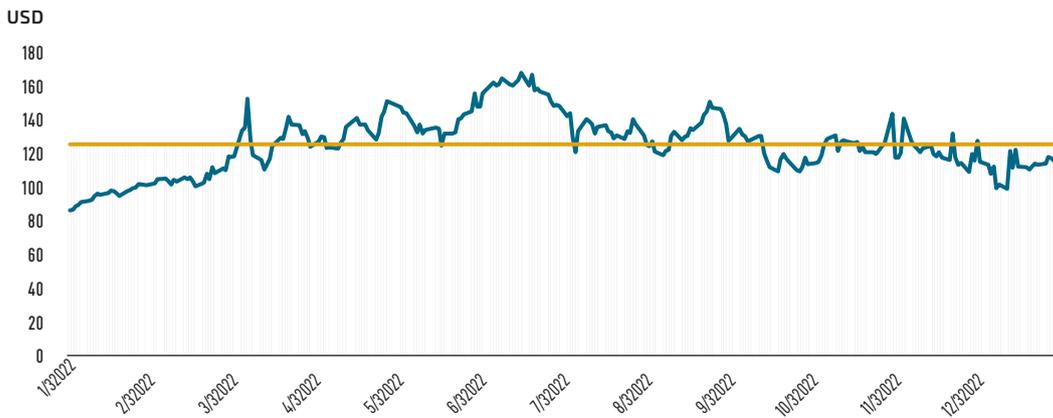
OF MANAGEMENT ON BUSINESS RESULTS IN 2022

1. OVERVIEW OF BUSINESS ENVIRONMENT

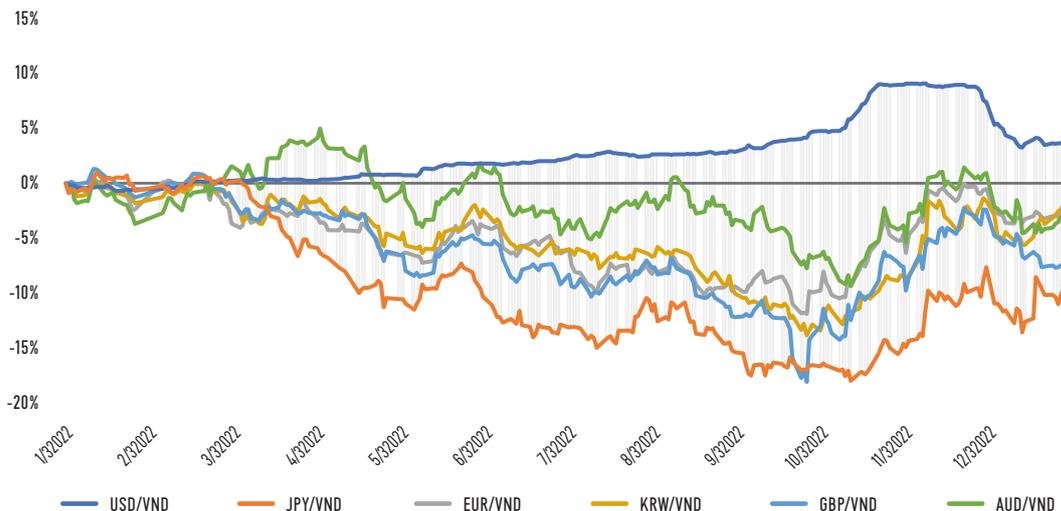
In 2022, the average fuel price reached 124.4 USD per barrel, surpassing the planned price of 110.26 USD per barrel by 14.1 USD. This deviation has had an impact on the cost structure and operational efficiency of Vietnam Airlines.

The USD experienced its most substantial appreciation against local currencies in nearly two decades, with the DXY index peaking at 114, representing a 20% increase compared to the beginning of the year. As a result, all local currencies experienced significant depreciation relative to the USD, which heightened the exchange rate risk for Vietnam Airlines.

FUEL PRICE PERFORMANCE - JET KEROSENE



EXCHANGE RATE PERFORMANCE (%)



Assessment of prominent organizations

According to the International Air Transport Association (IATA), the global aviation industry is anticipated to witness positive developments in 2022. Passenger volume is projected to increase by 64.4% compared to 2021, equivalent to 68.5% compared to 2019. International air traffic is expected to grow by 152.7% compared to 2021, amounting to 62.2% of the levels recorded in 2019. Domestic air traffic has seen a 10.9% increase compared to 2019, reaching 79.6% of the 2019 figures.

The projected loss for the global aviation industry in 2022 is estimated to be around USD 6.9 billion, a significant improvement compared to the losses of USD 42 billion and USD 138 billion in 2021 and 2020, respectively.

Domestic market

The Vietnam aviation market has experienced a rapid recovery, particularly the domestic revival has surpassed the average global growth. Airlines have successfully

reinstated all domestic routes and increased flight frequencies on many routes. It is estimated that the total number of domestic tourists in 2022 will reach 43.1 million, reflecting a remarkable 196% increase year-on-year and a 15.6% rise compared to 2019 levels.

International market

The international market has shown signs of recovery on select routes following the resumption of air travel on March 15, 2022. By the end of the year, most countries have eased their restrictions on testing and quarantine, leading to gradual improvements in international operations. However, the pursuit of a "zero-COVID" policy in China, the political tensions between Russia and Ukraine, and the risks of a global economic downturn have acted as hindrances to market recovery. It is estimated that in 2022, the total number of international visitors will reach 11.1 million, marking a significant increase of 21 times year-on-year, but only representing 27% of 2019 levels.

2. PERFORMANCE IN VARIOUS FUNCTIONS

2.1 ROUTE NETWORK

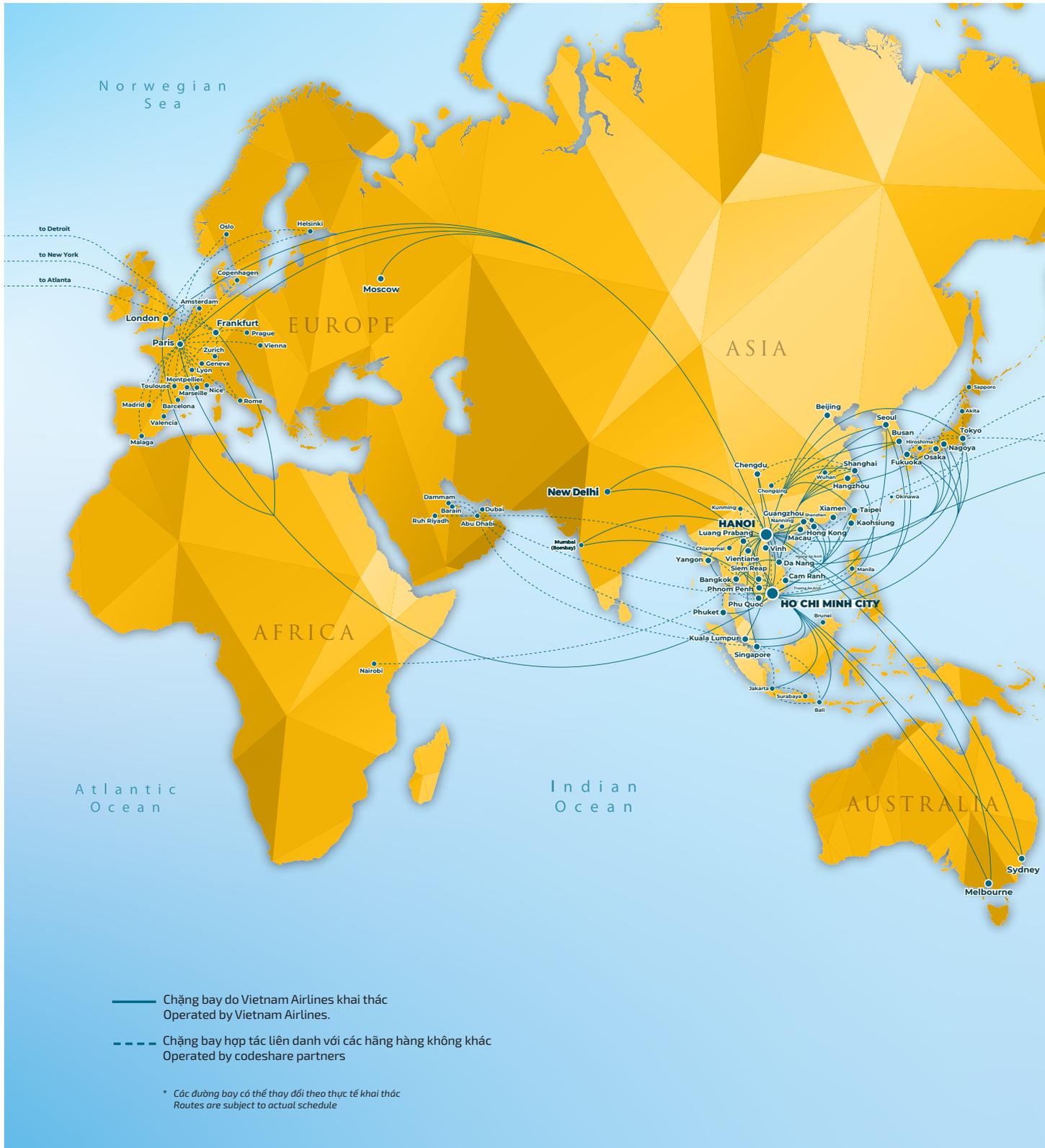
In 2022, the global pandemic situation was mostly under control, although several potential risks remained. The domestic air transport market witnessed a robust and stable recovery. However, the purchasing power and affordability of the population remained low, and intense competition among airlines resulted in lower average fares. The international air transport market officially reopened on March 15, 2022, but its recovery was sluggish due to many countries still maintaining regulations on immigration restrictions and mandatory quarantine. This created apprehension among passengers, hindering their willingness to travel. The substantial Chinese market remained frozen due to the "zero-COVID" policy, and it was soon accompanied by the political conflict between Russia and Ukraine, along with the potential risk of a European economic recession. These factors hampered the recovery of the international market, falling short of expectations.

By the end of 2022, Vietnam Airlines has established an international route network consisting of 44 routes to 25 destinations in 16 countries and territories. On domestic routes, Vietnam Airlines temporarily suspended operations on 10 niche routes with low passenger capacity to ensure operational efficiency. Therefore, by the year-end, Vietnam Airlines focused solely on operating the 44 routes. Looking ahead to 2023, Vietnam Airlines plans to evaluate and reintroduce some niche routes during the peak summer period, specifically between VII/ THD/HPH and PQC/DLI.

Data on domestic and international network (Directly operated)

2022	DESTINATIONS		ROUTE NETWORK	
	DOMESTIC	INTERNATIONAL	DOMESTIC	INTERNATIONAL
Parent company	22	25	44	44
PA	14	2	15	3
Total	22	25	44	44

International network





Domestic network



Domestic network



2.2. FLEET

AIRCRAFT TYPE	AS OF 31 DECEMBER 2022			NOTE
	LEASED	OWNED	TOTAL	
TurboProp	0	6	6	Aircraft propeller with turbine engine, 72 seats
ATR72-500	0	6	6	
Narrow-body aircraft	30	36	66	(From 178-203 seats) Including 01 dry-lease aircraft to K6
A321CEO	10	36	46	
A321NEO	20	0	20	
Wide-body aircraft	22	7	29	(From 274-367 seats)
A350-900	14	0	14	
B787-9	4	7	11	
B787-10	4	0	4	
TOTAL	52	49	101	

Fleet development plan for the period of 2021 – 2025, vision towards 2030

AIRCRAFT TYPE	2021	2022	2023	2024	2025	2030
Wide-body aircraft	29	29	29	27-33	29-34	34-37
Narrow-body aircraft	71	67	61	62-67	64-72	71-86
ATR - Regional Jet	7	6	5	4-5	4-5	4-6
TOTAL	107	102	95	93-105	97-111	109-129

Note:

- Data of 2021 – 2022: actual number of aircraft
- Data of 2023 – 2025, with a vision towards 2030: according to the data reported to related authorities.



VNA Group orients to utilize the fleet that incorporates new and technically advanced aircraft, with a focus on simplicity. The fleet will consist of 3 primary types conforming to international standards:

WIDE-BODY AIRCRAFT

The wide-body aircraft will continue to operate routes from/to the US, Europe, Australia, and North Asia, as well as exploiting additional frequencies to Europe and Northeast Asia.

NARROW-BODY AIRCRAFT

This fleet will primarily serve the domestic market and low-capacity/ short-haul international routes with flight duration of less than 5 hours. This fleet will be divided into groups of A321-equivalent aircraft and A320-equivalent aircraft. Vietnam Airlines will operate A321 aircraft associated with business cabin while PA will use A321 and A320 aircraft with maximum seat configuration.

REGIONAL JET AIRCRAFT

Designed for local and limited airports, the regional jet will replace the ATR aircraft. It will cater to routes with smaller market capacities and complement the narrow-body aircraft on routes that do not require high-frequency competition. The regional jet fleet will also facilitate the exploration of new routes and the accessibility of new airports such as Sa Pa, Na San, and Lai Chau.

Considering that certain aircraft types in the world possess similar seating capacity as regional jets, and have similar range of narrow-body aircraft, future considerations may include using the two aircraft types separately or utilize an aircraft type that serves the combined network.



2.3. COMMERCIAL PERFORMANCE

a. Passenger transportation

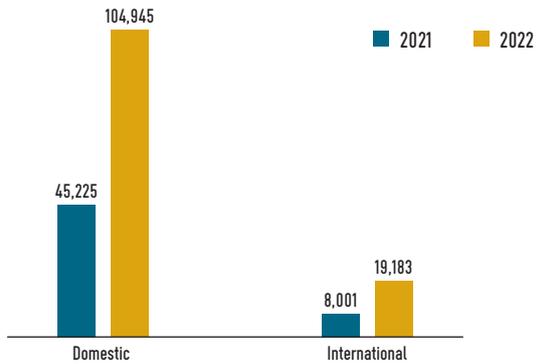
Parent company

Given the ongoing global epidemic and the associated risks, it is anticipated that the aviation industry will require additional time to fully recover to pre-COVID levels. In this environment, the Corporation is diligently managing its business

activities, aligning them with the market's recovery while prioritizing absolute safety in disease prevention and maintaining operational efficiency. At present, Vietnam Airlines has successfully reinstated its entire domestic flight network, as well as resumed operations on 70% of its international routes. By closely monitoring market dynamics and adjusting its offerings to meet demand, the Corporation has exceeded its operational targets for 2022 as planned.

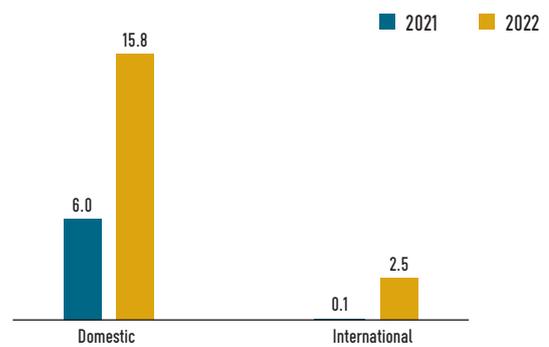
METRIC	2021	2022	% 2022/2021
TOTAL NUMBER OF FLIGHTS (ONE-WAY)	53,226	124,128	133.2%
Domestic	45,225	104,945	132.1%
International	8,001	19,183	139.8%
TOTAL NUMBER OF PASSENGERS (MILLION)	6.1	18.2	197.7%
Domestic	6.0	15.8	161.0%
International	0.1	2.5	2,781.0%

TOTAL NUMBER OF FLIGHTS



One-way flight

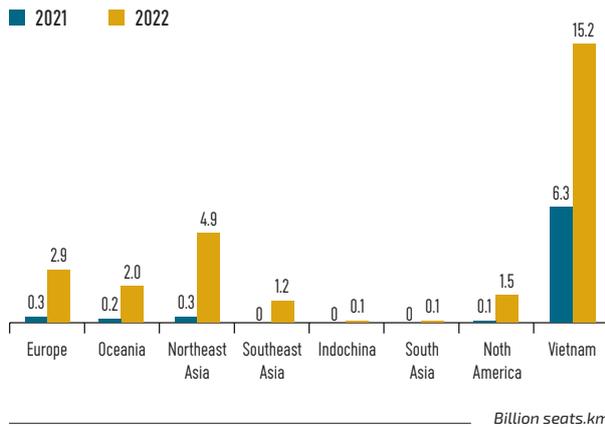
TOTAL NUMBER OF PASSENGERS



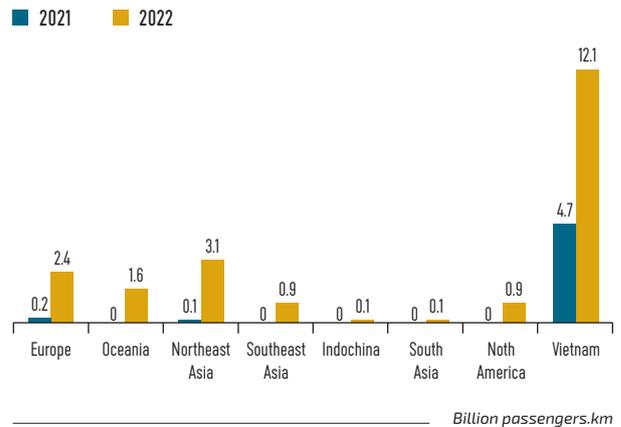
Million

No	METRIC	ASK (billion seats.km)			RPK (billion passengers.km)			Load Factor (%)		
		2021	2022	Growth (%)	2021	2022	Growth (%)	2021	2022	Growth (%)
1	Europe	0.3	2.9	912.2%	0.2	2.4	1,274.3%	61.0%	82.8%	21.8%
2	Oceania	0.2	2.0	821.6%	0.0	1.6	3,619.4%	19.0%	76.8%	57.7%
3	Northeast Asia	0.3	4.9	1,878.3%	0.1	3.1	2,006.8%	58.1%	61.9%	3.8%
4	Southeast Asia	0.0	1.2	6,783.2%	0.0	0.9	17,431.0%	28.4%	72.4%	44.0%
5	Indochina	0.0	0.1	3,516.2%	0.0	0.1	7,393.5%	30.9%	64.0%	33.1%
6	South Asia	0.0	0.1	4,117.6%	0.0	0.1		0.0%	52.0%	52.0%
7	North America	0.1	1.5	2,315.6%	0.0	0.9		34.4%	57.3%	22.9%
8	Vietnam	6.3	15.2	140.9%	4.7	12.1	155.0%	75.0%	79.3%	4.4%
	Total	7.2	28.1	291.3%	5.1	21.0	308.6%	71.6%	74.7%	3.2%

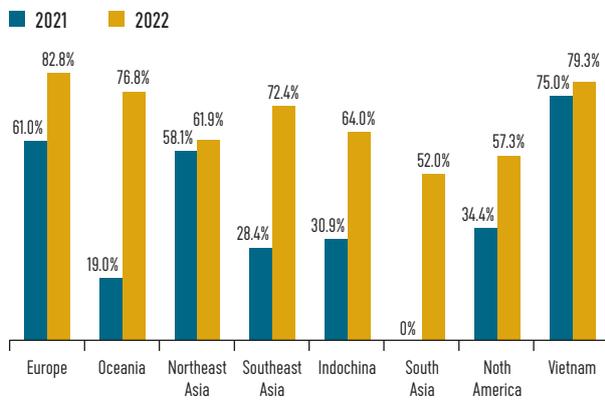
ASK



RPK



LOAD FACTOR (%)

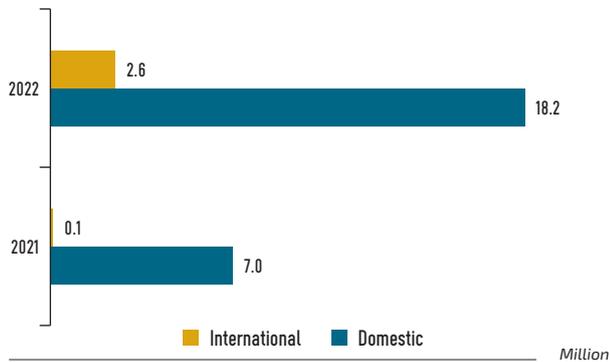


VNA Group

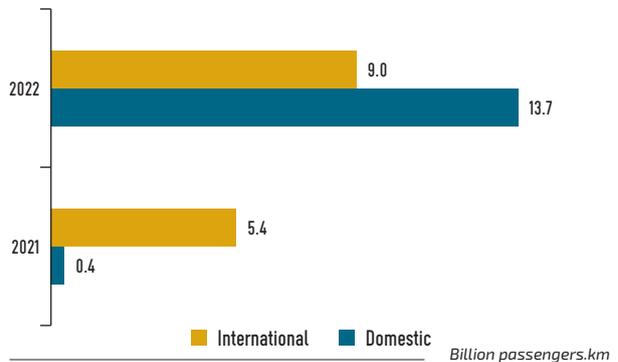
METRIC	INTERNATIONAL			DOMESTIC			TOTAL		
	2021	2022	GROWTH (%)	2021	2022	GROWTH (%)	2021	2022	GROWTH (%)
Passengers	0.1	2.6	2,703.81%	7.0	18.2	161.22%	7.1	20.8	194.03%
RPK	0.4	9.0	2,094.00%	5.4	13.7	152.11%	5.8	22.7	289.27%
ASK	0.9	13.1	1,331.34%	7.2	17.1	136.59%	8.2	30.2	270.20%
Load factor	45.4%	69.2%	23.8	74.8%	79.7%	4.9	71.6%	75.2%	3.6
Market share (*)	17.0%	21.4%	4.4	48.0%	41.3%	-6.7	46.5%	37.7%	-8.9

(Unit: Passengers: million; RPK: billion passengers.km; ASK: billion seats.km; Load factor: %; Market share: %)
 (*): Including charter flights

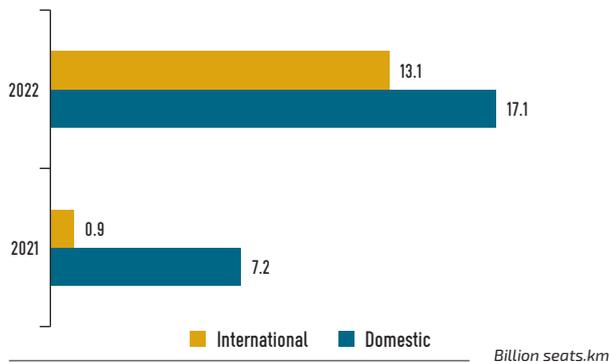
PASSENGERS



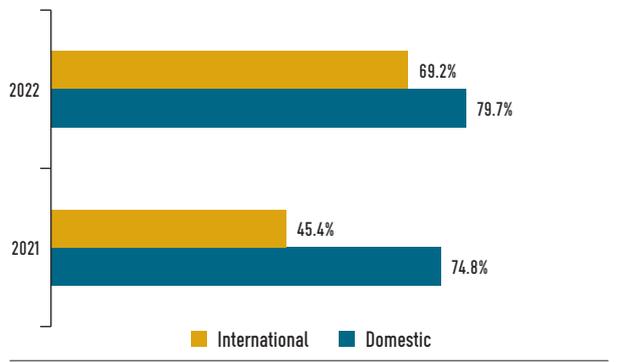
RPK



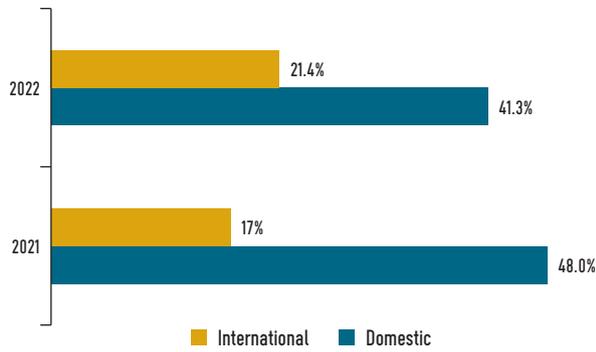
ASK



LOAD FACTOR



MARKET SHARE



b. Cargo and parcel transportation

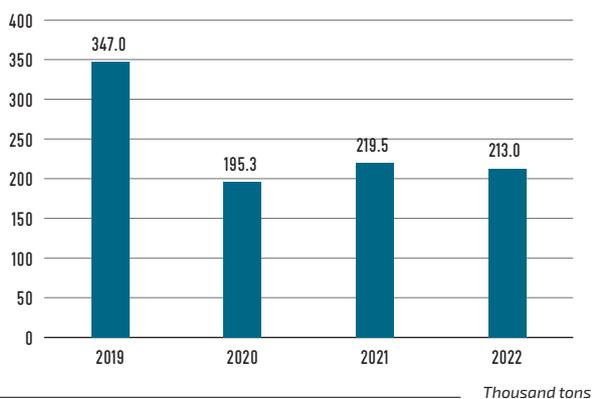
Vietnam Airlines

Cargo and parcel transportation results in 2022

METRIC	UNIT	2021	2022	GROWTH (%)
Cargo and parcel transportation	Tons	219,477	213,034	97%
▪ Domestic	Tons	126,083	125,841	100%
▪ International	Tons	93,394	87,193	93%
▪ Charter	Tons			

(Source: Data from Salesforce reporting system)

CARGO AND PARCEL TRANSPORTATION

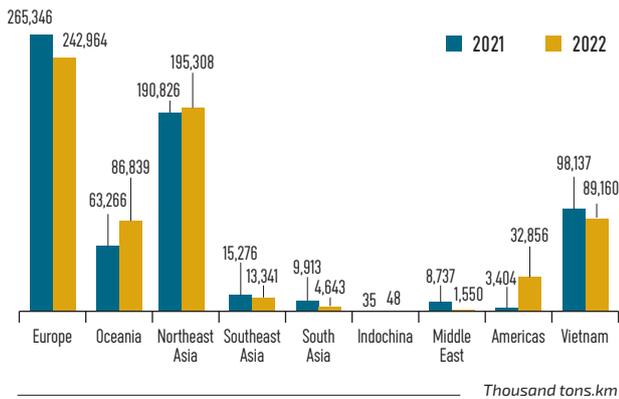


Operational capacity by regions

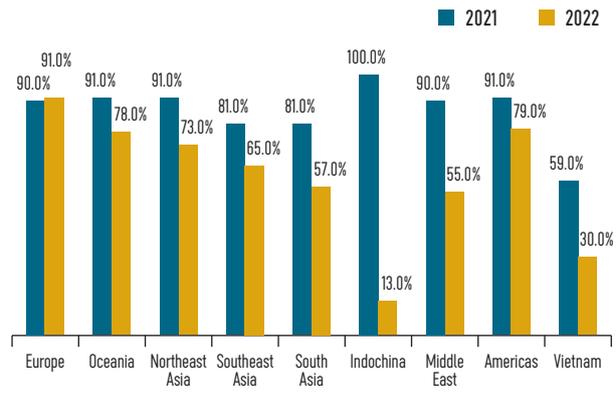
METRIC	RFTK (thousand tons.km)			AFTK (thousand tons.km)			Load factor (%)		
	2021	2022	Growth (%)	2021	2022	Growth (%)	2021	2022	Growth (%)
Europe	265,346	242,964	92%	295,331	267,400	86%	90%	91%	1%
Oceania	63,266	86,839	137%	69,681	111,420	155%	91%	78%	-13%
Northeast Asia	190,826	195,308	102%	209,717	268,386	124%	91%	73%	-18%
Southeast Asia	15,276	13,341	87%	18,908	20,440	106%	81%	65%	-16%
South Asia	9,913	4,643	47%	12,262	8,197	62%	81%	57%	-24%
Indochina	35	48	2.049%	35	376	2,211%	100%	13%	-87%
Middle East	8,737	1,550	10%	9,709	2,802	19%	90%	55%	-35%
Americas	3,404	32,856	965%	3,745	41,549	982%	91%	79%	-12%
Vietnam	98,137	89,160	91%	166,155	301,136	181%	59%	30%	-29%
Total	654,940	666,710	102%	785,542	1,021,706	126%	83%	65%	-18%

(Source: Data from Salesforce reporting system)

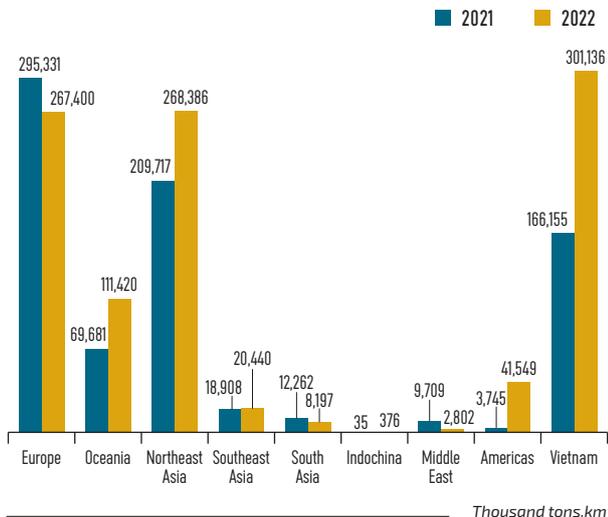
RFTK



LOAD FACTOR (%)



AFTK



In 2022, the overall cargo transportation market in Vietnam is projected to reach 92% of the levels observed in 2021 (93% internationally and 91% domestically).

Despite the ongoing complexities of the COVID-19 epidemic, and the incomplete restoration of passenger flights in the early part of 2022, Vietnam Airlines will continue to maximize the utilization of passenger aircraft for cargo transportation. This strategic approach allows the airline to optimize available resources and generate revenue to support its business activities during this challenging period. Vietnam Airlines has successfully operated 3,760 cargo flights utilizing Boeing B787, Airbus A350 and A321 aircraft from two major cities - Hanoi and Ho Chi Minh City - to various destinations including Europe, Japan, China, Hong Kong, Singapore, Malaysia, Thailand, and Australia... These cargo flights were

chartered with committed revenue and always achieved a load factor of 95% to 100%.

These cargo flights represent the dedication of the national flag carrier in contributing to the maintenance of trade activities and the smooth operation of all business activities, particularly in terms of import and export of goods. As passenger flights gradually recover, the demand for cargo transportation is expected to reduce accordingly. With Vietnam Airlines' diligent sales efforts, the cargo operations across its entire network in 2022 have yielded promising results. The volume of cargo transported has reached 667 million tons.km, equivalent to 102% of the 2021 level. Specifically, the international cargo volume stands at 578 million tons.km, representing 104% of the 2021 level, while the domestic cargo volume amounts to 89 million tons.km, reaching 91% of 2021 level.

VASCO

Cargo and parcel transportation results in 2022

METRIC	UNIT	2021	2022	GROWTH (%)
Domestic	Tons	371	842	227%

(Source: Data from VASCO)

Operational capacity by regions

Metric	RFTK (thousand tons.km)			AFTK (thousand tons.km)			Load factor (%)		
	2021	2022	Growth (%)	2021	2022	Growth (%)	2021	2022	Growth (%)
Vietnam	85	193	227%	238	764	321%	36%	25%	-10%
Total	85	193	227%	238	764	321%	36%	25%	-10%

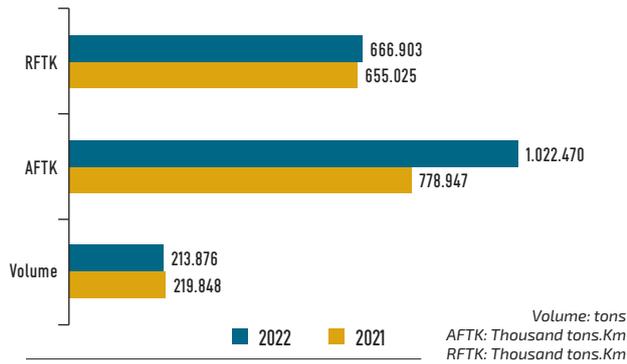
(Source: Data from VASCO)

Parent company (VNA and VASCO)

Cargo and parcel transportation results in 2022

METRIC	UNIT	2021	2022	GROWTH (%)
Volume	Tons	219,848	213,876	97%
AFTK	Thousand tons.km	778,947	1,022,470	130%
RFTK	Thousand tons.km	655,025	666,903	102%
Market share	%	16.5%	17.3%	0.8%

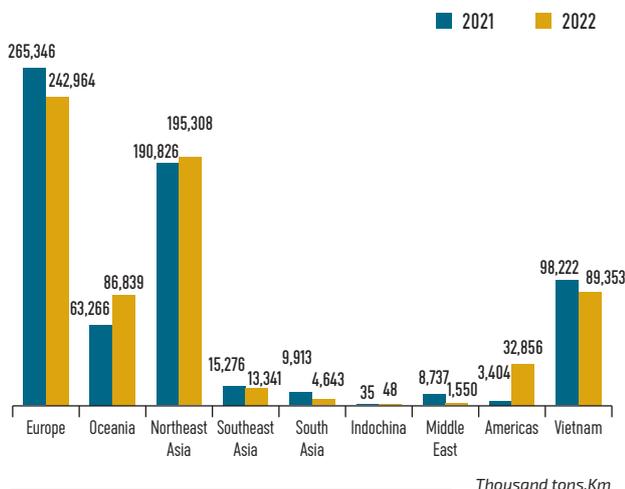
PARENT COMPANY'S RESULTS



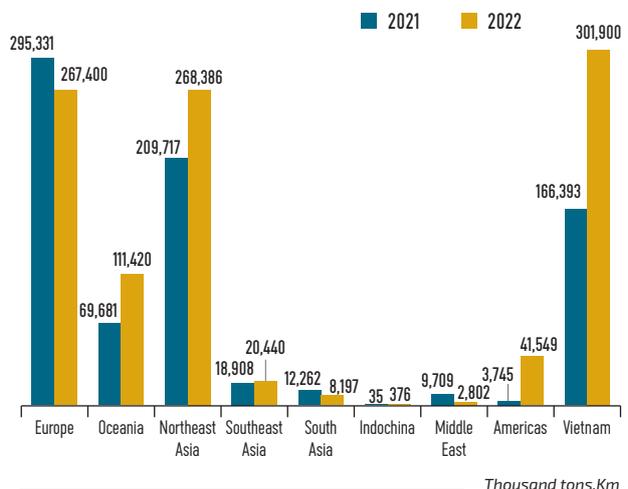
Operational capacity by regions

METRIC	RFTK (thousand tons.km)			AFTK (thousand tons.km)			Load factor (%)		
	2021	2022	Growth (%)	2021	2022	Growth (%)	2021	2022	Growth (%)
Europe	265,346	242,964	92%	295,331	267,400	91%	90%	91%	1%
Oceania	63,266	86,839	137%	69,681	111,420	160%	91%	78%	-13%
Northeast Asia	190,826	195,308	102%	209,717	268,386	128%	91%	73%	-18%
Southeast Asia	15,276	13,341	87%	18,908	20,440	108%	81%	65%	-16%
South Asia	9,913	4,643	47%	12,262	8,197	67%	81%	57%	-24%
Indochina	35	48	137%	35	376	1,074%	100%	13%	-87%
Middle East	8,737	1,550	18%	9,709	2,802	29%	90%	55%	-35%
Americas	3,404	32,856	965%	3,745	41,549	1109%	91%	79%	-12%
Vietnam	98,222	89,353	91%	166,393	301,900	181%	59%	30%	-29%
Total	655,025	666,903	92%	785,781	1,022,470	130%	83%	65%	-18%

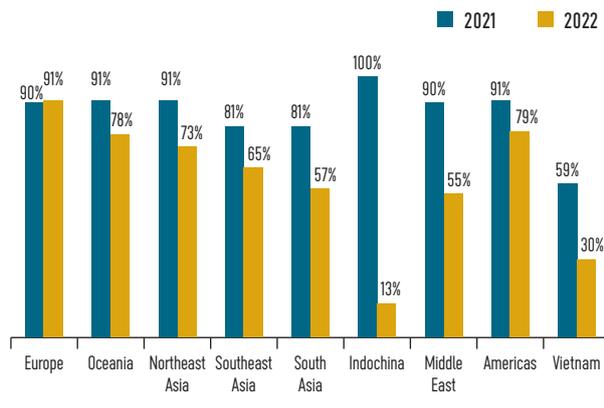
RFTK



AFTK



LOAD FACTOR (%)



c. Frequent Flyer Program (Lotusmiles)

Membership information

In 2022, the total number of members reached nearly 4.6 million, of which 800,000 are newly developed members, reflecting a nearly 22% increase compared to 2021. To attain these outcomes, the program has implemented various development strategies, focusing on expanding members across multiple channels and partners.

Revenue generation

The total revenue generated from the FFP (Frequent Flyer Program) in 2022 amounted to an impressive VND 273,91 billion, reaching a commendable 82.7% of the plan. The reasons for unsatisfactory revenue come from:

- Limited frequency of international flights: Due to ongoing travel restrictions imposed by numerous countries. It has, consequently, reduced most of the revenue from accumulation of miles through other airline partners.
- Demand for credit card spending decreased sharply due to the impact of the epidemic, while revenue from banking cooperation accounted for the largest proportion (over 80%).
- The preferential policy for extending bonus miles for rewards and renewal of membership card classifications, tailored to expire in 2022 (1 year for Vietnamese members and 2 years for foreign members), has impacted the sales of bonus miles, cards, and qualifying miles/ routes. Nonetheless, the Golden Lotus Center deems this policy indispensable in upholding customer standards amidst the absence of international flights and

the ongoing effects of COVID-19 pandemic on domestic flights. Members highly value this policy, which fosters customer loyalty and plays a pivotal role in Vietnam Airlines' attainment of the esteemed Loyalty Award.

Customer experience

The program has implemented system upgrades to streamline and enhance member accessibility and account management. Specifically:

- Introduction of the "Million Miler" powerful card for Million Mile Members – the most senior members of the Golden Lotus Program.



- **Launching charity miles program:** The “Donate miles” program is a bridge, allowing members to donate their miles online and participate in Vietnam Airlines’ socially responsible projects.
- **Easier and more user-friendly account login process:** Members now have the option to log in using their email, or mobile phone number. Alongside password authentication, members can utilize fingerprint or face recognition for a more convenient login experience.
- **Reducing time for adding miles:** The system will automatically recognize and add miles after landings.
- **Enhancing Miles Calculator feature on the website,** enabling members to easily and comprehensively determine the mileage to be accrued and the mileage required for reward redemption.
- **“Buy Tickets Online, Double Bonus Miles” program:** This initiative encourages members to purchase tickets directly through the Vietnam Airlines Website and App.
- **FridaySmiles program:** Members are entitled to many privileges and incentives for transactions made every Friday.
- **Rewarding miles bonus for family accounts.**
- **Promotion programs to encourage members to buy miles/ flights to upgrade their tiers.**
- **An additional miles accrual policy has been introduced for members who are Vietnam Airlines employees.**
- **The program also added many preferential features for co-branded payment card brands.**
- **Upgrading the gift exchange feature on the Lotusmall platform.** Members can use points and miles to redeem their favourite rewards.
- **The Lotusesmiles program also expands the incentive ecosystem from its partnership network, including hotel accommodation, dining, healthcare, and many more.**

Expanding the ecosystem

In order to enhance the appeal of the Lotusesmiles program, the Golden Lotus Center has expanded its diverse ecosystem for mileage accumulation and reward redemption, including:



2.4. SERVICE PERFORMANCE

Overall assessment

In 2022, Vietnam successfully controlled COVID-19 pandemic, leading to the restoration of Vietnam Airlines' domestic flight network on all routes. However, the recovery of international routes has been hindered due to varying COVID-19 management policies in different countries. The Service Department responded swiftly to these changes, shifting its focus from epidemic prevention to adjusting and restoring service standards according to the evolving needs of customers in each phase. In recognition of the Corporation's outstanding efforts, Vietnam Airlines has been honored with several prestigious awards, including "Asia's Leading Airline – Economy Class" and "Asia's Leading Airline Brand in 2022" by the World Travel Awards (WTA). Vietnam Airlines is the sole representative among major Asian airlines to be awarded "Asia's Best MICE Airline 2022", which acknowledges airlines providing exceptional service and value for group travellers. Additionally, Vietnam Airlines has achieved remarkable distinction of being ranked first in the Vietnam Well-known Brands – Vietnam Competitive Trademark competition organized by the Vietnam Intellectual Property Association.

Moreover, Vietnam Airlines witnessed continuous improvement in its Customer Satisfaction Index (CSI) and Net Promoter Score (NPS) throughout 2022. The domestic CSI reached 4.15 points, a 0.05-point

surpassing the target and a 0.02-point increase compared to 2021. The international CSI reached 3.96 points, surpassing the target by 0.31 points. The airline also experienced a significant surge in compliments received, from around 100 letters per month in 2019 to over 700 letters per month in 2022.

These achievements reaffirm the Corporation's vision and mission, with a focus on core values that prioritize people and strive for 5-star customer service. In the upcoming years, the Service Department will continue to implement the "Uplifting service" program and disseminate innovative initiatives and ideas to all employees across the Corporation's divisions and units. This concerted effort aims to further elevate the quality of services provided by Vietnam Airlines, garnering even greater appreciation from its valued customers.

Indicators of customer satisfaction (CSI, NPS)

The domestic NPS (Net Promoter Score) in 2022 recorded at 45 points, reflecting a decline of 6 points compared to the same period in 2021 and falling short of the target of 51 points. This decrease in NPS can be attributed to several factors, including the surge in flight volume as the market recovered, manpower shortages resulting from the impact of COVID-19, and lower on-time performance (OTP). The NPS for irregular flights experienced a significant decrease compared to normal flights. However,

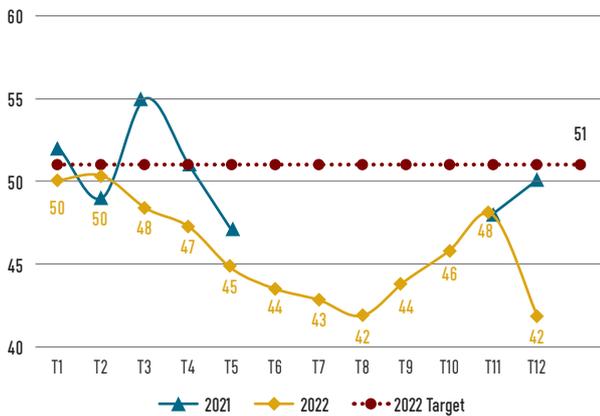


there was a positive turnaround in domestic NPS starting from September, with a notable increase to 48 points in November 2022, albeit still 3 points below the target. This upward trend signifies the

trust, affection, and continued utilization of Vietnam Airlines' services by customers. On the international front, the NPS for 2022 reached 25 points, surpassing the target by 2 points.

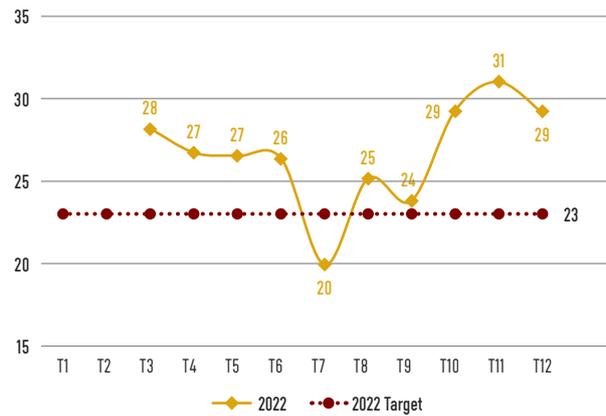
NPS: 45 (-6 YOY)

DOMESTIC NET PROMOTER SCORE (NPS)



(Source: Vietnam Airlines' online survey on frequent flyers)

INTERNATIONAL NET PROMOTER SCORE (NPS)



(Source: Vietnam Airlines' online survey on frequent flyers)

In 2022, the domestic CSI (Customer Satisfaction Index) achieved commendable results, scoring 4.15 points, surpassing the target by 0.05 points (Target: 4.10), and exhibiting a 0.02-point increase compared to the corresponding period in 2021. Similarly, the international CSI in 2022 reached 3.96 points, surpassing the target by 0.31 points (Target 3.65). These achievements were made possible through the implementation of prudent service adjustments, indicative of Vietnam Airlines' continuous efforts to enhance service quality and deliver exceptional experiences to passengers.

CSI: 4.15 +0.02 YOY

DOMESTIC CUSTOMER SATISFACTORY INDEX (CSI)



(Source: Vietnam Airlines' online survey on frequent flyers)

INTERNATIONAL CUSTOMER SATISFACTORY INDEX (CSI)



(Source: Vietnam Airlines' online survey on frequent flyers)



Remarkable achievements in Service Quality

In 2022, Vietnam Airlines undertook several initiatives and programs to elevate service quality and provide customers with exceptional experiences. These efforts include:

- Deploying the Sabre check-in system across VNA Group (VN, BL, OV) flights at two foreign airports, Sydney and Melbourne, as well as all 19 domestic airports. This system facilitated web and mobile check-in, streamlining the check-in process for passengers and alleviating the pressure on frontline staff at the airport. Additionally, the expansion of connecting flights reduced waiting times and enhanced service quality. Notably, the network-wide average rate of online check-in stood at 41.2%, with Ho Chi Minh City recording a 70% check-in rate – the highest in the entire network. A change in group-based boarding was also introduced. At five international airports (Singapore, Bangkok, Narita, London Heathrow and Kansai) passengers were boarded in groups using the zone-based method. Furthermore, a new and improved system for searching lost luggage was implemented, providing passengers with added convenience during the process.
- Vietnam Airlines spearheaded the InterAirline Through Check-in (IATCI) with renowned airlines such as Virgin Atlantic, Lufthansa, and Austrian. This initiative expanded international connecting facilities for passengers by 3 more airlines than before, resulting in a total of 36 partner airlines across four continents.
- Implementing service standard restoration, including meals, drinks, tools, supplies, amenities, entertainment, and newspapers, aligning with the phased approach in combating the COVID-19 pandemic. This approach ensures cost-savings during the crisis period while maintaining service quality in the new landscape. Collaborating with specialized Divisions to design and select new airport carpet models that not only uphold brand identity but also facilitate easy cleaning. The replacement of carpets for each aircraft will be executed according to a scheduled timeline, with completion expected within three years. Moreover, the airline regularly innovates entertainment standards every two months by curating content that caters to customer preferences, resulting in cost savings. The research and implementation of technical solutions have led to reduced installation time for onboard entertainment content, optimizing manpower and expenses, and enhancing service quality. Additionally, Vietnam Airlines focuses on devising service recovery strategies for instances of interior and screen damage.

- Conducting advanced training classes on uplifting services to enhance staff awareness and encourage the implementation of innovative ideas in passenger service.
- Prioritizing cost management solutions in the service standards based on market recovery conditions. This includes optimizing the use of meal and food services at domestic airports instead of foreign airports, as well as transitioning from paper newspapers to electronic magazines such as PressReader. Additionally, Vietnam Airlines focuses on effective contract negotiation, debt control, and payment rescheduling to achieve cost savings without compromising operational efficiency and overall service quality.

Evaluating the effectiveness and quality of services, contributing to the improvement of passenger composition and revenue enhancement for Vietnam Airlines

In 2022, in addition to restoring pre-pandemic service standards to meet passenger demands, Vietnam Airlines also proactively introduced new products and services to acquire diverse customer segments and drive income growth. The following initiatives were implemented:

- Collaborating with specialized teams of the Commercial Department to offer a range of products and services, including Gift Cards, powerful Class M, and PreEconomy domestic flights. Additionally, a pilot program for eKYC biometric identification was introduced at Lotus Lounge and check-in areas, providing passengers with a new technology-driven experience, and minimizing physical contact as well as offering a variety of services.
- Exceptional products and services were deployed on the Hanoi – Ho Chi Minh City route, creating unique and memorable experiences for passengers. This included dedicated check-in areas, designated luggage pickup zones, and surprise monthly events along the route. These enhancements aimed to strengthen Vietnam Airlines' competitive edge in ground products and services for the vital connection between the 2 largest cities in the country.

- Developing and advancing service quality solutions to upgrade the Bong Sen Lounge in Hanoi and Ho Chi Minh City by expanding the dedicated areas to VIPs and Million Miler guests. In 2023, the lounges will introduce table service with a diverse, refined menu, offering a competitive advantage for Vietnam Airlines to generate high revenue compared to other airlines.
- Actively participating in SkyTeam airline alliance projects, including SkyClear, SkyPriority, Seamless check-in, Business Lounge, and sustainable development initiatives. This collaboration aims to provide a seamless passenger experience in the near future, offering exclusive experiences for passengers travelling with any of the alliance's member airlines and facilitating smooth flight connections.
- Revamping the domestic menu to enhance quality standards and receiving high praise from customers. Adapting the menus in Germany, Japan, and Australia to mitigate the impact



of rising inflation and food prices in those regions, ensuring quality while minimizing cost increases. Introducing two-way meal options on international routes originating from Japan/Korea and shorter hauls, once international operations resume, to save costs associated with procuring meals aboard, which amounted to VND 73 billion in 2022.

- Launching the retail sale of milk tea on domestic flights starting from July 1, 2022, and implementing tax-free sales service starting from November 15, 2022. These initiatives aim to provide passengers with new and exciting experiences while generating additional revenue for Vietnam Airlines. Introducing new services such as Press Reader, updated Class C porcelain, and environmentally friendly amenities to comply with the requirements of European and Australian authorities, demonstrates the airline's commitment to becoming more environmentally conscious and sustainable. Implementing special service standards for event flights during holidays and Tet celebrations, such as International Women's Day, Children's Day June 1st, Mid-Autumn Festival, and Halloween. These flights, known as "The Flight of Surprise", aim to bring joy and delight to passengers with unique and memorable experiences.

Restructuring results of the Service Department

- In line with the Corporation's organizational and consolidation policy, as well as the functions, missions, and requirements of the Service Department, starting from May 1, 2022, the Service Department underwent a restructuring project with a new organizational model. It has achieved initial success and accomplished its set objectives. The restructuring led to efficient and well-operated activities within the Service Department, meeting customer requirements, market demands, and overall corporate goals. Specialized standardization work was implemented, covering various fields and stages, ensuring effective operations, monitoring, and service delivery. Cost management was prioritized, emphasizing efficiency and frugality. The direction and administration of the Corporation within the



Service Department were executed effectively, ensuring timely and prompt information flow while minimizing intermediates.

- The restructuring efforts streamlined the whole system and optimized human resources within the Department, enhancing direct management and administration, thereby facilitating rapid and effective work deployment. Notably, the Passenger Service Department reduced the number of units from 5 to 4, the Cabin Crew Department reduced from 6 to 4 units, ASOC cut off 2 units and 7 teams. Leadership and managerial positions within ASOC were adjusted to reduce middle management levels, cutting off shift levels for direct worker roles and team levels for indirect worker roles. As of December 31, 2022, the total labor force decreased by 30.5% compared to the 2020 plan. The total labor cost amounted to VND 108 billion, which is 88% of the AGM approved plan and 50.6% of the 2019 expenses. The estimated operating expenses of the Department in 2022 were VND 145 billion, lower than the 2022 plan and the 2019 actual spending in 2019.
- With the implementation of the new organizational model recently, the Service Department successfully fulfilled its tasks, contributing to the Corporation's overall achievements. Specifically,



the CSI continuously increased from 4.10 points to 4.17 points for domestic routes and from 3.93 points to 4.00 points for international routes. The quality of flight attendants improved, as evidenced by an increase in the flight attendants' CSI from 4.16 points to 4.18 points. The number of customer commendation letters regarding Vietnam Airlines' service quality, particularly those directed towards frontline staff such as flight attendants and flight supervisors, consistently rose, averaging nearly 700 letters per month. The safety indicator SAG3

was always maintained and improved. The Service Department has implemented many IT applications in operation to enhance customer experience, improve service quality, increase labor productivity, and control cost savings. Additionally, the Service Department also effectively coordinated with other Departments and units to successfully launch new services, meet the demands for product and service diversification, contribute to increasing revenue for the Corporation, and satisfying customer preferences.

2.5. TECHNICAL PERFORMANCE

Results of technical assurance for safe and efficient operations

- 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, maintenance and improvement of the coordination between the Flight Operations and Technical Department to reduce the number of operational disruptions.
 - Coordination with relevant Departments and units to flexibly manage the number of aircraft for operation, storage, and grounding. Developing appropriate plans for aircraft dismantling and preservation to meet operational requirements.
 - Completion of periodic maintenance to prepare for the sale and return of three A321 aircraft (VN-A361, VN-A362, VN-A367). This contributes to increasing revenue and reducing cost pressures when these aircraft are not in operation.
 - Ensuring the quality maintenance of aircraft interiors within budget constraints. Adequate allocation of human and material resources to improve service levels and meet increases operational demands.
- Application of the CI (Continues Improvement) program for periodicity to optimize stages and reduce the TAT for periodic maintenance.
 - Establishment of a periodic progress management group to centrally control and administer periodic maintenance activities across the company, ensuring adherence to schedules.
 - Development of software to control Slot Hangar, enabling efficient calculation, planning, and handling of unexpected situations in short- and long-term periodic plans.
 - Comprehensive implementation of basic engineering programs, including preventive maintenance and enhanced maintenance, to ensure the reliability of aircraft engineering.
 - Adoption of aircraft and engine status monitoring tools such as AHM, SHM, ADEM for early detection of failures, proactive handling, and avoidance of operational disruptions.
 - Effective management of warehouse norms, strict control of spare parts and supplies, and efficient TAT for repairs to ensure sufficient supplies for operation and maintenance while minimizing inventory levels and associated costs.
 - Emphasis on training, employee development, and competency assessment to meet business demands.
 - Strengthened supervision of aircraft/ engine/ equipment repair and maintenance contracts and spare parts supply services to ensure efficient operation and cost optimization.
 - Active negotiations with Boeing, Airbus, and manufacturers to maximize support (FOC, credit) from partners for failures attributed to design, material, or equipment defects.

Technical cost management

- Developing KPI CASH for technical cost, analyzing and evaluating influencing factors and immediately implementing cost reduction measures for each impacting factor.
- Strictly and regularly managing contracts to ensure the economic interests of Vietnam Airlines.
- Negotiating discounts, support from contract partners.
- Negotiating to extend/ defer due debts and waive late payment interest for deferred debts.
- Controlling the cost of engine and APU repairs with the following solutions: negotiating price reduction, limiting repair cost (NTE), enhancing control of spare parts, damage, and minimizing scope of work for LRU/QEC.

Solutions to improve aircraft efficiency and reduce technical costs

Engineering, maintenance, and supply management

- Regular coordination with operators to closely monitor operational parameters and propose efficient and flexible fleet operations to meet operational demands.
- Continued implementation of the Equalized Check program to minimize aircraft downtime during periodic maintenance.

Development direction for maintenance facilities of Vietnam Airlines and VAECO

- Strengthening and promoting joint venture cooperation with major partners in the aircraft maintenance field to learn, access, and transfer new maintenance techniques, as well as advanced management practices to apply for the Corporation. That also aims at optimizing the cost of aircraft maintenance and repair, improving competitiveness, and becoming the maintenance center of the region.
- Expanding capacity in the field of aircraft and equipment maintenance and repair. The focus is on developing aircraft structural repair capacities, especially for the new generation fleet, building and completing the hangar facilities for aircraft/ engine/ equipment maintenance at the new Long Thanh airport and the key airports such as Noi Bai, Tan Son Nhat, and Da Nang.
- Accelerating the implementation of digital transformation in repair and maintenance management. This includes adopting a new MRO IT system to meet the management requirement of an airline operating more than 100 aircraft, increasing the use of application software provided by aircraft manufacturers and equipment suppliers, and developing in-house software for improved efficiency in aircraft maintenance and repair.
- Developing essential expertise to improve maintenance capacity and reduce outsourcing costs, such as obtaining welding capacity, enhancing Nacell maintenance, specializing in composite structure repair, and non-destructive testing.
- Developing independent technical capability to design, manufacture, and obtain approval from aviation authorities such as CAAV, FAA, and EASA for local modifications and local parts, enabling greater autonomy in maintenance operations.

Impressive and outstanding indicators of technical works

- In 2022, Vietnam Airlines has performed a great volume of work, contributing to the fulfillment of business targets, and ensuring absolute safety. As follows:



METRIC	2022 RESULTS
ARL	94.52 (Target: 94.30)
DR A321	99.63 (Target: 99.50)
DR A350	99.57 (Target: 99.30)
DR B787	99.36 (Target: 99.20)
DR ATR72	99.70 (Target: 99.54)

- Aircraft maintenance:
 - ▶ Line maintenance: Provide technical assurance for 204,561 FH (in which A321: 117,681 FH, A350: 36,995 FH, B787: 40,050 FH và ATR72: 9,835 FH).
 - ▶ Base maintenance:

CHECK TYPES	A321	A350	B787	ATR72
A-check	0	66	46	25
EA check	780	0	0	0
C/Y check	81	22	17	3
Other	147	26	9	9



2.6. FLIGHT OPERATION

- Ensuring the safe, flexible, timely, and efficient operation of flights, minimizing delays, and maintaining stable schedules for domestic and international cargo and repatriation flights based on the specific requirements of each flight operator. Continuously monitoring and adjusting flight times and schedules to ensure absolute safety for special flights.
- Implementing centralized flight operation and allocation, ensuring efficient monitoring for each flight. Evaluating the effectiveness of programs and software used to support flight operation and management. Optimizing flight routes, adjusting pilot assignments, and ensuring efficient allocation of pilots and flight attendants.
- Promptly implementing measures to adapt to the closure of one runway at Noi Bai and Tan Son Nhat airports. Leading and collaborating with NOC and VIAGS VBA in participating in AMAN/DMAN and ACDM programs at Noi Bai International Airport to optimize the utilization of ground service resources, ensuring safety, and achieving the highest efficiency for Vietnam Airlines flights at Noi Bai.
- Ensuring safe and efficient flight licensing and operations for regular US flights, international passenger charters, and international cargo flights. Securing flight permits for the Summer and Winter flight schedules of 2022, with

flexibility to adjust schedules as per market demand. Obtaining flight permits for alternative routes to Europe/Australia and Northeast Asia, as well as for flights involved in the rescue of Vietnamese citizens from various countries (including new routes operated by Vietnam Airlines for the first time, such as the US and Africa). Arranging ad-hoc charter flights to transport experts for the business and production needs of domestic companies, as well as international relief/export cargo trips. Maintaining the necessary licenses to operate flights to China (CCAR-129) and applying for the new airport in China (Wenzhou – WNZ) to accommodate large aircraft and meet the cargo demand of Vietnam Airlines.

- Developing flight routes to avoid Russian and Ukrainian territories, establishing decompression procedures when flying over special routes such as HK B215/W191 FIR across China and P500/G500 FIR across Pakistan, Afghanistan, Tajikistan. Establishing no-fly zone around Taiwan. Creating multiple route plans and compiling comprehensive data and documents for special charter flights to destinations including Singapore, USA, Japan, UK, Hungary, China, Cambodia, Thailand, Philippines, and Australia – New Zealand (9 flights). Analyzing and evaluating the effectiveness of charter flights, repatriation flights, special flights, and regular flight schedules.



- Requesting approvals to operate EDTO of 240 minutes for A350 fleet and 207 minutes for B787 fleet equipped with GenX 1B74-75 engines by June 2022.
- Collaborating with the Civil Aviation of Vietnam and Vietnam Air Traffic Management Corporation to develop and implement the PNB flight procedures at 7 airports, including Da Nang, Lien Khuong, Phu Cat, Tho Xuan, Buon Ma Thuot, Can Tho, and Vinh. Participating in airport network planning within Vietnam in coordination with relevant units.
- Taking charge of monitoring and regularly evaluating fuel-saving solutions, proposing efficient domestic and international tankering options, and checking for deviations in DOW (meals, water), and reducing excess fuel consumption. Implementing the ICAO's CO2 emission management program for international flights (CORSA) as well as the EU and UK emission trading schemes (EU ETS, UK ETS).
- Ensuring timely payment and settlement processes, both for delays and regular payments, to maintain uninterrupted operations and meet flight licensing requirements (i.e., Pakistan, flight permit service, Iran).
- Conducting supplier selection for domestic and foreign flight crew accommodations, achieving savings compared to the budget plan set by the Corporation.
- Estimated achievement of some indicators in 2022:
 - ▶ The departure OTP index reached 88%, meeting the target for 2022. The arrival OTP reached 80.8%, surpassing the 2022 target by 0.8%.
 - ▶ Planned and operated Operation of 4 repatriation flights for government purposes (1,154 pax), and 57 charter/ repatriation combo flights (13,133 pax) in the 1Q2022 due to the impact of COVID-19 pandemic.
 - ▶ Implemented an urgent plan for rescue flights in response to the Russian – Ukrainian war: OTP/07,12,16 Mar; WAW/12,18 Mar.
 - ▶ Collaborated with the Civil Aviation Authority of Vietnam and Singapore to enable the use of the L644 route, optimizing flight duration and estimating annual fuel savings of VND 7.3 billion for flights to Australia, Indonesia, and Singapore.
 - ▶ Negotiated payment extensions and deferrals with suppliers such as AIB, ATR, Honeywell, Jeppesen, NavBlue, resulting in a reduction of USD 138,479 (Jeppesen).



- ▶ Ensured compliance with budget and payment procedures in accordance with financial regulations, with a total amount of USD 2,325,620 and VND 73,454,256.
- ▶ Oversaw the implementation of fuel cost-saving measures in 2022, resulting in savings of 14,000 tons, exceeding the target of 2,000 tons and equivalent to VND 327 billion in savings.
- ▶ Ensured timely and sufficient payment of flight operating expenses, amounting to VND 659.5 billion in 2022 (equivalent to VND 54.9 billion per month); flight overcharges of VND 710.8 billion in 2022 (equivalent to VND 59.2 billion per month); and landing and take-off costs of VND 938.5 billion in 2022 (equivalent to VND 78.2 billion per month). Rejected incorrect claims from partners amounting to VND 1.15 billion while continuing negotiations for payment delays, contributing to maintaining the Corporation's cash flow during challenging times.
- ▶ Negotiated a 60% discount for the first 6 months of the year, resulting in a reduction of VND 2.72 billion in fees for using the SFCO2 fuel-saving software.
- ▶ Successfully selected and implemented all flight crew accommodations, both domestic and international, resulting in savings of VND 12.4 billion compared to the previous contract.

2.7. SAFETY - SECURITY

Safety tasks

In the first months of 2022, Vietnam Airlines faced various challenges that hindered its business recovery, such as the complexity of the COVID-19 situation, the emergence of new variants, high infection rates nationwide, the Russia – Ukraine conflict, and increasing fuel prices. Despite these obstacles, the Safety – Quality Department remained committed to leading and overseeing the implementation of the Party work, professional tasks, and ensuring the absolute safety of the Corporation's operations.

With its advisory role to assist the Board of Directors and the Board of Management in safety matters, the Safety-Quality Department firmly adhered to the guiding ideology and action motto of " Proactive Adaptation – Firm Belief – Growth Restoration." In 2022, the focus of the Safety-Quality work was on directing the implementation, ensuring understanding and strict adherence to the Resolutions and Work Plans of the Party Committee. These documents include No. 113- NQ/ĐUTCT dated January 18, 2022, and the Resolution No. 152-NQ/ĐUTCT on guidance of performance tasks in 2022 and the last 6 months of 2022. Based on the Party's Resolutions, the Safety-Quality Department actively developed and issued resolutions to carry out assigned tasks, such as Resolution No. 03-NQ/ĐU-ATCL dated January 27, 2022, for implementation of 2022 and the 1Q2022 tasks, and the Work Plan for 2022 in Document No. 04/KH/DU-ATCL dated March 1, 2022. Additionally, a resolution was issued by the leaders to guide tasks for the last 6 months of the year in Document No. 15-NQ/DU-ATCL dated August 10, 2022, which further concretized the leadership resolutions of the Corporation's Party Committee and the CEO's directives. On March 3, 2022, the leaders of the Department issued the Work Plan for 2022 in Document No. 175/KH-TCTHK-ATCL to provide specific instructions based on the tasks set by the Party Committee.

The Party Committees disseminated and ensured a comprehensive understanding of the Party Committee's resolutions, leadership resolutions, and working plans among all cadres, Party members, and employees. As a result, positive and comprehensive

results were achieved in all areas of work. Notably, the safety of flight operations was under control and absolute assurance. The KPIs for safety incidents per 10,000 flights in 2022, as well as KPIs related to human factors, were all achieved and significantly lower than the targets set by the Corporation's Safety Committee (2022's KPI was 8.20 while the human factor KPI was 1.28, much lower than the target of 9.5 and 1.29, respectively). The number of potentially risky cases decreased compared to 2021, with a significant drop in Level 3 cases, with the incident KPI per 10,000 flights being 1.26, below the target of 2.6.

The main tasks performed and successfully completed in 2022 included: Ensuring continuous airworthiness and promptly responding to the Corporation's operational requirements in urgent conditions, such as charter flights, repatriation flights, aircraft configuration conversions for cargo, and aircraft returns/sales. Special attention was given to ensuring the absolute safety of special flights serving the leaders of the Party, State, and National Assembly during their foreign business trips. Effective implementation of the thematic resolution on digital transformation in safety work from 2021 to 2025. The AQD project played a crucial role and was recognized by the Corporation's leaders as one of the world's leading digitization initiatives. Continued implementation of the Safety Culture program through communication activities, games, and training sessions, aiming to promote a strong safety culture with the goal of reaching an advanced level (level 5) by the year 2025. Participating in the approval process for EDTO of B787 with 207 minutes and of A350 with 240 minutes. Successfully renewing the AOC issued by the Civil Aviation Authority of Vietnam. Assessing and reporting on the Corporation's operational capacity, training programs, and operation activities to help guide the decision-making process regarding the organizational structure of VASCO. Strictly maintaining Safety – Quality assessment as planned, including aerial assessments, and promptly responding to recommendations from foreign aviation authorities.

Security tasks

Vietnam Airlines Security Policies

- Vietnam Airlines is 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 that 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 good observance.
- In response to these challenges, Vietnam Airlines has implemented various management and administrative solutions, closely followed the guidance of the State Capital Management Committee and the Ministry of Transport, as well as actively cooperated with relevant authorities and units. The focus has been on effectively implementing aviation security measures in accordance with regulations to ensure the safety and security of the Corporation's operations in all areas. These efforts have made a significant contribution to the Corporation's business performance. Some notable achievements include:
 - ▶ Updating, amending, and supplementing the Aviation Security document system. This involved reviewing and revising the 7th Aviation Security Program of Vietnam Airlines and the Regulations on aviation security mechanisms of the units according to the Circular No. 41/2020/TT-BGTVT dated 31 December 2020 of the Ministry of Transportation and the actual operation of Vietnam Airlines to submit to the Civil Aviation Administration of Vietnam for approval. Additionally, the Corporation formulated and promulgated the Aviation Security Program for Chinese routes and developed and implemented aviation security programs and procedures for routes to/from India, Los Angeles - USA, as well as updated and amended the Aviation Security Program for Germany and Australia.
 - ▶ Successfully performing the assessment of aviation security for the Corporation according to IATA's IOSA standards, which actively contributed to the assessment and renewal of the IOSA certificate in 2022. Vietnam Airlines also effectively served the assessment teams from the US Transportation Security Administration (TSA), the Civil Aviation Administration of Vietnam, and the International Civil Aviation Organization (ICAO) during their assessments and inspections to ensure aviation security.
 - ▶ Close coordination with relevant agencies and units to deploy plans ensuring absolute security for domestic VIP flights, 12 international flights, and domestic and

Assurance for aviation security of Vietnam Airlines in 2022

- In 2022, Vietnam Airlines continued to face difficulties and challenges while the business environment of air transport was affected by economic and political uncertainties regionally and globally. The escalating trade tensions and political conflicts have had a significant impact on both domestic and international freight and passenger volumes. Additionally, the consequences of the COVID-19 pandemic and the Russian-Ukrainian military conflict have brought about fundamental changes to the Corporation's operation, business plans, and recovery efforts.



international commercial flights. Vietnam Airlines closely monitored the security situation and proactively implemented aviation security measures in areas at risk of insecurity. It effectively responded to potential threats, such as applying enhanced aviation security control measures for the entire system during the Lunar New Year and other significant events. The Corporation also adjusted flight routes in anticipation of the conflict between Russia and Ukraine, strengthened aviation security measures in Japan and Thailand following security threats, evaluated the possibility of utilizing a different flight route to/from Europe via Iran airspace, and assessed the potential for charter flights between Hanoi and JHB (Senai, Malaysia).

- ▶ Collaborating closely with functional agencies such as the police, customs, domestic and foreign aviation authorities, and the aviation security control force to implement measures ensuring aviation security for passenger transportation operations. Vietnam Airlines investigated, verified, and clarified cases related to aviation security,

provided assistance to domestic and foreign authorities in responding to 87 requests, and supported the Ministry of Public Security's Department A08 in organizing aviation security training courses and flying training for the security forces on 22 flights of Vietnam Airlines. The Corporation also maintained an updated system to warn and deploy information regarding wanted individuals, banned transportation subjects, and subjects requiring mandatory inspections to proactively detect, prevent, and notify the relevant authorities.

- ▶ Implemented a series of measures to ensure security for passengers, luggage, cargo, postal items, and aircraft, including internal security control, information security, prevention of smuggling, commercial fraud, theft, and fire prevention and divisional protection. The Corporation promptly detected and handled 57 cases of violations related to aviation security, which were no serious cases and an increase of 38 cases compared to 2021, contributing to the overall security of Vietnam Airlines' flights and operations both domestically and internationally.

Statistics of aviation security cases in 2022

NO	INCIDENT	2022 CASES	2021 CASES	CHANGE
1	Bomb/ explosives/ weapon threat	2	0	2 ↑
2	Disruptive passenger(s)	8	2	6 ↑
3	Smoking passenger(s)	9	2	7 ↑
4	Onboard usage of mobile phone, tablet	0	3	3 ↓
5	Drunk passenger(s)	0	2	2 ↓
6	Onboard stealing	0	0	=
7	False travel documents	9	0	9 ↑
8	False identification	0	0	=
9	Illegal weapon carriage	2	0	2 ↑
10	Unapproved weapons, ammunition, and support instruments	12	0	12 ↑
11	In-ground stealing	0	0	=
12	Missing items in checked baggage	0	0	=
13	Wrong flight boarding/ connecting	7	4	3 ↑
14	Life-vest missing/ stealing	0	0	=
15	Crew violation	1	0	1 ↑
16	Other violation	7	6	1 ↑
	TOTAL	57	19	38 ↑

2.8. HUMAN RESOURCE MANAGEMENT

a. Total number of employees

The total consolidated number of employees as of 31 December 2022 was 18,622, including 5,351 of the parent company and 13,271 from subsidiaries and affiliates.

Of the above, with respect to the parent company: The employee count includes individuals listed in the management roster of departments and units (excluding ALSIMEXCO), including employees with suspended labor contracts in accordance with the employment policy due to the impact of COVID-19 pandemic.

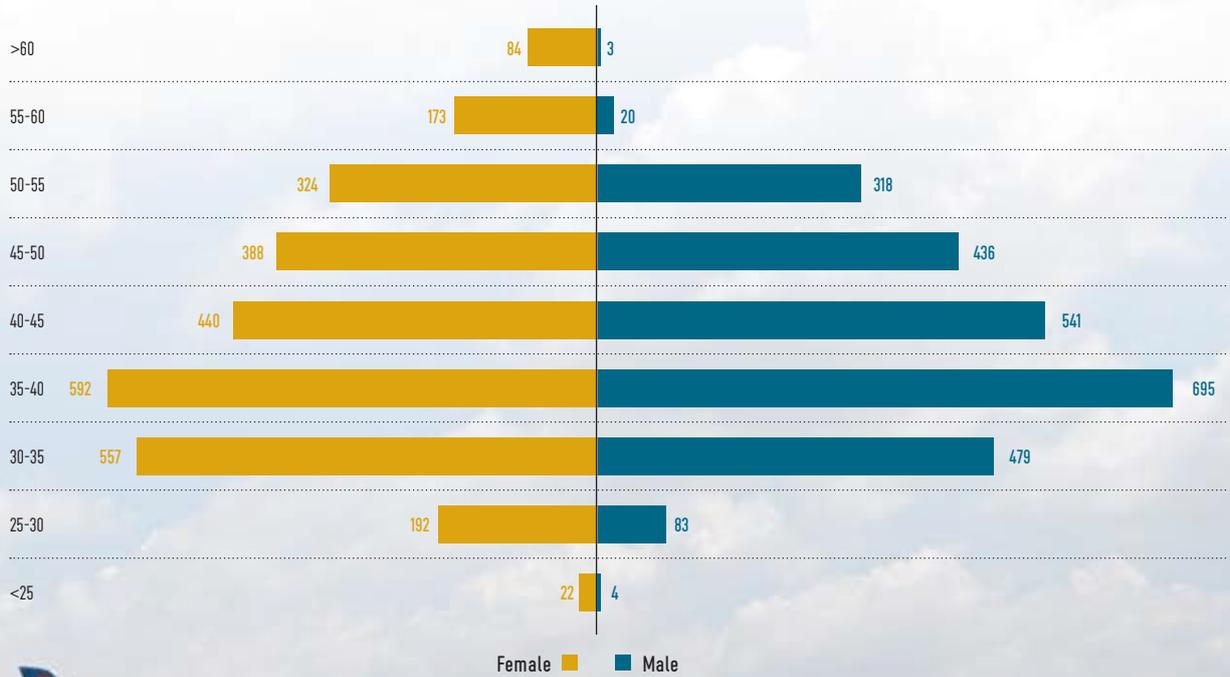
b. Parent company

Labor force

The average number of employees throughout the year was 4,736, calculated on the number of employees and converted according to the ratio of actual working days in each month. For pilots and flight attendants, their charges are based on the actual number of flight operations they performed.



LABOR COMPOSITION BY GENDER AND AGE-GROUP



Average income

Based on the determination of the 2022 salary fund and in accordance with the Decree No. 87/2021/NĐ-CP (up to 65% of the average salary of each title group in 2019), Vietnam Airlines has implemented a flexible salary policy in line with its operations and activities. This policy aims to stabilize the employees' lives, retain high-quality workers, and allocate resources for post-pandemic recovery and development.

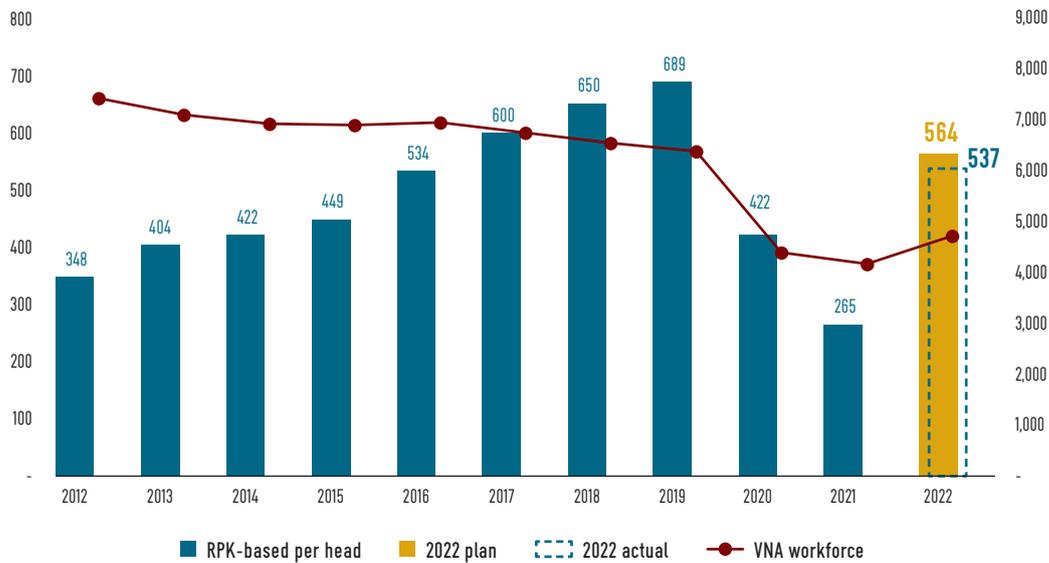
Labor productivity indicators

Labor: In 2022, Vietnam Airlines continued to manage resources and personnel policies flexibly in response to the different stages of the epidemic. This includes gradually adding new workers to the

workforce, recalling temporary workers, postponing labor contracts, and recruiting to compensate for severance, in accordance with the scale of operations and activities. These measures will be particularly important towards the end of the year to prepare resources for peak periods and the following year.

Labor productivity: The revenue per ton kilometer (RTK) in 2022 was 537 thousand tons.km per worker, which is equivalent to 95.3% of the planned target. The slightly lower performance is attributed to two factors: (1) the RTK was 3.1% lower than expected due to flight route structure and cargo loading, and (2) the addition of laborers toward the end of the year to prepare resources for 2023. This labor productivity level represents 77.9% compared to the implementation in 2019.

LABOR PRODUCTIVITY



c. Implementation results

Recruitment

Vietnam Airlines has continued its program of sourcing, recruiting, and training specific workforce through socialization. This includes targeting basic pilots for training to transition into flight operations and recruiting additional flight attendants from ALSIMEXCO to compensate for the termination of labor contracts and to prepare resources for 2023.

Training

Despite the ongoing COVID-19 pandemic in 2022, the entire training system has shown proactiveness and

dedication in compiling and updating policies and training programs as required by the Civil Aviation Administration of Vietnam. These efforts are aimed at meeting the requirements for the extension assessment of the AOC and the IOSA in 2022. The Corporation has successfully organized training for various roles such as Pilots, Flight Attendants, Aircraft Technicians, Ground Operators, and Trainers. These training initiatives aim to develop the potential and skills of the staff, contributing to the overall flight safety of Vietnam Airlines. Specifically:

NO	TRAINING CONTENTS	NUMBER OF TRAINEES
1	Organizing training in IOSA subjects as required by the Civil Aviation Safety Regulations in the field of aircraft operation:	96,169
	1.1 For Pilots, Flight Attendants, Operations Operators (VNA)	21,757
	1.2 For aircraft technician (VAECO)	23,661
	1.3 For ground operators (VIAGS)	50,742
2	Organizing of training and development of pilots:	
	2.1 Training of basic pilot upgrade	71
	2.2 Training to change type ATR, A321, A350, B787	60
	2.3 Training to upgrade captains	51
	2.4 Upgrading pilot trainers	26
3	Organize training of staff for foreign branches:	59
	3.1 Training of Airport Operations Assistant (SM)	40
	3.2 Training overseas chief representative (GM)	19
4	Training to raise awareness of Cyber Information Security	9,899
5	Training of Safety System (SMS) awareness	940
6	Uplifting Service Training	3,068
7	Organizing a series of seminars, in which:	378
	7.1 Improve service quality of VNA	70
	7.2 Cost management and optimization	110
	7.3 Customer experience strategy for Service Department	120
	7.4 Professional training conference on LD-TL-DT	78

Overall assessment: The training has been organized in accordance with objectives and requirements, with the following achievements:

- Successful completion of the construction and update of the training documentation system, which has been submitted for approval to the Civil Aviation Administration of Vietnam. This includes the Training Policy of the Flight Operations Department (PART D1), Training Policy of the Technical Department (PART D2), Ground Operation Department Training Policy (PART D3), Training Program for Pilots, and Dangerous Goods Training Program.
- The training plan for 2022 has been implemented effectively, ensuring quality and efficiency. All aviation staff, including Pilots, Flight Attendants, Aircraft Technicians, and Ground Operators, have undergone training on IOSA subjects as planned. This has ensured the validity of their certificates and contributed to maintaining the flight safety of the Corporation. Additionally, training programs have been well organized for major employees and potential staff, as well as implementing soft-skill training for those who suspended their labor contracts due to the impact of the COVID pandemic.



Chào cờ đầu tháng

d. 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 it also includes the vision, mission, core values, rules, management style, goals, development strategies, as well as the behavior and 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 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

In 2022, Vietnam Airlines will continue its brand communication activities, aiming to enhance the image of Vietnam and its people while showcasing attractive domestic destinations to international tourists. Additionally, efforts will be made to promote the national flag carrier as a dynamic digital airline, offering exceptional services, a modern fleet of aircraft, and safe and convenient flights.

The brand image

was maintained and enhanced at all touchpoints with customers and employees. The brand identity will be further developed in a youthful, modern, and trendy direction. Furthermore, the Corporation is conducting research and developing a roadmap for brand repositioning.

Strategic and tactical advertising programs

will be deployed in a timely manner to meet market needs. These programs will focus on achieving outstanding efficiency in advertising KPIs, which will significantly contribute to the sales KPIs of various sales programs..

Accelerating of press communication:

Vietnam Airlines resumed press communication activities to provide timely and direct information, enabling the public and community to have a better understanding of Vietnam Airlines and its new products.



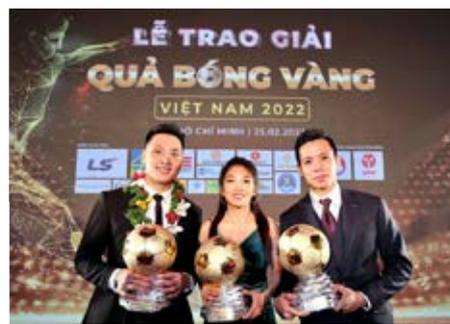


Managing communication on social networks:

The Corporation has diversified communication channels, customer care, and activities through platforms such as Zalo, Twitter, TikTok, minigame, seeding groups, KOLs, etc. These efforts will include engaging content tailored to the customers' needs.

Organizing events, fairs, roadshows, and campaign booths:

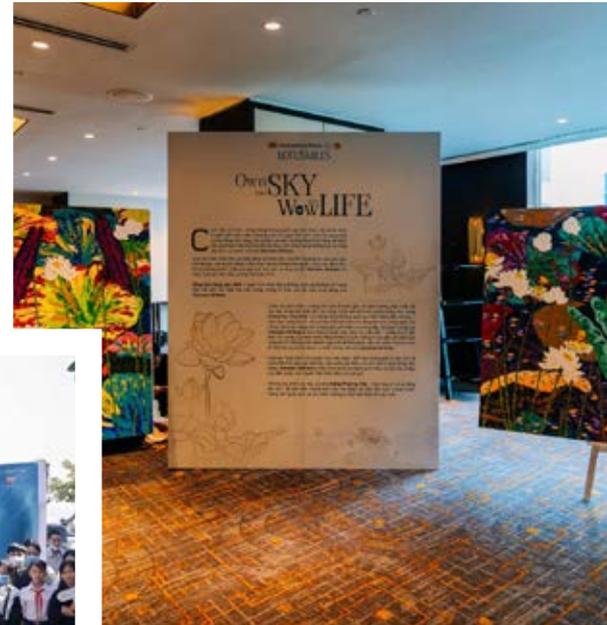
The Corporation will organize 17 fairs and 4 Roadshow Festa periods in Hanoi to promote the brand image of Vietnam Airlines and showcase new products to customers and major partners. Additionally, the Corporation has registered 2,159 new frequent fly members.



Các Chương trình tài trợ tiêu biểu

Sponsorship activities:

In 2022, Vietnam Airlines will sponsor 35 programs, focusing on initiatives with high advertising and communication value, as well as those aligned with social responsibility.

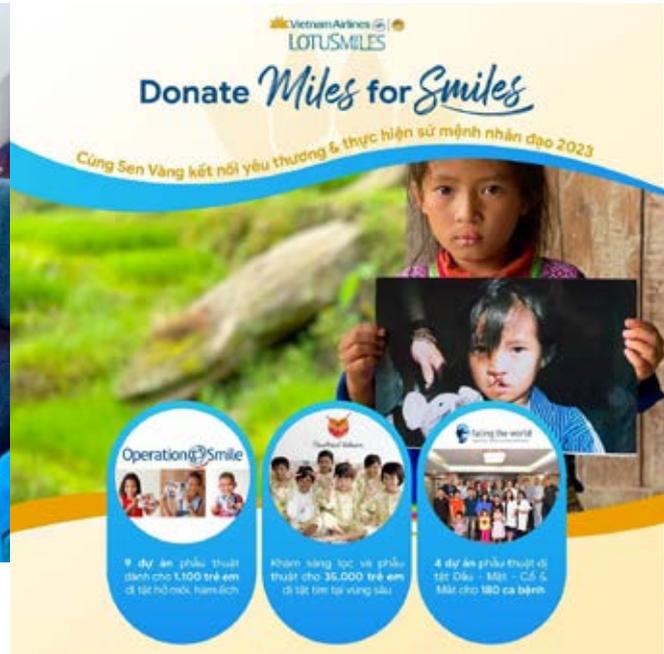


CSR activities:

The Corporation will organize 9 charity and philanthropic programs across various fields. These CSR programs will bear the Vietnam Airlines brand and image, leveraging the effective use of translation products in collaboration with partners to bring value and benefits to the community and society.

Some notable CSR programs include:

- Successfully hosted 2 Mile Donation campaigns for charity organizations:
 - Donating miles to support transportation of medical professionals of Operation Smile and Facing the World performing cleft palate surgeries in Nghe An.
 - Donating miles to support transportation of medical professionals of Facing the World to perform craniofacial surgeries in Hanoi.
- The Run for Love race aimed at raising funds for the community.
- Charity auction held during the Million Miles Gratitude Night event, organizing the "Dream flight – Reunion Journey."
- "Dream Trip" program, providing an experiential journey for disadvantaged children.
- Honoring Coach Park Hang Seo with a lifetime air ticket.



The achievements in 2022 have been recognized through various brand awards, including:

09 domestic awards

- National brand of 2022 awarded by the Ministry of Industry and Trade
- Top 5 Prestigious Passenger Carrier Enterprises 2022 – VNR500 awarded by Vietnam Report
- Top 10 Famous Brands in 2022 awarded by Vietnam Intellectual Property Association
- Top 10 Vietnam Best Employers awarded by Viet Research
- Top 10 Leading Brands in Customer Experience in 2022 by KPMG
- Top 43 largest enterprises in Vietnam - VNR500 awarded by Vietnam Report
- Third Prize in the National Foreign Relation Communication Awards: Safety demo video, by the Central Propaganda Department
- Consolation Prize in the National Foreign Relation Communication Awards: Music Video "Come on", by the Central Propaganda Department
- Golfers' most favourite airline in 2022 awarded by Golf and Leisure Magazine

07 international awards

- World's Leading Cultural Airline by World Travel Awards
- Asia's Leading Airline – Economy Class by World Travel Awards
- Asia's Leading Airline Brand by World Travel Awards
- Asia's Best MICE Airline 2022 by World Mice Awards
- Ranked 48th of the World's Top 100 Airlines in 2022 by Skytrax
- Top 10 Most Recommended Brands 2022 (ranked 1st) by YouGov
- Top 10 Best Brand Rankings for Vietnam 2022 (ranked 2nd) by YouGov

KPI results

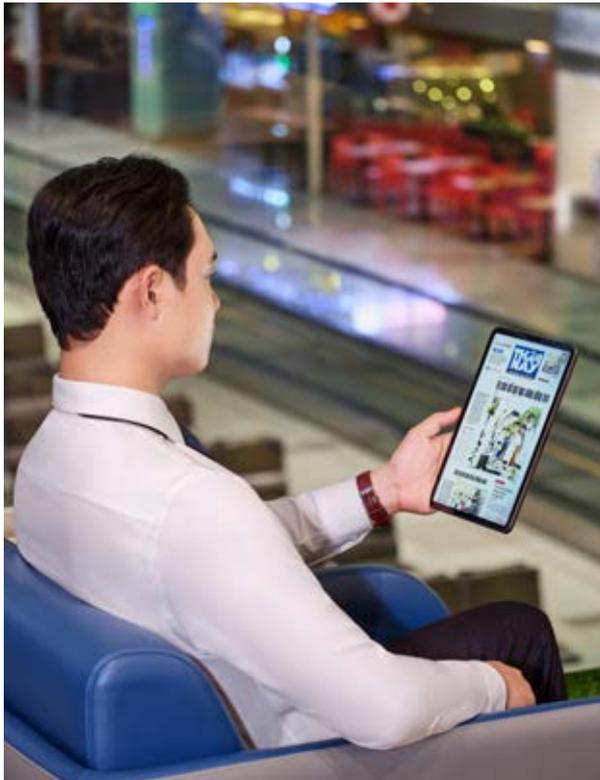
METRIC	2022 PLAN	2022 ACTUAL
VNA Group communication coverage	>56%	56.33%
Sentiment	Positive >24%	25.83%
	Negative < 0.4%	0.27%

2.10. INFORMATION TECHNOLOGY

a. Upgraded IT applications

In 2022, Vietnam Airlines still faced the ongoing challenges of the COVID-19 pandemic. In addition to its digital transformation efforts to become a digital airline, the Corporation developed IT plans and solutions aimed at accelerating digital 4.0 technologies into practical business activities with the orientation of maintaining current applications while promoting applications supporting revenue generation and cost reduction. Here are the specific initiatives:

- **On operations:** continued to maintain and upgrade operation applications such as Netline OPS, FMS, Mobile OPS. Additionally, research and development were conducted to deploy larger



applications like Flight Data and Flight Planning, aiming to optimize operations and reduce costs.

- **On sales:** Vietnam Airlines maintained its traditional sales system while maximizing the use of digital technologies, platforms, and applications to enhance online sales efficiency and improve the customer experience. Solutions and tools employed included the S-IBE to rapidly expand sales network, customer-specific selling tools for various segments (Students, Enterprises, Ethnic), eKYC solution for identity verification, virtual assistant switchboard (CallBot) for customer support, feature enhancements to the Virtual Box Office, implementation of CDP integrated with B2C CRM system on Google Cloud platform, Google Analytics tracking on 8/20 digital touchpoints (Check-in, Redeem voucher, refund/cancellation, upgrade and purchase of add-on services, idad online, VNAMall), and enhancing the overall customer journey experience.
- **On services:** Sabre DCS services were deployed at domestic and international airports, along with the deployment of new Sabre solutions, upgrading the CAPA feedback system on Salesforce, and adopting information support software for flight attendants, which were all aimed at improving the quality of passenger service.
- **On technical tasks:** completed the implementation of TIMS for automatic maintenance scheduling and technical information management. Vietnam Airlines also focused on maintaining and ensuring the operation of the technical, material, and maintenance management system (AMASIS) for aircraft, and initiated the deployment of the new aircraft management and maintenance system (MRO IT) using products from AMOS partners.
- **On customer services:** Programs to add miles, handle complaints (Retro), incentives for the Million Miles membership program (Million Miller), a control application for Lotusmiles account management to reduce costs, upgrades to the Lotus Award software, co-branded card programs, and the implementation of the LAMS lounge management system to cater.

b. Assessment of IT system availability (SLA)

Vietnam Airlines places great emphasis on ensuring the operational readiness of its IT system. In 2022, the IT system availability achieved a rate of 99.96%, surpassing the KPI target of 99%. This accomplishment can be attributed to the following implemented solutions:

- Upgrading the network and server monitoring system (Proactive Monitoring) to effectively monitor and manage IT issues.
- Implementing comprehensive backup plans for IT systems.
- Conducting evaluations of service quality provided by third-party IT service providers for the Corporation.
- Strengthening training programs and improving service quality management.



c. Information Security Policies and Measures for Customers, Shareholders, and Significant Changes

- As a national flag carrier and a vital entity in security and defense, Vietnam Airlines handles crucial information and passenger data, making it susceptible to attacks from cybercriminals, high-tech terrorists, hostile entities, sabotage, and misinformation. Consequently, Vietnam Airlines places significant focus on ensuring information safety and security.
- In 2022, Vietnam Airlines will maintain close monitoring of information security, aiming to achieve 100% compliance with the established KPIs for information security. The Corporation will continue to enhance and develop its IT system, while also strengthening relationships with partners and regulatory agencies in the field of information security.
- Engaging in awareness-raising activities and fostering a sense of responsibility towards information security within the organization. Conducting periodic examinations to heighten awareness of information security across the Corporation, its subsidiaries, and affiliates. Simulating unannounced phishing attacks as a means to raise awareness.
- Ensuring robust data protection measures, obtaining the PCI DSS certification for payment card security, and adhering to various regulations such as the European General Data Protection Regulation (GDPR), receiving and processing numerous customer requests pertaining to data subject rights (accessing, editing, deleting data, etc.).

2.11. RESTRUCTURING OF THE PARENT COMPANY AND MEMBER COMPANIES

a. Operational restructuring

On management

Managing business operations and activities in alignment with market recovery, while prioritizing absolute safety in disease prevention and balancing operational efficiency. Proactively restoring the entire domestic flight network and reestablishing 70% of international routes, closely monitoring market dynamics.

On passenger sale operation

- Emphasizing online sales channels to advance towards Vietnam Airlines' vision of becoming a digital airline by 2025.
- Expanding the ecosystem of e-commerce platforms, e-wallets, and applications in Vietnam, along with partnerships with major global Metasearch and OTAs.
- Personalizing the selling process, service delivery, and enhancing the overall customer experience by building a comprehensive customer database and upgrading the website and mobile app.
- Investing in the development and sales of complementary products to diversify revenue streams.
- Improving the service system and processes to elevate the quality of service provided to corporate customers.
- Successfully launching and selling Gift Card products to high-income customers, VNA's subsidiaries, and strategic/comprehensive partners.
- Expanding indirect sales channels by increasing the coverage of Vietnam Airlines' agents and sellers across provinces and cities.
- Utilizing commissions and trade discounts (CKTM) strategically to stimulate sales when necessary, minimizing commissions and leveraging CKTM across the network.
- Leveraging B2B/B2C Salesforce tools to effectively manage and engage with passengers, major corporate customers, agents, and travel agencies, ensuring high efficiency and long-term sales.
- Enhancing the effectiveness of sales administration, agency sales channel management, and CA management through B2B Salesforce tools, enabling personalized interactions with each sales agent.

On cargo transportation

- Sustaining the VNA Group's domestic market share at 56%, with a particular focus on maintaining a strong presence in the Hanoi-Saigon (HAN-SGN) backbone route, where the market share is targeted to reach around 62%.
- Persisting in operating cargo flights using passenger aircraft to China, Korea, Japan, Hong Kong, Australia, and Thailand, especially when passenger flights have not fully recovered.
- Swiftly adapting product policies and sales strategies to accommodate the transition from cargo flights to regular passenger flights. Endeavoring to maintain the load utilization factor of scheduled international passenger flights above 70%.

b. Financial restructuring of the parent company

To overcome the challenges posed by the COVID-19 pandemic and the unfavorable business environment, Vietnam Airlines Corporation has implemented several measures in 2022 to address its weakened financial position. These measures include:

- Cost-cutting and savings: The Corporation has implemented rigorous cost-cutting measures and actively negotiated discounts and payment extensions with partners, particularly with aircraft leasing partners, to alleviate financial pressures.
- Financial restructuring: In order to improve its financial stability, the Corporation has focused on (i) restructuring its foreign loans by utilizing short-term loans with greater flexibility. This comprehensive debt restructuring initiative has significantly reduced the cash flow burden on the Corporation in 2023; (ii) The Corporation has pursued asset restructuring by completing the sale and liquidation contract of 1 A321CEO aircraft manufactured in 2004 and implementing of Sale-Leaseback with 1 backup engine has generated additional cash flow and income for the company.

c. Restructuring of member companies

In 2022, Vietnam Airlines actively implemented divestment at member companies and achieved a number of results such as: completing the divestment phase 1 at Cambodia Angkor Air, studying and proposing some solutions to remove difficulties related to the divestment mechanism at some member companies, reporting to the relevant authorities as a basis for implementation in the following year, preparing for the divestment at some member companies as soon as the relevant authority approves the mandates in 2023.

d. Human resource and salary restructuring

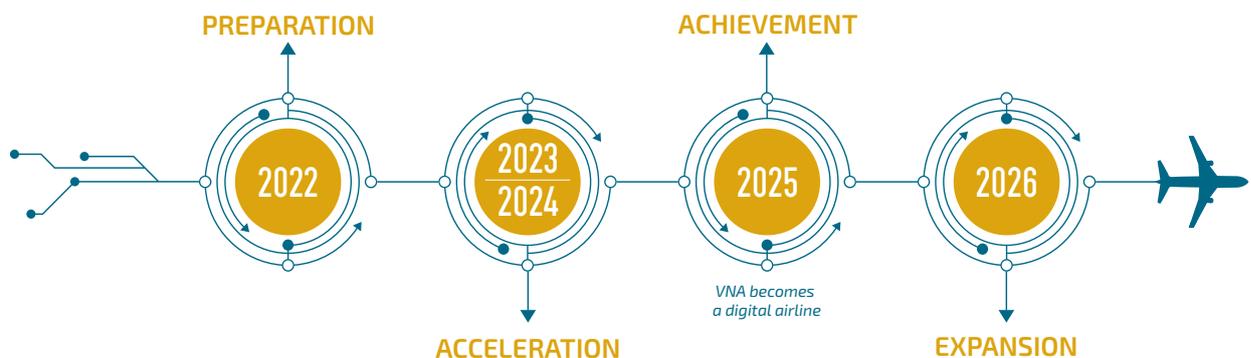
In 2022, Vietnam Airlines will continue to flexibly operate the policy of using human resources in accordance with the operation scale, gradually adding laborers to work according to market developments, maintaining the highest availability of resources, and complying with the provisions of the law. This approach aims to create motivation for employees as business activities gradually recover.

Regarding the organization, Vietnam Airlines has developed an organizational restructuring plan in the Corporation's restructuring masterplan to report to the CMSC and the Government. The following organizational changes have been made: Completing the organization of the Flight Crew 919 and the Flight Training Center, establishing ASOC through the merger and reorganization of NOC, TOC, DOC; establishing the Vietnam branch through the merger and reorganization of the Northern branch, Central branch, Southern branch, and local branches.

As for the salary policy, starting from January 1, 2022, the Corporation has implemented a new income distribution plan with the following objectives: (i) Encouraging departments, units, and employees to improve labor productivity and excel in their work; (ii) Retaining skilled, capable, professional, and high-performing employees; (iii) Establishing a fair and transparent salary payment mechanism; (iv) Simplifying the salary payment process. Additional salary has been allocated to the monthly salary to ensure income stability and workers' livelihood. The rates of flight wages, productivity wages, etc., have increased compared to 2021.

e. The application of digital transformation in business activities

Roadmap and solutions to become a 4.0 Digital Airline



Vietnam Airlines has introduced the Digital Transformation Strategy for the period 2022 - 2026, with a clear roadmap and specific solutions to achieve the goal of becoming a Digital Airline by 2025. The strategy is outlined as follows:

Accordingly, in 2022, the focus is on developing strategies and preparing the groundwork for digital transformation activities. This includes:

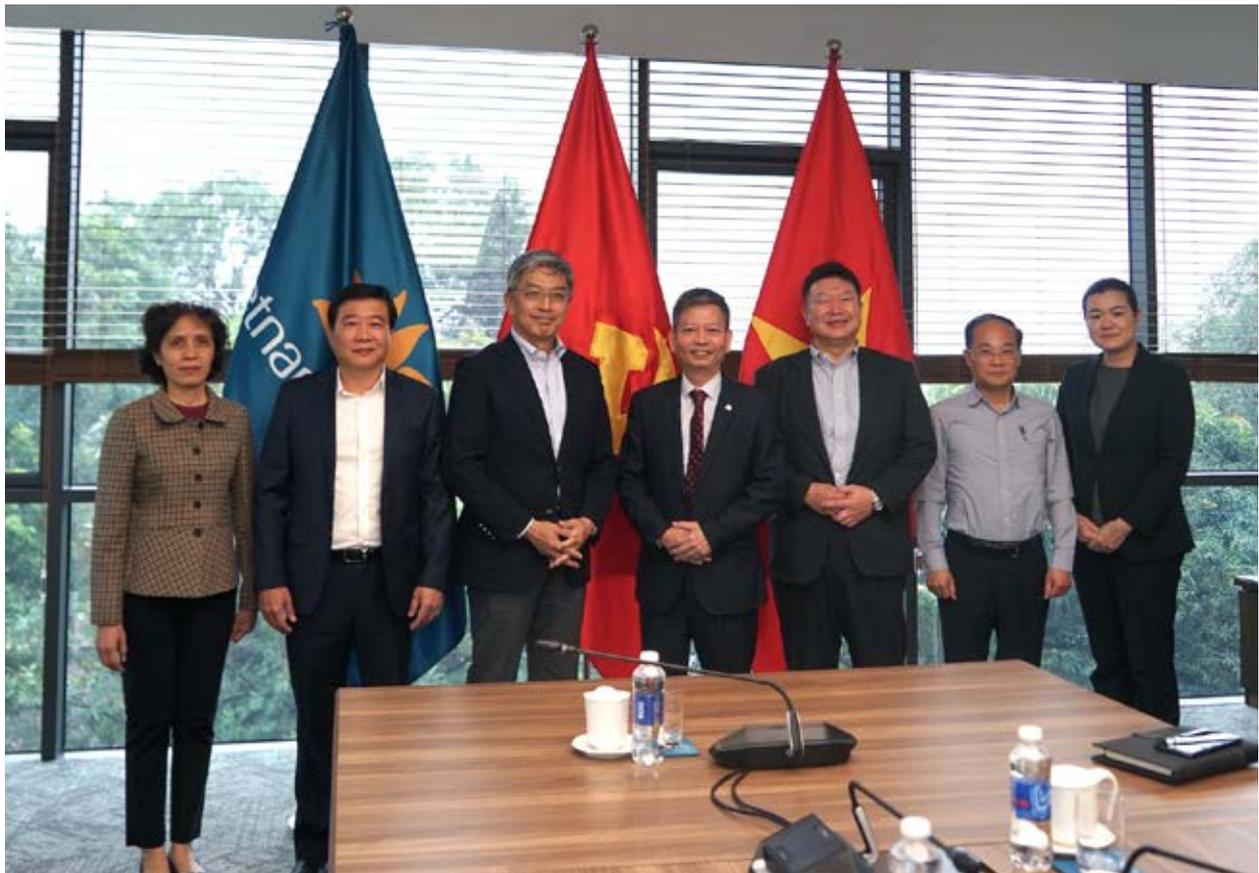
- Strategy group/overall framework: Formulating and disseminating seven strategies aligned with the eight criteria in the digital transformation assessment, as per the Ministry of Information and Communications' Decision 1970. These strategies cover areas such as (1) transformation strategy (announced in 2020), (2) customer experience strategy, (3) digital brand strategy, (4) digital marketing strategy, (5) ecosystem strategy, (6) risk management strategy, and (7) data strategy (data governance framework).
- Group of mechanisms and policies: Establishing three major policy groups, including (1) building and promoting a digital culture, (2) developing mechanisms and policies for talent attraction and retention, and (3) creating a promotion mechanism for digital transformation initiatives.
- Group of digital initiatives: Implementing management and operational solutions that do not require additional investment costs. This encompasses 38 digital initiatives, aligned with 105 contents based on the criteria in the DBI Index of the Ministry of Information and Communications.
- Group tasks for digital platform and application investment preparation: Undertaking 22 work items related to the six pillars of digital transformation.

2.12. COOPERATION PROGRAMS

a. Strategic partnership with the shareholder ANA Holdings Inc.

In 2022, Vietnam Airlines and ANA further enhanced their comprehensive strategic cooperation, building upon the agreements made when ANA invested in Vietnam Airlines' shares in 2016. The partnership encompassed various areas, including joint venture collaborations in the commercial sector. Both parties will continue to focus on implementing technical support initiatives, with a particular emphasis on e-commerce, customer service, and training. ANA will

share its expertise in organizational structure and application of solutions to assist Vietnam Airlines in enhancing the quality of online customer care services. The two airlines will also collaborate in organizing a seminar led by ANA's leading experts, providing direct advice and training to support Vietnam Airlines in gradually improving the quality of in-flight meals on routes between Vietnam and Japan, which are operated by both airlines.



b. Commercial cooperation

Regarding codeshare cooperation, Vietnam Airlines has actively pursued the resumption of commercial partnerships with airlines following the reopening of the aviation market by the Vietnamese government in mid-March 2022, after the impact of COVID-19 almost halted such collaborations. Out of a total of 26 codeshare partners, Vietnam Airlines has successfully reinstated codeshare cooperation with 15 airlines and 1 train company. The remaining partners have yet to resume cooperation due to objective factors such as travel restrictions, embargoes, or the partner's temporary suspension of relevant flights. In addition to maintaining existing partnerships, Vietnam Airlines is actively seeking opportunities to expand cooperation, including negotiations for enhanced collaboration in new markets such as the US and India to supplement direct flights from/to the US and India, further strengthening Vietnam Airlines' presence in these markets.



Hợp tác VNA và Tỉnh Phú Yên

Regarding joint venture cooperation, Vietnam Airlines temporarily suspended its collaboration with Air France in March 2020 as a result of Vietnam Airlines ceasing operations on routes connecting Vietnam and France. However, plans are in place to resume this cooperation from March 2023. In 2022, Vietnam Airlines focused on completing the necessary applications for approval from the relevant authorities in Vietnam and Taiwan for the business cooperation contract (Joint Business - JB) between Vietnam Airlines and China Airlines.



Hợp tác VNA và Tỉnh Bình Định



Hợp tác VNA và Tỉnh Quảng Ngãi



Hợp tác VNA và Tỉnh Đồng Tháp

In terms of multilateral cooperation, Vietnam Airlines continued to actively participate in joint activities and projects within the SkyTeam alliance. This involvement served as a driving force for Vietnam Airlines to improve its systems and service standards, aligning with the requirements set by SkyTeam, ultimately enhancing its competitiveness within the industry. In 2022, Vietnam Airlines actively engaged in the implementation of the Check-in project, allowing passengers to self-check-in for flights operated by SkyTeam airlines during multi-leg journeys. This initiative aimed to provide a seamless experience for passengers amid the challenges posed by the complex COVID-19 pandemic. Vietnam Airlines also collaborated extensively with SkyTeam in developing the Virtual Codeshare project, which aims to create tailored itineraries that meet passenger needs based on the flight network of SkyTeam member airlines, offering competitive prices. This project is expected to enhance sales capabilities and competitiveness

through online sales channels. Additionally, Vietnam Airlines actively participated in activities within multilateral organizations and forums, including IATA and AAPA, promoting its role and making valuable contributions to the development of industry-wide policies.

c. Cooperation with local authorities

The collaboration between Vietnam Airlines and provinces/cities was further strengthened and expanded. In 2022, Vietnam Airlines actively engaged in comprehensive cooperation agreements with 14 People's Committees of provinces and cities, namely Binh Dinh, Ca Mau, Dong Nai, Quang Ngai, Thanh Hoa, Hue, Quang Binh, Dong Thap, Gia Lai, Kien Giang, Phu Tho, Quang Ninh, Soc Trang, and Kon Tum. Additionally, Vietnam Airlines maintained and implemented tourism, cultural, and trade promotion activities with 16 provinces and cities that have previously established cooperation, including Hanoi, Da Nang, Ho Chi Minh City, Khanh Hoa, and Quang Ninh. These agreements aimed to coordinate efforts in promoting tourism, commercial investment, aviation, and destinations, with a particular focus on revitalizing the aviation service industry and the tourism sector as a whole following the impact of the COVID-19 pandemic. The collaboration also involved the development of policies to effectively



Hợp tác VNA và Tỉnh Quảng Bình



Hợp tác VNA và Tỉnh Quảng Bình



Hợp tác VNA và Tỉnh Hoà Bình

support and prioritize the use of each other's products and services. Furthermore, Vietnam Airlines actively strengthened image promotion, highlighting the significance of comprehensive cooperation between the airline and provinces/cities in the process of operation and development. This collaboration aimed to enhance business efficiency and foster economic development both at the local and national levels.

d. Cooperation with economics groups



The cooperation agreement between Vietnam Airlines and economic groups was aimed at leveraging the strengths of each party in operational and business areas, in order to foster comprehensive cooperation, and to establish a long-term strategic partnership. Through this collaboration, Vietnam Airlines and these groups engaged in mutually supportive activities, expanding and developing their business operations to effectively capitalize on their respective strengths and tap into domestic and international markets. This included focusing on the traditional business fields of each party as well

as other areas of mutual interest. The cooperation aims to enhance the benefits for officials and employees of both parties. In 2022, Vietnam Airlines has been actively expanding its cooperation agreements with prominent corporations and enterprises such as Vietnam Textile and Garment Group, T&T Group, Saigon - Hanoi Commercial Joint Stock Bank. Additionally, Vietnam Airlines maintained and implemented ongoing cooperation activities with major corporations and economic groups that it has partnered with before, such as VinGroup, Sun Group, Nova Group, Thien Minh Group, and BRG.



3. INVESTMENT ACTIVITIES

The investment and development plan for 2022 of the Corporation received approval from the General Meeting of Shareholders through the Resolution No. 02/NQ-ĐHĐCD, with a total budget of VND 375.8 billion. However, given the challenging financial circumstances in 2022, Vietnam Airlines conducted a thorough assessment of investment projects, prioritizing only those that required immediate deployment to support business operations while also minimizing costs. Additionally, the Corporation continued its policy of extending and delaying project implementations to the maximum extent possible and negotiated for payment extensions for completed projects in order to alleviate cash flow pressures. This approach allowed the Corporation to focus its resources on other critical tasks aimed at restoring business operations in the aftermath of the pandemic. A summary of the implementation status is provided below:

INVESTMENT PORTFOLIO	2022 PLAN		2022 ACTUAL		% ACTUAL/ PLAN	
	NUMBER OF PROJECTS	DISBURSEMENT (VND BILLION)	NUMBER OF PROJECTS	DISBURSEMENT (VND BILLION)	NUMBER OF PROJECTS	DISBURSEMENT (VND BILLION)
1	2	3	4	5	6	7
Asset investment	32	135.8	4	61.3	12.5%	45.1%
Aircraft	1	1.8	0	0	-	-
Basic construction	19	104.7	1	42.0	5.3%	40.1%
IT and equipment	12	29.3	3	19.3	25.0%	65.9%
External investment	5	155.4	1	8.1	20.0%	5.2%
Provision for investments		84.6	0	0		-
TOTAL	37	375.8	5	69.4	13.5%	18.5%

Note: Column 4 is the total number of approved pre-investment projects, the number of completed investment projects and put into use, and the final settlement projects in 2022.

In 2022, Vietnam Airlines did not use VND 84.6 billion of planned provision (provision for asset investment was VND 40 billion, provision for external investment was VND 44.6 billion).

3.1. ASSET INVESTMENTS

a. Aircraft investment

The Department of Natural Resources and Environment has approved the environmental impact assessment report for the project involving 50 narrow-body aircraft. The Corporation is currently progressing with the necessary investment preparations according to regulatory requirements.

b. Equipment investment

The total value of equipment investment in 2022 amounted to VND 19.3 billion. This primarily included disbursements for projects that were completed and put into use in 2021, with payments extended into 2022.

c. Construction investment

The total value of construction investment in 2022 reached VND 42.0 billion, mainly allocated for the VN1 Building Project at 200 Nguyen Son. The project has been completed and operational since the first quarter of 2021. In 2022, the Corporation adopted a policy of delaying the implementation of investment projects until the financial situation improves, focusing on disbursing payments for projects completed in previous years.

3.2. EXTERNAL INVESTMENTS

The investment and development plan for 2022 included five external investments, totaling VND 155.4 billion. However, the Corporation only increased its capital contribution to APLACO by VND 8.1 billion as dividends, representing 5.2% of the planned amount. Progress on external investments has been postponed ensuring a balanced cash flow for the parent company.

a. Overall assessment of the efficiency of external investment

In 2022, the domestic COVID-19 situation was largely under control, leading to a positive recovery in trade, transportation, and tourism activities. However, certain countries continue to enforce strict epidemic prevention and control policies. Moreover, global political fluctuations, inflation, exchange rate volatility, and fluctuating oil prices have also influenced the speed of capital recovery for the investees. The investees have made efforts to maintain their market share, secure contracts with new airlines, capitalize on revenue-increasing opportunities, adapt flexibly to market developments, and exercise strict cost control measures. These efforts have resulted in better-than-planned business outcomes.

b. Business performance of investees in 2022

Subsidiaries

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		VAECO		<p>VAECO is a one-member limited liability company fully owned by VNA. It was established and constructed in compliance with the standards set by the Civil Aviation Administration of Vietnam (CAAV), the US Federal Aviation Administration (FAA), and the International Civil Aviation Organization (ICAO). VAECO is a leading enterprise in Vietnam that offers comprehensive services including line and base maintenance, spare parts supply, and calibration services for both narrow-body and wide-body aircraft as per the requirements of various aviation authorities such as CAAV, FAA, EASA, CAAP, SCSA, and others. The company operates two calibration laboratories that adhere to ISO/IEC 17025 quality system and are accredited by the Office of Quality Accreditation (BoA). VAECO ensures accurate, high-quality, and timely calibration services for customers within and outside the aviation industry. Furthermore, VAECO has established a Training Center staffed with experienced professionals who possess in-depth knowledge, effective communication skills, and extensive hands-on experience in aircraft maintenance. The Training Center has been authorized by the Civil Aviation Authority of Vietnam to provide training courses on aircraft, ground equipment, and aviation security to meet the technical human resource demands of the aviation industry in Vietnam and the region.</p> <p>In 2022, the aviation market began to recover, resulting in a significant increase in domestic and international flights. This led to a rise in VAECO's output and realized revenue compared to 2021. The company's business performance in 2022 witnessed notable improvements, with a total revenue of VND 2,065.5 billion, EBT of VND 106.2 billion, and ROE of 7.5%.</p>
2		SKYPEC		<p>SKYPEC is a reputable one-member limited liability company wholly owned by VNA, specializing in aviation fuel supply to domestic and international airlines. With a storage system spanning over 210,000 m³, the company operates at 18 airports throughout Vietnam and 4 major international airports in Korea.</p> <p>To meet stringent quality standards for aircraft fuel, SKYPEC continuously invests in additional refueling vehicles, modern facilities, and laboratories that comply with international standards ISO/IEC 17025:2005 with 10 standard tests. The company's quality management system is certified by the QMS organization, adhering to ISO 9001-2015 international standards. With these measures, SKYPEC is always prepared to serve its domestic and international airline customers optimally. The company has also implemented an intelligent monitoring system, integrating GPS and dashcam technologies to digitize its refueling vehicles, ensuring strict control over the fuel supply chain. SKYPEC serves as the fuel supplier for all domestic airlines and nearly 100 foreign airlines operating in Vietnam.</p> <p>In 2022, the company faced various challenges. The aftermath of the COVID-19 pandemic, along with the conflict between Russia and Ukraine, led to economic difficulties, recession, and inflation. Fuel prices experienced significant fluctuations, leading to supply constraints and difficulties in maintaining a balanced supply. Unpredictable movements in exchange rates further increased financial costs and exchange rate risks, significantly impacting on the company's business results. Despite these challenges, SKYPEC made diligent efforts to implement operational solutions, overcome difficulties, and enhance operational efficiency. As a result, the company achieved positive business outcomes in 2022. The total fuel output reached 1,253,343 tons, with a target total revenue of VND 32,940.3 billion and an EBT of VND 281.4 billion. The ROE for the year stood at 35.2%.</p>

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
3		VACS		<p>VACS, a company wholly owned by VNA, specializes in food production, ready-to-eat meals, and airline catering services. The company is committed to meeting the growing demands of its customers, and as such, it has implemented quality standards such as ISO 9001 and SQF 2000 (recognized for food hygiene and safety standards) with HACCP accreditation.</p> <p>In 2022, the domestic air transport market experienced a strong recovery, and airlines began reopening international routes, leading to a rapid improvement in VACS' business activities. However, the international air transport market's recovery was slower, with some countries and territories still implementing policies and regulations to restrict travel in order to prevent the spread of COVID-19. This was particularly evident in Northeast Asia, including the Chinese market, where most commercial flights between China and Vietnam had not resumed operations. As a result of these challenges, VACS' total revenue in 2022 reached VND 459.7 billion, with an EBT of only VND 19.5 billion. The ROE for the year stood at 14.3%.</p>
4		VIAGS		<p>VIAGS operates in the field of providing services at passenger terminals, cargo terminals, and aprons, offering technical services, ground trading for passengers, and aircraft of airlines at various airports. With over 25 years of experience as a ground service enterprise, VIAGS has a workforce of nearly 4,000 highly skilled employees who undergo comprehensive training and possess expertise in various areas. The company also maintains a modern equipment system that adheres to the highest safety and quality standards, certified for ISO 9001:2015, ISO 14001:2015, and ISAGO.</p> <p>In 2022, the aviation industry faced challenges due to the COVID-19 pandemic and the conflict between Russia and Ukraine. International flight operations did not fully recover to pre-pandemic levels seen in 2019. However, VIAGS implemented effective business management strategies, focused on enhancing service quality, and optimized profitability.</p> <p>Throughout 2022, VIAGS successfully carried out a total of 100,004 flights, generating a target total revenue of VND 1,588 billion. The company's EBT amounted to VND 46.8 billion, with a ROE of 10.45%. VIAGS was recognized for its commitment to service excellence, receiving several awards for service quality from notable airlines such as Vietnam Airlines, China Airlines, and Eva Airways. Particularly in December 2022, VIAGS was honored as the best passenger service provider of the year.</p>
5		Pacific Airlines		<p>In 2022, VNA successfully acquired PA shares from Qantas, resulting in VNA's ownership at PA increasing to 98.84. The acquisition was completed in accordance with the directives of the relevant authorities. Although the domestic aviation market experienced a strong recovery in 2022, the international aviation market did not rebound as expected due to the closure or limited access of many key markets. PA's business results were further impacted by high fuel prices and significant fluctuations in exchange rates.</p> <p>To address the challenging situation faced by PA, VNA implemented various measures to mobilize resources, engage in negotiations with suppliers to reschedule payments, and obtain discount support, all aimed at helping PA overcome the crisis. Despite these efforts, PA's financial performance in 2022 showed a total revenue of VND 3,486.7 billion, resulting in a loss of VND 2,096 billion before tax. This represents a decrease of VND 211.9 billion compared to the previous year (2021).</p>
6		NCTS		<p>NCTS, a prominent company in the field of professional cargo services in the northern region, with VNA holding 55.13% of the charter capital, maintains a strong commitment to its customers and receives high praise from airlines for its quality services. In 2022, NCTS successfully secured contracts with seven new airlines operating at Noi Bai airport, expanding its clientele to a total of 34 airlines. The company has implemented a comprehensive range of solutions to enhance service quality, improve competitiveness, increase revenue, and optimize costs in order to maintain operational efficiency. Resulting in 2022, NCTS' revenue reached VND 754 billion, EBT achieved VND 297 billion, ROE stood at 90.6%.</p>

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
7		TCS		TCS, a joint stock company specializing in providing cargo services for international flights at Tan Son Nhat Airport, with VNA holding 55% of the charter capital, has achieved remarkable milestones in 2022. The company was honored to receive two prestigious certifications, namely CEIV PHARMA for handling temperature-controlled pharmaceutical products and CEIV FRESH for handling perishable goods, awarded by IATA. Notably, TCS is the sole recipient of the CEIV FRESH certification in Vietnam, further solidifying its position as a leader in the market. TCS expanded its portfolio by signing a contract with Myanmar Airway International (8M), increasing its clientele to 26 airlines, maintaining leading market share at Tan Son Nhat airport. To ensure sustained business excellence, TCS implemented various measures to increase revenue and optimize costs, resulting in impressive financial performance. TCS achieved a total revenue of VND 916 billion, EBT recorded at VND 548.5 billion, ROE stood at 425%.
8		TECS		TECS, a company owned by VNA with 51% charter capital, operates in various business fields, including courier goods handling, freight forwarding, logistics services, customs clearance, warehousing, and storage services. The company strategically leverages its human resources, implements efficient measures to maximize the utilization of goods sources, closely monitors market trends, and capitalizes on business partnerships to fulfill its operational and production objectives. The company achieved a revenue of VND 320 billion, with an EBT of VND 122 billion, and a ROE of 183.7%.
9		VINAKO		VINAKO, a company with 65% charter capital owned by VNA, primarily engages in freight forwarding services, with a particular focus on international exports to the Japanese market. In 2023, leveraging the achievements made during the challenging period of the epidemic, the company aims to continue seeking opportunities to enhance its business performance through chartering goods. Additionally, VINAKO has experienced positive growth in the frequency of direct flights to Japan in the latter half of 2022, thanks to the support of Konoike. This growth has ensured a stable supply volume for the market and maintained consistent service prices for customers. VINAKO has successfully met its assigned targets and achieved commendable results. The company achieved a total revenue of VND 254 billion, with an EBT of VND 39 billion, and a ROE of 341%.
10		NCS		With almost 30 years of experience, NCS operates in the food production industry, specializing in ready-to-eat food and catering services. The company adheres to stringent quality standards, including ISO 22000:2005, HACCP, HALAL, and implements effective quality management methods such as Lean Six-Sigma and 5S. In 2022, the domestic air transport market experienced a robust recovery, and international airlines resumed operations from/to Hanoi starting in July. As a result, NCS saw a rapid improvement in its business activities. Additionally, the company has been expanding its ready-made product offerings to the market and promoting the Lotus Sky brand. In terms of financial performance, the company achieved impressive results in 2022. It recorded a total revenue of VND 413.9 billion, with an EBT of VND 5.3 billion and a ROE of 2.9%.

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
11		NASCO		Engaged primarily in providing direct support services for air transport and other related support services at Noi Bai International Airport, NASCO has witnessed a positive recovery in the air transport market since mid-2022, particularly in the domestic sector. This improvement has positively impacted the company's business performance compared to the same period last year. However, the company still faced challenges due to the lingering impact of the COVID-19 epidemic and slower-than-expected recovery in the international market. Additionally, increased raw material prices added to the difficulties. To address these challenges, the company implemented various strategies, including business line restructuring, cost reduction, and expansion into new customer segments and business areas to generate additional revenue from ancillary activities. Through the synchronized implementation of these solutions, the company achieved notable results in 2022. Its total revenue amounted to VND 255.12 billion, with a PBT of VND 1.62 billion and a ROE of 1.29%.
12		VFT		VFT operates in the field of pilot training for airlines in the region. In 2022, the company achieved a significant milestone by obtaining approval as a Level 1 pilot training organization (ATO1) from the Civil Aviation Administration of Vietnam. Since December 2022, VFT has been actively training pilots, marking a new phase of development in pilot training services in Vietnam. While facing challenges such as tough competition within the industry and the impact of the ongoing epidemic on pilot training programs, VFT has managed to navigate through these difficulties. The company incurred additional costs in the first year of implementing practical flight training. However, through diversification of training services and effective cost management, VFT achieved positive results in 2022. The company's total revenue amounted to VND 32.98 billion, with an EBT of VND 3.56 billion, and a ROE of 4.1%.
13		AITS		AITs operates in the information technology and telecommunications industry. The company plays a crucial role in VNA's air transport chain by offering essential information technology and telecommunications services. This includes maintaining server infrastructure and anti-virus software, ensuring the server infrastructure through virtualization solutions, managing software for testing and training, maintaining server rooms, and supporting infrastructure for charge management and distribution systems. AITS also provides hosting and security services for various application systems such as Netline/Sched, Netline/Op, PM Slot Manager, and PM loan contract management. In 2022, AITS recorded a total revenue of VND 291.78 billion, EBT of VND 8.2 billion, ROE demonstrated at 10.45%.
14		ALSIMEXCO		ALSIMEXCO primarily operates in the supply, hiring, import, and export of labor within and outside the aviation industry. One of its key areas is the provision of flight attendants to airlines, with a significant portion of its revenue coming from supplying to VNA, accounting for 80-90% of the total revenue. The market recovery in 2022 has exceeded expectations, leading to an increased demand for flight attendants from ALSIMEXCO, both from VNA and foreign airlines. This favorable market condition has provided significant advantages for the company's production and business activities. Although ALSIMEXCO has faced certain challenges affecting other areas of its operations, the company has proactively implemented flexible solutions, effectively utilized available resources, and controlled costs to optimize overall business results. In 2022, ALSIMEXCO achieved a revenue of VND 325 billion, EBT recorded at VND 1.6 billion, ROE reached 9.4%.
15		SABRE VIETNAM		Sabre Vietnam operates in the reservation system and related services sector, utilizing the Sabre global distribution system (GDS). The company offers value-added telecommunications services, telephone answering services, and air ticket agency services. Since 2017, Sabre Vietnam has been providing Customer Care Service for Vietnam Airlines and has been leveraging its experience and resources to extend this service to external customers. In 2022, Sabre Vietnam achieved a revenue of VND 103 billion, EBT reached VND 8 billion, ROE recorded at 110%.

Affiliates

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		VALC		VALC operates in the aircraft industry, specializing in the buying, selling, leasing, and subleasing of aircraft. The company's establishment was driven by the objective of acquiring aircraft for lease to airlines, contributing to the growth of Vietnam's aviation sector. By increasing the number of locally owned aircraft, VALC aims to reduce reliance on the international aircraft supply market, enhance competitiveness, and foster integration of Vietnam's aviation industry with the global market. In 2022, VALC faced challenges due to the financial difficulties of its customers, leading to delays in charter and maintenance fund payments that impacted the company's cash flow. To ensure operational cash flow, VALC actively engaged in negotiations with ECAs and sponsoring banks to reschedule principal debt payments. Despite these challenges, the company achieved a revenue of USD 72 million for 2022, EBT reached USD 21.8 million, and recorded an ROE of 28%.
2		MASCO		MASCO, the aviation service company operating at airports in the Central region, has a long-standing presence and is recognized as one of the pioneers in the industry. Its services include manufacturing and supplying in-flight meals, providing essential supplies and tools, passenger and crew transportation, conducting commercial activities at airport terminals, and offering vocational training. In 2022, while the domestic aviation market displayed a rapid recovery, the international market in the central region experienced a slower rebound. Particularly, passenger routes from Russia and China faced challenges, impacting MASCO's aviation services. Furthermore, the Ministry of Transport and the government introduced new regulations pertaining to driver training, resulting in additional costs that affected business performance in this field. Despite these difficulties, MASCO generated a total revenue of VND 105.9 billion, recorded a profit before tax of VND 1.27 billion, and achieved an ROE of 2.9% in 2022.
3		AIRIMEX		Specializing in the import and distribution of machinery, equipment, materials, spare parts, and providing import-export services for the aviation industry, AIRIMEX's primary focus is to serve as the authorized service provider for aircraft spare parts import and export, as well as transportation services for VNA. In 2022, AIRIMEX aimed to maintain a steady supply of high-quality spare parts at reasonable prices to fulfill VNA's investment requirements. Despite the ongoing impact of the COVID-19 pandemic on the company's business activities, AIRIMEX has implemented comprehensive strategies to increase revenue and reduce costs. As a result, AIRIMEX achieved a total revenue of VND 181.21 billion, with an EBT of VND 3.03 billion, and an ROE of 7.3%.
4		APLACO		Main business activities are trading plastic products, common and high-end plastic products, including: plastic products for industry, export plastic products, household products, mold equipment, supplies for the plastic industry... In addition, the company also engages in trading of recycling supplies, raw materials, and vehicle spare parts to support the recycling industry... In 2022, the company's production and business activities faced many difficulties due to soaring prices, increasing raw material costs, capital shortages, and elevated financial expenses, significantly impacting business outcomes. Presently, financial report data from APLACO is not available for VNA.

Other investments

NO	LOGO	COMPANY	VNA'S OWNERSHIP	BUSINESS PERFORMANCE
1		CAMBODIA ANGKOR AIR (K6)		Established in 2009 with capital contributions from the Royal Government of Cambodia, Vietnam Airlines, and Cambodian investors, K6 serves as the flag carrier of Cambodia. In 2022, the aviation market for travel from/to Cambodia displayed a gradual recovery. Increased market demand was observed due to the open-door policies of the Cambodian and Vietnamese governments, resulting in improved business results for K6 compared to the previous year. However, K6 faced challenges as its key market, China, opened later than anticipated. Additionally, the complicated geopolitical situation and high fuel costs adversely affected output and efficiency targets. Despite these obstacles, K6 implemented various measures to restore routes to Vietnam and China, increase revenue, reduce costs, negotiate payment delays, and capitalize on charter flights and cargo operations to supplement cash flow and sustain operations. In 2022, K6 achieved a total revenue of USD 38.8 million, resulting in a loss of USD 10.26 million, representing a reduction of USD 7.4 million in losses compared to 2021.
2		SPT		As a joint stock company, with VNA owning 0.36% of the charter capital (equivalent to VND 4.3 billion), SPT focuses on providing postal, telecommunications, and information technology services. However, in 2022, SPT encountered numerous challenges, with declines observed in the telecommunications, postal, and delivery sectors compared to the previous year. The total revenue of SPT reached VND 392 billion, resulting in a pre-tax profit of VND 0.4 billion.

c. Changes in investment capital of Vietnam Airlines in subsidiaries and affiliates

- VNA has acquired 9,603,720 shares in PA as a donation from Qantas. The company is currently collaborating with relevant government agencies to determine the appropriate accounting treatment for these donated shares.
- VNA has further invested VND 8.1 billion to purchase 810,000 shares in the 2022 capital increase offering for existing shareholders of APLACO.

4. FINANCIAL PERFORMANCE

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

a. Parent company's results (updated as the audited FS)

METRIC (PARENT COMPANY)	UNIT	2021	2022	2022/2021 (%)
Total assets	VND billion	58,040	54,170	-6.7%
Net revenue	VND billion	18,312	48,921	167.2%
Operating profit	VND billion	(12,209)	(9,088)	-25.6%
Other profit	VND billion	376	247	-34.2%
Profit before tax	VND billion	(11,833)	(8,841)	-25.3%
Profit after tax	VND billion	(11,848)	(8,853)	-25.3%
Dividend payout ratio (%)	%	0%	0%	
Tax and payables	VND billion	12	33	171.0%
1. Liquidity ratio				
» Current ratio (Short-term assets/Short-term debt)	Time	0,19	0,14	-24.7%
» Quick ratio <i>Short-term assets - Inventory</i> <i>Short-term debt</i>	Time	0,18	0,14	-24.7%
2. Capital structure				
» Debt/ Total assets	%	90,9%	106,6%	17.3%
» Short-term debt/ Total assets	%	55,7%	71,2%	27.7%
» Long-term debt/ Total assets	%	35,2%	35,4%	0.7%
» Debt (excluding air transport liability)/ Equity	Time	9,79	(13,78)	-240.7%
» Debt/ Equity	Time	10,01	(16,13)	-261.3%
» Equity/ Total capital	%	9,1%	-6,6%	-172.7%
3. Operating efficiency				
» Inventory turnover (Costs of goods sold/ Average inventory)	Time	95,2	182,9	92.1%
» Total assets turnover (Net revenue/ Total assets)	Time	0,32	0,90	186.2%
4. Profitability ratio				
» Profit after tax/ Net revenue (ROS)	%	-64,70%	-18,10%	-72.03%
» Profit after tax/ Average owner's equity (ROE)	%	-164,16%	-1,044,87%	536.51%
» Profit after tax/ Average total assets (ROA)	%	-20,32%	-15,78%	-22.35%
» Operating profit/ Net revenue	%	-66,67%	-18,58%	-72.14%

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

b. Consolidated results

METRIC	UNIT	2021	2022	2022/2021 (%)
Total assets	VND billion	63,060	60,636	-3.8%
Net revenue	VND billion	27,911	70,410	152.3%
Operating profit	VND billion	(13,231)	(11,218)	-15.2%
Other profit	VND billion	265	273	2.8%
Profit before tax	VND billion	(12,966)	(10,945)	-15.6%
Profit after tax	VND billion	(13,279)	(11,223)	-15.5%
Dividend payout ratio (%)	%	0%	0%	
Tax and payables	VND billion	185	310	67.2%
1. Liquidity ratio				
» Current ratio (Short-term assets/Short-term debt)	Time	0,28	0,24	-13.7%
» Quick ratio <i>$\frac{\text{Short-term assets} - \text{Inventory}}{\text{Short-term debt}}$</i>	Time	0,22	0,18	-17.4%
2. Capital structure				
» Debt/ Total assets	%	99,2%	118,2%	19.2%
» Short-term debt/ Total assets	%	65,3%	85,4%	30.8%
» Long-term debt/ Total assets	%	33,8%	32,8%	-3.1%
» Debt (excluding air transport liability)/ Equity	Time	102,0	(5,7)	-105.6%
» Debt/ Equity	Time	118,9	(6,5)	-105.5%
» Equity/ Total capital	%	0,8%	-18,2%	-2.285.8%
3. Operating efficiency				
» Inventory turnover (Costs of goods sold/ Average inventory)	Time	18,5	28,6	54.5%
» Total assets turnover (Net revenue/ Total assets)	Time	0,44	1,16	162.3%
4. Profitability ratio				
» Profit after tax/ Net revenue (ROS)	%	-47,6%	-15,9%	-66.5%
» Profit after tax/ Average owner's equity (ROE)	%	-402,5%	213,2%	-153.0%
» Profit after tax/ Average total assets (ROA)	%	-21,1%	-18,1%	-14.2%
» Operating profit/ Net revenue	%	-47,4%	-15,9%	-66.4%
» EPS	VND	(7,909)	(5,102)	-35.5%
» P/E	Time	(2,92)	(2,72)	-6.8%

c. General overview

In 2022, the domestic air transport market showed a significant recovery in terms of volume, although average fares did not reach pre-COVID-19 levels seen in 2019. The international air transport market reopened in mid-March but faced a slow recovery, particularly in key markets such as Northeast Asia. The Russia-Ukraine conflict and the "zero-COVID" policy negatively impacted international air transport activities. Unfavorable macroeconomic factors, including high jet fuel costs, unfavorable interest rates, and exchange rates, also had a significant impact on business performance throughout the year. Vietnam Airlines demonstrated flexibility in its operations and business activities, adapting to the evolving situation in both domestic and international aviation markets.

The company implemented various measures to supplement revenue, negotiate discounts with suppliers, and cut costs to improve business results and cash flow. Despite the challenging circumstances, Vietnam Airlines managed to reduce losses compared to its planned targets, with a parent company loss of VND 8,841 billion (VND 494 billion lower than planned) and a consolidated loss before tax of VND 10,945 billion (VND 282 billion lower than planned). However, the airline's financial situation remained heavily affected, and financial indicators continued to show a negative trend.



4.2. FINANCIAL ANALYSIS OF THE PARENT COMPANY AND CONSOLIDATION

a. Managerial strategies to enhance operational efficiency, business performance, and liquidity of Vietnam Airlines

In 2022, Vietnam Airlines continued to implement various strategies to improve business performance, ensure liquidity, and maintain operation continuity. These strategies include:

- **Operational activities:** Vietnam Airlines evaluated and developed business scenarios, closely monitoring government policies and market developments to adapt its domestic and international operations accordingly. The Corporation focused its resources on peak periods to generate additional revenue and cash flow, while also maximizing cargo transportation activities and capitalizing on market opportunities to enhance operational efficiency, increase revenue, and improve resource utilization.
- **Labor and salary policies:** Vietnam Airlines flexibly managed human resources and salary policies based on the scale of operations and business activities, ensuring that employees share the difficulties faced by the company.
- **Cost reduction and optimization:** Vietnam Airlines continued to cut costs, implemented

thorough savings measures, and optimized cost management. This includes negotiating discounts and payment deferrals with partners, as well as advocating for the extension of government support measures such as depreciation extensions, allocation of repair and maintenance costs, and reductions in environmental protection taxes for jet fuel.

- **Cash flow and liquidity management:** Vietnam Airlines strengthened cash flow forecasting and implemented strict cash flow management. The Corporation utilized short-term borrowing and negotiated payment deferrals with suppliers, while also considering loan restructuring options to ensure a balanced cash flow, maintain liquidity, and sustain operation continuity.

Vietnam Airlines proactively provided regular reports to the government, the CMSC, the Ministry of Finance, and other relevant state agencies. These reports updated stakeholders on the company's operations and business situation and proposed solutions to support the government and the aviation industry. Additionally, Vietnam Airlines has submitted reports to relevant authorities suggesting strategies to restore financial capacity after the COVID-19 epidemic, as outlined in the Restructuring Project and overall support solutions for Vietnam Airlines Corporation, covering the period of 2021 - 2025.

b. Revenue and profit of the parent company

NO	METRIC	2021	2022	COMPARE TO 2021	
				VALUE	%
1	Total revenue	20,109	50,214	30,104	149.7%
	Net revenue	18,312	48,921	30,609	167.2%
	Financial revenue	1,421	1,044	-377	-26.5%
	Other income	376	248	-128	-34.0%
2	Total costs	31,943	58,992	27,049	84.7%
3	Profit before tax	-11,833	-8,778	3,055	-25.8%
4	Profit after tax	-11,848	-8,791	3,058	-25.8%

Unit: VND billion

Despite a strong recovery in domestic air transport activity, Vietnam Airlines encountered numerous challenges in 2022 due to the slow rebound of the international market, overcrowding and low average fares in the domestic market, particularly in Q1/2022 and off-peak periods. The parent company's total revenue and other income in 2022 reached VND 50,214 billion, equivalent to 249.7% compared to 2021 and 111.0% of the plan reported to the General Meeting of Shareholders. However, compared to pre-COVID-19 levels in 2019, the total revenue and income in 2022 were approximately 67.2% (VND 24,483 billion lower than in 2019).

In terms of revenue structure, revenue from sales and services recorded at VND 48,921 billion, a 167.2% increase compared to 2021, accounting for 97.4% of the total revenue. Revenue from financial activities was VND 1,044 billion, a 26.5% decrease compared to 2021 (an absolute decrease of VND 377 billion), mainly attributed to interest rate differences. Other income amounted to VND 248 billion, a 34.0% decrease compared to 2021 (an absolute reduction of VND 128 billion).

In 2022, Vietnam Airlines continued to implement cost-cutting measures to reduce expenses significantly. This included negotiating lower aircraft rental rates, extending depreciation costs, and improving regulations to save in-flight service and passenger service expenses. The company also proposed reducing environmental protection tax to relevant state agencies. However, several input factors were adversely affected, particularly fuel prices and exchange rates, resulting in a sharp increase in costs. The average fuel price in 2022 was USD 124.4 per barrel, approximately USD 47.68 per barrel higher than in 2019 (representing a 62.1% increase). Fuel costs in 2022 rose by approximately VND 7,625 billion compared to 2019. The exchange rate expenditure-revenue gap in 2022 increased by VND 1,152 billion compared to 2019.

Due to the incomplete recovery of the international market and the adverse impact of various input factors, particularly fuel prices, the parent company recorded a pre-tax loss of VND 8,841 (lower than VND 494 billion compared to the plan). The consolidated loss before tax was VND 10,495 billion (a VND 282 billion lower than the plan).

c. Equity and assets of the parent company

METRIC	2021	2022	COMPARE TO 2021	
			Value	%
1. Short-term assets	6,208	5,572	-636	-10.2%
2. Long-term assets	51,833	48,598	-3,235	-6.2%
Total Assets	58,040	54,170	-3,870	-6.7%
1. Liability	52,767	57,749	4,982	9.4%
- Short-term debt	32,356	38,557	6,201	19.2%
- Long-term debt	20,410	19,192	-1,218	-6.0%
2. Owner's Equity	5,274	-3,579	-8,853	-167.9%
Total Capital	58,040	54,170	-3,870	-6.7%

Unit: VND billion

As of December 31, 2022, Vietnam Airlines' total assets amounted to VND 54,170 billion, representing a decrease of VND 3,870 billion (6.7%) compared to 2021. Long-term assets at the end of the period were VND 48,598 billion, dropped VND 3,235 billion versus 2021. This decrease was mainly attributed

to a reduction in fixed assets by VND 2,449 billion, primarily due to depreciation costs (VND 3,052 billion). The additional of VND 603 billion to the fixed assets was primarily from the inclusion of the value of two spare engines received in 2022.

In 2022, Vietnam Airlines successfully handed over one Airbus A321CEO aircraft, which was part of the batch of two aircraft signed for sale in 2021 (delivered in January 2022). This aircraft liquidation contributed VND 89 billion to the company's income in 2022. Other long-term assets decreased by VND 1,338 billion, mainly due to a reduction in long-term prepaid expenses for repair and maintenance activities and the amortization of prepaid expenses during the period. On the other hand, other long-term receivables increased by VND 533 billion, primarily due to an increase in deposits and advances as operations and business activities gradually returned to normal.

Short-term assets at the end of the period were VND 5,572 billion, showing a decrease of VND 636 billion (10.2%) compared to 2021. Notable increases were observed in short-term receivables from customers (up by VND 1,116 billion) and other short-term assets (up by VND 284 billion) due to the recovery in operations and business activities. However, certain items experienced a decrease, including total cash reserves and term deposits (short-term financial investments) which declined by VND 865 billion, and other short-term receivables which decreased by VND 1,016 billion (attributed to a receivable for K6divestment).

The year-end asset structure saw a slight decrease in the proportion of short-term assets compared to the same period in 2021 (down from 10.7% to 10.3%) and a slight increase in the proportion of long-term assets (up from 89.3% to 89.7%). As short-term liabilities increased while short-term assets decreased, the company's short-term solvency and quick payment deteriorated compared to 2021.

The parent company's equity as of December 31, 2022, stood at VND -3,579 billion, reflecting a decrease of VND 8,853 billion year-on-year due to the losses incurred in 2022.

Liabilities as of December 31, 2022, amounted to VND 57,749 billion, representing an increase of 9.4% (an absolute increase of VND 4,983 billion) compared to 2021. In the liability structure at the end of 2022, long-term liabilities accounted for 33.2%, while short-term liabilities accounted for 66.8%.

As of December 31, 2022, Vietnam Airlines' short-term liabilities recorded at VND 38,557 billion, indicating

a surge of 19.2% compared to last year (an absolute increase of VND 6,201 billion). This increase can be attributed to higher advance ticket sales, payables to suppliers, and short-term payables due to the recovery of business operations. However, the company has managed to reduce due and overdue suppliers' debts, which stood at VND 10,438 billion as of December 31, 2022, showing a decrease of VND 2,413 billion compared to the same period in 2021. Vietnam Airlines has made efforts to honor its commitments with partners by balancing payments and delaying debt to ensure a continuous operation without falling into insolvency. The total balance of short-term loans and refinancing loans as of December 31, 2022, were VND 6,279 billion, reflecting a decrease of VND 1,819 billion compared to 2021, primarily due to a reduction in short-term loans. The refinancing loan balance was VND 4,000 billion, with the refinancing loan term extended annually up to 3 years.

As for long-term liabilities, they totaled VND 19,192 billion as of December 31, 2022, representing a drop of 6% (an absolute reduction of VND 1,218 billion) compared to 2021 due to the reduction long-term loans and financial leases by about VND 5,405 billion, while the remaining long-term liabilities increased by VND 4,187 billion (mainly due to the reclassification of overdue debts after reaching an agreement to defer payment with partners).

The total outstanding loans under long-term borrowing and financial leasing contracts for the parent company as of December 31, 2022, amounted to VND 18,430 billion, reflecting a decrease of VND 4,441 billion compared to the same period in 2021. This decrease primarily resulted from loan repayment activities throughout the year and the transfer of some other long-term payables with a maturity of less than one year to short-term items.

The 2022 capital ratios of Vietnam Airlines were adversely affected as the parent company's equity reached negative levels. The capital structure of Vietnam Airlines continued to fluctuate, with a reduction in equity from 9.1% at the end of 2021 to -6.6% at the end of 2022, and an increase in the proportion of external capital (liabilities increased from 90.9% to 106.6% of total capital). In terms of liabilities, the proportion of short-term debt increased from 61.3% to 66.8%, while the proportion of long-term debt decreased from 38.7% to 33.2% of total liabilities.

d. Consolidated revenue and profit

METRIC	2021	2022	COMPARE TO 2021	
			Value	%
1. Total revenue and other income	29,752	71,701	41,949	141.0%
Net revenue	27,911	70,410	42,499	152.3%
Financial revenue	1,557	980	-577	-37.0%
Other income	284	311	27	9.5%
2. Loss/Profit in subsidiaries and affiliates	-203	74	300	-132.8%
3. Profit before tax	-12,966	-10,945	2,020	-15.6%
4. Profit after tax	-13,279	-11,223	2,056	-15.5%

Unit: VND billion

Vietnam Airlines achieved a total consolidated revenue and income of VND 71,701 billion in 2022, indicating a remarkable surge of 141.0% compared to 2021 and equivalent to 119.7% of the 2022 plan. Net revenue from sales and services in 2022 amounted to VND 70,410 billion, showing a significant increase of 152.3% compared to 2021, accounting for approximately 98.2% of the total revenue. On the other hand, revenue from financial activities experienced a decline of 37.0% compared to 2021 (an absolute reduction of VND 577 billion), primarily due to the absence of significant divestment revenue from Cambodia Angkor Air that was present in 2021. The other income component saw a slight increase of 9.5% compared to 2021 (an absolute increase of

VND 27 billion). The 2022 profit and loss in affiliates amounted for VND 74 billion, an absolute increase of VND 300 billion compared to 2021. Total consolidated revenue and income in 2022 (including profit and loss in affiliates) is VND 71,775 billion equal to 119.8% of the 2022 plan.

The consolidated loss before tax amounted to VND 10,945 billion, which was VND 282 billion lower than the planned loss reported to the General Meeting of Shareholders. The consolidated loss in 2022 was driven by the loss results of the parent company and Pacific Airlines, while most of the other member companies within the group achieved positive and profitable business results.

e. Consolidated equity and assets

METRIC	2021	2022	COMPARE TO 2021	
			Value	%
1. Short-term assets	11,356	12,330	974	8.6%
2. Long-term assets	51,703	48,306	-3,397	-6.6%
Total Assets	63,060	60,636	-2,423	-3.8%
1. Liability	62,534	71,692	9,158	14.6%
Short-term debt	41,194	51,800	10,606	25.7%
Long-term debt	21,339	19,892	-1,448	-6.8%
2. Owner's Equity	526	(11,056)	-11,582	-2.201.8%
Total Capital	63,060	60,636	-2,423	-3.8%

Unit: VND billion

As of December 31, 2022, Vietnam Airlines' total consolidated assets amounted to VND 60,636 billion, showing a decrease of VND 2,423 billion compared to 2021 (a decline of 3.8%). Short-term assets at the end of the year reached VND 12,330 billion, reflecting an increase of VND 974 billion (8.6%). This increase was primarily driven by short-term receivables from customers, which rose by VND 1,846 billion due to the recovery of business activities. However, there were significant reductions in other receivables, which were VND 949 billion lower than the previous year, mainly due to the absence of receivables from divestment at Cambodia Angkor Air as seen in 2021. Additionally, the total cash and period deposits (short-term financial investments) decreased by VND 556 billion compared to the end of 2021.

Long-term assets at the end of the year amounted to VND 48,306 billion, experiencing a decline of VND 3,397 billion compared to 2021. Within this category, fixed assets decreased by VND 2,580 billion, primarily due to a decrease in depreciation (VND 3,536 billion) plus an increase in owner's fixed assets. The increase in owner's fixed assets was mainly attributed to the purchase of spare engines, the completion of construction works, and the acquisition of additional machinery, equipment, vehicles, and production tools at the parent company and some subsidiaries. Unfinished long-term projects decreased by VND 52 billion due to the completion and utilization of projects. Long-term receivables increased by VND 504 billion, primarily driven by deposits. On the other hand, other long-term assets decreased by VND 1,381 billion, mainly due to a decrease in long-term prepaid expenses.

The asset structure experienced fluctuations, with an increase in the proportion of short-term assets (from 18.0% to 20.3%) and a decrease in the proportion of long-term assets (from 82.0% to 79.7%).

Consolidated owner's equity as of December 31, 2022, was VND -11,056 billion, reflecting a decrease

of VND 11,582 billion compared to the end of 2021 due to losses incurred during the year. Consolidated liabilities increased by 13.6% (an absolute increase of VND 9,158 billion) compared to the same period in 2021. Long-term liabilities accounted for approximately 23% of the total, while short-term liabilities accounted for approximately 72.3%.

Short-term liabilities as of December 31, 2022, amounted to VND 51,800 billion, showing an increase of 25.7% (an absolute increase of VND 10,606 billion). This increase was primarily driven by a rise in short-term payables to sellers and an increase in short-term expenses due to the recovery of production and business scale. On the other hand, long-term liabilities as of December 31, 2022, reached VND 19,892 billion, reflecting a decrease of 6.8% (an absolute reduction of VND 1,448 billion) compared to the same period in 2021. This reduction was mainly due to a decrease in outstanding loans and long-term finance leases, particularly a decrease in long-term financial leases by VND 5,557 billion.

As of December 31, 2022, the total balance of short-term loans and refinancing amounted to VND 9,138 billion, representing a decrease of VND 1,893 billion compared to the beginning of the year. Additionally, the total outstanding loans under long-term borrowing and financial leasing contracts stood at VND 19,130 billion, reflecting a decrease of VND 4,639 billion compared to the same period in 2021, primarily due to loan repayment activities. The capital ratios in 2022 were negatively impacted as the consolidated equity declined to negative levels. The Corporation's capital structure experienced fluctuations with a reduction in equity capital from 0.8% at the end of 2021 to -18.2% at the end of 2022. Furthermore, there was an increase in the proportion of capital from external sources, as liabilities grew from 99.2% to 118.2% of the total capital. Within the liability structure, the proportion of short-term debt increased from 65.9% to 72.3%, while the proportion of long-term debt decreased from 34.1% to 27.7% of the total liabilities.

5. FUTURE DEVELOPMENT PLAN

MARKET SHARE

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

Domestic market share: **>50%**

International market share **>23%**



AIR TRANSPORTATION

Ensure passenger and cargo volume of VNA (including Vasco) recover and develop.

- **2023:** Recover to pre-COVID levels
- **2024 - 2025:**

Passenger transport's annual growth of **10%**/year



Cargo transport's growth of **14,5%**/year
2021 - 2025

LABOR PRODUCTIVITY

Ensure the productivity recover and develop.

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

4%/year

>90%

INDICATORS



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

DIGITAL AIRLINE

The digital airline score according to SkaiBlu's rating scale reaches above 120 points.



SERVICES

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



VII. SUSTAINABILITY REPORT

1. SUSTAINABLE DEVELOPMENT INITIATIVES

1.1. VIETNAM AIRLINES' MANIFESTO FOR SUSTAINABLE DEVELOPMENT

Vietnam Airlines is dedicated to maintaining growth and development while upholding its commitment to sustainable practices, environmental protection, community contribution, and the well-being of employees and society as a whole. We firmly believe that by adhering to these values, we can create a promising future for generations to come.

In line with this principle, we pledge to implement environmental protection measures across all our activities. Vietnam Airlines actively employs advanced technologies to minimize carbon emissions and pollution. We strive to adopt fuel-saving practices and diligently manage our resource consumption. As proud members of IATA

and the SkyTeam alliance, we are committed to fulfilling the industry's global pledge for net zero emissions by 2050 (Net Zero 2050). To this end, we participate in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a program aimed at compensating for CO2 emissions and reducing our environmental impact.

Furthermore, Vietnam Airlines recognizes its integral role within the community, both locally and globally. Engaging in community-driven initiatives is a vital aspect of our journey toward growth. We actively undertake social activities, support community development projects, and strive to contribute to social progress. We are dedicated



to treating the community with fairness and respect, ensuring that our influence yields positive outcomes and benefits everyone involved.

Valuing our employees as a crucial asset, Vietnam Airlines is committed to providing a sustainable, equitable, and safe working environment. The Corporation invests in the training and development of its human resources, creating favorable conditions for personal and professional growth. We pledge to uphold and protect the

rights of our employees, ensuring fair wages and reasonable welfare policies.

Vietnam Airlines firmly believes that sustainable development is not merely a goal but a shared responsibility for individuals and society, as well as the future of our planet. We are committed to taking proactive measures and making a positive impact, contributing to the creation of a better world where the environment, community, society, and employees are respected and nurtured.

1.2. SUSTAINABLE DEVELOPMENT POLICY

At Vietnam Airlines, our sustainable development policy revolves around achieving a harmonious balance between environmental, social, and economic factors. We believe in taking action and making positive impacts not only within the aviation industry but also in the broader community and society. By implementing this policy, we aim to accomplish our sustainable development goals and contribute to the creation of a better, "greener" world. Our key policies include:

- Always putting safety, social responsibility, and environmental protection as the top priorities.
- Embracing technological innovation to ensure sustainable development. We are committed to rapidly and effectively implementing digital transformation initiatives with emphasis on the development of e-commerce and customer support technologies. Additionally, we continue to invest in the innovation and advancement of our aircraft fleet, including Boeing B787, Airbus A350, and A321 NEO. We actively engage in research and

development of sustainable aviation fuel (SAF) and seek opportunities to reduce CO₂ emissions through credit purchases in the near future.

- Implementing solutions and policies that foster operational scale expansion and enhance business efficiency while fulfilling our roles and responsibilities towards society and the community. We strive to preserve and protect the natural environment.
- Cultivating an inclusive, diverse, and equitable working environment for our employees. We actively participate in IATA's "25 by 2025" program, aiming to strengthen the representation of women at management levels.
- Respecting and protecting biodiversity throughout our operations by carefully selecting partners and suppliers who share our commitment to sustainability. We prioritize the use of products and services derived from sustainable resources while minimizing the consumption of non-renewable resources.

1.3. ACTION PLAN FOR SUSTAINABLE DEVELOPMENT

As Vietnam Airlines continues to pursue sustainable development, various initiatives have been undertaken to protect the environment, promote fuel efficiency, support disadvantaged communities, and enhance the overall quality of life. In 2022, the establishment of the Executive Board responsible for directing the sustainable development program marked a significant milestone in Vietnam Airlines' sustainable development activities (stated in Decision No.

1059/QĐ-TCTHK-TCNL dated December 28, 2022). Moving forward, the action plan for sustainable development focuses on the following key tasks:

- Utilize and deploy a new generation of fuel-efficient aircraft to reduce CO₂ emissions. Research and optimize flight routes, schedules, and load factors to minimize fuel consumption (including take-off, landing, and flight routes). Upgrade the information technology system to monitor fuel

consumption and CO₂ emissions, while ensuring third-party verification for reporting to the Civil Aviation Authority of Vietnam.

- Advocate for state agencies to adopt sustainable aviation fuel (SAF) usage in Vietnam and participate in the global market for purchasing CO₂ emission reduction credits. Join initiatives such as CORSIA and the CO₂ credit market in Vietnam once they are deployed by government agencies.
- Install energy-efficient LED lighting to replace fluorescent lighting systems, and explore the use of renewable energy systems within office buildings. Promote the transition to electronic documents to reduce paper usage.
- Implement the "Zero Waste Vietnam Airlines" program, which includes initiatives like replacing plastic straws with bamboo, stainless steel, or other environmentally friendly alternatives, and using thinner or more sustainable materials for container coverings.
- Review regulations and enhance training programs to improve employee welfare, job skills, and working conditions. Emphasize the empowerment of female employees within the organization.
- Sustain public activities and community support initiatives such as "Volunteering blood donation," "Donating meals to those in need," and "Returning home for Tet", etc.

1.4. SUSTAINABLE DEVELOPMENT RESULTS REPORT FOR 2022

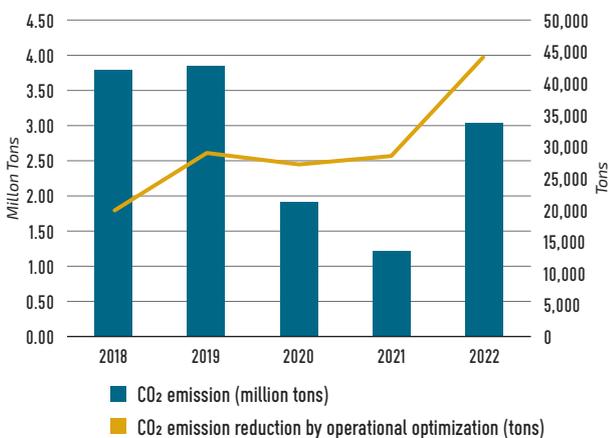
Overview of Sustainable Development Results in 2022

- In 2022, Vietnam Airlines has made significant progress in sustainable development, particularly in environmental initiatives.

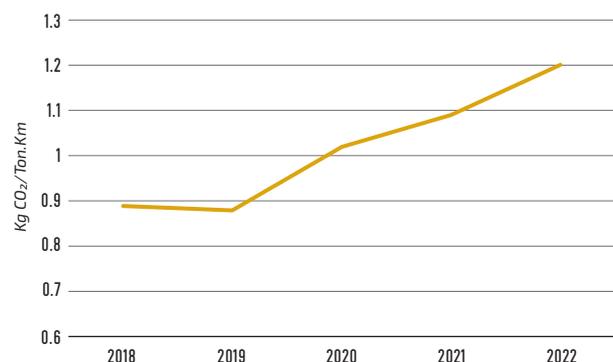
Environment

- Achieved a **50%** increase in CO₂ reduction through optimized aircraft operations compared to 2019.
- Maintained a stable rate of CO₂ emissions per 1 ton.km of transportation, equivalent to regional airlines in the 2018-2019 period. However, from 2020 to 2022, this rate has seen a sharp increase due to lower flight occupancy rates for passengers and cargo.
- Participated in the "Sustainable Flight Challenge" program by SkyTeam alliance, implementing environmentally friendly operating solutions on flight VN416 from Hanoi to Seoul.
- Eliminated approximately **60 million** plastic/nylon bags by discontinuing the use of outer bags for supplies and items on aircraft. Replaced packaging for personal care items such as cosmetic sets, blindfolds, combs, toothbrush sets, slippers, earplugs, and sandals with eco-friendly cloth bags.

CO₂ EMISSION BY AIR TRANSPORT



CO₂/RTK RATE

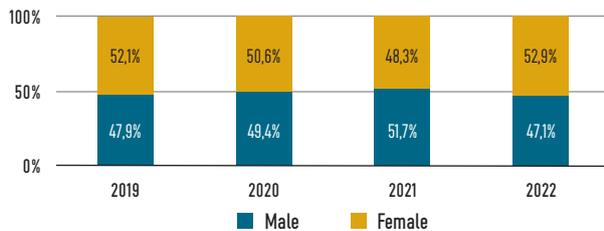




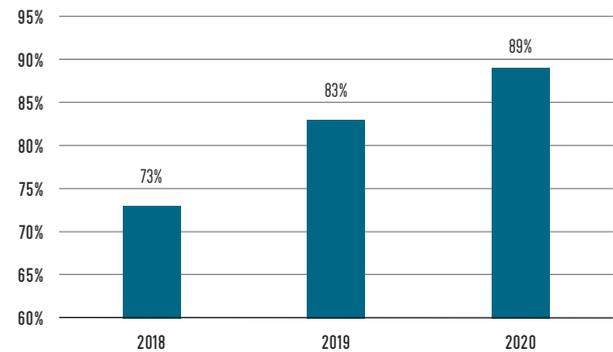
Community

- Maintained a workforce gender balance with female employees comprising **50%** of the workforce.
- **100%** employees signed a collective labor agreement, safeguarding workers' rights and clearly outlining employers' responsibilities.
- Employees are engaged and satisfied with the working environment.
- No instances of worker strikes were recorded.
- Continued volunteer activities such as "Volunteer blood donation," "Donate meals for those in need," "Returning home for Tet," "Millions of green trees for a green Vietnam," "To Cam" program, "Starfish flight," and "Drug prevention."

WORKFORCE BY GENDER



WORKFORCE SATISFACTION AND ENGAGEMENT



Note: Surveys and reporting for the fourth quarter of each year were not conducted for 2021 and 2022 due to the impact of COVID-19.

2. GENDER EQUALITY INITIATIVES

In the year 2022, despite the persistent complexities arising from the COVID-19 pandemic, which continued to profoundly impact both our operational landscape and the well-being of workforce, Vietnam Airlines charted a steady course of progress. Guided by the resolute leadership of Party Committees, and empowered by the adaptable stewardship of the Corporation's Board of Directors and its constituent units, we harnessed the spirit of agility and ingenuity, creating confidence in our personnel and faith in the Corporation's trajectory, thereby maintaining a relatively stable setting for our employees.

The initiatives undertaken by the Committee for the Advancement of Women - Population, Children and Families - Prevention of Social Evils of the Corporation, and its proactive collaboration with entities such as the Trade Union, Youth Union, and Women's Union, have showcased remarkable efficacy and harmonization. These endeavors, underpinned by dynamic and well-coordinated actions, have been instrumental in realizing the objectives assigned by the General Director. This pursuit of excellence has garnered acknowledgment and high commendation from authoritative bodies including the National Committee for the Advancement of Women, the Ministry of Labor, Invalids, and Social Affairs, as well as the State Capital Management Committee.

Aligned with the ethos of the 2022 Action Month, themed "Ensuring Social Security, Empowerment, and Opportunities for Women and Girls towards Gender Equality and the Elimination of Gender-Based Violence", Vietnam Airlines undertook a host of programs and activities to promote gender parity and counteract gender-related violence throughout the Corporation. Key highlights included:

- Engaging and raising awareness from all personnel, in regards to the significance, import, and ambitions related to gender equality and the prevention of violence against women and girls.
- Hosting a competition focused on combatting social issues.
- A momentous collaboration with the United Nations in Vietnam on November 25, 2022, the International Day for the Elimination of Violence against Women, culminating in the landmark "Orange the Sky" initiative. Embodied through two flights, VN209



- HAN-SGN accommodating over 300 passengers and VN661 HAN-SIN with more than 200 passengers, this initiative saw flight attendants donning orange ribbons and floral adornments conveying the message "Respect for Women and Children". Every passenger on these flights received an orange rose affixed with a white ribbon, symbolizing their commitment to eradicating all forms of violence targeting women and children. Leaflets positioned behind seats presented 16 actionable directives for the prevention of violence against women and girls.
- An intensified campaign, disseminating and educating both our workforce and the larger society on the tenets of gender equality and

the deterrence of gender-based violence. This collective mobilization aimed to bolster the implementation of policies and programs for gender parity and the prevention and control of such violence.

- A concentrated effort towards educating women and children about self-defense and abuse prevention, and equipping parents, family members, caregivers, and gender equality advocates with the skills to prevent sexual abuse and violence.
- Reducing violence against women and girls, particularly combating sexual abuse targeting

them. This involved rigorous accountability in addressing cases of violence and abuse, along with clear delineation of responsibilities within relevant agencies and organizations.

- Strategic placement of posters and slogans at the entrances of offices and units, enhancing visibility and awareness.
- Meticulous planning, execution, and resource optimization for the Action Month activities, with integration into other events to maximize the impact of communications.

REGARDING THE ROLE OF FEMALE CADRE

- Over the years, spanning from the Corporation to departments, an astute comprehension of the Party's principles and governmental policies concerning female cadre has been the bedrock.
- In the ongoing journey of construction and growth, the female workforce has emerged as a pivotal component in Vietnam Airlines' operation and business framework. Constituting 36% of the

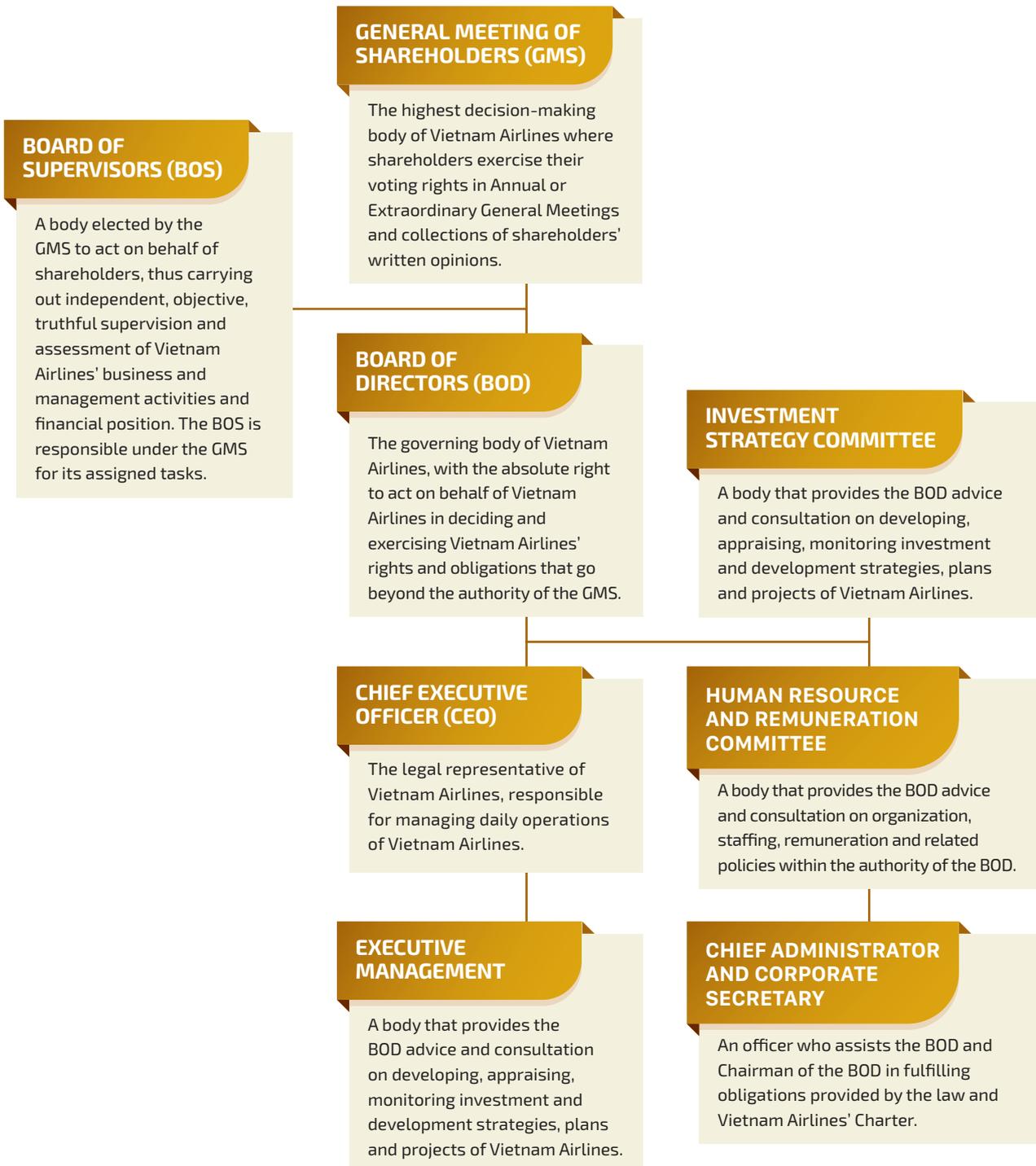
overall workforce, women have participated across a wide spectrum of operational arenas, dominating roles on the frontline such as flight attendants, ticket sales staff, and passenger service agents at airport terminals.

- Notably, female leaders at the departmental level and their equivalents stand at 34 out of 176,



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

The VNA Board of Directors consists of 7 members, including 1 independent member and 1 executive member who also holds the title of Chief Executive Officer. Each board member is assigned specific responsibilities for overseeing different areas of management and production in alignment with their capacity and experience. All board members have successfully fulfilled their designated tasks, operating within the legal framework and the Corporation's Charter, ensuring comprehensive management of production and business fields, guiding VNA in navigating the challenging industry landscape.

Throughout the year, the Board of Directors conducted 13 meetings to evaluate business results, provide guidance, oversee operations, and discuss topics crucial for VNA's management. Beyond meetings, the Board issued Resolutions and Decisions by gathering written opinions from its members, adhering to the Enterprise Law, Charter, and internal regulations. The Supervisory Board actively participated in and contributed opinions at all Board meetings. Additionally, the Board organized direct working sessions on essential topics, projects, and issues to promptly address the Corporation's production and business requirements.

In 2022, the VNA Board of Directors issued 175 resolutions and 105 Decisions, effectively managing VNA's operations and directing the execution of production and business tasks as assigned by the General Meeting of Shareholders. These resolutions and decisions were issued in compliance with regulations, meeting the demands of management and administration to sustain production and business activities amidst the complexities of the evolving epidemic situation.

INFORMATION OF THE BOARD OF DIRECTORS

(as of 31 December 2022)

NO	NAME	POSITION	DATE OF COMMENCE 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	Dinh Viet Tung	Board Member	14 December 2021
6	Truong Van Phuoc	Independent Board Member	14 December 2021
7	Hiroyuki Kometani	Board Member	28 June 2022

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	13/13	100%	
2	Le Hong Ha	Board Member cum CEO	13/13	100%	
3	Ta Manh Hung	Board Member	13/13	100%	
4	Le Truong Giang	Board Member	13/13	100%	
5	Dinh Viet Tung	Board Member	13/13	100%	
6	Truong Van Phuoc	Independent Board Member	13/13	100%	
7	Hiroyuki Kometani	Board Member	6/6	100%	Starting date as a Board Member: 28 June 2022

3. ACTIVITIES OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

In 2022, the Committees under the Board of Directors played an active and supportive role in advising the Board on the following matters:

- Human Resource and Remuneration Committee** advised the Board of Directors regarding the orientation of human resource management policies and practices in 2022, contributed to the completion of the Project on strengthening the organization and reorganizing the labor structure of the Airport Service and Operation Center, Vietnam Branch, provided guidance for developing resource utilization policies, training programs, and salary policies for 2023.
- Auditing Committee** successfully accomplished internal audit projects in alignment with the internal audit plan for 2022 in response to requests from the Inspection Committee of the Corporation's Party Committee, the Board of Supervisors, and the Party Committee, including: monitoring the implementation of repatriation flights and combos by the Corporation's Party Committee (as requested by the Party Committee and the Board of Supervisors), as well as scrutinizing the execution of the VND 12,000 billion support package, inspecting the procurement processes related to COVID-19 prevention and control across various departments and units. During 2022, the Audit Committee focused on developing regulations and procedures related to supervision and internal audit. This included editing the financial supervision regulations of the Corporation's Party Committee and establishing an internal audit process. They were also responsible for other tasks assigned by the Board of Supervisors and the Board of Directors, including reviewing reports submitted by the CEO to the Board, verifying the settlement of completed investment projects, synthesizing reports, and evaluating auditor activities on a monthly/quarterly basis. They also supported the Board in appraising financial statements and the review report of the supervisory report on financial statements, monitored the implementation of recommendations from State agencies, monitored the performance of independent audit contracts for the period of 2019 - 2021, and selected an auditing company to audit the financial statements for the period of 2022-2024.

4. REPORT OF THE BOARD OF SUPERVISORS

4.1. INFORMATION 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

4.2. MEETINGS OF THE BOARD OF SUPERVISORS

In 2022, the BOS held 9 meetings to make decisions on the following issues:

- Implementing supervising and monitoring agendas, programs, and key tasks in each stage.
- Reviewing appraisal results of the business operation reports, financial statements for 2021 and the first 6 months of 2022; Reviewing results of the 2021 financial supervision reports and the first 6 months of 2022.
- Regularly supervising business operations, financial transactions, and investment activities of Vietnam Airlines.
- Organizing regular and centralized monitoring of the review, development, and amendment of regulations according to the current legal documents:
 - Completion of the masterplan to address challenges caused by the COVID-19 pandemic during the 2021 – 2025 period, under the guidance of the CMSC and relevant government bodies.
 - Vigilant monitoring of resource management, financial management to ensure sufficient cash flow and operational continuity.
 - Comprehensive reviews and evaluations of any exceptional events or outstanding issues in operations.
- Evaluating the performance of the BOS in 2022 and developing an action plan for 2023.
- Agreeing on solutions for other issues within the functions and duties of the BOS.

4.3. THE BOARD OF SUPERVISORS' MONITORING OF THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT, AND SHAREHOLDERS

a. Supervision

The BOS actively participated in BOD meetings, BOM briefings, department briefings, and other meetings when needed. All BOS members provided valuable opinions during the BOD meetings. The Chief Supervisor attended regular meetings to stay informed, contributed ideas, and facilitated ongoing monitoring of the governance of administrative activities.

- Completing the appraisal of the financial statements for the parent company and consolidated results for the year 2021 and the first six months of 2022, appraising the Board of Directors' report, preparing reports for submission to the Annual General Meeting of Shareholders in 2022 complied with the regulations. The BOS also reviewed the financial supervision report for 2021 and the first six months of 2022, as well as the parent company's report, and submitted them to the CMSC.
- Monitoring the implementation of resolutions and decisions of the General Meeting of Shareholders and of the BOD.

- Overseeing the execution of the 2022 business plan, formulation and implementation of solutions to maintain operations and business activities and supervising the activities of the Special Financial Supervision Team, with particular attention to PA and K6 restructuring and divestment.
- Monitoring business, investment, and financial activities based on reports and submissions from the CEO and the direction of the Board of Directors.
- Supervising external investment activities through reports from the Investment and Purchasing Department, Inspection and Auditing Department, and reports from the supervisors.
- Monitoring the implementation of recommendations from inspection, examination, and auditing agencies through reports from the Inspection and Auditing Department, regularly monitoring the implementation of recommendations from the CMSC and the BOS
- Preparing reports every six months and annually for the Corporation's management.
- Contributing to the amendment and supplementation of legal documents and state management documents under the guidance of the CMSC.
- Collaborating to review, evaluate, and provide suggestions for the promulgation of Regulations and Regulations of the Corporation
- Supervising the planning of business operations for 2023 for the parent company and member companies.
- Deploying thematic monitoring, including cooperation contracts in operation, projects with slow implementation or backlog, factors with significant impact on the Corporation's revenue and expenses, and restructuring efforts.
- Addressing other issues within BOS functions and responsibilities as required.

b. Supervision results in 2022

- **Business performance of Vietnam Airlines in 2022**
 - In 2022, Vietnam Airlines' air transport activities, including the parent company and its subsidiaries, continued to be impacted by the COVID-19 pandemic. Factors such as China's "zero-COVID" policy, the political conflict between Russia and Ukraine, and the cautious reopening of key markets (Japan, South Korea) have slowed down the recovery of international markets. Additionally, high fuel prices, foreign exchange rate fluctuations, and interest rate fluctuations have resulted in increased costs for the Corporation. Despite these challenges, Vietnam Airlines has made efforts to minimize losses, which are lower than the approved business plan set by the General Meeting of Shareholders.
 - 2022 results: The parent company achieved a revenue of VND 50,214 billion, equivalent to 111% of the plan. The parent company's pre-tax loss was VND 8,841 billion, a VND 494 billion lower than the plan. The consolidated pre-tax loss was at VND 10,945 billion, reflecting a VND 282 billion lower compared to the plan presented to the General Meeting of Shareholders.
- **Assessment of the administrative management of the Board of Directors and the CEO**
 - i) **Business operation**
 - In 2022, the Board of Directors conducted 13 meetings, sent voting slips to the BOD member addressing 145 contents, and issued 175 Resolutions and 105 Decisions. These Resolutions and Decisions were implemented by the Board of Directors and the CEO, considering the challenging market conditions and complex developments of the pandemic.
 - The Board of Directors, CEO, and Board of Management proactively implemented solutions to overcome difficulties caused by the pandemic, high fuel prices, and fuel price fluctuations, continued leveraging partnerships and engaged in negotiations with aircraft lessors, implemented various measures to ensure its operational continuity.
 - The Board of Directors and the CEO focused on revenue generation and cost-cutting measures, supplemented and finalized the masterplan to address challenges stemming from the COVID-19 pandemic, which was submitted to the CMSC and relevant authorities. The Corporation also addressed legal issues related to its restructuring and the restructuring of PA.

- ▶ In 2022, the Corporation safely operated special and commercial flights within the country, including flights carrying Party and State leaders, official passengers, and relief goods. Despite the complex COVID-19 situation and the Russia-Ukraine conflict in the first three months of the year, the Corporation executed rescue missions and enhanced service quality, with continuous improvements in its service culture. Cost-saving measures were implemented to mitigate production and business losses.
- ▶ The Corporation focused on self-made solutions, accelerated unit restructuring, and established the ASOC by merging three regional operations centers. The ASOC commenced operations on May 1, 2022. Additionally, the Vietnam branch was formed by merging the North, Central, and South branches, with operations commencing on July 1, 2022. While certain results have been achieved, a review and further enhancements are necessary to meet customer needs and objectives.
- ▶ The Board of Directors and the CEO prioritized digital transformation initiatives. The Digital Transformation Center became operational on May 1, 2022. Although several tasks have been accomplished, efforts need to be expedited to yield efficiency in this area.
- ▶ The implementation of conclusions from inspection, examination, and audit teams, as well as recommendations from the CMSC and the BOS, received attention and guidance from the Board of Directors and the CEO. Backlogged issues and problems related to mechanisms and policies are being addressed with an accelerated approach.
- ▶ The divestment process at K6 has been vigorously pursued by the Board of Directors, the CEO, and the capital representative at K6, resulting in significant progress and positive outcomes. The Corporation has successfully completed the necessary procedures for the First Closing with 7Trip and K6.
- ▶ However, the challenging circumstances arising from the ongoing pandemic have led to an unsuccessful sale of aircraft in 2022, which has impacted the Corporation's cash flow and business results to some extent. Currently, the Corporation remains actively engaged in promoting the aircraft sale in 2023.

ii) Financial reporting and financial management

- ▶ Vietnam Airlines' 2022 financial statements were prepared and reviewed by related departments, agencies, and units.
- ▶ The 2021 financial statements were audited by the independent auditing firm Deloitte. Moreover, the financial statements for the first six months of 2022 have been reviewed and accepted by Deloitte as well. The BOS has concurred with the opinion of the independent audit firm.
- ▶ Despite the significant improvement in the financial situation of Vietnam Airlines in 2022, considering the challenges posed by conflicts, epidemics, high oil prices, and abnormal fluctuations in foreign exchange rates, the Corporation has managed to reduce its losses compared to the plan. However, Vietnam Airlines still faced difficulties and challenges, including risks associated with high overdue debts, substantial cash flow shortages, and an uncertain financial balance. There is also a risk of delisting shares on HOSE (Ho Chi Minh Stock Exchange).

4.4. THE COORDINATION BETWEEN THE BOARD OF SUPERVISORS, THE BOARD OF DIRECTORS, THE CEO, AND THE BOARD OF MANAGEMENT

The BOS maintains close coordination with the Board of Directors, the CEO, and the Board of Management, always prioritizing the legitimate interests of the Corporation, shareholders, and employees in accordance with the prevailing laws.

- The Board of Directors, Board of Management, and relevant departments and units promptly provide complete explanations and necessary information requested by the BOS.
- The BOS receives support and sufficient information for its oversight work from major shareholders (CMSC), which aids in conducting inspections and supervision effectively.
- In the year 2022, no complaints related to shareholders were received by the BOS.

5. INTERNAL TRANSACTIONS, REMUNERATION, BENEFITS

5.1. SHARE TRANSACTIONS OF INTERNAL PERSONS

NO	INDIVIDUAL/ ORGANIZATION	OWNERSHIP BEFORE TRANSACTION		OWNERSHIP AFTER TRANSACTION		REASON OF CHANGES
		NUMBER OF SHARES	STAKE (%)	NUMBER OF SHARES	STAKE (%)	
1	Dang Ngoc Hoa	21,595	0.000975	21,595	0.000975	-
2	Le Hong Ha	19,531	0.000882	19,531	0.000882	-
3	Ta Manh Hung	20,604	0.000930	20,604	0.000930	-
4	Le Truong Giang	19,030	0.000859	19,030	0.000859	-
5	State Capital Investment Corporation (SCIC)	689,488,080	31.14	689,488,080	31.14	-
6	Trinh Ngoc Thanh	21,680	0.000979	21,680	0.000979	-
7	Nguyen Hong Linh	19,351	0.000874	19,351	0.000874	-
8	Trinh Hong Quang	10,500	0.000474	10,500	0.000474	-
9	Nguyen Chien Thang	14,340	0.0006476	14,340	0.0006476	-
10	To Ngoc Giang	7,951	0.000359	7,951	0.000359	-
11	Dinh Van Tuan	10,905	0.0005	10,905	0.0005	-
12	Tran Thanh Hien	19,707	0.000890	19,707	0.000890	-
13	Nguyen Thi Thien Kim	13,485	0.00061	13,485	0.00061	-
14	Mai Huu Tho	12,831	0.000579	12,831	0.000579	-
15	Nguyen Xuan Thuy	12,846	0.000580	12,846	0.000580	-

5.2. CONTRACTS OR TRANSACTIONS WITH INSIDERS

Transactions with related parties can be found in Section 35 of the report - Transactions and balances with related parties of the attached 2022 separate financial statements.

6. ACTIVITIES OF THE CHIEF ADMINISTRATOR - CORPORATE SECRETARY

In 2022, 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"

Investor Relations Activities

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

With a forecast that the world economic growth will remain low in 2023 due to the ongoing impact of the pandemic, the Russia-Ukraine conflict, and high inflation in many major economies, IATA predicts that it will take until 2024 for passenger volumes to fully recover to pre-pandemic levels. The Asia-Pacific region is experiencing the slowest recovery rate compared to other regions, and the aviation industry in this region is still facing losses and has the worst performance globally.

In the Vietnamese market, there are expected positive signs both domestically and internationally. However, there are still several macro factors that pose unpredictable risks to the aviation market, including:

- For the domestic market, although the epidemic has been controlled and no longer has significant impact, there are potential risks associated with the macroeconomic environment, particularly the economic situation. Additionally, there continues to be a serious overload on airport infrastructure.
- For the international market to and from Vietnam, flight routes are expected to be gradually restored as countries remove most of the barriers on isolation and medical quarantine. However, it is not expected to reach pre-pandemic levels yet due to concerns about economic recession and the ongoing political conflict between Russia and Ukraine, which shows no signs of cooling down.
- Fuel price risk in 2023 is considered highly unpredictable due to various uncertain factors in macroeconomics, energy markets, and world geopolitics. Jet fuel costs account for a significant proportion in Vietnam Airlines' cost structure.
- The risk associated with the USD/VND exchange rate and the exchange rates between major global currencies and the USD has a significant impact on Vietnam Airlines' revenue and operating expenses. Since most major expenses, such as fuel and maintenance, are paid in USD, fluctuations in the USD/VND exchange rate and global exchange rates will affect the business results of Vietnam Airlines.

2. LEGAL RISKS

- Vietnam Airlines ensures compliance with all applicable laws related to its business operations. The company has not been subject to any significant penalties imposed by domestic or foreign competent authorities.
- Regarding disputes and legal proceedings related to Vietnam Airlines' operations and business activities, based on the best knowledge and belief of the company at the time of issuing this Annual Report, there are no ongoing disputes or lawsuits that may seriously impact the company's business operations and financial position.
- activities with the laws of Vietnam, host countries, and international treaties that Vietnam is a member of.
- Foster close coordination with competent state agencies and authorities in host countries.
- Continuously update legal documentation related to Vietnam Airlines' operations and business activities. Seek domestic and international legal consultancy to assist in adhering to the laws of Vietnam, host countries, and international treaties.
- Promote legal awareness among all units, departments, and employees of Vietnam Airlines.

Legal risk management measures

- Enhance the legal risk management capacity and professional expertise of the legal department. Conduct regular reviews to ensure compliance of Vietnam Airlines' operations and business

3. COMPETITION RISKS

In 2022, the domestic air transport market experienced a relatively strong but unsustainable recovery. However, purchasing power and affordability of the public remained low, leading to intense competition among airlines to offer lower fares. In 2023, competition on domestic routes is expected to further increase due to the slow recovery of international routes, resulting in airlines focusing on domestic operations. Limited slots at domestic airports and the anticipation of oversupply may also contribute to fare competition.

On the international front, competition is emerging as foreign airlines, with faster recovery rates, expand their operations. The total market supply has increased by 2.5 times compared to 2021, reaching over 45% of the 2019 level. Additionally, domestic airlines are venturing into long-haul international routes to Europe and Australia, intensifying competition.

4. SPECIFIC RISKS OF THE AVIATION INDUSTRY

- Airport technical infrastructure and air traffic control systems are inadequate to keep up with the industry's development, leading to limited number of aprons at domestic airports.
- State policies regarding landing/takeoff rights at major international airports and advancements in alternative technologies, such as video conferencing and high-speed trains, pose competitive challenges for airlines.
- Scarce availability of high-quality resources, particularly pilots and technical engineers.
- The increasing demand for efficient aircraft operations requires reduced turnaround time at airports to ensure revenue generation.
- Potential significant losses may occur in the event of an aviation accident or incident, which can cause damage to Vietnam Airlines' property and reputation.

5. RISKS OF INFORMATION SECURITY

- Vietnam Airlines has been one of the pioneers to fully implement the information security management system in compliance with Vietnamese and international laws. This includes establishing an organizational structure for information security, implementing an attack prevention system (Cyber Security), and staying updated on evolving cyber threats. However, the complex global cybersecurity landscape presents new challenges.
- Incomplete legal regulations on information protection, particularly regarding personal information, contribute to violations such as unauthorized information use and trading.
- The company is increasingly targeted by cyberattacks, particularly phishing emails.
- Some employees may have low awareness, leading to accidental or intentional leaks of sensitive information and personal data or falling victim to scams.
- In 2022, Vietnam Airlines will continue to closely monitor information security, aiming for 100% achievement of KPIs in this area. Efforts will focus on maintaining and developing the IT system, strengthening relationships with partners and regulatory agencies regarding information security.
- Propaganda activities and awareness campaigns will be organized to foster responsibility and consciousness about information security. Regular awareness assessments, including unannounced phishing simulations, will be conducted throughout Vietnam Airlines, its subsidiaries, and affiliates.
- Vietnam Airlines is an early adopter and adheres to the European General Data Protection Regulation (GDPR). In 2022, the company handled numerous customer requests related to the enforcement of data subject rights.

6. OTHER RISKS

Risk identification

- The audit failed to identify weaknesses in the Corporation's internal control system.
- The audit procedures did not detect significant misstatements.
- The auditors issued an unwarranted opinion on the auditees.

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.
- Vietnam Airlines to choose 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.

X. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS

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 2022.

THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVE OFFICERS

The members of the Board of Directors and Board of Executive Officers of Vietnam Airlines 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 (resigned on 28 June 2022)
Mr. Hiroyuki Kometani	Member (appointed on 28 June 2022)
Mr. Dinh Viet Tung	Member
Mr. Truong Van Phuoc	Member

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 (resigned on 01 June 2023)
Mr. Nguyen Chien Thang	Executive Vice President
Mr. To Ngoc Giang	Executive Vice President
Mr. Dinh Van Tuan	Executive Vice President
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. Dang Anh Tuan	Executive Vice President (appointed on 01 July 2023)
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 2022, 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 minimise 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' STATEMENT OF RESPONSIBILITY (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 called for the support from most of its partners, suppliers and lessors. Vietnam Airlines is continuing to propose to the Government of Vietnam to implement 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 difficult period and it will be well prepared for the recovery and improved performance in the future.

For and on behalf of the Board of Executive Officers,




Le Hong Ha
President & CEO

07 December 2023

INDEPENDENT AUDITORS' REPORT

Deloitte.

No. 0557/VN1A-HN-BC



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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 07 December 2023 as set out from page 05 to page 52, which comprise the consolidated balance sheet as at 31 December 2022, 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 2022, 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.





INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matters

- a) We would like to draw readers' attention to Note 02 of the Notes to the consolidated financial statements. As at 31 December 2022, Vietnam Airlines's current liabilities exceeded its current assets in the amount of VND 39,470 billion, the overdue payables of Vietnam Airlines were VND 15,396 billion and its owners' equity was negative VND 11,056 billion. In the year then ended, Vietnam Airlines incurred a net accounting loss after tax in the amount of VND 11,223 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 of its payables to lessors and suppliers. These conditions, together with other matters as set forth in Note 02, indicate the existence of material uncertainties that may cast significant doubts about Vietnam Airlines's ability to continue as a going concern.
- b) As presented in Note 03 of the Notes to the consolidated financial statements, Vietnam Airlines calculated and recognised depreciation expenses and allocation of repair and maintenance expenses for aircraft and engines for the years ended 31 December 2020, 2021 and 2022 in accordance with the separate guidance approved by the relevant authorities.

Our opinion is not modified in respect of these matters.



Tran Huy Cong
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2023-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

07 December 2023
Hanoi, S.R. Vietnam

Nguyen Tuan Anh
Auditor
Audit Practising Registration Certificate
No. 4438-2023-001-1



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 2022

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		12,329,950,221,266	11,356,265,055,530
I. Cash and cash equivalents	110	5	2,490,276,442,806	1,713,826,600,918
1. Cash	111		2,344,476,442,806	835,306,600,918
2. Cash equivalents	112		145,800,000,000	878,520,000,000
II. Short-term financial investments	120		896,630,691,696	2,229,537,947,198
1. Held-to-maturity investments	123	6	896,630,691,696	2,229,537,947,198
III. Short-term receivables	130		4,897,522,587,507	3,999,680,977,124
1. Short-term trade receivables	131	7	3,983,027,337,240	2,136,228,109,743
2. Short-term advances to suppliers	132	8	238,017,088,297	325,602,441,487
3. Other short-term receivables	136	9	884,118,225,378	1,832,873,306,547
4. Provision for short-term doubtful debts	137	10	(207,640,063,408)	(295,022,880,653)
IV. Inventories	140	11	2,875,284,260,009	2,250,462,486,495
1. Inventories	141		3,077,116,544,217	2,424,780,800,289
2. Provision for devaluation of inventories	149		(201,832,284,208)	(174,318,313,794)
V. Other short-term assets	150		1,170,236,239,248	1,162,757,043,795
1. Short-term prepayments	151	12	416,870,156,281	393,888,240,581
2. Value added tax deductibles	152		744,580,776,918	734,787,436,934
3. Taxes and other receivables from the State budget	153	19	8,785,306,049	34,081,366,280

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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 2022

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		48,306,237,440,542	51,703,259,687,752
I. Long-term receivables	210		1,606,719,470,813	1,103,045,224,145
1. Long-term trade receivables	211	7	2,094,595,888	2,701,395,335
2. Other long-term receivables	216	9	1,606,719,470,813	1,101,968,999,311
3. Provision for long-term doubtful debts	219	10	(2,094,595,888)	(1,625,170,501)
II. Fixed assets	220		40,672,004,481,125	43,252,176,742,937
1. Tangible fixed assets	221	13	16,032,875,218,066	16,348,214,039,213
- Cost	222		40,410,251,333,312	38,240,248,594,914
- Accumulated depreciation	223		(24,377,376,115,246)	(21,892,034,555,701)
2. Finance lease assets	224	14	24,464,670,980,070	26,721,703,122,470
- Cost	225		42,585,171,948,360	44,667,923,191,304
- Accumulated depreciation	226		(18,120,500,968,290)	(17,946,220,068,834)
3. Intangible assets	227	15	174,458,282,989	182,259,581,254
- Cost	228		805,958,491,646	787,948,999,881
- Accumulated amortisation	229		(631,500,208,657)	(605,689,418,627)
III. Long-term assets in progress	240		94,019,231,444	146,060,878,602
1. Construction in progress	242	16	94,019,231,444	146,060,878,602
IV. Long-term financial investments	250		1,751,061,180,082	1,638,116,264,963
1. Investments in associates	252	17	1,182,959,007,769	1,072,364,092,650
2. Equity investments in other entities	253	6	648,952,172,313	648,952,172,313
3. Provision for impairment of long-term financial investments	254	6	(90,000,000,000)	(90,000,000,000)
4. Held-to-maturity investments	255	6	9,150,000,000	6,800,000,000
V. Other long-term assets	260		4,182,433,077,078	5,563,860,577,105
1. Long-term prepayments	261	12	3,981,549,152,743	5,301,971,412,860
2. Deferred tax assets	262		1,028,969,581	5,422,195,265
3. Long-term reserved spare parts	263		199,854,954,754	256,466,968,980
TOTAL ASSETS (270=100+200)	270		60,636,187,661,808	63,059,524,743,282

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 2022

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		71,691,812,417,662	62,533,526,914,521
I. Current liabilities	310		51,800,108,824,797	41,194,055,907,354
1. Short-term trade payables	311	18	28,174,812,908,030	19,112,542,444,830
2. Short-term advances from customers	312		171,336,958,809	323,324,980,577
3. Taxes and amounts payable to the State budget	313	19	310,043,110,493	185,465,593,454
4. Payables to employees	314		989,855,504,487	1,070,339,472,083
5. Short-term accrued expenses	315	20	5,367,307,615,549	3,862,833,431,995
6. Short-term unearned revenue	318	21	730,319,902,881	405,392,155,538
7. Other current payables	319	22	1,890,693,945,604	825,150,095,131
8. Short-term loans and obligations under finance leases	320	23	13,400,052,716,447	14,374,923,867,416
9. Short-term provisions	321		9,084,834,063	8,536,055,307
10. Bonus and welfare funds	322	25	756,601,328,434	1,025,547,811,023
II. Long-term liabilities	330		19,891,703,592,865	21,339,471,007,167
1. Long-term trade payables	331	18	2,440,049,287,211	-
2. Long-term accrued expenses	333	20	1,142,457,551,629	-
3. Long-term unearned revenue	336		2,239,264,127	2,129,590,205
4. Other long-term payables	337	22	1,278,025,865,817	727,702,126,954
5. Long-term loans and obligations under finance leases	338	24	14,868,103,213,122	20,424,832,968,600
6. Deferred tax liabilities	341		160,828,410,959	184,806,321,408
D. EQUITY	400		(11,055,624,755,854)	525,997,828,761
I. Owners' equity	410		(11,055,624,755,854)	525,997,828,761
1. Owners' contributed capital	411	26	22,143,941,740,000	22,143,941,740,000
- Ordinary shares carrying voting rights	411a		22,143,941,740,000	22,143,941,740,000
2. Share premium	412	26	1,220,498,156,541	1,220,498,156,541
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	122,441,972,786	81,746,409,909
6. Investment and development fund	418	26	932,083,454,332	931,333,809,451
7. Other reserves	420	26	2,024,298,861	2,024,298,861
8. Accumulated (losses)	421	26	(35,072,236,866,340)	(21,959,695,615,878)
- (Losses) accumulated to the prior year end	421a		(22,022,657,943,690)	(9,049,049,885,569)
- (Losses) of the current year	421b		(13,049,578,922,650)	(12,910,645,730,309)
9. Non-controlling interests	429	27	507,271,473,093	(982,201,984,996)
TOTAL RESOURCES (440=300+400)	440		60,636,187,661,808	63,059,524,743,282


Ho Xuan Tam
Preparer


Tran Thanh Hien
Chief Accountant


TỔNG
CÔNG TY
HÀNG KHÔNG VIỆT NAM
CTCP
Le Hong Ha
President & CEO

07 December 2023

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 2022

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	30	70,792,824,615,294	28,093,455,616,140
2. Deductions	02	30	382,603,297,695	182,116,106,885
3. Net revenue from goods sold and services rendered (10=01-02)	10	30	70,410,221,317,599	27,911,339,509,255
4. Cost of sales	11		73,286,232,320,827	37,929,515,743,205
5. Gross losses from goods sold and services rendered (20=10-11)	20		(2,876,011,003,228)	(10,018,176,233,950)
6. Financial income	21	32	980,367,899,207	1,557,025,514,904
7. Financial expenses	22	33	4,432,415,448,356	1,625,691,503,900
- In which: Interest expense	23		1,164,558,952,418	806,953,304,369
8. Share of profit/(loss) in associates	24		74,112,410,620	(225,681,830,452)
9. Selling expenses	25	34	3,195,005,684,899	1,238,060,448,577
10. General and administration expenses	26	34	1,769,308,764,254	1,680,445,215,416
11. Operating losses (30=20+(21-22)+24-(25+26))	30		(11,218,260,590,910)	(13,231,029,717,391)
12. Other income	31	35	310,657,078,140	283,581,832,174
13. Other expenses	32	36	37,880,809,329	18,198,268,837
14. Profit from other activities (40=31-32)	40		272,776,268,811	265,383,563,337
15. Accounting losses before tax (50=30+40)	50		(10,945,484,322,099)	(12,965,646,154,054)
16. Current corporate income tax expense	51		302,034,384,439	256,599,759,744
17. Deferred corporate tax (income)/expense	52		(24,503,543,354)	57,170,026,826
18. Net losses after corporate income tax (60=50-51-52)	60		(11,223,015,163,184)	(13,279,415,940,624)
18.1. Vietnam Airlines's shareholders	61		(11,298,155,189,349)	(12,907,540,689,336)
18.2. Non-controlling interests	62		75,140,026,165	(371,875,251,288)
19. Basic (losses) per share	70	37	(5,102)	(7,909)


Ho Xuan Tam
Preparer


Tran Thanh Hien
Chief Accountant


Le Hong Ha
President & CEO

07 December 2023

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 2022

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. <i>Losses before tax</i>	01	(10,945,484,322,099)	(12,965,646,154,054)
2. <i>Adjustments for:</i>			
Depreciation and amortisation of fixed assets	02	3,536,492,399,102	2,049,422,941,043
Provisions	03	(58,850,642,688)	244,839,464,033
Foreign exchange loss/(gain) arising from translating foreign currency items	04	821,108,129,598	(371,570,433,444)
(Gain) from investing activities	05	(371,254,364,761)	(244,413,431,128)
Interest expense	06	1,164,558,952,418	806,953,304,369
3. <i>Operating losses before movements in working capital</i>	08	(5,853,429,848,430)	(10,480,414,309,181)
Changes in receivables	09	(2,017,256,662,411)	(541,773,716,442)
Changes in inventories	10	(595,723,729,702)	(469,828,538,767)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	15,710,008,308,018	5,467,830,327,853
Changes in prepaid expenses	12	1,297,440,344,417	658,207,599,518
Interest paid	14	(1,057,619,694,360)	(812,881,120,736)
Corporate income tax paid	15	(273,644,233,637)	(262,754,597,271)
Other cash outflows	17	(315,955,331,568)	(317,700,707,449)
<i>Net cash generated by/(used in) operating activities</i>	20	6,893,819,152,327	(6,759,315,062,475)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(952,400,998,090)	(489,493,287,377)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	89,268,374,529	92,669,350,681
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,744,506,439,635)	(2,318,204,366,708)
4. Cash recovered from lending, selling debt instruments of other entities	24	3,075,171,101,612	618,898,138,173
5. Equity investments in other entities	25	(8,100,000,000)	-
6. Cash recovered from investments in other entities	26	774,520,000,000	-
7. Interest earned, dividends and profits received	27	221,759,122,433	151,474,028,119
<i>Net cash generated by/(used in) investing activities</i>	30	1,455,711,160,849	(1,944,656,137,112)

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 2022

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	-	7,960,679,170,000
2. Proceeds from borrowings	33	33,708,103,421,762	22,581,317,707,963
3. Repayment of borrowings	34	(37,749,501,571,474)	(18,938,448,300,065)
4. Repayment of obligations under finance leases	35	(3,153,677,032,338)	(2,559,801,317,229)
5. Dividends and profits paid	36	(408,886,714,378)	(277,575,431,368)
Net cash (used in)/generated by financing activities	40	(7,603,961,896,428)	8,766,171,829,301
Net increases in cash (50=20+30+40)	50	745,568,416,748	62,200,629,714
Cash and cash equivalents at the beginning of the year	60	1,713,826,600,918	1,653,719,016,108
Effects of changes in foreign exchange rates	61	30,881,425,140	(2,093,044,904)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	2,490,276,442,806	1,713,826,600,918



Ho Xuan Tam
Preparer



Tran Thanh Hien
Chief Accountant



Le Hong Ha
President & CEO

07 December 2023



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 ran 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 2022 was 18,714 (31 December 2021: 18,641).

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;

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

FORM B 09-DN/HN

- Multimodal transport;
- 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, cargo and postal.

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
- Airport Services and Operation Center (established by merger of Noi Bai Operations Center and Tan Son Nhat Operations Center from 01 May 2022)
- Branch of Vietnam Airlines JSC. – Flight Training Center
- Branch of Vietnam Airlines JSC. – LotuSmiles
- Branch of Vietnam Airlines JSC. – Vietnam Air Service Company (VASCO)
- Branch of Vietnam Airlines JSC. – Vietnam Regional Branch (established by merger of Northern, Southern and Central region branches from 01 July 2022)
- Branch of Vietnam Airlines JSC. in Thailand
- Branch of Vietnam Airlines JSC. in Singapore
- Branch of Vietnam Airlines JSC. in Malaysia
- Branch of Vietnam Airlines JSC. in Laos

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 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 China
- Branch of Vietnam Airlines JSC. in the United States
- Branch of Vietnam Airlines JSC. in the United Kingdom
- 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 2022 are as follows:

No.	Name	Address	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Subsidiaries					
1	Pacific Airlines Joint Stock Aviation Company (i)	Vietnam	98.84	98.84	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	Nol Bai Cargo Terminal Services Joint Stock Company	Vietnam	55.13	55.13	Providing cargo services for flights
5	Nol 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	Nol Bai Airport Services Joint Stock Company	Vietnam	51.00	51.00	Aviation transportation services
12	VINAKO 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
16	Vietnam Singapore Technologies Engineering Aerospace Company Limited (ii)	Vietnam	51.00	51.00	Repair and maintenance of aircraft
17	Nasco Logistics Joint Stock Company (ii)	Vietnam	25.05	51.00	Transportation, cargo forwarding services
Associates					
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
5	Tan Son Nhat Petrol Commercial Joint Stock Company (ii)	Vietnam	30.47	30.47	Refueling services
6	Nol Bai Aviation Fuel Service Joint Stock Company (ii)	Vietnam	30.00	30.00	Refueling services
7	Aviation Ground Services Company Limited (ii)	Vietnam	25.00	25.00	Ground services
8	Vietnam Sky Services Investment Joint Stock Company (ii)	Vietnam	8.15	36.00	Road passenger transport services

(i) During the year, Vietnam Airlines completed the transfer of 29.99% shares from a foreign shareholder at Pacific Airlines Joint Stock Aviation Company. Accordingly, the percentage of ownership and the percentage of voting rights of Vietnam Airlines at Pacific Airlines Joint Stock Aviation Company increased to 98.84% (as at 31 December 2021: 68.85%).

(ii) Enterprises in which Vietnam Airlines's subsidiaries contribute capital and hold voting rights directly. Accordingly, the proportion of Vietnam Airlines's ownership in these enterprises is determined by the proportion of indirect ownership through Vietnam Airlines's direct subsidiaries; the proportion of voting rights held by Vietnam Airlines in these enterprises is determined by the proportion of voting rights of Vietnam Airlines's direct subsidiaries in these enterprises.



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

Comparative figures are the figures of Vietnam Airlines's audited consolidated financial statements for the year ended 31 December 2021.

During the year, Vietnam Airlines has reclassified a number of equity investments in other entities to investments in associates, and at the same time incorporated these investments in the consolidated financial statements using the equity method for these investments. Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

	Reported amount	Reclassification	Restated amount
	VND	VND	VND
Consolidated balance sheet			
Investments in associates	928,195,500,637	144,168,592,013	1,072,364,092,650
Equity investments in other entities	815,927,722,471	(166,975,550,158)	648,952,172,313
Provision for impairment of long-term financial investments	(114,594,292,951)	24,594,292,951	(90,000,000,000)
(Losses) accumulated to the prior year end	(9,051,260,284,868)	2,210,399,299	(9,049,049,885,569)
(Losses) of the current year	(12,910,222,665,816)	(423,064,493)	(12,910,645,730,309)
Consolidated income statement			
Financial expenses	1,549,123,961,463	76,567,542,437	1,625,691,503,900
Share of profit/(loss) in associates	(203,283,404,388)	(22,398,425,064)	(225,681,830,452)
Other expenses	116,741,172,845	(98,542,904,008)	18,198,268,837
Net losses after corporate income tax	(13,278,992,876,131)	(423,064,493)	(13,279,415,940,624)
Vietnam Airlines's shareholders	(12,907,117,624,843)	(423,064,493)	(12,907,540,689,336)
Consolidated cash flow statement			
Losses before tax	(12,965,223,089,561)	(423,064,493)	(12,965,646,154,054)
(Gain) from investing activities	(244,836,495,621)	423,064,493	(244,413,431,128)

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-TCHK-TCKT dated 18 December 2015 of Vietnam Airlines ("Decision 1913"). Decision 1913 is developed based on Decision No. 2581/TCHK-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:

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

FORM B09-DN/HH

- 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 consolidated financial statements are prepared based on consolidation of Vietnam Airlines's separate financial statements and its subsidiaries' financial statements.

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 2022, Vietnam Airlines's current liabilities exceeded its current assets by VND 39,470 billion (as at 31 December 2021: VND 29,838 billion), the overdue payables of Vietnam Airlines were VND 15,396 billion, (as at 31 December 2021: VND 15,779 billion) and its owners' equity was negative VND 11,056 billion (as at 31 December 2021: positive VND 526 billion). In the year then ended, Vietnam Airlines incurred a net accounting loss after tax in the amount of VND 11,223 billion (the year ended 31 December 2021: loss VND 13,279 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 of its 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 deal with the financial difficulties so that Vietnam Airlines can maintain its ability to continue as a going concern. The measures that have been implementing include the followings:

(a) Working capital

According to the Government's support program, Vietnam Airlines completed the issuance of 796,103,327 shares in 2021 with the proceeds from the additional charter capital of VND 7,961 billion. Vietnam Airlines has also signed credit contracts with 03 domestic commercial banks and has been fully disbursed with a total credit limit of VND 4,000 billion, the repayment period can be extended to 2024.

In addition, Vietnam Airlines has been negotiating with commercial banks to increase credit limit for operating activities. As at 31 December 2022, Vietnam Airlines has signed credit contracts with commercial banks with a total credit limit in the amount of about VND 20,267 billion, of which the credit limit of unused short-term loans is about VND 8,097 billion.

Vietnam Airlines has also made use of other sources of income including liquidation of aircraft, aircraft engines and financial investments. Up to the reporting date, Vietnam Airlines has sold 01 aircraft, sold the rights to purchase and lease back 03 aircraft engine and liquidated its investment in Cambodia Angkor Air and has received a portion of the contract value for the amount of about VND 942 billion. Vietnam Airlines is continuing to implement the plan to sell some of its remaining aircraft.

(b) Working capital management

During the year, banks have agreed to continue to grant credit in the form of short-term loans that Vietnam Airlines has paid on time as per the conditions and regulations of the State Bank of Vietnam. Vietnam Airlines believes that it will continue to maintain current credit limits of short-term loans in the next year and will ensure payment of due principal.

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

FORM B09-DN/HN

(d) Project on restructuring Vietnam Airlines

Vietnam Airlines has completed its restructuring project for the period of 2021-2025 (the "Project") and reported to the Annual General Meeting of Shareholders in 2022 and is submitting it to the competent authorities for approval. Under the project, Vietnam Airlines will synchronously implement three (3) solutions to overcome the current financial situation including:

- Improving air transport business results, in which, synchronously implementing solutions to enhance adaptation, quick recovery and efficient use of its operating capacity;
- Implementing asset restructuring and divesting from subsidiaries and associates to increase income and cash flow; and
- Preparing necessary conditions to implement the plan to issue shares to increase equity upon approval of the competent authority.

The Board of Executive Officers has carefully assessed the business and cash flow plans, and the ability to balance cash flows to pay off due debts and financial obligations as well as the loans and capital support from the Government and the ability to implement the Project. The Board of Executive Officers believes that it is appropriate to have the accompanying 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. SEPARATE GUIDANCE APPLICABLE FOR THE PERIOD FROM 2020 TO 2022

Vietnam Airlines calculated and recognised depreciation expenses of aircraft in operation and allocation of repair and maintenance expenses for aircraft and engines for the years ended 31 December 2020, 2021 and 2022 in accordance with the separate guidance approved by the relevant authorities. Accordingly, depreciation expenses and monthly repair and maintenance expenses for each type of aircraft charged to the consolidated income statements for the year ended 31 December 2021 and 2022 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 monthly 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 expenses 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:

Accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial



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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's share of the net assets of the associate. Losses of an associate in excess of Vietnam Airlines's interest in that associate (which includes any long-term interests that, in substance, form part of Vietnam Airlines's 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's interest in the relevant associate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits, cash in transit, 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.



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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 terms 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.
- 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.

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- 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 the 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 recognised 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 costs, is charged to the consolidated income statement 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 capitalised as an additional cost to tangible fixed assets.

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

	Years
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

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.

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As presented in Note 03, Vietnam Airlines recorded depreciation of aircraft and engines for the years 2020, 2021 and 2022 in accordance with the separate guidance approved by the relevant authorities.

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 for the years 2020, 2021 and 2022 in accordance with the separate guidance approved by the relevant authorities.

Intangible assets and amortisation

Intangible assets that are stated at cost less accumulated amortisation, represent the costs 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 estimated useful lives 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, 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.

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.



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Prepayments

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

Long-term prepaid expenses represent overhaul expenses for aircraft engines and fuselage; export credit guarantee fees in respect of financing contracts for aircraft purchasing; costs 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 of overhaul reserves paid to the lessor. The amount payable of the overhaul reserve to the lessor under the lease contract is recognised in the consolidated income statement when the reserve is paid. 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 recognised into the consolidated income statement if incurred at less than USD 300,000.

As presented in Note 03, Vietnam Airlines allocated and recorded prepayment for repair and maintenance of aircraft engines and fuselages for the years 2020, 2021 and 2022 in accordance with the separate guidance approved by the relevant authorities.

- The overhaul cost of aircraft engines specified in the engine maintenance contract on an hourly basis is recognised 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 2022.

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

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Owners' equity and distribution of retained earnings

Vietnam Airlines's owners' equity includes 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 and other income 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 recognised 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.

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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 recognised as unearned revenue. Unearned revenue is recognised as income in the year when customers redeem the points or upon expiry of the points.

Revenue and other income

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

Gains from sales of rights to purchase and lease back aircraft in the 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 rights to purchase and lease back 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 of commercial bank where Vietnam Airlines usually transacts 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.

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Taxation

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

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 2022, Vietnam Airlines had an accumulated loss that can be used to offset against future taxable income. Vietnam Airlines did not recognise 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

	Closing balance	Opening balance
	VND	VND
Cash on hand	14,120,364,696	14,132,117,820
Bank demand deposits (i)	2,254,439,154,339	819,191,563,236
Cash in transit	75,916,923,771	1,982,919,862
Cash equivalents	145,800,000,000	878,520,000,000
	2,490,276,442,806	1,713,826,600,918

(i) As at 31 December 2022, Vietnam Airlines has a bank demand deposit which is restricted from use with the amount of about VND 872 billion.

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6. FINANCIAL INVESTMENTS

a. Held-to-maturity investments

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
Short-term				
- Term deposits (i)	896,630,691,696	896,630,691,696	2,229,537,947,198	2,229,537,947,198
Long-term				
- Term deposits (ii)	9,150,000,000	9,150,000,000	6,800,000,000	6,800,000,000
	905,780,691,696	905,780,691,696	2,236,337,947,198	2,236,337,947,198

(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 0.35% to 8.80% 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 7.50% to 9.55%.

b. Equity investments in other entities

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Cambodia Angkor Air	248,141,431,740	-	248,141,431,740	-
Phuong Nam Investment Tourism and Shipping One Member Limited Company	185,050,002,264	-	185,050,002,264	-
Cam Ranh International Aviation Services Joint Stock Company	90,000,000,000	(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	-
Salgon Postal Corporation	6,161,138,309	-	6,161,138,309	-
Thang Long Investment and Services Joint Stock Company	2,550,000,000	-	2,550,000,000	-
	648,952,172,313	(90,000,000,000)	648,952,172,313	(90,000,000,000)

The fair value of investments as at 31. December 2022 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.



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7. TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a. Trade receivables from customers		
Agents selling passenger transportation products	1,573,306,766,020	276,918,702,314
Other airlines	1,139,812,805,151	907,150,288,911
Cargo transportation fees	194,339,427,919	320,905,828,314
Others	1,077,662,934,038	633,954,685,539
	3,985,121,933,128	2,138,929,505,078

b. Trade receivables from customers classified by payment term

Short-term	3,983,027,337,240	2,136,228,109,743
Long-term	2,094,595,888	2,701,395,335
	3,985,121,933,128	2,138,929,505,078

In which: Trade receivables from related parties
(Detail stated in Note 38) 241,166,371,159

8. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Prepayment for acquiring construction in progress	80,678,806,293	82,319,206,561
Prepayment for aircraft repair	-	72,580,584,384
Others	157,338,282,004	170,702,650,542
	238,017,088,297	325,602,441,487

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9. OTHER RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a. Short-term		
Deposits for leasing aircraft and aircraft engines in short-term	274,954,808,291	376,670,497,856
Prepayments for overhaul costs to be offset against overhaul reserve (i)	311,116,882,764	293,259,544,766
Sublease receivables	115,608,161,834	195,709,263,149
Short-term collateral, deposits	35,715,304,023	6,265,268,754
Interest on deposits	9,503,370,173	18,240,070,503
Advances	3,598,027,012	11,058,740,346
Receivables related to transfer of capital contribution at Cambodia Angkor Air	-	774,520,000,000
Dividend receivables	-	5,110,864,723
Other short-term receivables	133,621,671,281	152,039,056,450
	884,118,225,378	1,832,873,306,547
b. Long-term		
Deposits for leasing aircraft and aircraft engines in long-term (ii)	1,418,775,727,537	902,424,077,673
Other long-term collaterals, deposits	174,799,483,594	194,524,232,161
Other long-term receivables	13,144,259,682	5,020,689,477
	1,606,719,470,813	1,101,968,999,311
In which: Other receivables from related parties (Details as stated in Note 38)	389,733,230,473	394,412,685,821
(i) 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.		
(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.		

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10. BAD DEBTS

	Closing balance			Opening balance		
	VND	VND	VND	VND	VND	VND
	Cost	Provision	Recoverable amount	Cost	Provision	Recoverable amount
Cambodia Angkor Air	206,405,741,753	(88,234,149,407)	118,171,592,345	181,540,747,546	(73,258,859,979)	108,281,887,567
Indochina Airlines Joint Stock Company	38,537,918,851	(38,537,918,851)	-	38,537,918,851	(38,537,918,851)	-
Smartlynx Airlines	15,136,170,040	(13,826,332,041)	1,309,837,999	15,344,379,313	(15,344,379,313)	-
Air Fast Ticket Group	5,023,647,549	(5,023,647,549)	-	5,286,958,961	(5,286,958,961)	-
Others	70,589,255,069	(64,112,611,448)	6,476,643,621	264,775,483,768	(164,219,934,050)	100,555,549,718
	335,692,733,262	(209,734,659,296)	125,958,073,966	505,485,488,439	(296,648,051,154)	208,837,437,285
<i>In which:</i>						
Provision for doubtful debts - short-term		(207,640,063,408)			(295,022,880,653)	
Provision for doubtful debts - long-term		(2,094,595,888)			(1,625,170,501)	

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

11. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Goods in transit	523,323,280,962	-	301,364,414,812	-
Raw materials	1,110,251,488,418	(201,832,284,208)	1,032,844,273,287	(174,318,313,794)
Tools and supplies	63,604,589,678	-	72,398,525,492	-
Work in progress	75,513,297,227	-	87,437,419,617	-
Merchandise	1,291,171,708,714	-	897,438,857,923	-
Goods in bonded warehouse	12,741,567,689	-	32,425,887,734	-
Goods on consignment	510,611,529	-	881,421,424	-
	3,077,116,544,217	(201,832,284,208)	2,424,780,800,289	(174,318,313,794)

As at 31 December 2022, 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 809-DN/HN

12. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Rentals of aircraft, aircraft engines and other assets	295,002,564,585	337,485,345,391
Commission from sales of transportation documents	41,170,672,123	489,550,648
Others	80,696,919,573	55,913,344,542
	416,870,156,281	393,888,240,581
b. Non-current		
Overhaul expenses for aircraft engines and fuselages	2,714,344,404,476	3,856,838,849,808
Export credit guarantee fees	670,556,991,140	885,208,284,281
Spare parts, tools and supplies	398,850,898,901	319,718,138,383
Others	197,796,858,226	240,206,140,388
	3,981,549,152,743	5,301,971,412,860

For the year ended 31 December 2022, Vietnam Airlines allocated maintenance, repairs and overhaul ("MRO") expenses of aircraft engines and fuselages in accordance with the separate guidance (Note 03). If Vietnam Airlines had applied its accounting policy using straight-line method, the balance of long-term prepayments at the balance sheet date would have decreased by the amount of VND 691 billion (31 December 2021: decreased by VND 1,740 billion), and the amount of cost of sales and net loss after corporate income tax in the consolidated income statement for the year ended 31 December 2022 would have increased by the same amount accordingly (for the year ended 31 December 2021: increased by VND 1,740 billion).

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

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13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Aircraft, aircraft engines VND	Buildings, structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
COST							
Opening 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
Purchases	590,740,757,968	5,768,975,355	71,448,854,682	73,592,372,050	63,801,968,693	19,686,896,833	825,039,825,581
Transfer from construction in progress	-	85,938,346,948	-	-	-	-	85,938,346,948
Transfer from finance lease assets	2,082,751,242,944	-	-	-	-	-	2,082,751,242,944
Reclassifications	-	3,064,835,864	933,644,443	86,000,000	(91,821,416)	(3,992,658,891)	-
Disposals	(797,711,545,680)	(440,124,839)	(10,143,021,428)	(9,176,470,162)	(4,364,038,661)	(696,962,175)	(822,532,162,945)
Other increases, decreases	-	(1,627,958,555)	(444,624,728)	-	878,069,254	-	(1,194,514,130)
Closing balance	29,786,510,650,115	2,979,343,176,598	4,198,789,059,769	2,021,159,305,778	1,086,075,810,176	338,373,328,876	40,410,251,333,312
ACCUMULATED DEPRECIATION							
Opening 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
Charge for the year	1,197,119,873,600	108,335,626,576	255,371,985,741	127,982,017,196	106,531,312,001	15,945,152,049	1,811,285,567,163
Transfer from finance lease assets	1,496,972,485,585	-	-	-	-	-	1,496,972,485,585
Reclassifications	-	171,961,902	(190,800,187)	35,928,879	(57,198,139)	40,107,545	-
Disposals	(797,711,545,680)	(440,124,839)	(10,143,021,428)	(9,176,470,162)	(4,364,038,661)	(696,962,175)	(822,532,162,945)
Other increases, decreases	-	-	(342,406,474)	-	(42,323,784)	-	(384,730,258)
Closing balance	16,981,814,178,840	1,507,922,187,871	3,393,684,068,673	1,378,629,766,338	883,346,172,501	231,979,741,023	24,377,376,115,246
NET BOOK VALUE							
Opening 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
Closing balance	12,804,696,471,275	1,471,420,990,727	805,104,991,096	642,529,539,440	202,729,637,675	106,393,587,853	16,032,875,218,066

As at 31 December 2022, the cost of Vietnam Airlines's tangible fixed assets includes VND 5,465,091,328,789 (31 December 2021: VND 5,177,292,570,968) of assets which have been fully depreciated but are still in use.

As at 31 December 2022, Vietnam Airlines and its subsidiaries have pledged their tangible fixed assets with the net book value of approximately VND 12,940,579,489,967 (31 December 2021: VND 13,269,409,149,112) to secure banking facilities granted (Notes 23 and 24).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIETNAM AIRLINES JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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For the year ended 31 December 2022, Vietnam Airlines depreciated its aircraft and aircraft engines in accordance with the separate guidance [Note 03]. If Vietnam Airlines had applied its depreciation policy using the straight-line method, the balance of accumulated depreciation of tangible fixed assets at the balance sheet date would have increased by VND 2,161 billion (31 December 2021: increased by VND 1,675 billion), and the amount of cost of sales and net loss after corporate income tax in the consolidated income statement for the year ended 31 December 2022 would have increased by VND 486 billion (for the year ended 31 December 2021: increased by VND 1,000 billion).

14. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Aircraft and aircraft engines	Office equipment	Total
	VND	VND	VND
COST			
Opening balance	44,664,210,747,304	3,712,444,000	44,667,923,191,304
Transfer to tangible fixed- assets	(2,082,751,242,944)	-	(2,082,751,242,944)
Closing balance	42,581,459,504,360	3,712,444,000	42,585,171,948,360
ACCUMULATED DEPRECIATION			
Opening balance	17,944,735,091,246	1,484,977,588	17,946,220,068,834
Charge for the year	1,670,510,896,237	742,488,804	1,671,253,385,041
Transfer to tangible fixed- assets	(1,496,972,485,585)	-	(1,496,972,485,585)
Closing balance	18,118,273,501,898	2,227,466,392	18,120,500,968,290
NET BOOK VALUE			
Opening balance	26,719,475,656,058	2,227,466,412	26,721,703,122,470
Closing balance	24,463,186,002,462	1,484,977,608	24,464,670,980,070

As at 31 December 2022, Vietnam Airlines was leasing 24 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.

For the year ended 31 December 2022, Vietnam Airlines depreciated its aircraft and engines in accordance with the separate guidance (Note 03). If Vietnam Airlines had applied its depreciation policy using straight-line method, the balance of accumulated depreciation of finance lease assets at the balance sheet date would have increased by VND 3,945 billion (31 December 2021: increased by VND 3,145 billion), and the amount of cost of sales and net loss after corporate income tax in the consolidated income statement for the year ended 31 December 2022 would have increased by VND 800 billion (for the year ended 31 December 2021: increased by VND 1,814 billion).

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

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15. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
COST				
Opening balance	73,246,777,206	688,816,991,295	25,885,231,380	787,948,999,881
Additions	-	46,192,502,955	-	46,192,502,955
Disposals	-	(28,183,011,190)	-	(28,183,011,190)
Closing balance	73,246,777,206	706,826,483,060	25,885,231,380	805,958,491,646
ACCUMULATED AMORTISATION				
Opening balance	4,153,961,233	600,859,325,091	676,132,303	605,689,418,627
Charge for the year	113,859,660	53,830,088,161	9,099,077	53,953,046,898
Other increases	-	40,754,322	-	40,754,322
Disposals	-	(28,183,011,190)	-	(28,183,011,190)
Closing balance	4,267,820,893	626,547,156,384	685,231,380	631,500,208,657
NET BOOK VALUE				
Opening balance	69,092,815,973	87,957,666,204	25,209,099,077	182,259,581,254
Closing balance	68,978,956,313	80,279,326,676	25,200,000,000	174,458,282,989

As at 31 December 2022, the cost of Vietnam Airlines's intangible assets includes VND 509,430,494,688 (31 December 2021: VND 453,844,274,184) of assets which have been fully amortised but are still in use.

16. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
MRO software under installation	46,938,487,200	-
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
Petroleum warehouse for Phu Bai airport	5,427,022,945	3,289,985,909
Petroleum warehouse for Tho Xuan airport	-	31,910,643,100
Project of video conferencing system	-	28,522,364,000
Other projects	23,816,612,299	64,500,776,593
	94,019,231,444	146,060,878,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

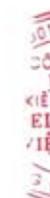
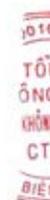
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17. INVESTMENTS IN ASSOCIATES

	Address	Closing balance		Opening balance	
		VND	VND	VND	VND
		Historical cost	Value under equity method	Historical cost	Value under equity method
Vietnam Aircraft Leasing Joint Stock Company	Vietnam	439,335,275,853	965,081,628,476	439,335,275,853	897,932,463,471
Tan Son Nhat Petrol Commercial Joint Stock Company	Vietnam	119,686,420,000	143,387,213,027	119,686,420,000	107,867,465,653
Da Nang Airport Services Joint Stock Company	Vietnam	86,652,841,772	9,997,353,750	86,652,841,772	9,977,808,155
Noi Bai Aviation Fuel Service Joint Stock Company	Vietnam	30,000,000,000	35,643,324,977	30,000,000,000	31,489,075,470
General Aviation Import-Export Joint Stock Company	Vietnam	22,812,300,000	14,745,293,212	22,812,300,000	15,031,229,011
Aviation Ground Services Company Limited	Vietnam	17,000,000,000	-	17,000,000,000	4,037,394,510
Aviation High Grade Plastic Joint Stock Company	Vietnam	14,266,335,863	13,354,000,000	6,166,335,863	5,254,000,000
Vietnam Sky Services Investment Joint Stock Company	Vietnam	1,280,000,000	750,194,327	1,280,000,000	774,656,380
		731,033,173,488	1,182,959,007,769	722,933,173,488	1,072,364,092,650

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

	Closing balance	Opening balance
	VND	VND
Opening balance	1,072,364,092,650	1,525,259,128,234
Supplement capital at associate	8,100,000,000	-
Share of profit/(loss) in associates incurred during the year	74,112,410,620	(225,681,830,452)
Foreign exchange differences arising from the translation of foreign operations	40,695,562,877	(22,260,792,172)
Divestment in associate	-	(209,389,155,331)
Other movements	(12,313,058,378)	4,436,742,371
Closing balance	1,182,959,007,769	1,072,364,092,650

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

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18. TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
	Amount	Amount
a. Current		
Trade payables to suppliers	17,596,438,023,663	17,393,620,155,377
Payables from sales of passenger, baggage, MCO transportation document (i)	8,859,621,600,528	1,067,893,388,747
Payables relating to tax included in air ticket prices (ii)	1,387,029,973,014	497,225,110,449
Interlines payable	305,289,826,420	103,366,406,772
Payables from sales of cargo transportation documents	26,433,484,405	50,437,383,485
	28,174,812,908,030	19,112,542,444,830
b. Non-current		
Trade payables to suppliers	2,440,049,287,211	-
	2,440,049,287,211	-

In which: Trade payables from suppliers which are related parties (Detail as in Note 38) 695,015,151,361 264,010,422,215

- (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 and its subsidiaries have 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 2022, Vietnam Airlines had outstanding overdue payables of approximately VND 15,396 billion (31 December 2021: approximately VND 15,779 billion), in which, approximately VND 4,373 billion of payables at the end of the financial year have been accepted to restructure payment terms to the following years by lessors and suppliers. In addition, Vietnam Airlines has negotiated to offset part of the payables against overhaul reserves paid to lessors.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Opening balance		Paid during the year	Closing balance	
	VND	VND		VND	VND
	Receivable	Payable		Receivable	Payable
19. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET					
Value added taxes	-	65,401,058,044	1,478,106,474,005	-	105,126,184,305
Special consumption taxes	-	-	206,856,783	-	-
Import-export taxes	2,229,222,316	-	9,607,845,846	-	-
Corporate income taxes	3,038,841,527	52,379,797,485	273,644,233,637	1,879,513,168	80,612,994,888
Personal income taxes	20,792,448,607	11,657,760,761	312,421,898,600	5,502,441,833	45,087,825,582
Natural resources taxes	178,967,680	-	1,809,440	177,158,240	-
Land and housing taxes and land rentals	7,841,886,150	-	76,229,153,501	1,224,192,808	-
Environmental protection taxes	-	48,827,205,000	1,088,890,256,500	-	70,752,434,000
Withholding taxes	-	6,169,869,591	81,319,453,296	-	8,463,671,718
Other taxes, fees and duties	-	29,902,573	2,507,390,198	2,000,000	-
	34,081,366,280	185,465,593,454	3,320,704,340,050	8,785,306,049	310,043,110,493

According to Tax Inspection Minutes dated 28 April 2011 issued by the Tax Department of Ho Chi Minh City, Pacific Airlines Joint Stock Aviation 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. From August 2012 to February 2013, PA had paid a part of the above mentioned tax liability with an amount of VND 63.5 billion, which is tax payable incurred for the period after Qantas Asia Investment Company (Singapore) Pte, Ltd. invested in PA (since 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.

As at 31 December 2022, the remaining tax and penalty payables had not been recorded in the consolidated financial statements.



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

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20. ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
a. Current		
Aircraft lease and repair expenses	3,188,822,099,883	2,720,882,038,079
Interest expenses	191,192,131,570	84,252,873,512
Flight services expenses	146,877,345,541	50,144,983,002
Aircraft fuel expenses	5,037,794,072	859,714,093
Others	1,835,378,244,483	1,006,693,823,309
	5,367,307,615,549	3,862,833,431,995
b. Non-current		
Aircraft lease and repair expenses	1,142,457,551,629	-
	1,142,457,551,629	-
In which: Accrued expenses payable to related parties (Detail stated in Note 38)	262,415,231,928	222,559,297,552

21. SHORT-TERM UNEARNED REVENUE

	Closing balance	Opening balance
	VND	VND
Customer loyalty programme	699,302,310,794	381,295,417,399
Others	31,017,592,087	24,096,738,139
	730,319,902,881	405,392,155,538

22. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
a. Short-term		
Deposits received for overhaul reserve	1,286,922,000,000	218,948,919,302
Short-term deposits received	165,014,361,790	174,777,310,207
Dividends payable	14,360,322,312	103,577,609,897
Others	424,397,261,502	327,846,255,725
	1,890,693,945,604	825,150,095,131
b. Long-term		
Deposits received for overhaul reserve and aircraft leasing	816,316,336,339	235,847,442,990
Receipt in advance of credit granted under Material Solutions Agreement	306,861,245,824	306,861,245,824
Long-term deposits received	154,848,283,654	184,993,438,140
	1,278,025,865,817	727,702,126,954
In which: Other payables to related parties (Details stated in Note 38)	224,924,234,184	213,912,854,350

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	VND		VND	
	Opening balance	Increases	Decreases	Exchange rate difference
Short-term borrowings	11,030,655,044,246	33,620,362,316,521	35,469,112,419,414	(43,855,862,747)
Current portion of long-term loans (see Note 24)	2,186,872,029,383	1,373,240,656,967	2,280,389,152,060	54,344,673,316
Current portion of long-term obligations under finance leases (see Note 24)	1,157,396,793,787	4,855,846,239,533	3,153,677,032,338	68,369,429,253
	14,374,923,867,416	39,849,449,213,021	40,903,178,603,812	78,858,239,822
				13,400,052,716,447
Details of short-term borrowings as at the balance sheet date are as follows:				
		Closing balance	Opening balance	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam		2,466,965,855,215	2,263,392,341,177	
Southeast Asia Commercial Joint Stock Bank		1,999,999,996,629	2,182,633,748,925	
Vietnam Maritime Commercial Joint Stock Bank		1,414,783,264,522	2,894,353,713,705	
Saigon - Hanoi Commercial Joint Stock Bank		999,999,999,874	999,999,999,874	
Military Commercial Joint Stock Bank		520,981,335,174	295,201,715,520	
Vietnam Thuong Tin Commercial Joint Stock Bank		500,000,000,000	-	
Joint Stock Commercial Bank for Investment and Development of Vietnam		477,663,884,581	1,451,473,049,248	
Vietnam Joint-Stock Commercial Bank for Industry and Trade		441,374,176,217	294,144,621,509	
Kestrel Aviation Ireland No.1 Limited		216,280,566,394	-	
An Binh Commercial Joint Stock Bank		100,000,000,000	-	
Vietnam Technological and Commercial Joint Stock Bank		-	485,616,714,390	
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	
		9,138,049,078,606	11,030,655,044,246	

As at 31 December 2022, the balance of short-term loans disbursed in USD is USD 67,797,493 equivalent to VND 1,608,834,502,483 (as at 31 December 2021: USD 71,332,885 equivalent to VND 1,634,949,735,202).

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

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The loans from Southeast Asia Commercial Joint Stock Bank, Vietnam Maritime Commercial Joint Stock Bank and Saigon - Hanoi Commercial Joint Stock Bank includes loan refinancing package 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 annual interest rate of 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. Among the remaining short-term loans, the short-term loans are secured by assets amounting to VND 1,679 billion (as at 31 December 2021: VND 2,150 billion) (Note 13) while the remaining 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)	6,329,502,888,095	8,306,299,587,724
Long-term obligations under finance leases (ii)	12,800,603,962,868	15,462,802,204,046
	<u>19,130,106,850,963</u>	<u>23,769,101,791,770</u>
In which:		
- Amount due for settlement within 12 months	4,262,003,637,841	3,344,268,823,170
- Amount due for settlement after 12 months	14,868,103,213,122	20,424,832,968,600

(i) Long-term loans

As at 01 January 2022 and 31 December 2022, 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 (*)	3,572,267,418,233	4,746,897,114,367
Joint Stock Commercial Bank for Investment and Development of Vietnam	1,085,303,614,589	1,425,937,795,088
Vietnam Export Import Commercial Joint Stock Bank	660,714,240,000	820,517,376,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	380,242,030,386	430,839,927,593
Vietnam - Russia Joint Venture Bank	231,751,082,200	279,230,907,160
Indovina Bank Ltd	194,763,624,000	219,508,080,000
Military Commercial Joint Stock Bank	81,578,464,824	112,825,811,730
Vietnam International Commercial Joint Stock Bank	41,122,071,058	153,208,423,562
Tien Phong Commercial Joint Stock Bank	37,670,583,112	53,892,964,145
Vietnam Maritime Commercial Joint Stock Bank	34,310,310,043	33,826,308,769
Vietnam Technological and Commercial Joint Stock Bank	9,340,449,650	28,080,899,310
Vietnam Prosperity Joint Stock Commercial Bank	439,000,000	1,533,980,000
	<u>6,329,502,888,095</u>	<u>8,306,299,587,724</u>

(*) Including the syndicated loan from 03 domestic banks in which the Joint Stock Commercial Bank for Foreign Trade of Vietnam is the lead bank.

As at 31 December 2022, certain long-term loans are secured with assets formed from the loans amounting to VND 4,208 billion (31 December 2021: VND 5,722 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)

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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:

	Opening balance	Closing balance
	VND	VND
Borrowings in USD	5,343,557,926,559	7,050,086,903,955
Borrowings in VND	985,944,961,536	1,256,212,683,769
	6,329,502,888,095	8,306,299,587,724

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

- Long-term borrowings denominated in VND: Ranging from 7.00% to 12.10% per annum; and
- Long-term borrowings denominated in USD: Ranging from 2.99% to 7.38% per annum.

As at 31 December 2022, long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
In the first year	1,334,068,207,606	2,186,872,029,383
In the second year	1,497,065,443,065	1,333,898,406,343
From the third to fifth year inclusive	2,576,019,301,102	3,194,103,572,643
After fifth years	922,349,936,322	1,591,425,579,355
Total	6,329,502,888,095	8,306,299,587,724
Less: Amount due for settlement within 12 months (Presented at short-term borrowings)	1,334,068,207,606	2,186,872,029,383
Amount due for settlement after 12 months	4,995,434,680,489	6,119,427,558,341

(ii) Long-term obligations under finance leases

As at 31 December 2022, details of long-term obligations under finance leases of Vietnam Airlines are as follows:

	Closing balance	Opening balance
	VND	VND
ING Group	6,964,097,015,790	7,050,135,955,196
Citibank	3,076,989,947,125	4,729,433,173,246
MUFG Bank	1,237,425,000,000	1,494,937,500,000
HSBC Bank	791,731,089,626	1,020,419,051,700
JP Morgan Chase Bank	730,360,910,327	1,083,672,961,100
Credit Agricole Bank	-	82,785,891,440
Viettel-CHT Company Limited	-	1,417,671,364
	12,800,603,962,868	15,462,802,204,046

As at 31 December 2022, certain long-term obligations under finance leases are guaranteed by the Ministry of Finance amounting to VND 11,563 billion (31 December 2021: VND 13,966 billion) while the remaining are secured by finance lease assets.

All long-term obligations under finance leases denominated in USD have outstanding balances as at 31 December 2022 of USD 543,088,840 (31 December 2021: USD 678,726,272).

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

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

As at 31 December 2022

	Total payments	Interest	Principal
	VND	VND	VND
In the first year	3,577,841,670,824	649,906,240,589	2,927,935,430,235
In the second year	4,322,151,805,980	467,825,601,109	3,854,326,204,871
From the third to fifth year inclusive	6,294,372,734,646	482,267,918,665	5,812,104,815,981
After fifth year	215,371,469,893	9,133,958,112	206,237,511,781
	14,409,737,681,343	1,609,133,718,475	12,800,603,962,868

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 year	1,530,029,872,524	15,175,764,516	1,514,854,108,008
	15,972,884,111,251	510,081,907,205	15,462,802,204,046

25. BONUS AND WELFARE FUNDS

The bonus and welfare funds are appropriated from retained earnings as approved by shareholders at the 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	1,025,547,811,023	1,289,613,519,121
Addition in the year	47,008,848,979	53,446,495,473
Other addition	-	188,503,878
Utilisation in the year	(315,955,331,568)	(317,700,707,449)
Closing balance	756,601,328,434	1,025,547,811,023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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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	Accumulated (losses)		Total
	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)	234,377,202,081	931,333,809,451	2,024,298,861	6,330,863,561,029	7,960,679,170,000			6,330,863,561,029
Shares issued	7,961,031,270,000	(354,100,000)	-	-	-	-	-	-	-	-	-	7,960,679,170,000
Loss for the year	-	-	-	-	-	-	-	-	-	(12,907,540,689,336)	-	(12,907,540,689,336)
Appropriation to investment and development fund	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	(12,160,792,172)	-	-	-	-	-	-	(12,160,792,172)
Effect of divestment in associate	-	-	-	-	(130,370,000,000)	-	-	-	-	-	-	(130,370,000,000)
Other movements	-	-	-	-	-	-	-	-	-	317,883,499,097	-	317,883,499,097
Closing balance	22,143,941,740,000	1,220,498,156,541	241,355,237,827	(1,153,004,222,954)	81,746,409,909	931,333,809,451	2,024,298,861	1,508,199,813,757	(11,298,155,189,349)	4,106,646,090	-	1,508,199,813,757
Opening balance	22,143,941,740,000	1,220,498,156,541	241,355,237,827	(1,153,004,222,954)	81,746,409,909	931,333,809,451	2,024,298,861	1,508,199,813,757	(11,298,155,189,349)	4,106,646,090	-	1,508,199,813,757
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation to investment and development fund	-	-	-	-	-	749,644,381	-	-	-	(749,644,381)	-	-
Appropriation to Bonus and welfare fund	-	-	-	-	-	-	-	-	-	(39,612,119,044)	-	(39,612,119,044)
Currency translation differences	-	-	-	-	46,695,562,877	-	-	-	-	-	-	46,695,562,877
Effect of receiving the supplemental capitals at subsidiary (Note 01)	-	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	(1,749,214,381,934)	-	(1,749,214,381,934)
Closing balance	22,143,941,740,000	1,220,498,156,541	241,355,237,827	(1,153,004,222,954)	127,441,972,786	932,083,454,332	2,024,298,861	1,508,199,813,757	(11,298,155,189,349)	(24,809,915,254)	-	(11,562,856,228,947)



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

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Vietnam Airlines's authorised and issued shares:

Shares	Closing balance	Opening balance
Number of shares issued to the public	2,214,394,174	2,214,394,174
Ordinary shares	2,214,394,174	2,214,394,174
Preference shares	-	-
Number of outstanding shares in circulation	2,214,394,174	2,214,394,174
Ordinary shares	2,214,394,174	2,214,394,174
Preference shares	-	-

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

Charter capital

In accordance with the 9th 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		Closing balance of contributed capital VND	Opening balance of contributed capital VND
	Shares	Percentage (%)		
Commission for the Management of State Capital at Enterprises (CMSC)	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	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	1,780,991,050,000
Total	2,214,394,174	100	22,143,941,740,000	22,143,941,740,000

27. NON-CONTROLLING INTERESTS

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

	Closing balance VND	Opening balance VND
Opening balance	(982,201,984,996)	(258,529,770,405)
Net profit/(losses) for the year	75,140,026,165	(371,875,251,288)
Appropriation to Bonus and Welfare fund	(7,396,729,935)	(8,282,913,922)
Dividends, profits declared	(346,074,297,132)	(357,919,256,367)
Effect of receiving the supplemental capitals at subsidiary (Note 01)	1,749,214,381,934	-
Other movements	18,590,077,057	14,405,206,986
Closing balance	507,271,473,093	(982,201,984,996)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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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	9,998,498,037,419	10,454,861,348,369
In the second to fifth year inclusive	38,732,938,117,647	45,003,427,817,667
After five years	40,309,021,735,701	43,414,875,971,613
	<u>89,040,457,890,767</u>	<u>98,873,165,137,649</u>

Operating lease aircraft as at 31 December 2022 include:

- Aircraft A321 - 13 units under dry lease;
- Aircraft A321 NEO - 20 units under dry lease;
- Aircraft A320 - 12 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 2022 include:

- Long-term lease aircraft engines – 13 units including five A321 aircraft engines, three A350 aircraft engines, two B787 aircraft engines and three A320 aircraft engines; and
- Short-term lease aircraft engines – seven A321 NEO aircraft engines.

Foreign currencies

	Units	Closing balance	Opening balance
US Dollar	USD	47,767,963	6,325,790
Thai Baht	THB	8,377,951	5,694,525
Chinese Yuan	CNY	5,919,303	10,934,527
Singapore Dollar	SGD	590,197	40,818
Australian Dollar	AUD	1,087,278	424,179
Euro	EUR	4,591,666	435,921
Hong Kong Dollar	HKD	1,982,493	1,872,097
South Korean Won	KRW	2,016,887,580	100,922,610
Japanese Yen	JPY	175,097,797	106,657,166
Macao Patacas	MOP	2,520	2,520
Taiwan Dollar	TWD	3,894,204	3,348,262
British Pound	GBP	874,085	62,923
Canadian Dollar	CAD	145,413	23,491
Russian Ruble	RUB	9,470,091	4,901,681
Laos Kip	LAK	33,533,000	2,845,052
Malaysian Ringgit	MYR	596,347	698,823
Indonesian Rupiah	IDR	3,445,021,776	273,293,708

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

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Bad debts written-off

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Bad debts written off	94,970,667,121	94,934,238,741

Contingent liabilities

As at 31 December 2022, the total balance of on-hold letters of credit of Vietnam Airlines to secure payment obligations was VND 4,025 billion (31 December 2021: VND 2,622 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 2022.

As at 31 December 2022, Vietnam Airlines has overdue payables to the lessors and vendors of aircraft and aircraft engines 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 prudently 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 consolidated financial statement for the year ended 31 December 2022.

29. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

Vietnam Airlines mainly operates in passenger, cargo and postal carriage by air, 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 2022 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, cargo and postal carriage by air, which is provided in Vietnam and in other countries around the world. In the year ended 31 December 2022, 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIETNAM AIRLINES JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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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
Revenue from sales of goods and providing of services		
In which:		
Aviation transportation	51,566,486,263,962	18,404,609,980,787
- Revenue from transportation of passengers, baggage	42,560,587,011,748	8,606,835,254,622
- Revenue from transportation of cargo and postal items	7,738,698,880,456	8,158,757,755,477
- Revenue from aircraft charter and charter flights	773,493,626,260	893,409,089,008
- Other revenue from aviation transportation	493,706,745,498	745,607,881,680
Auxiliary service for transportation	3,037,240,542,937	3,159,650,954,548
Sale of goods	14,787,459,056,226	5,185,878,295,757
Others	1,401,638,752,169	1,343,316,385,048
	70,792,824,615,294	28,093,455,616,140
Revenue deductions		
Sales discounts	(382,603,297,695)	(182,029,629,566)
Sales returns	-	(86,477,319)
	(382,603,297,695)	(182,116,106,885)
Net sales from sales of goods and providing of services	70,410,221,317,599	27,911,339,509,255

31. PRODUCTION COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials	24,416,486,032,684	7,187,979,582,073
Labour	5,881,332,901,509	4,365,016,657,260
Depreciation and amortisation	3,536,492,399,102	2,049,422,941,043
Out-sourced services	29,974,983,698,185	22,033,805,150,003
In which:		
- Aircraft leasing	11,364,238,022,637	13,762,472,153,109
- Overhaul of aircraft engines	4,751,074,987,574	1,922,193,609,632
- Regular repair of aircraft engines	3,537,124,688,011	1,621,154,766,054
- Other out-sourced services	10,322,545,999,963	4,727,984,621,208
Other expenses	873,927,335,288	695,827,350,026
	64,683,222,366,768	36,332,051,680,405

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

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32. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Foreign exchange gain	763,050,612,569	726,191,108,124
Bank and loan interest	106,237,186,461	83,965,433,993
Dividends and profits received	101,674,370,919	95,174,183,698
Capital transfer interest	-	647,736,317,622
Other financial income	9,405,729,258	3,958,471,467
	980,367,899,207	1,557,025,514,904

33. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Foreign exchange loss	2,265,105,881,302	173,521,891,063
Interest expense	1,164,558,952,418	806,953,304,369
Expenses related to long-term loan contracts, finance lease contracts	242,969,964,421	265,382,232,233
(Reversal)/Addition of provision for impairment of long-term financial investments	(188,005,414)	90,000,000,000
Other financial expense	759,968,655,629	289,834,076,235
	4,432,415,448,356	1,625,691,503,900

34. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Selling expenses		
Labor	482,734,341,750	399,763,979,568
Commission expenses	160,888,407,800	11,997,707,284
Ticket booking and seat reservation	1,261,765,194,905	141,623,788,061
Other selling expenses	1,289,617,740,444	684,674,973,664
	3,195,005,684,899	1,238,060,448,577
General and administration expenses		
Labor	648,984,650,680	549,359,126,879
Tax expenses	97,012,926,237	135,037,952,957
Other general and administration expenses	1,023,311,187,337	996,048,135,580
	1,769,308,764,254	1,680,445,215,416

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	89,230,396,761	91,659,973,096
Income from sale of the rights to purchase and lease back aircraft engine	50,563,315,812	-
Penalties received	14,090,329,875	7,485,402,692
Reversal of the remaining overhaul reserve after lease contracts with the lessee terminated	-	89,120,235,264
Others	156,773,035,692	95,316,221,122
	310,657,078,140	283,581,832,174

36. OTHER EXPENSES

	Current year	Prior year
	VND	VND
Penalties	17,765,486,709	1,919,428,932
Others	20,115,322,620	16,278,839,905
	37,880,809,329	18,198,268,837

37. BASIC (LOSSES) PER SHARE

	Current year	Prior year
	VND	VND
Accounting (losses) after corporate income tax	(11,298,155,189,349)	(12,907,540,689,336)
Appropriation to Bonus and welfare funds	-	-
(Losses) after corporate income tax attributable to ordinary shareholders	(11,298,155,189,349)	(12,907,540,689,336)
Average ordinary shares in circulation for the year	2,214,394,174	1,632,039,138
Basic (losses) per share	(5,102)	(7,909)

38. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related party</u>	<u>Relationship</u>
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
Tan Son Nhat Petrol Commercial Joint Stock Company	Associate
Noi Bai Aviation Fuel Service Joint Stock Company	Associate

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

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

	Current year	Prior year
	VND	VND
Capital contributed to associate	8,100,000,000	-
Aviation High-Grade Plastic Joint Stock Company	8,100,000,000	-
Dividends and profits received	97,089,059,119	95,174,183,698
Vietnam Aircraft Leasing Joint Stock Company	94,643,987,000	94,237,440,000
General Aviation Import-Export Joint Stock Company	1,156,680,000	706,860,000
Aviation High-Grade Plastic Joint Stock Company	1,288,392,119	229,883,698
Sale of goods and services	184,217,283,491	165,642,426,363
Cambodia Angkor Air (*)	184,217,283,491	165,642,426,363
Purchases of goods and services	2,620,650,786,321	1,900,525,244,216
Vietnam Aircraft Leasing Joint Stock Company	2,148,093,580,010	1,660,273,955,179
Tan Son Nhat Petrol Commercial Joint Stock Company	158,399,130,788	50,169,990,072
General Aviation Import-Export Joint Stock Company	150,065,147,172	150,499,439,218
Noi Bai Aviation Fuel Service Joint Stock Company	126,286,853,001	39,543,861,044
Da Nang Airport Services Joint Stock Company	37,806,075,350	37,998,703
Fixed assets acquisition	-	24,821,440,000
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:

	Closing balance	Opening balance
	VND	VND
Short-term trade receivables	247,187,442,527	241,166,371,159
Cambodia Angkor Air (*)	247,187,442,527	241,166,371,159
Other receivables	389,733,230,473	394,412,685,821
Vietnam Aircraft Leasing Joint Stock Company	389,733,230,473	376,670,470,520
Cambodia Angkor Air (*)	-	17,742,215,301
Trade payables	695,015,151,361	264,010,422,215
Vietnam Aircraft Leasing Joint Stock Company	621,098,536,346	215,188,275,337
General Aviation Import-Export Joint Stock Company	36,383,509,877	38,786,724,615
Tan Son Nhat Petrol Commercial Joint Stock Company	20,711,588,350	4,824,828,954
Noi Bai Aviation Fuel Service Joint Stock Company	16,821,516,788	5,210,593,309
Accruals	262,415,231,928	222,559,297,552
Vietnam Aircraft Leasing Joint Stock Company	262,415,231,928	222,559,297,552
Other payables	224,924,234,184	213,912,854,350
Cambodia Angkor Air (*)	224,924,234,184	213,912,854,350

(*) Cambodia Angkor Air (K6) has been an affiliate of Vietnam Airlines until 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B09-DN/HN

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
Board of Directors	3,659,672,765	2,753,911,376
Mr. Dang Ngoc Hoa	1,189,435,650	993,020,600
Mr. Ta Manh Hung	951,548,653	796,068,964
Mr. Le Truong Giang	951,548,653	790,948,964
Mr. Dinh Viet Tung	189,046,603	7,670,861
Mr. Truong Van Phuoc	189,046,603	7,670,861
Mr. Tomoji Ishii	93,091,130	158,531,126
Mr. Hiroyuki Kometani	95,955,473	-
Board of Executive Officers	6,258,444,373	3,910,557,936
Mr. Le Hong Ha	1,183,518,225	987,737,347
Mr. Trinh Ngoc Thanh	951,548,653	796,541,691
Mr. Trinh Hong Quang	951,548,653	796,541,691
Mr. Nguyen Chien Thang	951,548,653	535,235,516
Mr. Le Duc Canh	634,365,768	-
Mr. Nguyen The Bao	634,365,768	-
Mr. Tran Thanh Hien	951,548,653	794,501,691
Board of Supervisors	1,664,420,605	1,358,452,273
Mrs. Nguyen Thi Thien Kim	951,548,653	790,948,964
Mr. Mai Huu Tho	594,717,825	472,919,391
Mrs. Nguyen Thi Hong Loan	118,154,127	4,576,639
Mr. Lai Huu Phuoc	-	50,597,290
Mr. Nguyen Thanh Tung	-	39,409,949
	<u>11,582,537,743</u>	<u>8,022,921,545</u>

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

FORM B09-DN/HN

39. SUBSEQUENT EVENTS

On 31 March 2023, the Government issued a Resolution approving Vietnam Airlines's continuous application of separate guidance on depreciation expenses of aircraft in operation and allocation of repair and maintenance expenses for aircraft and engines for the year ended 31 December 2022 similar to 2021.

In 2023, Vietnam Airlines and a passenger service provider signed an agreement to provide passenger services for a term of 05 years, effective from May 2024. At the reporting date, Vietnam Airlines is in the process of implementing preparatory procedures to deploy the new system.

From the end of the fiscal year to the reporting date, Vietnam Airlines and several aircraft leasing and repair service providers have signed agreements to restructure liabilities, including several conditional reductions in service fees for years affected by the COVID-19 pandemic, reduction and exemption of late payment interest, extension of service contracts, and restructuring of payment schedules. As of this reporting date, the remaining amount of conditional reductions is about VND 258 billion.

At the date of this report, Vietnam Airlines and an aircraft leasing company are continuing to negotiate and carry out legal procedures related to payment term of aircraft rental payables, the amount of rental payable and grounding of a number of leased aircraft according to the agreement signed by Vietnam Airlines, its subsidiaries and the aircraft leasing company.



Ho Xuan Tam
Preparer




Tran Thanh Hien
Chief Accountant

Le Hong Ha
President & CEO

07 December 2023



ANNEXES & ADDITIONAL INFORMATION

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