Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economic and Management

Master's Thesis

Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Sale and Distribution of ICT Products in Vietnam

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Sale and Distribution of ICT Products in Vietnam

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Objectives of thesis

The aim of this diploma thesis is to assess and compare the financial position and performance of the chosen companies operating in the retail and wholesale of ICT products in Vietnam by analyzing the companies´ financial statements with focus on the representation and changes of the reported assets, liabilites, expenses, revenues, profit and cash-flow for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit from the companies and the industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

60-80

Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, ICT products

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Declaration

I declare that I have worked on my master's thesis titled "Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Sale and Distribution of ICT Products in Vietnam" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31/03/2023

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TRUONG GIANG NGUYEN

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Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Sale and Distribution of ICT Products in Vietnam

Abstract

The objective of this thesis is to evaluate the financial standing of Mobile World Investment Joint Stock Company and FPT Digital Retail Joint Stock Company, which are both involved in the sale and distribution of IT products in Vietnam. The purpose is to detect any potential financial issues by analyzing and comparing the financial position and performance of these companies over a period of time. To accomplish this, their financial statements will be scrutinized and changes in their assets, liabilities, expenses, and revenues will be tracked.

The primary data collection method for this research will be secondary data. The analysis will be derived from publicly available financial data that is published by the companies on their official websites. The majority of the data is in PDF format, which will be converted into Excel for easier and more flexible analysis. Once the raw and processed data is obtained, relevant financial metrics will be used to conduct various types of analysis, such as vertical and horizontal analysis and ratio analysis. Profitability ratio, operating ratio, liquidity analysis, and leverage analysis will also be included in the thesis to evaluate the companies' financial positions.

To evaluate the companies' financial positions and performances, their income statements and balance sheets from 2018 to 2022 will be analyzed. The data will be obtained from their annual audited financial statements. The literature review for this thesis will include the definitions of vertical and horizontal analysis, as well as the formulas for the selected financial analysis ratios.

Keywords: financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, ICT retail industry, ICT products, sales, and distribution.

Posouzení finanční situace a výkonnosti vybraných společností působících v oblasti prodeje a distribuce ICT produktů ve Vietnamu

Abstrakt

Cílem této práce je zhodnotit finanční situaci společností Mobile World Investment Joint Stock Company a FPT Digital Retail Joint Stock Company, které se podílejí na prodeji a distribuci IT produktů ve Vietnamu. Účelem je odhalit případné finanční problémy analýzou a porovnáním finanční situace a výkonnosti těchto společností za určité časové období. Za tímto účelem budou jejich účetní závěrky zkontrolovány a budou sledovány změny jejich aktiv, pasiv, výdajů a výnosů.

Primární metodou sběru dat pro tento výzkum budou sekundární data. Analýza bude odvozena z veřejně dostupných finančních údajů, které společnosti zveřejňují na svých oficiálních webových stránkách. Většina dat je ve formátu PDF, který bude převeden do Excelu pro snadnější a flexibilnější analýzu. Jakmile jsou získána nezpracovaná a zpracovaná data, příslušné finanční metriky budou použity k provádění různých typů analýz, jako je vertikální a horizontální analýza a analýza poměru. V práci bude také zahrnut poměr ziskovosti, provozní poměr, analýza likvidity a analýza pákového efektu pro vyhodnocení finanční pozice společností.

Pro vyhodnocení finanční pozice a výkonnosti společností budou analyzovány jejich výkazy zisku a ztráty a rozvahy od roku 2018 do roku 2022. Údaje budou získány z jejich roční auditované účetní závěrky. Přehled literatury pro tuto práci bude zahrnovat definice vertikální a horizontální analýzy, jakož i vzorce pro vybrané ukazatele finanční analýzy.

Klíčová slova: finanční výkazy, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výkaz zisku a ztráty, výdaje, výnosy, zisk, finanční analýza, maloobchod ICT, produkty ICT, prodej a distribuce.

Table of content

1 Introduction

Finance is a primary aspect affecting a business's ability to develop and survive. Businesses have to deal with many challenges and difficulties in a market economy with constant changes and increasing competition among different sectors. Every firm must thoroughly understand its production and business outcomes, especially its financial position if they want to maintain and grow its position in the market. Financial statement analysis can help managers identify the benefits and drawbacks of the company, including its operational performance, financial stability, liquidity, and solvency, among other things. With the help of this information, managers can create the best policies and plans to improve the owners' financial security and increase the value of their assets. Financial statement analysis also provides valuable information for other stakeholders, such as investors, creditors, suppliers, customers, employees, and government agencies. Investors can knowledgeably select their investments. Creditors can evaluate the company's ability to repay its debts. Suppliers and customers can ensure that the company will honor its obligations. Government agencies can support and facilitate the company's business activities while regulating them according to the law.

The assessment of financial statements is crucial for analyzing the company's present financial position, which is necessary for making financial decisions and preparing for what is to come. In this master thesis, the author will evaluate the financial position and performance of chosen ICT sales and distribution company in Vietnam, one of the leading markets in this industry. The author will do a case study of two top-performing companies in this ICT retail industry.

2 Objectives and Methodology

2.1 Objectives

This thesis aims to evaluate and compare the financial position and performance of two significant ICT retail companies in Vietnam. A study of their financial statements will be used to focus on how their assets, liabilities, expenses, and revenues are handled over a specific time frame. Additionally, from a company and industry perspective, the research will investigate how the companies recognize and address potential financial issues and significant factors that influence their profitability.

Because of the unpredictable socioeconomic climate following the Covid-19 epidemic, financial analysis has become essential for companies that want to keep or improve their financial stability and reduce their risk potential. Several firms are failing to owe to limited financial resources or bad planning, which may result in insolvency. By predicting future financial ratios, the financial analysis may have included avoiding or mitigating such problems.

This thesis topic's importance is highlighted by the current business environment, and the study focuses on two significant businesses in the ICT retail market in Vietnam: FPT Digital Retail Joint Stock Company and Mobile World Investment Corporation. The analysis covers the period from 2018 to 2022. By examining these companies' financial positions and performance, this study hopes to find ways to increase their financial stability and sustainability.

The study must address the following research questions in order to reach the research objectives:

- *What potential financial problems may the selected firms face?*
- *What are the internal and external factors that affect the company's profitability?*
- *What steps and suggestions can be made to lessen the negative effect on the financial performance of the chosen companies?*

This research aims to develop ways to improve the financial stability and liquidity of these companies based on a review of their financial parameters.

2.2 Methodology

The literature study procedure involves obtaining data from relevant regulations, specialist publications, and other online or printed sources. In the practical part of the thesis, information from certain firms' annual reports will be used. The financial position and performance of the company will be looked at using vertical and horizontal analysis, ratio analysis of financial statements, and preparation for the practical part of the thesis. The thesis results will be developed through analysis, synthesis, comparison, and deduction. Due to the limited time to disclose financial statements, the thesis data was obtained from the consolidated financial statements of FPT Digital Retail Joint Stock Company and Mobile World Investment Corporation, which were prepared according to Vietnamese Accounting Standards (VAS) for five years from 2018 to 2022. In addition, financial statements are analyzed alongside specialist books, relevant regulations, and internet resources.

The practical part of this method is using vertical and horizontal analysis and financial ratios based on financial statements to compare different companies' financial positions and performance. Using vertical and horizontal analysis and financial ratios derived from financial statements to analyze the financial position and performance of chosen companies is the practical part of this approach. The analyzed data is put into tables and charts showing the ratios calculated from financial statements to compare companies' financial positions and performances. Using vertical and horizontal analysis and financial ratios derived from financial statements to analyze the financial position and performance of different companies is the practical part of this approach. The data analyzed is presented in suitable tables and charts to illustrate the events. The results of the calculations are vital for researching and comparing the financial position and performance of the two selected companies, which will assist the author in identifying potential financial issues and the most influential elements affecting profitability. The author concludes with ideas for future business development. The results of the calculations are essential for researching and comparing the financial position and performance of the two selected companies, which will help the author identify potential financial problems and the most significant factors that affect profitability. Finally, the author provides recommendations for further business development.

3 Literature Review

3.1 Vietnam accounting system

(Hung, 2015) says that the Vietnamese accounting system has come a long way since 2003 in terms of quality and quantity. This growth has been driven by the acceptance of International Accounting Standards (IASs) and the needs of a market economy. This has led to the creation of an accounting law framework in Vietnam and its gradual strengthening. The four tiers of this legal structure are accounting legislation, decrees, accounting standards, and decisions and circulars.

Vietnam's accounting law framework was built and is kept up by the National Assembly, the Ministry of Finance, the Directorate of Accounting and Auditing Policy, and the Vietnam Accounting Standards Board. The National Assembly of Vietnam passed the Accounting Law, which gave the Ministry of Finance essential responsibilities for regulating accounting.

(Dung, Dinh, & Ming, 2012) and (Hung, 2015) describe the Vietnamese accounting legal framework's hierarchical nature as symbolized by a pyramid, with accounting law at the top and circulars at the bottom. The lower documents are used to provide clarification for the higher ones.

During the period from 2003 to 2015, the Vietnamese National Assembly promulgated accounting laws twice, in 2003 and 2015. In addition, the MOF issued 16 Vietnamese Accounting Standards (VASs) to adapt to international economic integration and harmonize with IASs. The third package of VASs was established based on Decision No.234/2003/QD-BTC.

According to (Hung, 2015), even though Vietnamese Accounting Standards (VASs) were introduced, accounting practices in Vietnam still rely heavily on decisions and circulars, reflecting a "rules-based" approach. These legal documents provide detailed guidance on the chart of accounts, recording transactions in accounting books, and presenting financial statements.

In response to pressure from international economic liberalization, the accounting legal framework in Vietnam has undergone reform and is currently governed by the Accounting Law 2015 and 26 VASs. These standards cover a wide range of topics, from general guidance on financial reporting segmentation to more specific regulations on technical subjects such as calculating contingent assets and liabilities. However, despite being promulgated between 2001 and 2005, the VASs have not been amended or updated in line with changing economic and financial conditions, and this is currently a significant issue for the accounting legal framework in Vietnam.

3.2 Characteristics of the statement of financial statements in Vietnam

Financial statements are comprehensive analyses of a company's assets, finances, business outcomes, ownership structure, cash flow, and profits over a certain period. Customers of accounting information rely on financial statements to obtain economic and financial information that enables them to evaluate, analyze, and forecast a firm's financial position and performance. These reports adhere to well-established accounting rules and criteria. This ensures that the information provided is accurate and fair. Also, financial statements are the most incredible tool to assess a company's financial position and performance.

The Ministry of Finance publishes Circular No. 200/2014/TT-BTC, establishing the corporate financial reporting system. This system includes the balance sheet (Form B01-DN), income statement (Form B02-DN), cash flow statement (Form B03-DN), and notes of financial statements (Form No. B09-DN).

3.2.1 Balance sheet - Statement of financial position

A balance sheet is a specific financial statement that depicts the company's financial position at a specific time. It lists the company's assets, liabilities, and shareholders' equity using the accounting formula Assets are liabilities plus shareholder equity. The balance sheet is one of the three primary financial statements to assess a company's performance and financial position. It assists customers in comprehending the worth of the company's assets, financing sources, financial balance, liquidity, operational capacity, and capital structure. Typically, the balance sheet is created after the fiscal year, although it can be prepared anytime. It is separated into the asset segment and the equity section. The asset section represents the current and long-term worth of the firm's current and long-term assets, illustrating how the corporation utilizes its resources to produce revenue and value for its shareholders. The equity part outlines the funding sources for the assets, including liabilities and shareholder equity, indicating how the firm finances its operations and expansion and distributes earnings to its owners. The balance sheet is crucial for financial statement analysis since it suggests the company's strengths and weaknesses, liquidity, and capacity to meet its commitments. In addition, it enables users to compute several financial ratios that assess various elements of a company's performance and financial position. The debt-to-equity ratio measures the company's leverage. The current ratio evaluates its liquidity. The return on equity, which measures its profitability, is an example of these ratios. According to

(Paramasivan and Subramanian, 2009) and (Maynard, 2017), the balance sheet is essential for evaluating a company's financial position.

3.2.2 Income statements - Statement of financial performance

An income statement is a type of financial report that lists a company's income, expenses, and profits or losses for a given period. The income statement shows how a company is doing financially and helps predict how it will do in the future This differs from the balance sheet, which offers a snapshot of a company's finances at a specific time. The income statement can tell whether a business made a profit or a loss during a specific year by comparing income and expenses. It shows the company's operations and production results, which show how well it was doing financially at the time. The income statement shows how a company uses capital, labor, technology, production, and business resources.

The income statement also shows how much a company must spend to make money during a specific period. It is considered a more accurate way to measure how well a company has done and will do in the future than looking at how much cash comes in and goes out. Most of the time, the income statement has four main parts: income from business and production activities, income from financial activities, income from other activities, income from other activities, and expenses for each activity. (Robinson et al. 2009) and (Maynard, 2017) say that the income statement gives essential information about a company's financial performance, how well it has used its resources and its potential for future growth.

3.2.3 Cash flow statement

A financial report detailing a company's cash inflows and outflows over a given period is called a cash flow statement. According to (Tracy, 2014) making this statement is crucial for companies to produce a thorough financial performance overview for stakeholders. Cash flow from operating activities, Cash flow from investing activities, and Cash flow from financing activities are the three main areas into which the cash flow statement is split. The ending cash balance, which analysts determine by balancing the budget with the beginning cash balance, determines a company's capacity to satisfy its financial obligations. The cash flow statement and balance sheet have a close relationship that helps provide a complete picture of a financial position. According to (Rodrguez-Masero & López-Manjón, 2020), managers can benefit from creating cash management plans and making wise investment choices. Because it demonstrates how cash is generated and spent inside a firm, the cash flow statement is a crucial tool in financial research.

3.2.4 Notes to financial statements

The notes to financial statements are an essential part of financial reporting since they give extra information to the balance sheet, income statement, and statement of cash flows. Accounting standards call for this extra information, which helps people understand financial data. The notes may also contain particular information that meets both management requirements and accounting standards, depending on the structure and peculiarities of the company. This allows management to share information with stakeholders that it is only possible to do so partially through the financial statements.

Thus, notes to the financial statements serve as an essential source of information for the users of the financial statements, including investors, creditors, and other stakeholders. Through detailed analyses and specific disclosures, notes to the financial statements facilitate a more comprehensive understanding of the enterprise's financial position, performance, and cash flows.

3.3 Techniques of assessment of the financial position and performance

One of the main goals of financial statement analysis is to determine an organization's operational and financial strengths and weaknesses based on the information in its financial statements. According to (Periasamy, 2010), this means finding the essential connections between the parts of the financial statements. According to (Van Horne and Wachowicz, 2008), the goal of financial analysis is to evaluate an economic entity's financial position and determine how it could improve its performance through intelligent economic policies. (Bernstein 1993) also says that a company's financial situation shows how well it can manage capital and financial resources, compete financially, and meet its obligations to investors, nations, and other businesses.

As a result, financial statement analysis uses data from the balance sheet, income statement, and cash flow statement to assess an organization's performance and make decisions about the future. Financial statement analysis can be done with a variety of tools. However, according to (Bernstein & Wild 2000), ratio analysis, vertical analysis, and horizontal analysis are three of the most frequently used tools for financial statement analysis.

Horizontal analysis compares financial statement information from various reporting periods to evaluate an enterprise's performance over time. The vertical study looks at each item's share of the financial statements to determine how important it is compared to other items. On the other hand, ratio analysis looks at the firm's liquidity, solvency, profitability, and efficiency by looking at its financial ratios.

3.3.1 Horizontal analysis

A technique called horizontal analysis evaluates financial data over a specified period to find trends and patterns. It is helpful to compare absolute and relative numbers while assessing the changes to financial statements like income statements and balance sheets. When comparing businesses, horizontal analysis is advantageous since it may show how revenues, expenses, assets, liabilities, and equity have changed over time. (Hermanson et al. 1989)

However, there are certain restrictions and difficulties with horizontal analysis as well. For instance, the percentage change cannot be determined for the next year when the base or preceding year contains a zero or negative value for an item. The performance of several items over time may be difficult to compare. Moreover, the horizontal analysis does not consider inflation and other external factors that could alter the financial data (Kimmel et al. 2018).

Examining the link between revenue growth and cost control, which impacts a company's profitability, is one of the critical goals of horizontal analysis. Horizontal analysis may reveal how a company's assets, liabilities, and equity have changed over time and what the causes of those changes are by examining the balance sheet and the income statement. This may be used to evaluate a company's sustainability and financial health (Olds et al., 2016).

The author of this thesis plans to use horizontal analysis with the year before as the base year to measure the changes in financial data between periods. By doing this, the author will be able to understand better the direction and trend of the company's financial performance over time and make plans and investments for the future.

3.3.2 Vertical analysis

By analyzing the relative size and percentage of different items in the financial statements for a particular period, vertical analysis is a method for assessing financial statements. Analyzing information from the income statement, the proportion of sales that go to the cost of goods sold (COGS) is beneficial (Hermanson, Edwards, & Salmonson, 1989). According to (Kimmel, Weygandt, and Kieso,2018), the vertical analysis may be used to compare current assets with current liabilities or to compare debt to equity across time, according to (Kimmel, Weygandt, and Kieso, 2018).

According to Kimmel, Weygandt, and Kieso (2018), there are two ways to undertake vertical analysis: by generating common-size statements for two similar units or preparing common-size statements for several years of the same unit. The financial statements each include an amount stated as a percentage of another number. For instance, the balance sheet's vertical analysis specifies that any amount reported should be expressed as a percentage of the value of all assets. In contrast, the analysis of the liability side of the balance sheet establishes that any amount under liabilities is defined as a percentage of the value of all liabilities. Likewise, the income statement's vertical examination reveals that each sum is a sales proportion.

According to (Ramagopal 2008), vertical analysis may be used to analyze the performance of several companies in the same industry, group, or even various departments or divisions. Analysts may determine the advantages and disadvantages of several firms or divisions within the same company by comparing the percentages of various elements in the financial statements.

A benefit of vertical analysis is that it makes comparing businesses of various sizes simple. For instance, using percentages makes it possible to compare a more prominent firm to a smaller one, even when the latter's financial statements allow significant dollar numbers. It also illustrates the relative importance of various financial statement elements, another advantage. For instance, a company may have many assets. Still, suppose they are mostly made up of an inventory that is not selling. In that case, the company may be less financially sound than a company with fewer assets but a higher percentage of those assets in cash or accounts receivable.

3.3.3 Ratio analysis

This section focuses on assessing a company's performance by comparing it to other selected corporations using different financial analysis tools, such as ratio analysis. The company's financial statements, which include the income statement, balance sheet, and cash flow statement, are often the primary data source for this research. Financial ratios allow us to learn more about a company's performance, particularly compared to other businesses in the same sector.

Financial ratios may also be used to evaluate a company's performance compared to its rivals or best-in-class businesses and to track significant trends over time (Alexander, 2018). It might be challenging to determine if a company's performance is good or bad without a comparison when we employ financial analysis tools. Financial ratios may be used to compare performance measures by providing reasonable benchmarks.

Activity ratios, liquidity ratios, leverage ratios, and profitability ratios are the four basic categories of financial ratios (Paramasivan & Subramanian, 2009). Activity ratios quantify the efficiency with which a business generates money by allocating its resources. The company’s ability to meet its short-term financial obligations is evaluated using liquidity ratios. Leverage ratios indicate how much a company depends on borrowing money. Last but not least, profitability ratios measure a business' capacity to turn a profit from its activities.

Activity ratios: We may use financial ratios, which display how efficiently a firm utilizes and manages its assets, to judge how well it succeeds. These ratios, often known as activity ratios, show how much money a business can produce from its assets. A company that effectively uses its resources may generate more money with fewer resources. Nevertheless, if a business does not properly manage its assets, it can lose its competitive advantage, and potential investors will turn elsewhere. Working capital ratios (WC ratios), which measure how quickly a firm can transform its current assets into cash, including inventory, receivables, and total asset turnover ratios (Mitchell & Franklin, 2019).

The author of this thesis will analyze a company's activity efficiency using the four most used formulas: total asset turnover, inventory turnover, receivables turnover, and equity turnover.

$$\text{Total asset turnover} = \frac{\text{Net revenue}}{\text{Average total assets}}$$

$$\text{Inventory turnover} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

$$\text{Receivables turnover} = \frac{\text{Net credit sales}}{\text{Average accounts receivable}}$$

$$\text{Equity turnover} = \frac{\text{Net revenue}}{\text{Average Shareholder's Equity}}$$

Liquidity ratios: The capacity of a firm to have adequate cash or liquid assets to pay its debts and avoid bankruptcy is one of the crucial elements for its existence. Profit does not represent the actual cash inflows and outflows of the firm. Hence it is insufficient to guarantee the company's solvency. There may be times when a business must invest in less liquid but more lucrative assets, resulting in a short-term trade-off between profitability and liquidity. The company's long-term financial stability should not be jeopardized by this trade-off. However, therefore it should be assessed by considering other financial indicators and determining its optimal level of liquidity (Michael G. McMillan, 2011). So, liquidity ratios are used to gauge a company's liquidity.

Some of the most often used indicators for evaluating the company's liquidity include the current ratio, quick ratio, and cash ratio.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$$

$$\text{Cash ratio} = \frac{\text{Cash} + \text{Cash equivalents}}{\text{Current liabilities}}$$

Leverage ratios: When compared to other accounts on a company's balance sheet, income statement, or cash flow statement, leverage ratios are financial indicators that illustrate how much a company depends on debt to finance its assets and operations. These ratios show the company's funding sources (debt or equity) and its ability to satisfy its financial obligations. To evaluate a company's capacity to repay its long-term debts, a thorough examination of the elements of its financial structure is typically necessary. The debt-to-asset ratio, debt-to-equity ratio, and equity-to-asset ratio are a few examples of leverage ratios (Robinson, 2020).

$$\text{Debt to assets ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

$$\text{Debt to equity ratio} = \frac{\text{Total debt}}{\text{Total equity}}$$

$$\text{Equity to asset ratio} = \frac{\text{Total equity}}{\text{Total assets}}$$

Profitability ratios: Profitability ratios are used by analysts and investors to evaluate a company's capacity for profit-making in relation to its revenue, operational expenses, balance sheet assets, and equity. A common technique for concurrently evaluating a company's operational effectiveness, net profit margin, asset turnover, and financial leverage is DuPont analysis. Even though most businesses strive for a better return on equity (ROE), some sectors, such as technology, may have a fixed ROE because of competition. Under these circumstances, businesses can place a higher priority on the profit margin or the turnover ratio rather than striving for a remarkable ROE (Chad J. Zutter, 2019).

A company's profitability may be assessed using four methods: gross profit margin, net income margin, return on equity, and return on assets. These ratios give investors vital information about the position and success of a company's finances, enabling them to make wise investment choices. The difference between the net income margin and the gross profit margin is the amount of profit that remains after all costs have been deducted from revenues.

The gross profit margin is the profit made from sales after subtracting the cost of products sold. The ratios of the return on equity and return on assets demonstrate how well a company utilizes its equity and assets to generate profits.

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Net revenue}}\ x\ 100$$

$$\text{Net profit margin} = \frac{\text{Net income}}{\text{Net revenue}}\ x\ 100$$

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Average total assets}}\ x\ 100$$

$$\text{Return on Equity} = \frac{\text{Net income}}{\text{Average total equity}}\ x\ 100$$

In conclusion, profitability ratio analysis gives managers valuable data to evaluate a company's overall performance and financial position. Managers may use this kind of analysis to compare themselves to companies in the same sector, which can help them forecast future financial performance and make more strategic decisions. In general, assessing financial statement ratios is an essential part of learning more about a company's performance and finding answers to critical business problems.

3.4 Characteristics of the ICT retail industry in Vietnam

3.4.1 History of the Vietnamese ICT retail market

The history of the Information and Communication Technology (ICT) market in Vietnam can be traced back to the 1990s when the country began to open to foreign investment, and the first electronic devices became available for purchase. According to a report by Vietnam Briefing, in the early years of the ICT market in Vietnam, the market was dominated by imports, and the availability of products was limited.

However, as the country's economy grew and the middle class expanded, the demand for ICT products also increased. During the early 2000s, the ICT market in Vietnam started to overgrow as the government introduced several policies to support the development of the sector. According to the same report, the government invested in the development of infrastructure, such as highways and ports, to improve the distribution network and make it easier for retailers to reach customers in remote and rural areas. Additionally, the government also introduced measures to support the development of the local ICT industry, including tax incentives and investment in research and development.

The growing demand for digital technologies and electronic gadgets drove the growth and expansion of the ICT market in Vietnam in the late 2000s and early 2010s. The growth of e-commerce also helped to drive the sale of ICT products, as it made it easier for consumers to purchase products online and increased competition in the market. According to a report by the Vietnam E-commerce and Digital Economy Agency, the e-commerce market in Vietnam reached a value of US$24 billion in 2020, with the majority of sales being made through mobile devices.

In recent years, the ICT market in Vietnam has continued to grow, driven by the increasing adoption of technology in various aspects of daily life, including education, business, and entertainment. The market has also been supported by the growth of the country's economy and middle class, as well as the government's continued investment in the development of infrastructure and support for the local ICT industry. According to a report by the Vietnam Ministry of Industry and Trade, the retail ICT market in Vietnam reached a value of US$10 billion in 2020 and is expected to continue to grow in the coming years.

3.4.2 Reality and prospects of Vietnam's ICT retail industry

The need for ICT products is exploding in the period of quickly evolving information technology, particularly in the era of Industry 4.0 and the effects of the Covid-19 epidemic. This has created commercial prospects for ICT product distribution and retail both domestically and internationally.

The ICT market in Vietnam presents several opportunities for companies, including a large and growing consumer market, supportive government policies, and a rapidly developing digital infrastructure. Vietnam has a population of over 97 million people, and the country is experiencing growth in its middle class, resulting in increasing demand for technology products and services (Chung, 2020). Furthermore, the government has implemented policies to promote the development of a digital economy, such as investment in infrastructure, tax incentives for technology companies, and support for research and development (Samuel, 2021)

According to a report by the Vietnam Ministry of Industry and Trade, the retail ICT market in Vietnam reportedly hit US$10 billion in 2020 and is expected to expand further in the next year as a result of rising demand for smartphones, laptops, and other electronic devices as well as the growth of e-commerce. International Data Corporation research found that the Vietnamese smartphone market grew by 8.1% in 2020, driven by the increasing adoption of technology in various aspects of daily life, including education, business, and entertainment, and the rise of e-commerce has helped to drive the growth of the smartphone market in Vietnam. Meanwhile, a report by the Vietnam E-commerce and Digital Economy Agency found that the e-commerce market in Vietnam reached a value of US$24 billion in 2020, with the majority of sales being made through mobile devices and the growing use of e-commerce in rural areas where retail stores are limited.

Despite these opportunities, companies in the ICT sector in Vietnam face several challenges, including intense competition, limited access to financing and skilled workers, and a lack of domestic technology suppliers. The ICT market in Vietnam is dominated by a few large companies, making it difficult for smaller companies to compete (Samuel, 2021). Additionally, access to financing and skilled workers is limited, hindering companies' ability to invest in modern technology and expand their operations (Chung, 2020). The lack of domestic technology suppliers also adds to the cost and time required to bring new products to market (Samuel, 2021)

Retail stores play a crucial role in the sale and distribution of ICT products in Vietnam. Several retail stores are franchises of well-known international brands, offering a wide range of products and services. Retail stores provide consumers with the opportunity to physically view and test products, receive advice and support from knowledgeable sales staff, and make purchases with ease (Samuel, 2021). FPT and The Gioi Di Dong are two of the largest ICT retailers in Vietnam, and they have a strong presence in both online and offline markets. Both companies offer a wide range of products, including smartphones, laptops, and other electronic devices, and they have a reputation for providing high-quality products and excellent customer service.

4 Practical Part

In the next section, the main purpose of the thesis is to analyze the balance sheets and financial statements of the two selected companies. First, the author will apply vertical and horizontal analysis to analyze the financial statements of FRT and MWG. Then the author will apply financial ratios to analyze and find potential financial problems in 2 selected companies in the ICT retail industry.

4.1 Characteristics of FPT Digital Retail Joint Stock Company

The FPT Retail Company (HOSE: FRT), also known as FPT Retail, was established in 2012 and is a subsidiary of the FPT Corporation. FPT Retail operates in two core business areas:

(1) Retail of technology and accessories through FPT Shop and F. Studio chains.

• FPT Shop is a chain specializing in the retail of digital technology products, including mobile phones, tablets, laptops, accessories, and technology services. FPT Shop is the second largest retail chain in the technology market after the Mobile World chain. By the end of 2021, the FPT Shop chain had 647 stores (Annual report of FRT, 2021)

• F.Studio is a high-end authorized retail chain of Apple in Vietnam, specializing in providing genuine Apple products and accessories (iPhone, iPad, MacBook, Apple Watch). FPT Retail is the first company to have a retail chain with complete Apple store models, including Level 1 APR (Apple Premium Reseller), Level 2 AAR (Apple Authorized Reseller), and iCorner.

(2) Retail of pharmaceuticals through the Long Chau chain

Long Chau was originally a private pharmacy chain with five stores that FPT Retail acquired in January 2017. However, until September 13, 2018, the FPT Pharma Joint Stock Company was established with equity of one hundred billion, in which FPT Retail held 75%. By the end of 2022, the Long Chau pharmacy chain had expanded to 678 pharmacies, specializing in the retail of drugs, medical equipment, cosmetics, personal care, and hygiene products, functional foods.

FPT Retail, established and operating for more than nine years, has always been committed to the leading policy of "Customer-oriented service”. The company has been determined to build a customer-oriented style of operation in all business areas, old or new. Taking the trust of customers as the foundation for sustainable development, the company is building a friendly and close brand.

In addition, the company also values the development of a committed, professional, and enthusiastic team of employees. It has, is, and will continue to build many modern, direct product sales centers with the most uncomplicated design for customers to find and purchase products easily. As a subsidiary of FPT Corporation, a leading technology company in Vietnam, FPT Retail places a strong emphasis on technology and innovation in its operations and offerings, which allows it to stay ahead of the curve and offer customers cutting-edge products and services.

The tireless effort and severe investment of FPT Retail have been recognized by customers as the number of buyers has increased significantly and remained stable in recent years. The company has become the leading retailer of laptops in Vietnam, ranked 2nd in mobile phone sales and top 4 in the country.

4.2 Characteristics of Mobile World Investment Corporation

Mobile World Investment Corporation (HOSE: MWG) is Vietnam's number 1 retailer and the only company to make it into the Top 100 leading retailers in Asia-Pacific, holding 48% and 38% of the mobile phone and electronics retail market share in 2019 with a network of over 3,000 stores nationwide. (Annual report of MWG, 2019)

In addition, since the end of 2015, MWG has expanded into the food and consumer goods retail sector. The company's business activities are divided into three principal areas: (1) mobile phones, tablet computers, and laptops with thegioididong.com chain (TGDD); (2) electronics, refrigeration, and household appliances with Dien May Xanh (DMX) (including the Tran Anh chain); (3) food and consumer goods with Bach Hoa Xanh (BHX). In addition, MWG also has the BigPhone.com chain, which is a mobile device retail chain in overseas markets with ten stores located in Phnom Penh, Cambodia.

At the time of its founding, MWG was one of the first companies in Vietnam to specialize in selling technology and electronics products. Despite the limited market demand for these products at the time, MWG's founders saw an opportunity to provide high-quality technology products to consumers in Vietnam. Over the years, the company has overgrown, expanding its product offerings, store network, and customer base.

One of the key factors contributing to MWG's early success was its focus on customer satisfaction. From its early days, the company placed a strong emphasis on offering high-quality products, competitive prices, and excellent after-sales support. This customer-oriented approach helped MWG to establish a loyal customer base and quickly establish itself as a trusted source of technology products in Vietnam.

MWG continued to grow and expand in the years following its founding, and by the late 2000s, the company had become one of the largest and most recognizable technology and electronics retailers in Vietnam. In addition to its focus on customer satisfaction, MWG also placed a strong emphasis on establishing a solid brand identity and building brand recognition. This focus on branding helped MWG to differentiate itself from other retailers and further establish itself as a leading player in the Vietnamese retail market.

In recent years, MWG has continued to grow and evolve, adapting to changes in the market and expanding its product offerings to include modern technologies and products. The company has also invested in its online presence, establishing an e-commerce infrastructure that enables clients to shop online and pick up their orders at MWG stores close by. This comprehensive online presence has helped MWG to reach a wider audience and further increase its market share.

Another factor contributing to MWG's success is its strong distribution network. With stores located in both urban and rural areas across Vietnam, the company has been able to reach a vast and diverse customer base, expanding its market share and tapping into new markets and segments. MWG's ability to reach a large and diverse customer base has been a critical factor in its success in the Vietnamese retail market.

4.3 Financial position and performance of the FPT Digital Retail Joint Stock Company

4.3.1 The financial position of FPT Digital Retail Joint Stock Company

This chapter's goal is to examine FPT Retail's financial position using a balance sheet analysis. This analysis will be presented in the practice section. First, utilizing the given data, the chapter will conduct a horizontal analysis of FPT retail's total assets from 2018 to 2022. The main objectives of the thesis are to examine the alterations in total assets over time and identify the significant variables that have had an influence. The remainder of the chapter will focus on how these modifications affect the stability and financial performance of FPT retail.

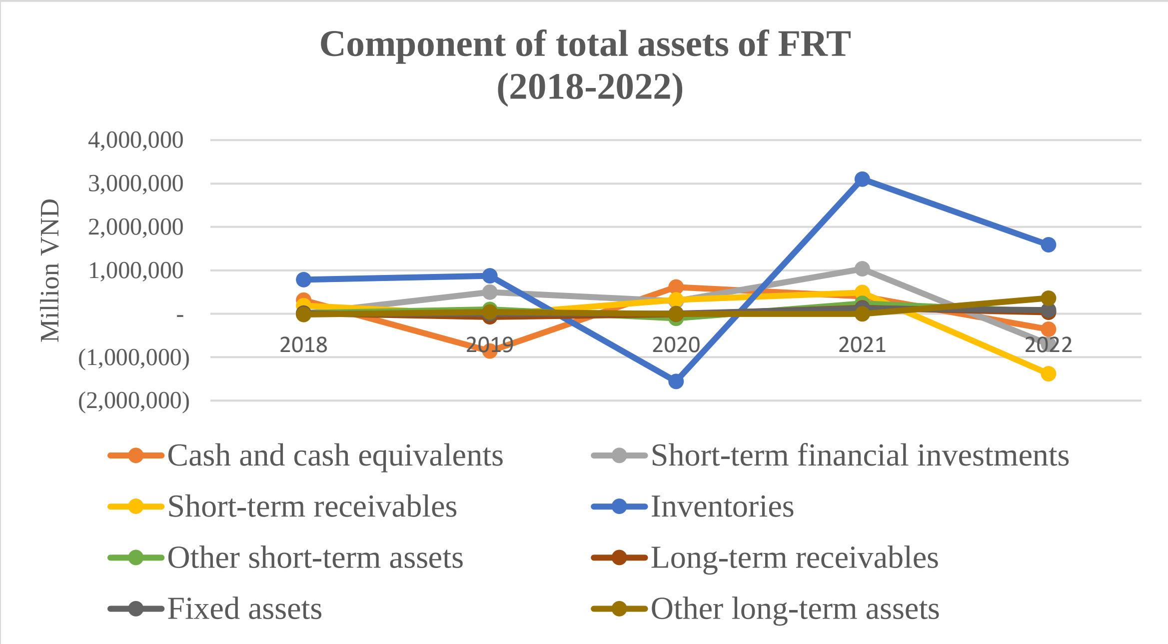
Table 4-1: Horizontal analysis Balance sheet - FRT 2018-2022

Balance Sheet (Milllion VND)	2017/2018		2018/2019		2019/2020		2020/2021		2021/2022	
	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%
SHORT-TERM ASSETS	**1,305,939**	**37.21**	**1,357,970**	**0.28**	**(1,214,811)**	**-0.20**	**5,263,504**	**106.15**	**(799,937)**	**-7.83**
Cash and cash equivalents	310,302	48.63	(861,413)	-0.91	614,539	7.07	403,706	57.55	(359,654)	-32.54
Short-term financial investments	414	-	494,229	1193.79	293,516	0.59	1,032,341	130.98	(701,500)	-38.53
Short-term receivables	190,403	18.73	(28,688)	-0.02	320,172	0.27	487,124	32.51	(1,379,162)	-69.47
Inventories	782,741	45.42	877,323	0.35	(1,556,824)	-0.46	3,103,641	169.90	1,590,579	32.26
Other short-term assets	18,353	13.96	97,560	0.65	(103,529)	-0.42	236,692	164.59	49,799	13.09
LONG-TERM ASSETS	**(358,374)**	**-99.03**	**417,010**	**118.33**	**8,615**	**0.02**	**134,988**	**31.45**	**478,183**	**84.76**
Long-term receivables	8,351	11.04	(73,501)	-0.87	(9,363)	-0.89	135,613	11650.60	33,385	24.41
Fixed assets	(739)	-1.60	2,979	0.07	2,057	0.04	121,325	239.64	83,611	48.62
Other long-term assets	(17,110)	-7.13	43,912	0.20	(4,572)	-0.02	(6,714)	-2.56	361,187	141.42
TOTAL ASSETS	**1,296,441**	**33.49**	**1,426,104**	**0.28**	**(1,206,195)**	**-0.18**	**5,398,491**	**100.20**	**(321,754)**	**-2.98**
LIABILITIES	**934,128**	**30.38**	**1,305,508**	**0.33**	**(1,151,962)**	**-0.22**	**4,944,346**	**118.78**	**(691,815)**	**-7.60**
Short -term liabilities	934,128	30.38	1,299,228	0.32	(1,145,682)	-0.22	4,944,260	118.78	(691,824)	-7.60
Long-term liabilities	-	-	6,279	-	(6,279)	-1.00	87	-	8	9.20
OWNER'S EQUITY	**362,313**	**45.49**	**120,596**	**0.10**	**(54,233)**	**-0.04**	**454,144**	**37.07**	**370,062**	**22.04**
Charter equity	280,000	70.00	109,818	0.16	-	0.00	-	0.00	394,907	50.00
Undistributed earnings after tax	57,329	14.46	30,125	0.07	(59,999)	-0.12	(336,670)	-79.42	736,267	843.97
Other equity accounts	24,984	#DIV/0!	(19,347)	-0.77	5,766	1.02	5,663	49.66	24,039	140.86
TOTAL OWNER'S EQUITY AND LIABILITIES	**1,296,441**	**33.49**	**1,426,104**	**0.28**	**(1,206,195)**	**-0.18**	**5,398,491**	**100.20**	**(321,754)**	**-2.98**

(Source: Own calculation based on the balance sheet of FRT 2018-2022)

The data in Table 4.1 shows that the company's assets have usually increased from 2018 to 2022, which is consistent with this tendency. Despite this overall trend of growth, it is essential to note that there were two instances where the company experienced a decrease in assets - specifically by 18% and 3% in 2022 and 2020, respectively. In contrast to these decreases, there was a significant increase of 100% in the company's assets in the year 2021. Upon closer examination of the data, it becomes apparent that most of these fluctuations occurred during the reporting period of 2021 when there was a substantial increase in the inventory item to VND 3,103,641 million - representing an increase of 169.90% (Annual report of FRT, 2021). To know how this growth in total assets was driven by an increase in inventory, one can refer to the figure provided below, which offers a more detailed illustration.

Figure 4-1: Graph of component change in total assets of FRT (2018-2022)



(Source: Own compilation based on the financial statements, 2023)

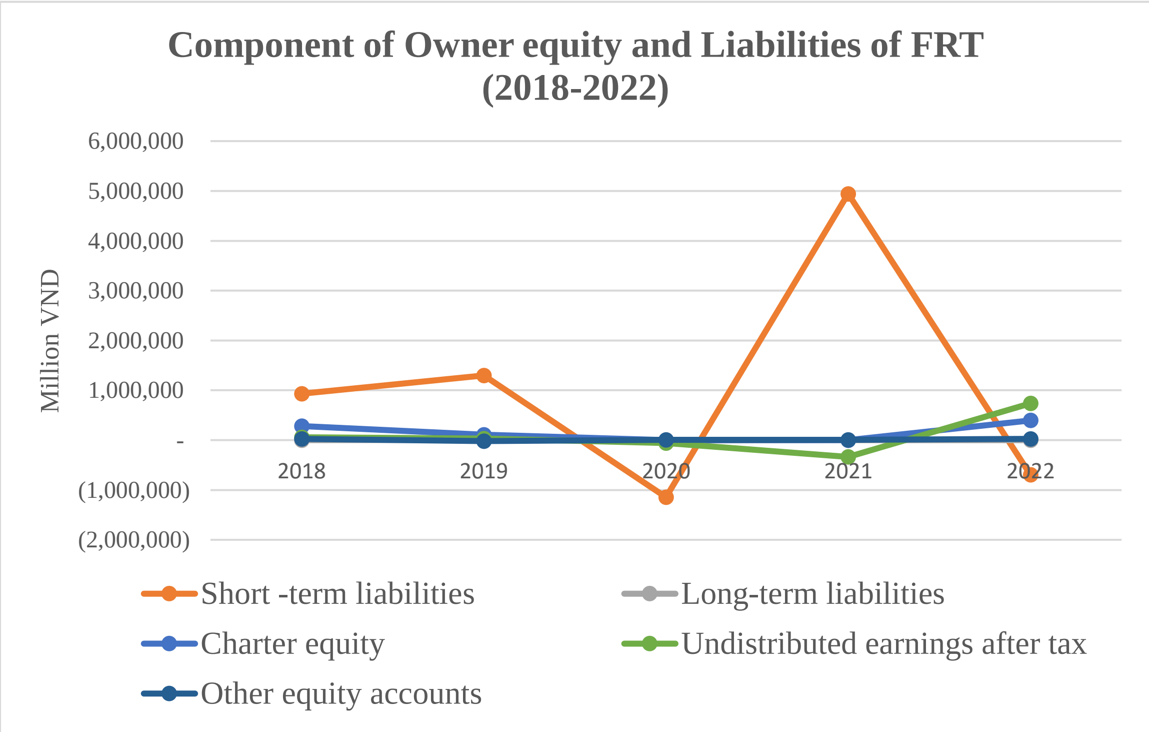
The growth of total assets over time seems to be significantly influenced by inventories, as shown by Graph 4.1. The total growth in asset items throughout the study period is negligible. The company's business development and pronounced rise in revenue and profit may be blamed for the asset growth between 2018 and 2019 and the following doubling between 2020 and 2021. In the parts that follow, the author will go into further depth on this occurrence.

The ICT retail industry requires a high level of inventory to ensure that goods are always available in stock. In 2021, there was a notable increase in inventory, which can be attributed to a surge in demand for laptops due to remote work. Furthermore, short-term receivables account for a substantial portion of total assets and have gradually increased from 2018 to 2020. The accompanying financial statement notes suggest that most short-term receivables are from short-term loan receivables. This demonstrates that FRT participated in financial activities, taking out low-interest loans from banks and lending money to other people at higher interest rates, which was consistent with FRT's solid position in terms of collateral and its good standing in the market.

The growth in short-term financial investments contributed to the rise in short-term assets during the COVID-19 pandemic from 2019 to 2022. FPT Retail invested excess cash in stock market investments to take advantage of decreasing interest lending rates and an increase in accessible funds. In contrast, long-term assets have only slightly increased over time and are insignificant compared to short-term assets. FRT's long-term assets consist of vehicles, warehouses, and sales management software systems.

Figure 4.2 illustrates that FRT experienced a consistent growth trend in both equity and liabilities from 2018 to 2022. This growth can be linked to the company's business expansion efforts, particularly the opening of more than 786 retail "FPT shop" stores, up from 533. Additionally, FRT's entry into the pharmacy retail industry has required a substantial increase in both capital and debt during the period analyzed.

Figure 4-2: Component of Owner equity and Liabilities of FRT (2018-2022)



(*Source: Own compilation based on the financial statement,2023*)

The data shows that FRT's liabilities changed in a similar way to what its current assets did. From 2018 to 2022, the growth rates were stable, except for some years when they went down. In 2021, the liabilities increased by 100%, mainly because of more short-term liabilities. This is probably related to the ICT retail industry's need to keep large stocks and use loans to pay for them.

FRT and its subsidiaries use bank loans that are not secured and have to be paid back in less than a year as their primary source of short-term liabilities. The interest rates for these loans depend on each loan contract and are meant to support the business capital of FRT and its subsidiaries. The interest rates for loans in USD are between 1.80% and 2.67% per year, while the interest rates for loans in VND are between 1.90% and 4.50% per year.

FRT has a good reputation in the market and can get short-term loans with lower interest rates than the market average without giving any collateral. FRT also uses its reputation to make money by borrowing funds at low-interest rates and lending them at higher interest rates, creating profits from the gap between the two rates. This is shown in a receivables item for particular short-term loans that grew twice as big in 2021.

FRT's financial stability and reputation within the market can be proven by a number of factors. These include the company's effective use of financial resources to generate returns for both it and its stakeholders. FRT's equity showed a steady growth trend throughout the follow-up period, except for a slight decline of 4% in 2020. Upon examining Table 4, it is evident that the gradual increase in equity values and retained returns can be attributed to FRT's issuance of ESOP shares and stock dividends at a rate of 50%, as well as cash payments to maintain short-term investments.

The author observes that while the other equity in FRT's equity is just a tiny portion of the equity, it tends to grow steadily over time. The earnings produced by non-controlling stockholders are reflected in other equity. The author supports FRT's choice to issue shares in order to fund ESOP and dividend payments since employing income from investments rather than bank borrowing is a more successful technique.

The vertical analysis method - which entails determining the percentage of each kind of asset in relation to the total assets - is used by the author to examine the changes in FRT's asset structure throughout the course of the research period. Using this method, the author is able to comprehend how the assets of FRT have changed over time and how this impacts the stability of the company's finances.

Table 4-2: Vertical Analysis Balance Sheet – FRT 2018-2022

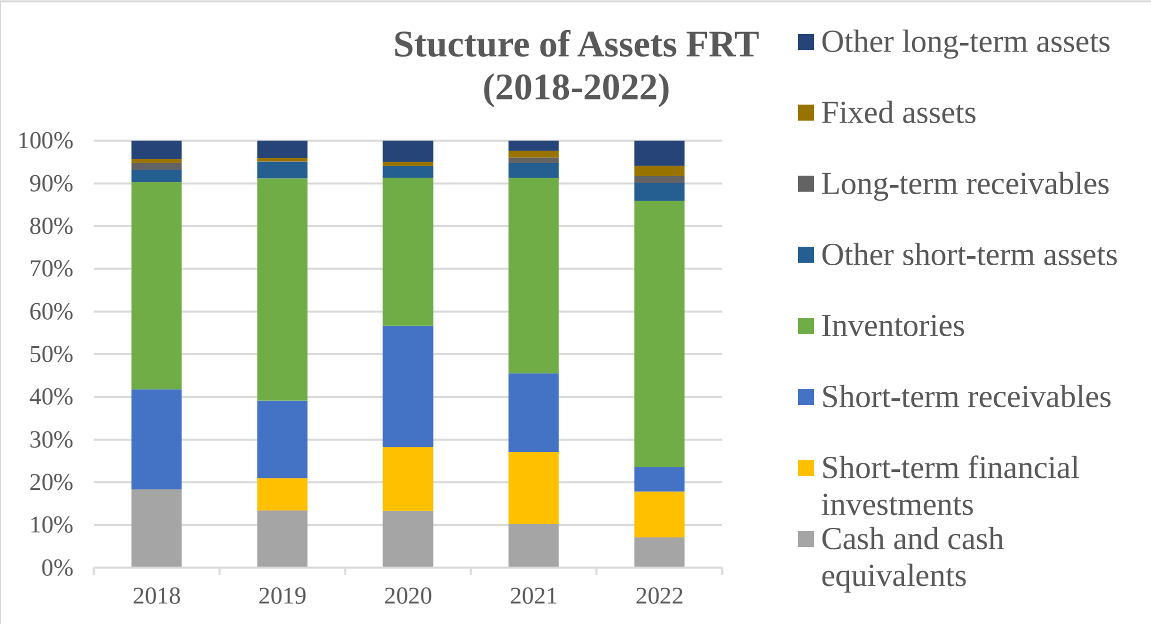
Balance Sheet (%)	2018	2019	2020	2021	2022
SHORT-TERM ASSETS	**93%**	**94%**	**92%**	**95%**	**90%**
Cash and cash equivalents	18%	13%	13%	10%	7%
Short-term financial investments	0%	8%	15%	17%	11%
Short-term receivables	23%	18%	28%	18%	6%
Inventories	48%	51%	34%	46%	62%
Other short-term assets	3%	4%	3%	4%	4%
LONG-TERM ASSETS	**7%**	**6%**	**8%**	**5%**	**10%**
Long-term receivables	2%	0%	0%	1%	2%
Fixed assets	1%	1%	1%	2%	2%
Other long-term assets	4%	4%	5%	2%	6%
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**
LIABILITIES	**78%**	**81%**	**77%**	**84%**	**80%**
Short -term liabilities	78%	81%	77%	84%	80%
Long-term liabilities	0%	0%	0%	0%	0%
OWNER'S EQUITY	**22%**	**19%**	**23%**	**16%**	**20%**
Charter equity	13%	12%	15%	7%	11%
Undistributed earnings after tax	9%	7%	8%	8%	8%
Other equity accounts	0%	0%	0%	0%	0%
TOTAL OWNER'S EQUITY AND LIABILITIES	**100%**	**100%**	**100%**	**100%**	**100%**

(Source: Own calculation based on balance sheet of FRT 2018-2022)

Current assets make up the highest proportion of FRT's total assets, ranging from 90% to 94%, according to the vertical analysis approach used. In contrast, the share of long-term assets has not changed over time, accounting for between 5% and 10% of total assets. Other assets are tiny in comparison. The percentage of short-term assets to total assets has always been high, which is explained by the fact that although the percentage of inventories has been rising, the percentage of short-term receivables has been falling, from 23% to 6%. During 2019, the percentage of the short-term financial portfolio increased, reaching a high in 2021, showing that FRT was successful in using surplus cash during the COVID-19 epidemic.

It is worth noting that FRT's decision to reduce short-term receivables has had a significant impact on the proportion of short-term assets. This indicates that the company has been proactive in managing its cash flow and optimizing its asset structure. Moreover, FRT's ability to adjust its short-term financial portfolio according to market conditions during the pandemic suggests that the company is adept at managing its financial resources to weather economic uncertainties. Overall, FRT's effective management of its assets and financial resources is a testament to its financial stability and market reputation.

Figure 4-3: Structure of Assets – FRT 2018-2022

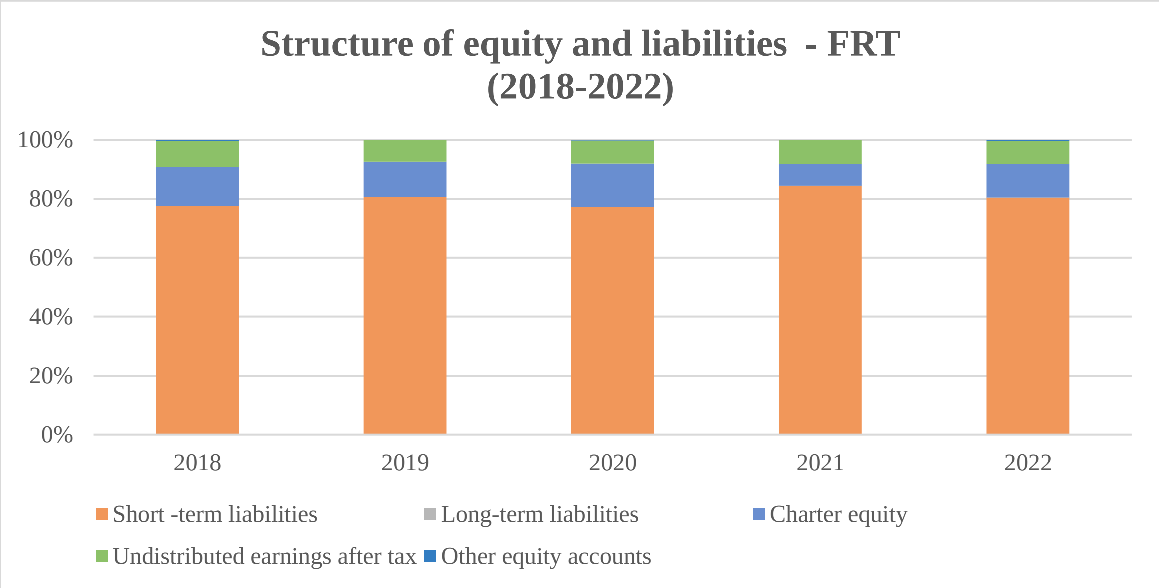


(Source: Own compilation based on the financial statement,2023)

The asset composition of FRT has changed in favor of short-term assets, as is typical in the ICT retail industry, as shown by the diagram in Figure 4.3. Since fixed assets like property and equipment do not grow at the same pace as revenue, FRT must borrow more money as it develops its company and brings in more money. In order to maintain its expansion, FRT is dependent on short-term assets like inventories and short-term receivables.

The author looks at the equity and liability structure of FRT in Figure 4.4. Liabilities make up a significant percentage of FRT's capital structure, even though the share of equity has stayed chiefly constant throughout time, ranging from 16% to 23% of total assets. At 80% of the company's liabilities, short-term debt alone shows that FRT extensively relies on borrowing to fund its operations and growth.

Figure 4-4 Structure of equity and liabilities – FRT 2018-2022



(Source: Own compilation based on the financial statement,2023)

4.3.2 Financial performance of FPT Digital Retail Joint Stock Company

To begin with, the author intends to provide a horizontal analysis of FRT's income statement, which has been gathered from the company's annual reports spanning the years 2018-2022.

Table 4-3 Horizontal Analysis Income Statement - FRT 2018 – 2022

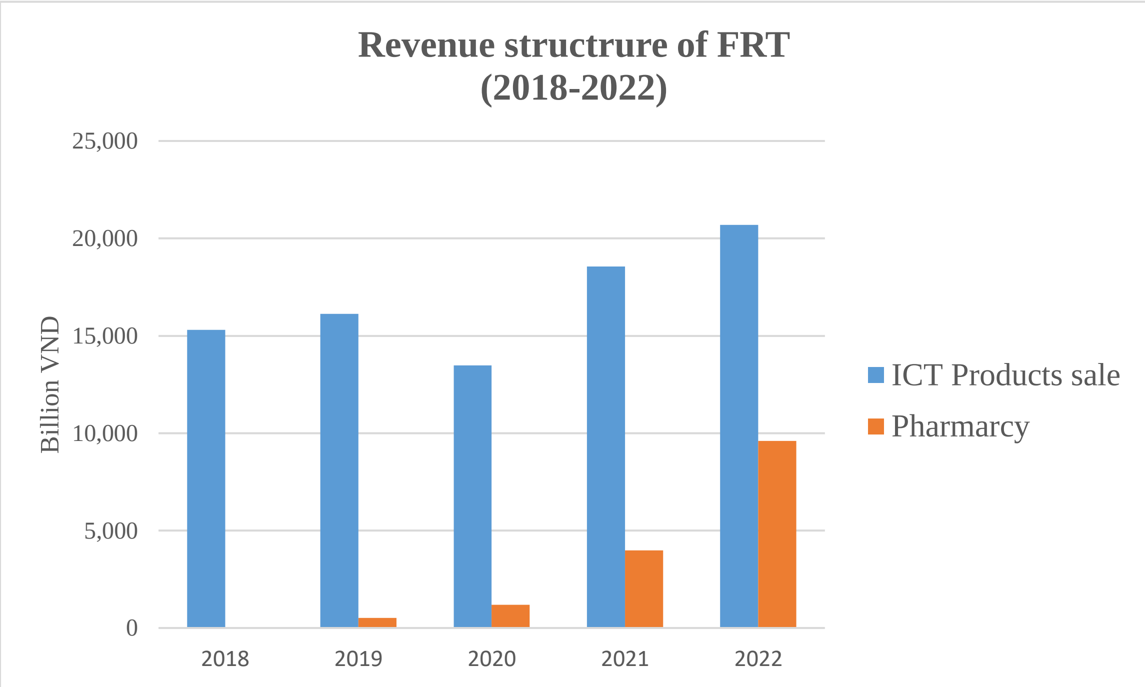
Income statemtent (Milllion VND)	2017/2018		2018/2019		2019/2020		2020/2021		2021/2022	
	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%
Net revenue	**2,151,820**	**16%**	**1,335,625**	**9%**	**(1,972,543)**	**-12%**	**7,833,544**	**35%**	**7,670,840**	**34%**
Cost of goods sold	1,924,470	17%	1,268,178	10%	(1,902,488)	-13%	6,723,033	35%	6,119,175	32%
Gross profit	**227,349**	**13%**	**67,448**	**3%**	**(70,055)**	**-3%**	**1,110,511**	**35%**	**1,551,664**	**49%**
Financial income	(11,431)	-21%	(35,061)	-82%	62,944	806%	126,832	64%	(23,835)	-12%
Financial expenses	18,550	23%	47,392	47%	(14,153)	-10%	12,433	9%	110,075	75%
Selling expenses	142,230	12%	123,035	9%	146,427	10%	505,388	24%	1,188,173	57%
administrative	(271,567)	-90%	6,217	22%	48,874	14%	187,644	32%	301,811	52%
Operating profit	**68,549**	**21%**	**(129,965)**	**-32%**	**(258,504)**	**-95%**	**531,877**	**97%**	**(72,228)**	**-13%**
Other profit	3,152	11%	(31,469)	-98%	13,590	2624%	(6,163)	-78%	3,711	47%
Profit before tax	**71,701**	**20%**	**(156,772)**	**-36%**	**(249,576)**	**-90%**	**26,987**	**49%**	**-68,517**	**-12.36%**
Net profit after tax	**57,869**	**20%**	**(143,900)**	**-41%**	**(193,630)**	**-95%**	**433,681**	**98%**	**(45,824)**	**-10%**
Earnings per share	4,258	606%	(2,349)	-47%	(2,346)	-90%	5,352	95%	(2,323)	-41%

(Source: Own calculation based on the income statement of FRT 2018-2022)

The author will begin by analyzing the first component of the income statement, which is revenue. According to the data presented in Table 4.3, FRT experienced the most vigorous revenue growth in 2021 and 2022, with increases of 35% and 34%, respectively. However, the company experienced negative growth in 2020 with a negative rate of -12%. This decline in revenue can be attributed to the impact of the COVID-19 pandemic, which caused the suspension of all economic activities in Vietnam during its initial stages.

To gain a deeper understanding of FRT's revenue structure, the author provides a detailed breakdown of the company's revenue in the following figure.

Figure 4-5: Figure of revenue structure of FRT 2018-2022



(Source: Own compilation based on the financial statement,2023)

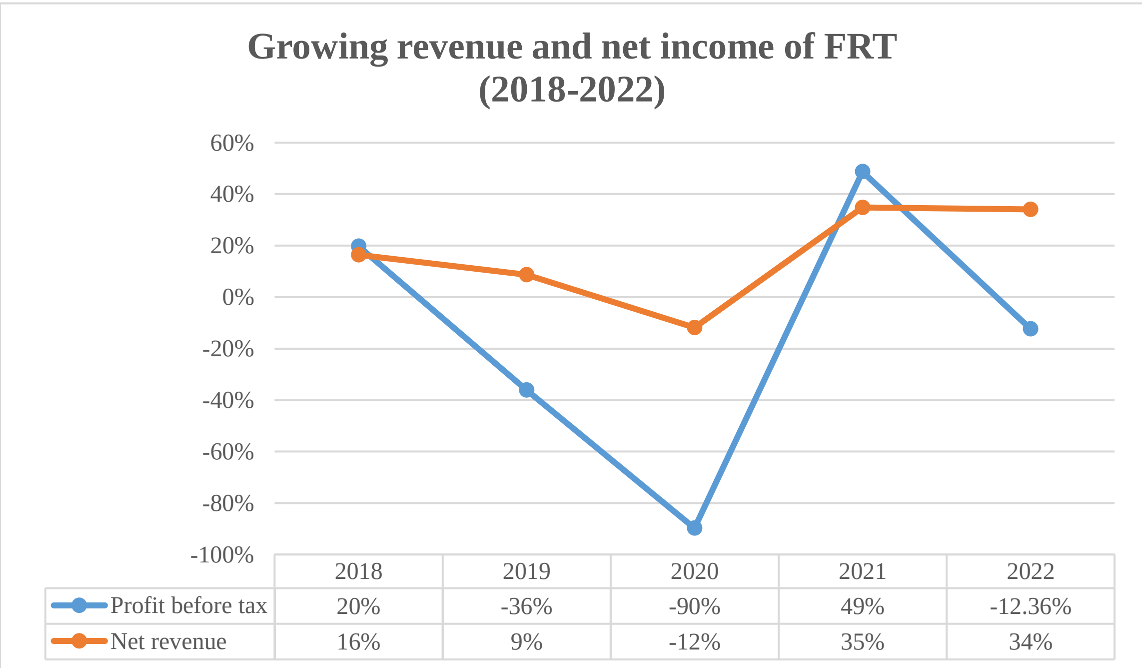
Figure 4.5 depicts the changes in FRT's income statement over the observed period. The figure indicates that the sales of ICT equipment remain a significant portion of FRT's revenue structure. Although the company has expanded its electronics retail stores in key locations, it has not achieved substantial growth in revenue from ICT retail. However, FRT entered the pharmacy sales segment in 2018 and generated its first revenue in 2019. Although the revenue from pharmacy sales initially constituted only a tiny fraction of FRT's revenue structure, it increased rapidly in subsequent years. In 2022, revenue from pharmacy sales reached VND 9,596 billion, accounting for almost half of the revenue from the sales of ICT products (Annual report of FRT, 2022). The company quickly acquired the Long Chau house chain in 2018, accelerated branch expansion across the country, and demonstrated FRT's strategic vision.

The profitability section will cover the cost of goods sold (COGS) and gross profit. Financial revenue increased significantly in 2020 and 2021 when FRT lent idle money and obtained cheap loans, resulting in significant profits. However, in 2022, when the economy became challenging, the bank increased lending interest rates, and the revenue from financial activities decreased by 12% compared to the previous year. Financial expenses also increased in 2022, mainly due to interest payments.

Selling expenses remained stable, with a 10% increase annually for the first three years of observation. However, in 2021 and 2022, selling expenses increased by 24% and 57%, respectively, mainly due to increasing staff salaries and expanding the chain. As FRT needed to hire more employees for new pharmacy chains, the revenue from the pharmacy sales segment also increased sharply in those two years.

The annual increase in administrative expenses peaked in 2022 with a 57% increase. In contrast, annual revenue growth reached its peak in 2021 with a 35% increase. This indicates that the company has not efficiently controlled its administrative costs while promoting the coverage of pharmacy stores across the country. This highlights the challenge of optimizing management costs during expansion. The cost of management labor accounts for 60%-65%, which is the primary reason leading to the increase in corporate management costs. The company promoted business expansion, resulting in an increased management apparatus. To increase the effectiveness of administrative expenses, the author advises FRT to upgrade its management structure. It is important to note that FRT is a company that makes substantial use of direct and indirect labor, a standard practice in the sector. Thus, it is crucial to reduce labor expenses.

Figure 4-6: Growth figure of revenue and profit after tax of FRT 2018-2022



(Source: Own compilation based on the financial statement,2023)

Figure 4.6 shows that although FRT's net income significantly increased in 2021, it began to decline in 2022, with a negative growth rate of 12%. The considerable rise in selling and administrative costs, which increased at a pace comparable to the gross profit, which only increased by 49%, may be used to explain this seeming contradiction. The challenging circumstances brought on by the Covid epidemic in Vietnam also caused FRT to have its most significant fall in sales and profit in 2019 and 2020, which resulted in the suspension of all business operations. However, the company's entry into the pharmacy industry came at a high expense. As a result, in 2019 and 2020, the profit after tax decreased by 36% and 90%, respectively.

Table 4-4: Vertical analysis of income statement FRT 2018-2022

Income statement (%)	2018	2019	2020	2021	2022
Net revenue	99.5%	99.5%	99.4%	99.1%	99.4%
Financial income	0.3%	0.5%	0.5%	0.9%	0.6%
Other income	0.2%	0.0%	0.1%	0.0%	0.1%
Total income	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of goods sold	88.7%	88.3%	85.7%	87.3%	85.2%
Financial expenses	0.7%	0.9%	0.9%	0.7%	0.9%
Selling expenses	8.7%	8.6%	10.6%	9.4%	10.9%
General and administrative expenses	1.9%	2.1%	2.7%	2.6%	3.0%
Other expenses	0.0%	0.0%	0.0%	0.0%	0.0%
Total expense	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(Source: Own calculation based on the income statement of FRT 2018-2022)

A vertical examination of FRT's revenue, which comes exclusively from product sales as well as other income and financial income, is shown in Table 4.4. Averaging 99.5% of the total revenue during the last five years, the majority of revenue has come from the sale of goods. The most significant expenditure is the cost of goods sold (COGS), which accounts for the majority of overall costs (86% on average). The second largest expenditure is selling costs, which make up about 10% of overall costs on average and tend to climb gradually. Administrative expenditure, which make up around 3% of overall costs on average, have increased more slowly. COGS, on the other hand, have been falling. The system was not optimized throughout the company's growth, according to the author, which led to high costs. The author has identified that during the company's expansion, the system was not optimized, resulting in considerable expenses.

4.3.3 Selected financial analysis ratios of FPT Digital Retail Joint Stock Company

This chapter concentrates on calculating and analyzing percentages. Financial ratios are crucial in assessing a company's financial situation as they provide valuable insights into its financial position, strengths, and weaknesses. The author has calculated several ratios grouped by different metrics, such as Profitability Ratio, Activity Ratio, Liquidity Ratio, and Leverage Ratio.

4.3.3.1 *Profitability ratio*

The profitability ratio is a ratio used in finance to assess a company's ability to generate profits in comparison to its input costs. It evaluates how well the business uses its capital to produce profits. The profitability ratios for the firm are shown in Table 4.5.

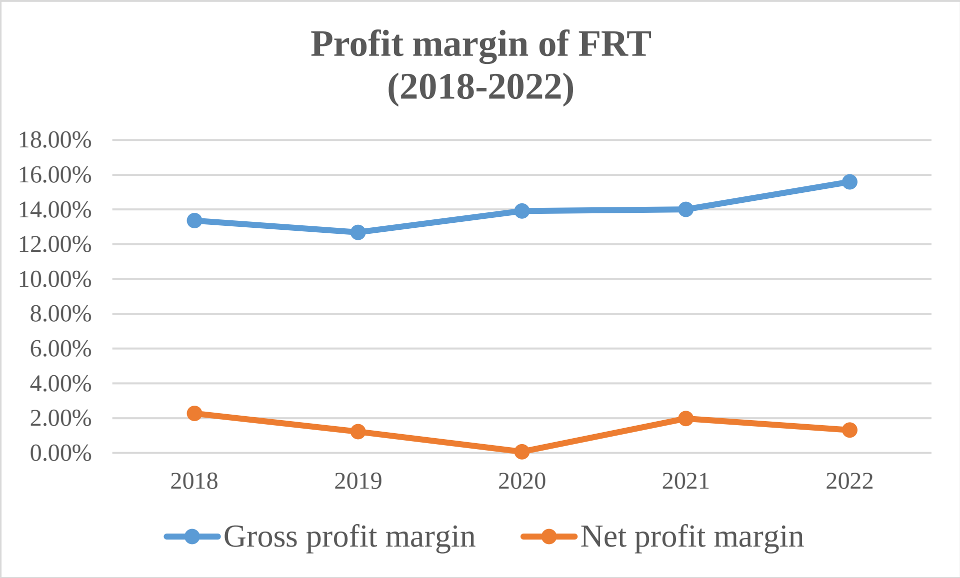
Table 4-5: Profitability ratio on FRT 2018-2022

Profitability ratio	**2018**	**2019**	**2020**	**2021**	**2022**
Gross profit margin	17.7%	19.1%	22.1%	22.5%	23.1%
Net profit margin	3.3%	3.8%	3.6%	4.0%	3.1%
Return on assets (ROA)	11.3%	11.0%	8.9%	9.0%	6.9%
Returen on equity (ROE)	38.7%	36.3%	28.4%	27.3%	18.5%

(Source: Own calculation based on financial statements of FRT 2018-2022)

According to the data in Table 4.5, the profitability ratios decreased in 2020 before increasing once again in 2022. The gross profit margin fluctuated a little bit from year to year between 2018 and 2021 before peaking in 2022.

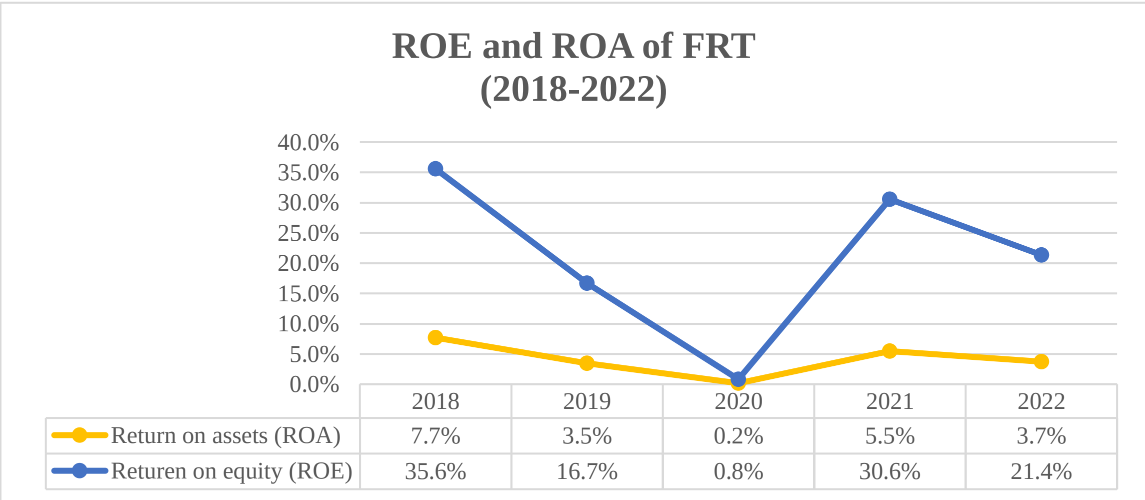
Figure 4-7: Profit margin of FRT 2018-2022



(*Source: Own compilation based on the financial statement,2023*)

The analysis of FRT's profitability reveals that the pharmacy sales segment had a significant impact on the company's revenue structure, leading to a surprisingly high gross profit margin in 2022. Despite a general increase in gross profit margin throughout the study period, the net profit margin experienced a sharp decline to 0% in 2020 before only slightly increasing to 1% in 2022. The assessment indicates that FRT's investment in pharmacy sales since 2018, coupled with the impact of the Covid epidemic in 2020, were the main contributors to the decline in net profit margin. However, the following two years witnessed a substantial improvement in net profit margin, highlighting the rationale of FRT's investment strategy. To evaluate the profitability ratios, the author utilized the ROA and ROE indicators.

Figure 4-8: Indicators of profitability of FRT 2018-2022



	2018	2019	2020	2021	2022
Return on assets (ROA)	7.7%	3.5%	0.2%	5.5%	3.7%
Returen on equity (ROE)	35.6%	16.7%	0.8%	30.6%	21.4%

(*Source: Own compilation based on the financial statement,2023*)

FRT's strength lies in its profitability, as evidenced by the high Return on Equity (ROE) of 35.6% in 2018. However, this level of performance could not be sustained. In 2020, due to the decline in profits, both ROA and ROE dropped to almost zero. Nevertheless, in 2021, with the improvement in profits, both ROA and ROE rebounded.

4.3.3.2 *Activity ratio*

The author will demonstrate FRT's asset management and performance in percentage terms in the following sub-chapter. Table 4.6 presents the precise values of the analyzed indicators and their trends over time.

Table 4-6: Activity ratio of FRT 2018-2022

Activity ratio	2018	2019	2020	2021	2022
Total asset turnover	3.68	3.03	2.63	2.96	3.07
Equity turnover	15.65	13.64	11.71	15.49	16.18
Receivable Turnover	13.76	13.95	10.96	12.91	23.28
Inventory turnover	7.23	5.65	5.63	6.66	5.27

(Source: Own calculation based on the financial statements of FRT 2018-2022)

The emphasis of the analysis will switch to FRT's asset management and performance in the next section. The information is shown in percentages in Table 4.6. The asset turnover has decreased over the previous five years, according to the data, although there will be a slight increase in 2020. With a value of 2.63 in 2020, the asset utilization efficiency was at its lowest. A decrease in revenue growth and a significant loss in inventory were the leading causes of this decline. The average asset turnover ratio for the business indicated that it produced 3.07 sales for every unit of assets.

Due to slower sales growth in 2020 and higher sales in prior years, the equity ratio and total asset turnover have been trending in the same direction. The firm started issuing shares to generate money, which caused the equity turnover to decline gradually until 2022 when the pharmacy business became a substantial revenue generator when it reached its most outstanding level of 16.18%.

Moreover, Table 4.6 reveals a decreasing trend in inventory turnover, which could indicate slow sales and high financial risk for the company. Conversely, accounts receivable turnover has been improving over the years, which could be attributed to the company's credit policy and association with a third party.

Overall, FRT has shown excellent financial management, efficient asset usage, and control over equity and debt. As the activity ratio has been declining over the last two years, it is possible that the business is acquiring an edge over its competitors.

4.3.3.3 *Liquidity ratio*

The evaluation of liquidity ratios is helpful in determining a company's financial situation and its ability to pay off its financial obligations. Table 4.7 displays the findings of this analysis, which includes the current ratio, quick cash ratio, and interest coverage. The following section will explain each of these ratios in detail.

Table 4-7: Liquidity ratio of FRT 2018-2022

Liquidity ratios	2018	2019	2020	2021	2022
Current ratio	1.20	1.16	1.19	1.12	1.12
Cash ratio	0.24	0.16	0.17	0.12	0.09
Quick ratio	0.58	0.53	0.75	0.58	0.34

(Source: Own calculation based on the financial statements of FRT 2018-2022)

FRT maintained a current ratio of over 1.12 from 2018 to 2022, demonstrating that it has strong liquidity for short-term debts and a higher ratio of short-term assets to liabilities.

Nevertheless, because of a decline in cash and a rise in inventory, the company's cash ratio has been dropping over time and reached its lowest point in 2022. This implies that FRT would struggle to pay off its short-term debts, particularly in an environment with high-interest rates and delayed receivables.

The author believes that the ICT retail industry, whose cash flow from sales is relatively liquid, is appropriate for the quick ratio, which has an average of 0.556, a dangerous level.

4.3.3.4 *Leverage ratio*

A financial leverage ratio can be used as a tool to assess a company's risk and financial performance. This ratio compares the amount of equity that a firm has invested in its own assets with the amount of debt that it has taken on to finance its operations and expansion. A corporation with a high financial leverage ratio is significantly dependent on borrowed money, which may boost its profitability but also increase the danger of default. With a low financial leverage ratio, a company is more likely to be financed by equity, which may lower risk while simultaneously increasing return on investment. A company's ability to service its debt from earnings is also shown by its financial leverage ratio. The financial leverage of FRT between 2018 and 2022 is shown in the following table:

*Table 4-8: **Leverage ratio** of FRT 2018-2022*

Leverage ratio	2018	2019	2020	2021	2022
Equity to assets	31.9%	29.1%	33.6%	32.4%	42.9%
Debt to assets	25.1%	33.9%	36.4%	39.1%	29.7%
Debt to equity	78.4%	116.6%	108.2%	121.0%	78.5%

(Source: Own calculation based on the financial statements of FRT 2018-2022)

Table 4.8 provides an overview of the leverage ratios and their trends. The equity structure was constant over the assessment period, according to the ratio of equity to total assets, which decreased slightly from 22% to 20%. This ratio represents the proportion of financing that comes from equity. Moreover, the debt-to-assets ratio dropped from 57% to 51%.

At a 360% debt-to-equity ratio, FRT's debt-to-equity ratio was at its highest ever in 2021 as a result of a massive increase in liabilities of 118.78%, primarily from short-term borrowing and payables to vendors. The debt-to-equity ratio grew over time and reached 2.62 in 2022, indicating that debt is mainly used to fund the company's assets. As its need for operating capital for business expansion rises, the corporation is turning more and more to financial leverage. Although having a positive working capital, the liabilities are 2.62 times more than the equity in the liabilities and equity structure, which suggests that the company may be subject to interest rates and financial concerns.

4.4 Financial position and performance of Mobile World Investment Corporation

4.4.1 The financial position of Mobile World Investment Corporation

The golds of this chapter are to provide a horizontal and vertical analysis of the balance sheet for the period 2018-2022. Based on the balance sheet data, the following analysis describes the changes in the company's financial condition. The complete financial statements for the five-year period are available in the appendix. The balance sheet will be reviewed for several time periods that represent diverse reasons and events that impacted the company's success. The balance sheet for 2018 through 2022 is presented in the following table.

Table 4-9: Horizontal Analysis MWG's Balance Sheet 2018-2022

Balance Sheet	2017/2018		2018/2019		2019/2020		2020/2021		2021/2022	
(Milllion VND)	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%	Diff (+/-)	%
SHORT-TERM ASSETS	**4,509,134**	**24%**	**11,639,902**	**50%**	**2,305,337**	**7%**	**14,638,024**	**39%**	**(7,324,118)**	**-14%**
Cash and cash equivalents	338,567	10%	(634,313)	-17%	4,232,620	136%	(3,205,841)	-44%	919,005	22%
Short-term financial investments	-	-	3,086,078	6060%	4,920,319	157%	6,179,307	77%	(4,177,576)	-29%
Short-term receivables	(1,223,318)	-44%	272,556	18%	(219,835)	-12%	1,566,871	98%	(90,028)	-3%
Inventories	5,395,842	45%	8,299,423	48%	(6,323,251)	-25%	9,745,055	50%	(3,471,154)	-12%
Other short-term assets	(52,880)	-8%	616,159	106%	(304,517)	-25%	352,632	39%	(504,363)	-40%
LONG-TERM ASSETS	**790,734**	**20%**	**1,945,662**	**41%**	**2,017,447**	**30%**	**2,302,501**	**26%**	**186,923**	**2%**
Long-term receivables	71,660	30%	60,788	19%	64,929	17%	42,896	10%	12,233	3%
Fixed assets	(130,510)	-4%	2,070,629	62%	1,891,185	35%	2,352,207	32%	80,334	1%
Other long-term assets	849,585	334%	(264,444)	-24%	(307,000)	-37%	(40,267)	-8%	489,042	99%
TOTAL ASSETS	**5,299,867**	**23%**	**13,585,565**	**48%**	**4,322,784**	**10%**	**16,940,525**	**37%**	**(7,137,195)**	**-11%**
LIABILITIES	2,225,748	13%	10,425,007	54%	984,687	3%	12,043,969	39%	(10,691,531)	-25%
Short -term liabilities	2,215,618	14%	10,512,934	59%	980,146	3%	13,170,646	45%	(16,592,781)	-39%
Long-term liabilities	10,130	1%	(87,926)	-7%	4,540	0%	(1,126,677)	-100%	5,901,250	-
OWNER'S EQUITY	**3,074,119**	**52%**	**3,160,557**	**35%**	**3,338,098**	**27%**	**4,896,556**	**32%**	**3,554,336**	**17%**
Owner's capital	1,265,078	40%	500	0%	96,638	2%	2,598,555	57%	7,508,138	105%
Undistributed earnings after tax	1,291,031	48%	3,160,090	79%	3,239,990	45%	2,284,890	22%	(3,950,640)	-31%
Other equity accounts	518,010	3127%	(33)	0%	1,470	0%	13,110	2%	(3,162)	-1%
TOTAL OWNER'S EQUITY AND LIABILITIES	**5,299,867**	**23%**	**13,585,565**	**48%**	**4,322,784**	**10%**	**16,940,525**	**37%**	**(7,137,195)**	**-11%**

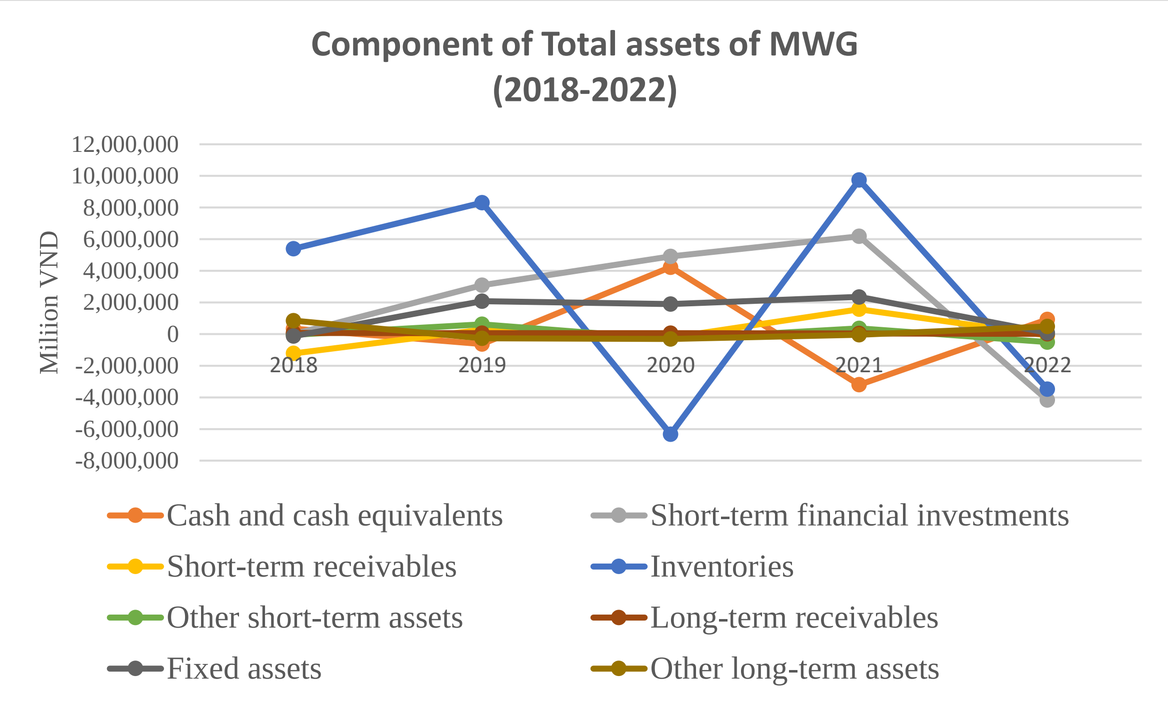
(Source: Own calculation based on the balance sheet of MWG 2018-2022)

As shown in Table 4.9, the company's assets experienced a general growth from 2018 to 2021, with the exception of an 11% drop in 2022. The most noticeable increases came in the reporting periods of 2019 and 2021 when the assets climbed by a staggering 48% 2019. Interestingly is the fact that the business had no short-term financial investments in 2018 and no long-term debt in 2022. This suggests that the corporation was debt-free in 2022, and since 2019, MWG has pursued re-borrowing strategies similar to those described in the preceding chapter about FRT.

The company's cash and equivalent increased by 136% in 2020, mainly due to short-term deposits at banks with regulated interest rates. Conversely, cash decreased by 44% in 2017 as the partner company withdrew short-term deposits for business purposes.

The figure below may be used to gain complete knowledge of the primary cause of the rise in total assets, which is the increase in inventory.

Figure 4-9: Graph showing changes in composition of total assets of MWG 2018-2022.



(Source: Own compilation based on the financial statement,2023)

Figure 4.9 illustrates that a large share of FRT's total assets consists of short-term assets, whilst long-term assets have remained reasonably steady without significant fluctuations over the time under consideration. The increase in inventory that is difficult to identify has led to an increase in total assets over time. In addition, there was a significant increase in short-term financial investments between 2019 and 2021. The volatility in MWG's total assets corresponds directly to the variation in its inventory. In 2020, when inventory was negative by 25%, the company's total assets grew by just 10% throughout the course of the fiscal year. In 2022, when both inventory and short-term financial investments declined by 13% and 29%, respectively, the company's total assets decreased by 11%.

In addition, short-term receivables represent a significant proportion and have steadily climbed from 2018 to 2020. According to the notes to financial statements, the majority of short-term receivables are short-term loan receivables (annual report of MWG, 2022). The firm has conducted financial activities by borrowing at low-interest rates from banks and lending at higher rates. This indicates that MWG is a company with collateral as well as a good reputation in the market for carrying out such transactions. The increase in short-term assets is also due to the rise in short-term financial investments. During the COVID-19 pandemic from 2019-2022, the company flexibly used its surplus money to make investments in the stock market, taking advantage of the decline in loan interest rates and the increase in the money supply.

The composition of total assets has been increasing over the years, as shown in Table 4.9. The only things that have changed considerably are cash, inventories, and short-term investments. The rest of the other items have risen progressively. This indicates that the company's asset use efficiency has improved since its revenue and profit have increased faster than its asset size. The section on ratio analysis will go further on this aspect

Also included in Table 4.9 are the changes in liabilities and equity. Liabilities have fluctuated in proportion to current assets. The firm has expanded its store network using both equity and financial leverage. Both debt and equity have been positive throughout the research period. In comparison to short-term debt, long-term debt is minor since the firm has no long-term debt and employs only tiny short-term loans and financing leases owing to its abundant equity. Adjustment in long-term liabilities is a result of fluctuations in other long-term obligations over time, but this account has a tiny balance. Thus, the author pays little attention to it. To boost its operating capital in 2022, the firm borrowed VND5,901,250 million at a float interest rate on a long-term basis. (MWG Annual Report, 2022)

Equity has continuously risen over the time of analysis. In 2022, however, retained profits were negative by 31% as a result of a stock dividend. These figures have grown over time, demonstrating that the company's rising revenue is the primary factor influencing its capital efficiency. MWG is the leading firm in the ICT retail market in Vietnam owing to its substantial equity capital and lengthy history of growth relative to its industry competitors.

The author has used vertical analysis to investigate the evolution of the asset structure through time. This approach entails representing each balance sheet item as a proportion of the year's total assets. The findings of this study from 2018 to 2022 are shown in the table below.

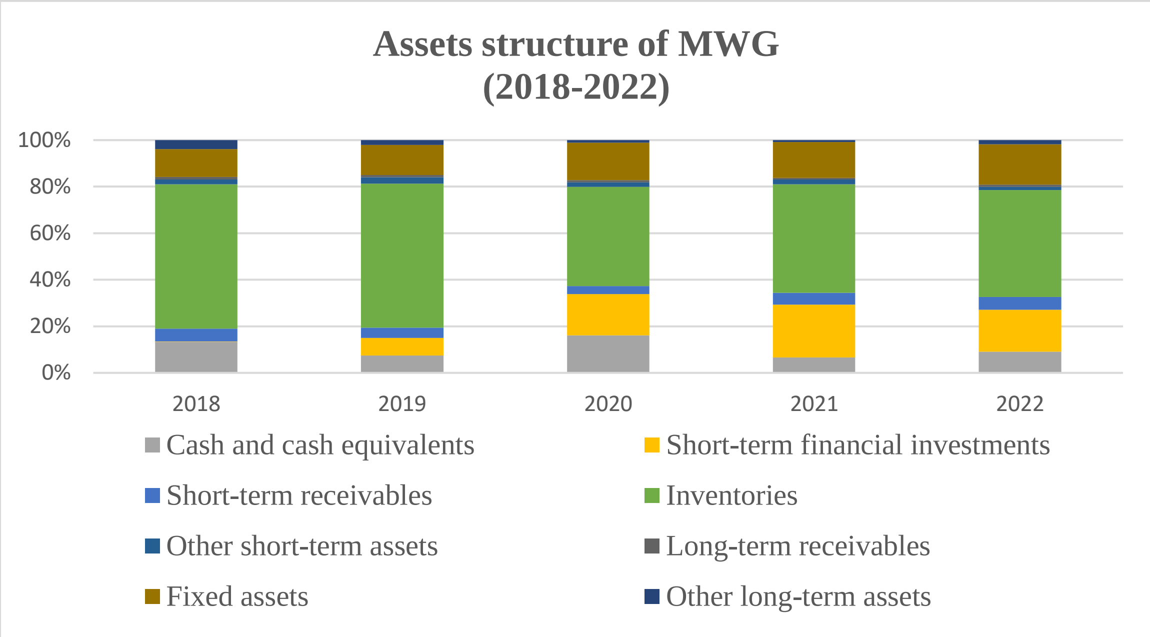
Table 4-10: Vertical Analysis of MWG's Balance Sheet 2018-2022

BALANCE SHEET (%)	2018	2019	2020	2021	2022
SHORT-TERM ASSETS	**83%**	**84%**	**81%**	**83%**	**80%**
Cash and cash equivalents	13%	7%	16%	7%	9%
Short-term financial invest	0%	8%	18%	23%	18%
Short-term receivables	5%	4%	3%	5%	6%
Inventories	62%	62%	42%	46%	46%
Other short-term assets	2%	3%	2%	2%	1%
LONG-TERM ASSETS	**17%**	**16%**	**19%**	**17%**	**20%**
Long-term receivables	1%	1%	1%	1%	1%
Fixed assets	12%	13%	16%	15%	17%
Other long-term assets	4%	2%	1%	1%	2%
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**
LIABILITIES	**68%**	**71%**	**66%**	**68%**	**57%**
Short -term liabilities	64%	68%	64%	68%	47%
Long-term liabilities	4%	3%	2%	0%	11%
OWNER'S EQUITY	**32%**	**29%**	**34%**	**32%**	**43%**
Charter equity	16%	11%	10%	11%	26%
Undistributed earnings after tax	14%	17%	23%	20%	16%
Other equity accounts	2%	1%	0%	0%	1%
TOTAL OWNER'S EQUITY AND LIABILITIES	**100%**	**100%**	**100%**	**100%**	**100%**

(Source: Own calculation based on the balance sheet of MWG 2018-2022)

Using vertical analysis to study the balance sheet for the years 2018 through 2022, we can observe that current assets are the most significant component of total assets. From 84% in 2019 to 80% in 2022, the proportion of short-term assets to total assets will have fallen somewhat. Nonetheless, short-term investments continue to account for a significant portion. Additionally, over the observation period from 2018 to 2022, both short-term and long-term assets were generally steady. Namely, current assets account for 80% of total assets, whilst long-term assets account for the remaining 20%.

Figure 4-10: Asset structure diagram of MWG 2018-2022



(Source: Own compilation based on the financial statement,2023)

The percentage change in assets is illustrated in Figure 4.10, illustrating a pattern in which the share of short-term investments has grown throughout the years while the proportion of inventories has declined. This shows that the company has invested in warehousing and logistics systems and improved its inventory management. While accumulating a large quantity of cash, it does not represent a substantial part of the company's overall assets, showing that the cash is being used effectively. The result also reveals that cash and cash equivalents, as well as short-term financial investments, account for 27% of MWG's total assets, indicating that the company's business strategy is very successful and that it always has enough finances. Moreover, the company's bad debt from receivables is mostly from credit lending enterprises.

The proportion of equity has increased over the years, while liabilities have decreased, which is a positive sign for the company's growth. Equity has increased through capital raising, stock dividends, and ESOP shares for employees (Annual report of MWG, 2020). In the previous year, liabilities accounted for 57%, with short-term debt making up 47% and long-term debt accounting for 10%. Despite this, the company's debt repayment ability is vital, as evidenced by its decreasing debt ratio. The company is cautious about investing in Bach Hoa Xanh, which is still losing money. As a result, the management has gradually lowered the leverage to re-evaluate the business operation.

4.4.2 Financial performance of Mobile World Investment Corporation

In this part, we will examine MWG's financial performance by examining the items on its income statement using both vertical and horizontal analysis techniques. Vertical analysis of the income statement presents each line item as a proportion of total sales, allowing us to assess a company's cost structure and profitability. Horizontal analysis of the income statement is a technique that compares each line item to its value in the base year, allowing us to spot changes and patterns in revenues and costs over time. The table below provides a horizontal examination of MWG's revenue statement for the years 2018 through 2022:

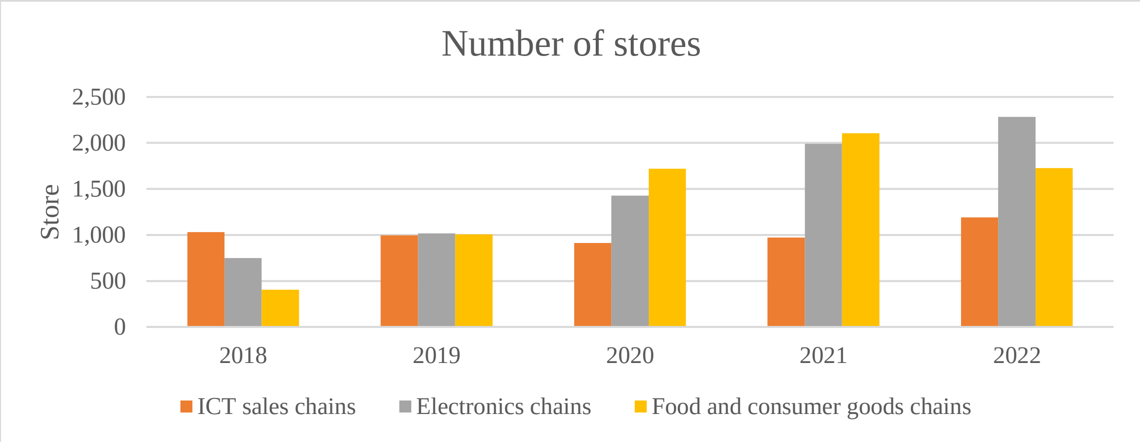
Table 4-11: Horizontal analysis Income statement of MWG 2018-2022

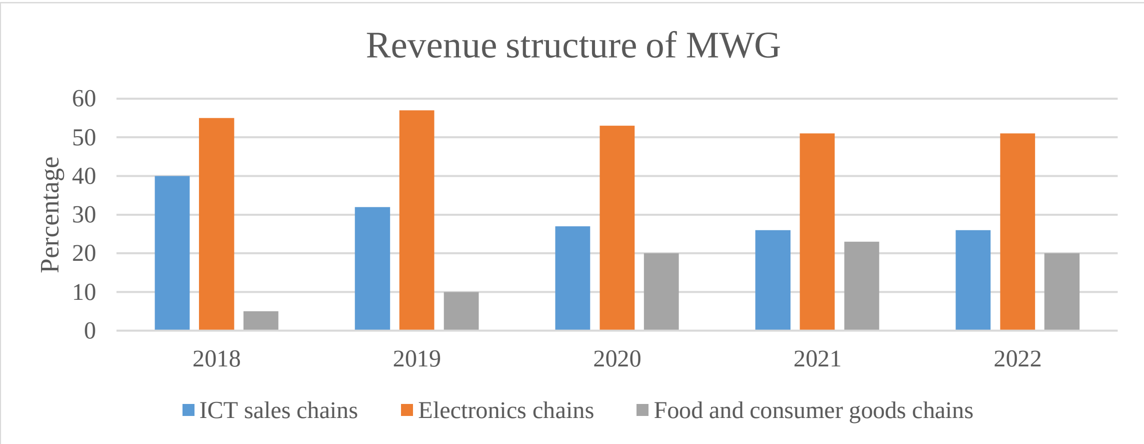
Income statemtent	**2017/2018**		**2018/2019**		**2019/2020**		**2020/2021**		**2021/2022**	
(Milllion VND)	**Diff (+/-)**	**%**	**Diff (+/-)**	**%**	**Diff (+/-)**	**%**	**Diff (+/-)**	**%**	**Diff (+/-)**	**%**
Net revenue	**20,176,483**	**30%**	**15,657,957**	**18%**	**6,371,776**	**6%**	**14,412,086**	**12%**	**10,446,672**	**8%**
Cost of goods sold	16,026,134	29%	11,462,286	16%	1,905,077	2%	10,734,452	11%	7,296,588	8%
Gross profit	**4,150,349**	**37%**	**4,195,671**	**27%**	**4,466,698**	**23%**	**3,677,635**	**13%**	**3,150,083**	**11%**
Financial income	317,033	1266%	289,094	85%	162,944	26%	493,834	38%	25,181	2%
Financial expenses	202,286	86%	133,182	31%	24,397	4%	120,555	17%	667,913	93%
Selling expenses	2,642,680	38%	2,777,542	29%	2,896,516	23%	2,580,374	14%	3,875,826	22%
General and administrative expenses	416,117	31%	312,169	18%	1,330,649	64%	418,958	11%	(1,475,350)	-39%
Operating profit	**978,738**	**35%**	**1,260,501**	**33%**	**377,847**	**8%**	**1,053,077**	**16%**	**109,087**	**2%**
Other profit	(1,732)	-12%	6,628	55%	(21,559)	-115%	8,772	147%	(524,315)	-8772%
Profit before tax	**977,007**	**35%**	**1,267,128**	**33%**	**356,288**	**7%**	**1,061,849**	**16%**	**(415,229)**	**-6%**
Net profit after tax	**673,412**	**31%**	**955,931**	**33%**	**83,633**	**2%**	**981,554**	**20%**	**(799,713)**	**-16%**

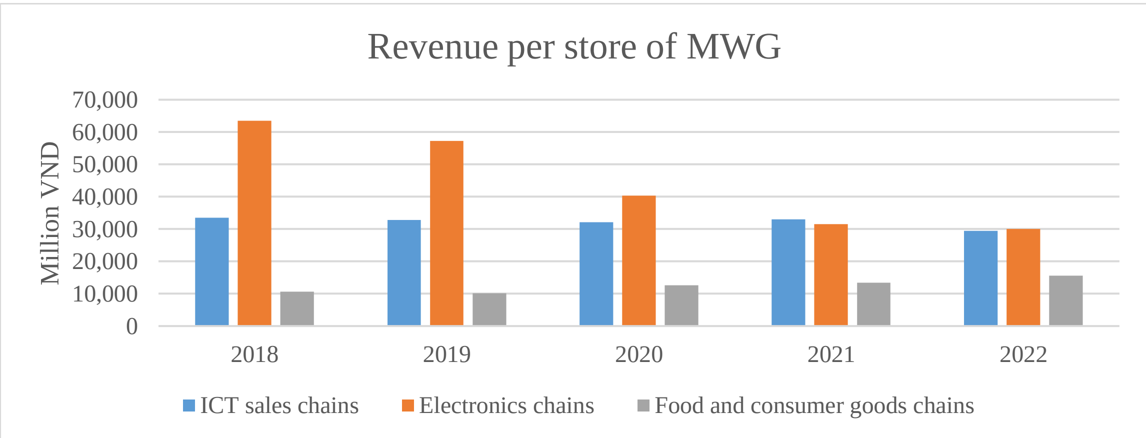
(Source: Own calculation based on the income statement of MWG 2018-2022)

Table 4.11 displays the yearly changes in the income statement during the period under observation. Over the years 2018 to 2022, the company incurred a single loss 2022, with pre-tax profit decreasing by 6%. There was also a significant increase in costs in 2022 due to expenses incurred during the liquidation of MWG. The author believes that these costs were a part of the restructuring campaign for the entire Bach Hoa Xanh chain from March to September. It appears that this cost was a one-time expense and will not be the same amount in the next reporting period (Annual report of MWG, 2022). Therefore, instead of the pressure to increase interest rates, which would cause interest expenses to rise, the liquidation costs are the main reason for the decrease in pre-tax profit margins compared to the previous quarter. In contrast, the gross profit margin and net profit margin from margin activities have improved. To better understand MWG's current revenue structure, refer to the figure below.

Figure 4-11: Graph of stores' quantity, revenue structure, and revenue per store of MWG







(Source: Own compilation based on the financial statements,2023)

Figure 4.11 indicates that the number of ICT shops is decreasing while the number of stores selling electronic devices and food and consumer goods is increasing. The food and consumer goods chain has the most significant number of MWG stores, and the primary revenue of MWG comes from the chain of electronics stores and the chain of food and consumer goods. The revenue structure of the chain selling ICT goods is gradually decreasing, showing that the MWG strategy is still focused on the food and consumer goods chain. The author notes that revenue per store must increase for profitability, but the revenue per store of the ICT chain is stable with no sudden changes. The company faces intense competition and is gradually closing inefficient stores while keeping those with optimal locations. The food and consumer goods segment is becoming a strategic focus for MWG in the coming years due to increasing revenue per store and the number of stores.

Table 4-12: Vertical analysis of MWG 2018-2022

Income statement (%)	**2018**	**2019**	**2020**	**2021**	**2022**
Net revenue	99.6%	99.3%	99.2%	98.9%	99.0%
Financial income	0.4%	0.6%	0.7%	1.0%	1.0%
Other income	0.0%	0.0%	0.0%	0.0%	0.0%
Total income	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of goods sold	85.7%	84.6%	81.4%	80.9%	79.7%
Financial expenses	0.5%	0.6%	0.6%	0.6%	1.1%
Selling expenses	11.6%	12.7%	14.7%	15.2%	16.9%
General and administrative expenses	2.1%	2.1%	3.3%	3.2%	1.8%
Other expenses	0.0%	0.0%	0.0%	0.0%	0.5%
Total expense	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(Source: Own calculation based on the income statement of MWG 2018-2022)

According to Table 4.12, operating revenue, on average, accounts for 99% of Total Income, while financial activities contribute only 1%, but this percentage tends to increase. The table presents a detailed breakdown of all costs incurred by the company from 2018 to 2022, indicating the percentage of total costs that each line item contributes. COGS is the most significant contributor, averaging 82%, but it is showing a declining trend. In contrast, selling expenses gradually increased and reached their peak in 2022, accounting for 16.9%. MWG has successfully optimized its management system, as seen by the decrease in administrative costs to 1.8% by 2022. However, the author discovered that selling expenses had not been optimized, leading to a decrease in MWG's gross profit margin.

Overall, MWG is achieving efficiency with revenue and profit growth and reasonable control of selling and administrative expenses. However, a more detailed analysis of financial ratios is needed for an in-depth understanding.

4.4.3 Selected financial analysis ratios for Mobile World Investment Corporation

4.4.3.1 *Profitability ratio*

Table 4.13 displays the findings of the return rates study, which comprises calculations of several indicators like gross profit margin, net profit margin, return on assets (ROA), and return on equity (ROE). In addition to numerical data, this part contains an analysis of the results.

Table 4-13: Profitability ratio of MWG 2018-2022

Profitability ratio	2018	2019	2020	2021	2022
Gross profit margin	13.4%	12.7%	13.9%	14.0%	15.6%
Net profit margin	2.3%	1.2%	0.1%	2.0%	1.3%
Return on assets (ROA)	7.7%	3.5%	0.2%	5.5%	3.7%
Returen on equity (ROE)	35.6%	16.7%	0.8%	30.6%	21.4%

(Source: Own calculation based on the financial statements of MWG 2018-2022)

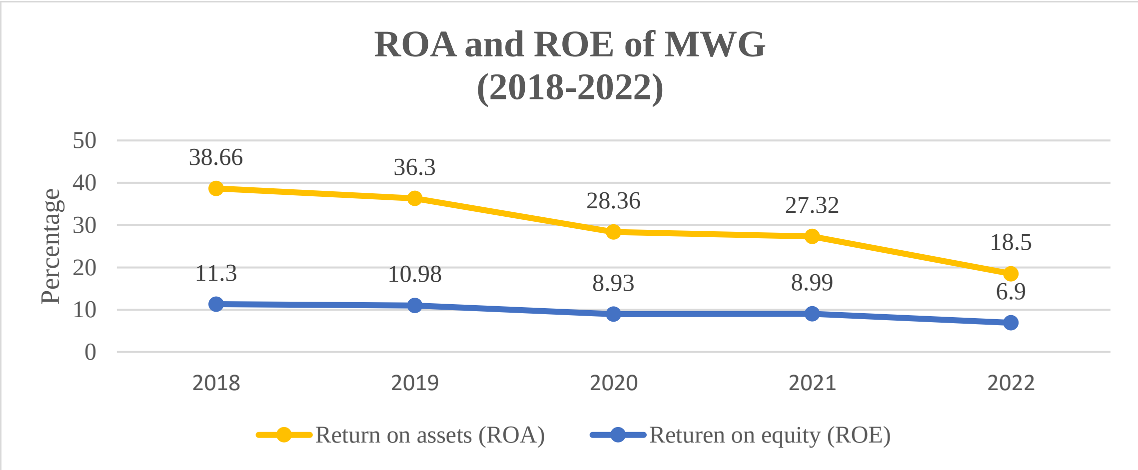
According to Table 4.13, the profit margin has changed somewhat between 2018 and 2022. The most significant net profit margin ever recorded was 3.98 % in 2021, but it fell to 3.07% in 2022. This decline was attributed to the liquidation of shops, which resulted in increased expenses.

MWG has demonstrated a consistent increase in its net profit margin, indicating a strong position in the Vietnamese retail market. This may be due to MWG's ability to offer lower discount rates when importing its products. Additionally, the company's move into the food and consumer goods sector may have contributed to the increase in the gross profit margin. Despite losses in this segment, the electronics and ICT segments have been able to offset the costs.

MWG was able to maintain reasonable cost control from 2018 to 2021, but there was a decline in profit margin in 2020. However, the ongoing increase in gross and net profit margins indicates that the company is able to offset its costs in the food and consumer goods sector with profits from other sectors.

The return on assets (ROA) and return on equity (ROE) have decreased, indicating less efficient resource utilization. Figure 4.11 graphically depicts the monitored ROA and ROE

Figure 4-12: Graph of MWG's profitability indicators



(Source: Own compilation based on the financial statement, 2023)

In 2018, the company achieved its highest Return on Assets (ROA) at 38.6%, but it has since declined, indicating that the company is becoming less efficient in using its assets. However, the net profit margin has remained relatively constant at around 3%. This shows that the company's inability to generate adequate income from its assets may be the cause of the decline in ROA. When MWG invests in new chains, the revenue generated does not meet expectations.

Similarly, Return on Equity (ROE) also peaked in 2018 at 11.3% but has since followed the same declining trend as ROA. This suggests that MWG is reducing its reliance on debt and increasing its use of equity, leading to a decrease in ROE. Despite this, the net profit margin has not increased, which further contributes to the declining trend in ROE.

4.4.3.2 *Activity ratio*

In the next part, the author will use activity ratios to explain how current assets and liabilities are employed by commercial companies. The particular values and trends of the examined indicators are shown in Table 4.12.

Table 4-14: Activity ratio of MWG 2018-2022

Activity ratio	2018	2019	2020	2021	2022
Total asset turnover	3.4	2.93	2.47	2.26	2.25
Equity turnover	11.6	9.67	7.86	6.86	6.02
Receivable Turnover	56.1	56.3	68	38.9	43.4
Inventory turnover	4.83	3.83	3.75	3.92	3.74

(Source: Own calculation based on the financial statements of FRT 2018-2022)*

During a five-year period, the utilization efficiency of MWG's total assets decreases gradually, as shown by the data in Table 4.14. This shows that the organization is using its assets less effectively for business operations. In 2022, asset turnover was at its lowest, with a value of 2.25, whileiin 2018, it was at its best, with a value of 3.4. While the company's net sales have risen over time, its growth rate is less than that of total assets, indicating a decline in asset turnover. Similar swings in the Total Asset Turnover and Equity Turnover percentages indicate that MWG primarily utilizes equity to support its business operations but generates little income. The lower trend in equity turnover shows that the company's use of equity is becoming less efficient.

In addition, Table 4.14 reveals a definite decreasing trend in inventory turnover, suggesting sluggish sales and stagnant inventory, which may enhance the company's financial concerns. According to MWG's financial report for the fourth quarter of 2019, 75% of the company's short-term assets are inventory, indicating a buildup of inventory or trouble delivering items to consumers.

In contrast, the accounts receivable turnover ratio increased with time, reaching a minimum of 39 days of selling receivables in 2021. This development might be ascribed to the company's credit strategy, which allows clients to pay in installments and makes debt collection simpler.

4.4.3.3 *Liquidity ratios*

The measurement of liquidity ratios may provide insight into the financial position and capacity to satisfy the outstanding debts of a business. Table 4.15 displays the outcomes of the examination of liquidity, which comprises the current ratio and the quick ratio, and the cash ratio. The following section elaborates on these results in further detail:

Table 4-15: Liquidity ratio of MWG 2018-2022

Liquidity ratio	2018	2019	2020	2021	2022
Current ratio	1.30	1.23	1.27	1.22	1.72
Cash ratio	0.21	0.11	0.25	0.1	0.19
Quick ratio	0.21	0.22	0.52	0.43	0.58

(Source: Own calculation based on the financial statements of FRT 2018-2022)

A summary of MWG's liquidity situation from 2018 to 2022 is presented in Table 4.13. All the liquidity coefficients are above 1, indicating that MWG has a solid capacity to meet its debt obligations. This capacity has improved over the years from 2018 and only dropped slightly until 2021 (from 1.30 => 1.30 => 1.22), but in 2022 it bounced back and reached the highest level of 1.72. This demonstrates that MWG can maintain high debt repayment and low bankruptcy risk for the business. MWG invested heavily in expanding the number of retail stores nationwide, especially from early 2019 to late 2020, when it added nearly 2,000 stores, so short-term debt also rose sharply during that period. However, 2019 and 2020 were two highly challenging years due to the global pandemic and the continuous natural disasters in Vietnam, so the revenue growth of 2019 (18%) and 2020 (6%) was lower than in 2018 (30%) resulting in total short-term assets being affected. Different growth rates for short-term assets and liabilities resulted in a modest decline in the ratio in 2019.

The cash ratio remains stable in the period 2018-2022 and alternates with two declines in 2019 and 2021. Due to the nature of the ICT retail industry, which requires high liquidity when paying short-term debts, the company has always kept a high cash ratio. The author believes that this is a safe cash ratio to ensure continuous uninterrupted operation in a short time.

The quick ratio progressively rises from 2018 to 2022. Nevertheless, this does not imply whether the company's quick ratio is favorable or unfavorable since it relies on the company's type and circumstances. A low fast ratio indicates that the company may have trouble making timely debt payments. The quick ratio indicates that MWG has a limited ability to meet its short-term obligations using cash and cash equivalents (even though the ratio has improved from 0.2 to 0.582 over the years). This is because the company's current assets include a substantial quantity of inventory, but its cash and cash equivalents do not grow much, while its current liabilities expand year after year, resulting in a lower quick ratio. In 2020, compared to 2019, the quick ratio grew because the growth rate of cash and cash equivalents exceeded the growth rate of current liabilities. This was due to the COVID-19 pandemic, which lowered MWG's need for inventories. In response to the COVID-19 crisis, the company had to modify its inventory strategy, which allowed it to grow its cash reserves, capture chances, decrease expenses, and safeguard earnings.

4.4.3.4 *Leverage ratio*

Next, the following table analyzes MWG's leverage ratio in the period 2018-2022:

Table 4-16: Leverage ratios of MWG 2018-2022

Leverage ratio	2018	2019	2020	2021	2022
Equity to assets	22.4%	19.4%	22.7%	15.6%	19.6%
Debt to assets	57.0%	56.1%	46.1%	56.1%	51.3%
Debt to equity	254.4%	289.1%	202.9%	360.1%	261.7%

(Source: Own calculation based on the financial statements of FRT 2018-2022)

A summary of the leverage ratios and their changes over time is presented in Table 4.16. The equity multiplier shows a gradual increase from 2018 to 2022, reaching its highest value of 0.43 in 2022. This indicates that the business has more financial autonomy this year compared to the previous years. However, this value is still low, implying that the business has low financial independence as most of its assets are financed by debts. This is because the business is expanding its store network, experimenting with new models, enhancing its purchasing team, and investing in its logistics system and supporting platforms. These activities require more debt to fund the assets that grow rapidly but at a slower rate than the equity-to-assets ratio tends to increase over the years.

The debt-to-assets ratio increased from 0.25 in 2018 to 0.30 in 2022, peaking at 0.39 in 2021. This indicates that the company is fast developing and needs substantial capital. The company's debt, which represents a significant portion of its overall assets, is its primary source of income.

In 2021, the debt-to-equity ratio peaked at 1.21, indicating that more debt than equity was used to fund the company's assets; this ratio was slightly over one and was indicative of a moderate degree of financial risk. MWG's debt consisted mainly of short-term debt, which was primarily utilized to fund working capital as the company concentrated on adding new locations during this time period. Nonetheless, MWG's financial income was positive. Thus, the author believes that the firm increased its short-term debt primarily to profit from the gap between borrowing and deposit interest rates or as a tax shield.

5 Results and Discussion

Analyzing their balance sheets and income statements, the Practical section required a comprehensive review of MWG and FRT's financial position and performance. In this part, we will do a comparative financial and ratio study of the two firms in order to uncover possible financial issues and crucial elements impacting their profitability and standing in the industry. To undertake an exhaustive examination, we will use a variety of financial criteria, including liquidity, profitability, and leverage. By comparing MWG and FRT's performance using these measures, we can establish which firm is in a more vital financial situation. In addition, we will evaluate their present market position, market share, and industry trends in order to acquire a more profound knowledge of their financial position.

Furthermore, we will examine the potential financial risks that both companies face, such as macroeconomic, regulatory, and operational risks. By identifying these risks, we can determine how much they threaten the financial stability of MWG and FRT.

5.1 Comparison of the financial position of Mobile World Investment Corporation and FPT Digital Retail Joint Stock Company

Horizontal analysis of the balance sheet reveals that covid 19 has severely affected FRT's business, as there was no growth in assets. This had a negative impact on the ROA and ROE, which measure the profitability of the company. However, in 2021, FRT's business recovered as its ICT sales resumed, and its total assets doubled compared to the previous year. MWG, on the other hand, was not as severely hit by the covid 19 pandemic, as it still managed to increase its assets in 2020, albeit at a lower rate than before.

In contrast to FRT, MWG was not as adversely affected by the COVID-19 pandemic, as evidenced by an increase in assets in 2020, albeit not as much as the previous year.

Additionally, the author compares the primary structure between MWG and FRT by analyzing changes in selected items in the balance sheet, such as assets, liabilities, and equity, as reported in the table below.

Table 5-1: Comparative change of a selected balance sheet item

Balance Sheet (%)	2018		2019		2020		2021		2022	
	MWG	**FRT**	**MWG**	**FRT**	**MWG**	**FRT**	**MWG**	**FRT**	**MWG**	**FRT**
SHORT-TERM ASSETS	83%	93%	84%	94%	81%	92%	83%	95%	80%	90%
LONG-TERM ASSETS	17%	7%	16%	6%	19%	8%	17%	5%	20%	10%
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
LIABILITIES	**68%**	**78%**	**71%**	**81%**	**66%**	**77%**	**68%**	**84%**	**57%**	**80%**
Short -term liabilities	64%	78%	68%	81%	64%	77%	68%	84%	47%	80%
Long-term liabilities	4%	0%	3%	0%	2%	0%	0%	0%	11%	0%
OWNER'S EQUITY	**32%**	**22%**	**29%**	**19%**	**34%**	**23%**	**32%**	**16%**	**43%**	**20%**
TOTAL OWNER'S EQUITY AND LIABILITIES	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(Source: Own calculation based on the balance sheet of MWG, FRT 2018-2022)

According to Table 5.1, MWG and FRT's asset structures were steady across the period of investigation, with short-term and long-term assets staying constant and current assets constituting 82% and 92% of their respective total assets, respectively. MWG steadily decreased its percentage of short-term debt and increased its proportion of long-term debt and equity, whilst FRT mainly depended on short-term debt financing. MWG had more equity efficiency than FRT due to its tremendous revenue increase. Due to the peculiarities of the ICT retail market, both firms have a preponderance of short-term assets and liabilities, while their long-term debt is very minimal. They also have enough operating cash for short-term operations. MWG has a more significant share of long-term assets than FRT, with an 80/20 short-term asset/long-term asset structure, while FRT's average structure is 90/10. In addition, FRT's debt-to-equity ratio of 80/20 indicates that the business employs more financial leverage to earn profits. MWG, on the other hand, has a debt-to-equity ratio of 57/43.

5.2 Comparison of financial performance of Mobile World Investment Corporation and FPT Digital Retail Joint Stock Company

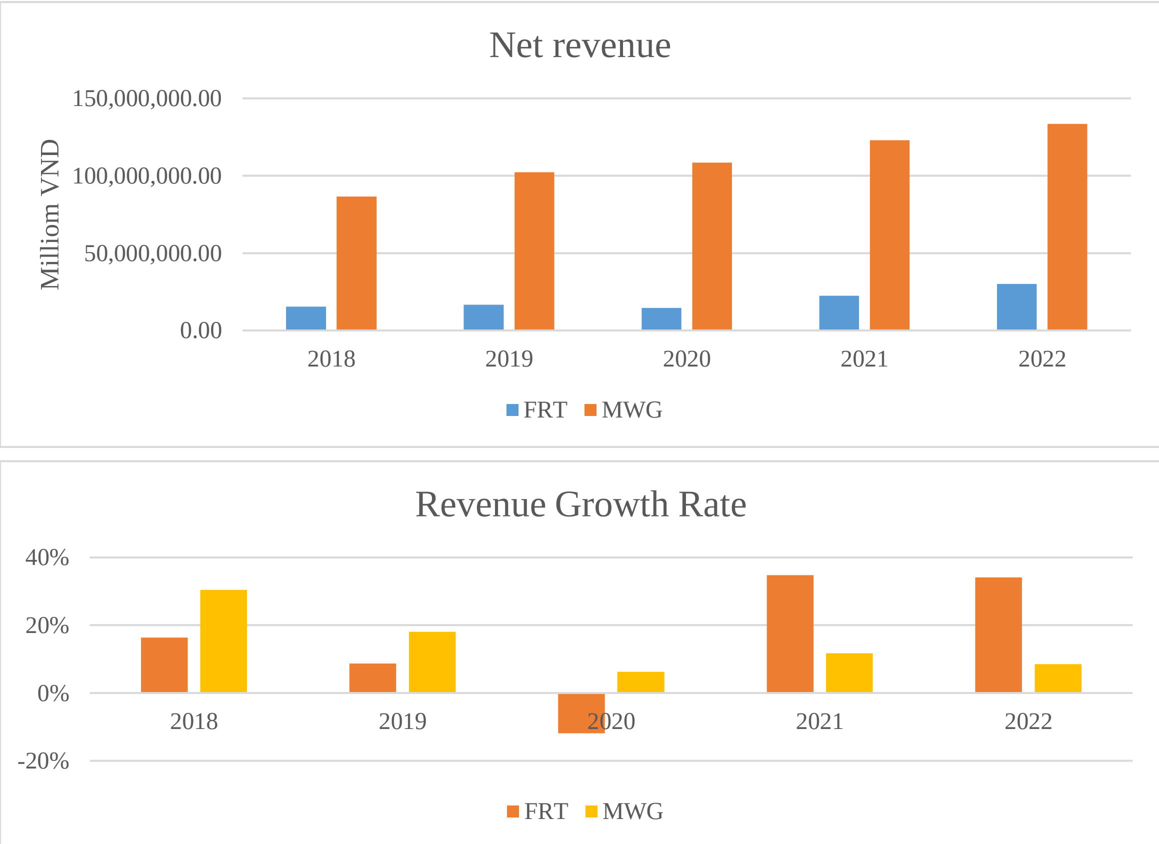
In the next part, the author will compare the financial performance of MWG and FRT by tabling the changes in the chosen income statement variables, including revenue and net income:

Table 5-2: Comparative change in selected income statement item

Company	Change in (%)	2018	2019	2020	2021	2022	Trend line
FRT	Net revenue	16%	9%	-12%	35%	34%	
	Net profit after tax	20%	-41%	-95%	98%	-10%	
MWG	Net revenue	30%	18%	6%	12%	8%	
	Net profit after tax	31%	33%	2%	20%	-16%	

(Source: Own calculation based on the balance sheet of MWG, FRT 2018-2022)

Figure 5-1: Graph comparing revenue and revenue growth rate.



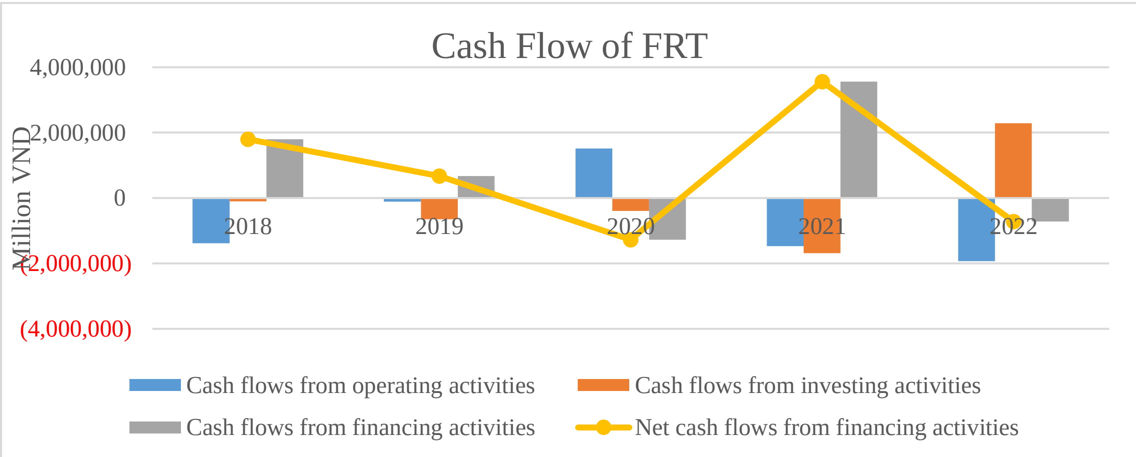
(Source: Own compilation based on the financial statements 2023)

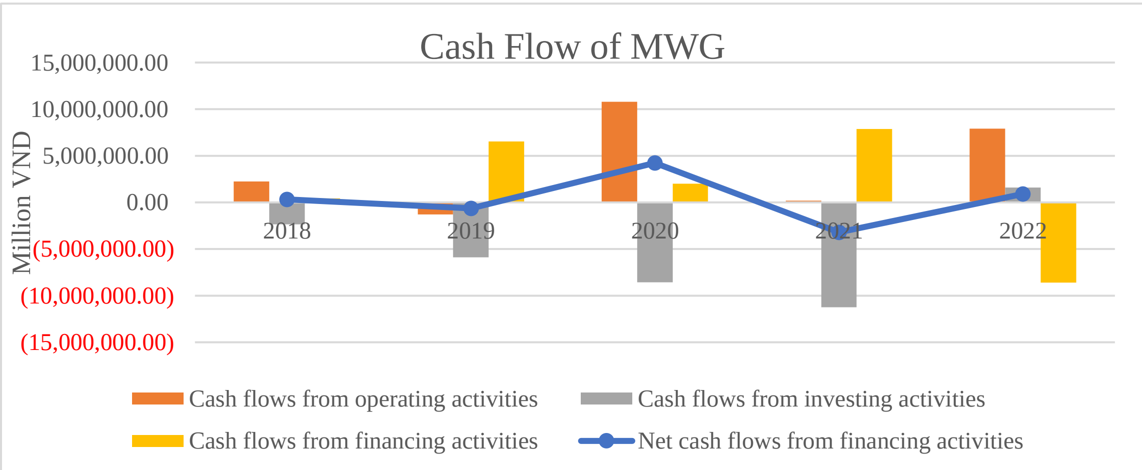
Table 5.2 illustrates that FRT has a higher rate of revenue and profit growth. Although both companies experienced strong revenue growth from 2018 to 2022, FRT had a negative growth year, while MWG's revenue growth rate is gradually decreasing due to increasing competition in the ICT retail industry. FRT's revenue increased by 98% in 2021, primarily due to the sudden surge in demand for computers and phones. While MWG also experienced sudden revenue growth in 2021, it was not significant compared to FRT, mainly because MWG's revenue scale is much larger, and the ICT segment's increase did not significantly impact MWG's revenue structure. If FRT maintains its current growth momentum, it could potentially dominate the market share of MWG and become the largest company in the retail ICT industry.

In order to undertake a more comprehensive examination of MWG and FRT's financial performance, Figure 5.1 illustrates that in 2022, MWG's revenue was nearly five times that of FRT, but its profit was eight times more. In addition, MWG had a more significant net profit margin than FRT. FRT saw more substantial profit growth from 2018 to 2022, while MWG's bigger company size led to greater total earnings.

Additionally, to provide a more in-depth assessment of the financial performance of the two companies, the author compares their cash flows in the following graph:

Figure 5-2: Cash flow comparison between FRT and MWG





(Source: Own compilation based on the financial statements, 2023)

The graph in Figure 5.2 shows that MWG has a solid positive cash flow in general, except for 2019 and 2021. The significant cash flow in 2020 suggests that the business may face many difficulties that year. MWG maintained a positive cash flow in 2020 thanks to reducing the proportion of inventory and collecting cash. However, in 2021, because MWG anticipated the impact of Covid, it increased the proportion of inventory, causing negative cash flow. To make up for the shortfall in cash flow from operating activities, MWG had to rely on debt leverage to supplement cash flow from financing activities. MWG invests in fixed assets to expand the food chain, consumer goods, and logistics system, so the cash flow in the period 2018-2021 is mainly poured into investment activities. Besides, MWG's cash flow from operating activities has always been positive throughout the study, showing that the company always generates profits from its core business.

In contrast, the cash flow of FRT is not stable during the study period. Although cash flow reached the highest positive level in 2021, it mainly came from financial activities rather than from business activities. FRT has only positive cash flow from operating activities in 2020. During the five years of observation from 2018-2022, FRT only had a positive cash flow from operating activities in 2020. The company's operating cash flow has been continuously negative over the years. In 2022, the company's operating cash flow was negative, up to VND 1,932 billion (Annual report of FRT, 2022). As of the end of 2022, debt to equity is equal to 262%, although down from 360% in 2021, but remains high. The company's business activities do not generate cash flow, raising concerns about the company's ability to repay debts, significantly when the debt burden is increasing. In the context of negative business cash flow and a large debt-to-equity ratio, if the company does not accelerate sales to collect debt payments, short-term liquidity will be at risk. Despite having a smaller asset size than MWG, FRT must rely on significant leverage to expand its business, leading to unstable cash flow. Overall, MWG is financially healthier than FRT in terms of cash flow.

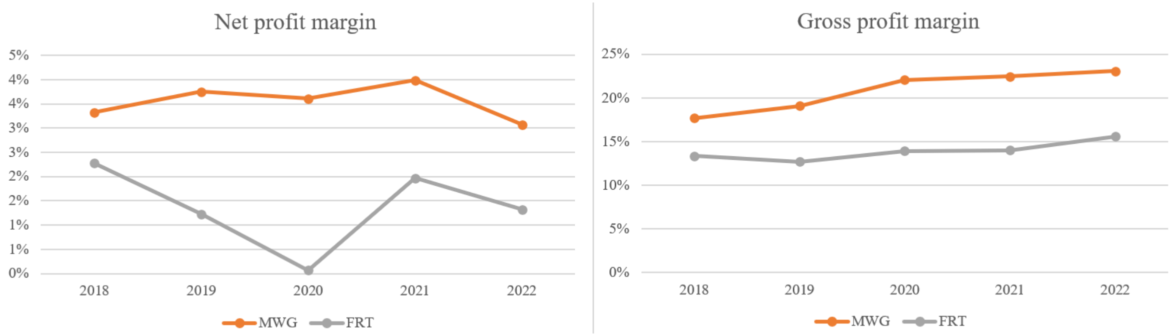
FRT had operating cash flow challenges while seeing a tremendous increase in sales, profit, and company size, whilst MWG remained constant. To investigate this further, the following financial performance response ratios will be required.

5.3 Comparison of the results of financial analysis ratios of Mobile World Investment Corporation and FPT Digital Retail Joint Stock Company

5.3.1 Profitability ratios

Profitability is a crucial indicator of financial performance and success. This chapter will analyze how the two companies compare in terms of their profitability ratios. The first thing is to look at the margin comparison displayed in the figure below:

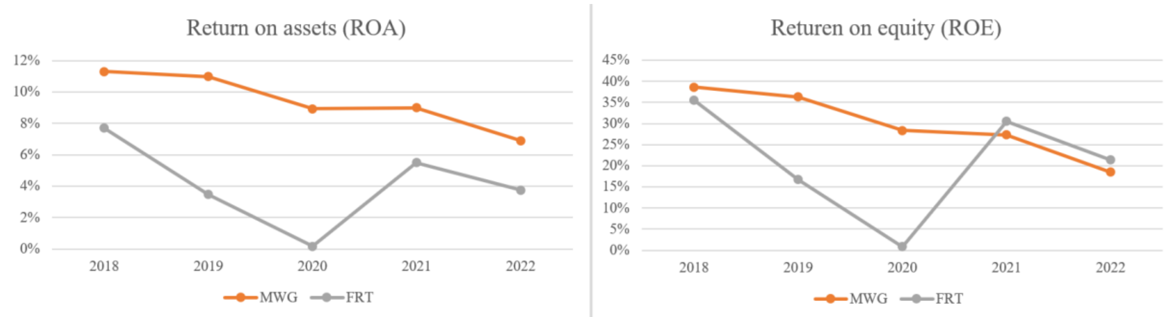
Figure 5-3: MWG versus FRT profit margin comparison



(Source: Own compilation based on the financial statements, 2023)

The data presented in figure 5.3 indicates that MWG's net profit margin and gross profit margin have both surpassed FRTs, primarily due to the fact that MWG has two different businesses that help maintain profits alongside their electronics business. Furthermore, FRT suffered a sharp drop in gross profit in 2020 because their ICT business was not classified as a consumer staple and had to close during the COVID-19 pandemic. This resulted in the company not generating significant profit in the fiscal year 2020 while still having to maintain operating costs. In contrast, MWG's consumer utility sales segment, which is considered essential food sales, remained open during the pandemic, helping to mitigate the impact of COVID-19 on their gross profit. The chart also shows that MWG's net profit margin exceeds FRT, showing that FRT is not as cost-effective as MWG. The author suggests that FRT should improve its profit margin further if it wants to dominate the market. The subsequent study will evaluate Return on Assets (ROA) and Return on Equity (ROE) (ROE).

Figure 5-4: MWG versus FRT profitability comparison



(Source: Own compilation based on the financial statements 2023)

Figure 5.4 illustrates that MWG has a higher profitability ratio than FRT in the retail sector. However, both companies experienced a decline in ROA between 2018-2022. In 2020, FRT's ROE plummeted to 0.8%, indicating that the company faced significant challenges in utilizing its capital efficiently. Nevertheless, FRT managed to improve its ROE dramatically in 2021, demonstrating that its retail chain is now operating more efficiently than MWG's.

It is worth noting that FRT's higher ROE is partly due to its use of financial leverage, as seen in the vertical analysis, where FRT has total assets six times greater than its equity, while MWG's total assets are only three times greater than its equity.

The profitability of MWG is the main advantage of the company, reflected in ROA and ROE better than FRT. This shows that MWG is generating adequate revenue from assets and equity. On the contrary, FRT’s ROA is lower than MWG, and ROE is only better in the last two years, showing that FRT, although optimizing resources thoroughly, has higher financial risk than MWG but has shown a breakthrough.

5.3.2 Activity ratios

Evaluation of activity ratios is a vital component of a company's performance analysis, and it is strongly tied to profitability analysis. As stated in the table, the author intends to compare the performance ratios of MWG and FRT in this chapter.

Table 5-3: Comparative Activity ratios of MWG and FRT

Years	Total asset turnover		Equity turnover		Receivable Turnover		Inventory turnover	
	MWG	FRT	MWG	FRT	MWG	FRT	MWG	FRT
2018	3.4	3.7	11.6	15.6	56.1	13.8	4.8	6.3
2019	2.9	3.0	9.7	13.6	56.3	13.9	3.8	4.9
2020	2.5	2.6	7.9	11.7	68.0	11.0	3.7	4.8
2021	2.3	3.0	6.9	15.5	38.9	12.9	3.9	5.7
2022	2.3	3.1	6.0	16.2	43.4	23.3	3.7	4.4

(Source: Own calculation based on the balance sheet of MWG, FRT 2018-2022)

A comparison of FRT and MWG's activity ratios reveals that FRT utilizes its assets and equity more efficiently than MWG. MWG has a substantial amount of assets and equity, which reduces its asset and equity turnover ratios. FRT primarily engages in the ICT and pharmacy sales industries, which have a greater demand and turnover than MWG's sectors. In 2022, FRT's Total Asset Turnover was 3,1, but MWG's was 2,3. In addition, FRT's asset turnover ratio has increased over time, but MWG's has decreased, showing that FRT has increased its asset usage efficiency over time.

The equity turnover ratios of both companies exhibit the same pattern. FRT's equity turnover ratio is more than MWG's, and it has been growing over time, whilst MWG's has been declining. This indicates that FRT has produced more income per unit of equity than MWG.

FRT also has a lower receivables turnover ratio than MWG, indicating that FRT collects or converts its obligations to cash more quickly. Nevertheless, because both businesses share the same creditors, the danger of bad debts is minimal for both.

Both firms have increased their inventory turnover percentages over time, which indicates that they have sold their product more quickly and better met the demands of their customers, hence preventing the building of inventory capital.

In conclusion, FRT has a superior asset utilization, equity, and debt collection management performance than MWG as a result of its rapid revenue development and efficient financial management. Nevertheless, the FRT's activity rate has grown over the last two years, but the MWG's activity rate has declined throughout the observation period. This indicates that FRT may soon surpass MWG in the ICT equipment retail industry.

5.3.3 Liquidity ratios

The following table, Table 5.4, compares the liquidity ratios and their respective values for both MWG and FRT.

Table 5-4: Comparison of Liquidity Ratios

Years	Current ratio		Cash ratio		Quick ratio	
	MWG	FRT	MWG	FRT	MWG	FRT
2018	1.30	1.20	0.21	0.24	0.21	0.58
2019	1.23	1.16	0.11	0.16	0.22	0.53
2020	1.27	1.19	0.25	0.17	0.52	0.75
2021	1.22	1.12	0.10	0.12	0.43	0.58
2022	1.72	1.12	0.19	0.09	0.58	0.34

(Source: Own calculation based on the balance sheet of MWG, FRT 2018-2022)

Throughout the course of several years, the MWG and FRT coefficients have remained relatively steady. An important conclusion is that both firms regularly maintain a current ratio greater than 1, demonstrating their capacity to pay off short-term loans rapidly. In contrast, FRT's payment speed has been quicker than MWG's for the last five years, and in 2020, both companies will have shown progress. Little liquidity risk ensures the short-term viability of both companies. Nevertheless, MWG has a problem with a low cash ratio that management must continuously watch.

5.3.4 Leverage ratio

The bellow table introduces a comparison of the leverage ratios and their calculated values for FRT and MWG, which will be discussed in this chapter.

Table 5-5: Leverage Ratio Comparison

Years	Equity to assets		Debt to assets		Debt to equity	
	MWG	FRT	MWG	FRT	MWG	FRT
2018	31.9%	22.4%	25.1%	57.0%	78.4%	254.4%
2019	29.1%	19.4%	33.9%	56.1%	116.6%	289.1%
2020	33.6%	22.7%	36.4%	46.1%	108.2%	202.9%
2021	32.4%	15.6%	39.1%	56.1%	121.0%	360.1%
2022	42.9%	19.6%	29.7%	51.3%	78.5%	261.7%

(Source: Own calculation based on the balance sheet of MWG, FRT 2018-2022)

Table 5.5 displays a comparison of the leverage ratios between FRT and MWG. FRT's leverage ratio is more than MWG's, indicating that FRT depends more on debt to fund its assets. In 2020, the whole company's debt-to-assets ratio improved to a safe level, but it will increase in 2022. FRT's debt comprises 51% of its total assets, whereas MWG's debt only accounts for 30% of its total assets. FRT's debt-to-equity ratio is far greater than MWG's, notably in 2021, when it hits 360%, showing that FRT's primary source of financing is debt and that debt is significantly bigger than equity. In addition, FRT has a smaller equity-to-asset ratio than MWG for all five years, showing that MWG has a greater degree of financial autonomy than FRT, despite the fact that MWG's ratio is still high. The ICT retail industry needs a substantial quantity of working capital. Hence the majority of enterprises in this area use a relatively high level of leverage.

5.4 The most important factors affecting the profitability of Mobile World Investment Corporation and FPT Digital Retail Joint Stock Company

Based on the analysis of the financial position and performance results of each company in section four, as well as the comparison of the two companies in section five, the author identifies the most critical factors that affect profitability from both a company and industry perspective, while taking Vietnam's macro situation into account.

From the standpoint of the company, the first element to evaluate is the effect of selling costs on profitability. It is evident in both case studies of the chosen companies that a rise in selling expenditures has a direct negative impact on gross profit margins. Secondly, changes to the revenue structure might impact profit margins. For instance, MWG's and FRT's sales of consumables and pharmacies resulted in reduced gross profits, which had a negative effect on earnings. Finally, for large retail companies like FRT and MWG, inventory control is critical, mainly when inventory accounts for a significant portion of their assets. The risk associated with ICT items is their short product life cycle, and poor inventory management can result in an increase in the rate of lousy inventory, leading to a decline in profits.

From the point of view of the retail industry, especially the retail ICT industry:

In the next ten years, Vietnam expects GDP growth of about 7% per year, according to the draft socio-economic development strategy for the period 2021-2030. In 2030, the GDP per capita in this period will reach 4,700 - 5,000 USD, on par with Thailand. In 2020, GDP per capita will reach 3,521 USD (Ministry of Planning and Investment, 2021). The urbanization rate will increase from 36% (currently) to 50%, and the proportion of modern distribution channels will also reach 50%, up sharply from the current 10%. Besides, e-commerce will also thrive, with a growth rate of about 24 %/year. These are all positive signs for the retail industry in the medium and long term.

The golden population period drives shopping spending. Vietnam is still in the golden population period, with an annual population growth of about 1%, equal to the regional average (Ministry of Planning and Investment, 2011). The rapid urbanization process helps develop the retail market in a more modern and flexible way. In addition, with the population structure being mostly young people and people of working age, there is still much room for retail and consumption.

Inflation and recession fears affect the purchasing power of the ICT retail industry: According to the author's observations, inflation affects purchasing power, forcing consumers to cut spending on non-essential items from the second quarter of 2022. Rising inflation will increase costs for retailers, as it can be challenging to translate the increased costs into selling prices to customers. Meanwhile, consumers are looking for deep discounts, and the trend to buy cheap goods can last until 2023. Under the pressure of reduced purchasing power due to the effects of inflation, retail businesses invest in electronics and technology industries such as The Gioi Di Dong and FPT Retail all recorded dismal business results.

The negative net impact from the less favorable financial environment to date, the impact of rising interest rates, and VND depreciation against USD have been negative for most non-essential consumer companies in the segment—author's analysis, which has a net debt position and is active in imports. In order to limit the negative impact, these companies are required to manage inventory and payments better to reduce leverage, which MWG and FRT did in the third quarter of 2022. A price increase could take place coming out in the near future as both distributors and retailers are trying to shift the incremental cost from the importer to the end customer.

Consider possible policy changes: Mobile phone demand could increase if the Government implements 5G or terminates 2G. This has been delayed for a while and may still need more time to process due to the lack of policy. Changes to ENT laws may affect the rate of new openings of department stores/small food and consumer goods operated by foreign companies (7-eleven, Family Mart, Circle K). Increasing barriers to market entry of foreign companies create favorable conditions for the development of domestic companies.

AI technology: In Vietnam, AI is being applied to all industries, including retail. AI makes it possible for computers to learn and think like humans. Along with the ability to quickly search and process information, AI helps retailers serve customers better and increase sales conversions higher with a low cost compared to using human resources. On sales platforms, chatbots and virtual assistants use AI technology to understand customer questions and respond to simple requests in any timeframe. Along with the results of extensive data analysis (Big Data), AI provides predictive analytics to suggest to customers the products that best suit their desires, increasing sales rates for retailers. In addition, according to an analysis of the shopping activity of more than 150 million shoppers and 250 million visits to e-commerce sites (YOUNG, 2017), personalized search suggestions bring higher conversion rates. Specifically, the number of shoppers when searching and clicking on suggestions, although only 7% of visits, contributes to 26% of revenue for businesses. Additionally, 37% of shoppers who click on a recommendation on their first visit return later, showing the potential of AI in search personalization to increase sales conversions.

5.5 Potential financial problems of Mobile World Investment Corporation and FPT Digital Retail Joint Stock Company

In this section, the author will identify the potential financial problems of each company based on an analysis of the financial position and operating results of the previous section:

5.5.1 Potential financial problems of Mobile World Investment Corporation

Firstly, the revenue growth rate is showing signs of slowing down (8% in 2022) due to high competition in the industry. In 2021, the company had to grow its revenue, which has shown signs of recovery but turned to a decline in 2022.

Second, short-term debt accounts for an absolute percentage. It can be seen that short-term debt still accounts for the absolute proportion of MWG's liability structure,imost of which are short-term loans with more than 26 trillion dong. Although the above short-term debt volume has decreased by nearly 39% compared to 2021, short-term unsecured loans from banks and bonds are worth noting. In terms of finance, the author believes that high short-term debt increases the risk of liquidity and business continuity if restructuring is not promoted, especially for leading retail enterprises. Often face much pressure.

Because increased inflation will negatively affect consumer spending, retail business growth may not be as high as previously expected. In addition, the profits of many leading retailers are also considered to have peaked, and the electronics retail market is showing signs of saturation; competitive pressure (from online sales) is making the margins of profits decrease.

Third, Revenue barely grew, but profit after tax grew negatively. The one-time cost of restructuring from closing stores in 2022 will narrow BHX's loss in 2022. This will drag down the company's profit after tax. Moreover, the exchange rate loss due to USD debt has also increased because the USD/VND exchange rate has increased significantly since the Fed raised interest rates. Consolidated net sales may be flat, while net profit may decline in 2023.

5.5.2 Potential financial problems of FPT Digital Retail Joint Stock Company

First, FRT confronts the same difficulties as MWG in terms of poor revenue growth owing to industry rivalry and lower gross margins due to the sale of certain products. In addition, FRT has a high inventory ratio, with inventory comprising 62% of total assets, suggesting inefficient inventory management. This might result in a cash flow shortfall for the organization, particularly in adverse economic situations when the large share of inventory could constrain operating cash flow.

In addition, FRT's primary concern is cash flow, namely operational cash flow. Notwithstanding significant revenue, asset expansion, and profitability, net cash flow has been negativing over the last several years, and cash flow from operational activities has declined, sliding into negative territory in 2021 and 2022. This indicates that the company's fundamental business operations do not create cash flow, and a high debt-to-equity ratio increases the likelihood of short-term liquidity issues. The corporation has employed financial leverage to solve this problem. However, this strategy must be undertaken with care owing to possible dangers in the present economic situation, where inflation is harming the industry.

5.6 Suggestions and recommendations

Based on the potential financial problems identified in the previous section and the factors that have the most negative impact on profitability, the author offers some suggestions to help companies be selected more effectively and develop more in the future.

5.6.1 Suggestions and recommendations for Mobile World Investment Corporation

MWG, the current leader in Vietnam's ICT retail industry, faces a decline in its market share due to the growing competition in the country's retail sector. The company might explore other retail segments to diversify its revenue sources and leverage its abundant equity. Moreover, the company should pay attention to strict cost management, such as controlling new hires and replacements, adjusting employee hours according to the actual revenue situation, negotiating rental costs, and relocating the premises if it results in significant savings. MWG should also adopt a change in its logistics operation to ensure the quality of goods, reduce loss and spoilage of fresh goods, and increase gross profit margin and logistics performance. This would help the company to manage its business costs better.

For new businesses, the company should assess the significant market potential but also consider the profitability of these chains. The company should temporarily halt the expansion, focus on maintaining stores with positive profit margins, increasing revenue per store, and reducing operating costs to improve operational efficiency, minimize losses, and achieve a breakeven point for the whole chain.

In 2022, BHX underwent a significant restructuring by closing stores and reorganizing inefficient operations, which resulted in significant losses affecting consolidated net profit. However, the author views this as a necessary turning point to help reshape long-term strategies and sustainable profitability rather than expanding scale rapidly. Because if BHX continues to grow aggressively without optimizing operational efficiency, it will be difficult for BHX to reach the breakeven point.

5.6.2 Suggestions and recommendations for FPT Digital Retail Joint Stock Company

FRT's top priority is to address its cash flow issues. To tackle this problem, one solution could be to issue more shares to boost liquidity and reduce risks associated with the liability and equity structure. Moreover, the company's board of directors may consider partnering with prominent foreign investment funds in Vietnam to fulfill its capital requirements for expanding business activities. This approach could provide access to additional capital sources, advanced technology, and modern management practices, which is a prevalent trend among large firms in Vietnam. Alternatively, the management can also increase equity by issuing more shares.

The author suggests that FRT has ample investment opportunities due to its asset structure. One area for investment is upgrading the warehouse system to improve logistics and productivity and reduce costs. This would enable FRT to compete on price, establish a sustainable foundation for development, and gain a competitive advantage. The author recommends reducing the proportion of selling expenses to increase the gross profit margin. As the ICT industry becomes more crowded, the author believes that FRT's long-term growth prospects depend on its pharmacy sales chain, which is expected to account for more than 50% of total revenue in the future. FRT's pharmacy chain appears to have an advantage over its competitors in terms of store opening speed and profitability. Additionally, FRT could diversify its revenue streams by expanding its product portfolio to include other categories within the ICT retail industry, which could increase its market share and establish its dominance in the industry.

6 Conclusion

The purpose of my graduation thesis is to evaluate and analyze the financial situation and performance of FPT Digital Retail Joint Stock Company and Mobile World Investment Joint Stock Company, two companies leading ICT retailer in Vietnam. The study uses a variety of techniques, such as ratio analysis, vertical and horizontal analysis, and reviewing each company's annual report, to uncover significant financial concerns and factors affecting profitability. In addition to inflation, exchange rates, AI applications, and government regulations, the thesis identifies cost of goods sold variations and asset efficiency as the most important determinants of profitability.

The conclusion of the study is that FRT has strong growth rate, profitability and attractiveness to investors but negative net cash flow and decreased growth. Despite the sudden increase in profits, FPT Retail's financial health and liquidity are quite worrying. In the context of negative business cash flow, large debt/equity ratio, if the company does not accelerate sales to collect debt payment, short-term liquidity will be at risk. The author proposes a number of options such as improving the efficiency of asset use, adjusting the corporate structure, expanding internationally, and issuing shares to increase equity capital.

Although MWG is the market leader, MWG has not used its assets as efficiently as its direct competitor FRT, resulting in lower profitability of assets and equity compared to FRT. MWG's revenue and profit growth rate is still slow, and the administrative costs are relatively large, requiring more control. Besides, financial expenses and selling expenses are eating away at the company's profit. In order for further improve financial efficiency in the coming time, MWG should apply some more solutions such as expanding business scale and product consumption market, improving asset utilization efficiency and gradually withdrawing assets. ineffective investment.

Overall, the study emphasizes the importance of assessing the financial position and performance of companies for effective management and decision making. It suggests that analyzing potential problems and proposing solutions for further development is essential for companies to stay ahead in the competitive market by seizing opportunities and solving challenges. their finances.

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8 List of tables, figures, and abbreviations

8.1 List of tables

8.2 List of Figures

8.3 List of abbreviations

List of abbreviations

COGS	:	Cost of goods sold
BHX	:	Bach Hoa Xanh
ESOP	:	Employee Stock Ownership Plan
FRT	:	FPT Digital Retail Joint Stock Company (FPT retail)
HOSE	:	Ho Chi Minh City Stock Exchange
IASs	:	International Accounting Standards
ICT	:	Communication Technology
IFRS	:	International Financial Reporting Standards
MOF	:	Ministry of Finance
MWG	:	Mobile World Investment Corporation
ROA	:	Return on asset
ROE	:	Return on equity
VAS	:	Viet Nam accounting standard

Appendix

Appendix 1: Balance Sheet of MWG for the period 2018-2022

BALANCE SHEET (Million VND)	2018	2019	2020	2021	2022
SHORT-TERM ASSETS	**23,371,995**	**35,011,897**	**37,317,234**	**51,955,258**	**44,631,140**
Cash and cash equivalents	3,749,550	3,115,237	7,347,857	4,142,016	5,061,021
Short-term financial inves	50,922	3,137,000	8,057,319	14,236,626	10,059,050
Short-term receivables	1,542,530	1,815,086	1,595,251	3,162,122	3,072,094
Inventories	17,446,005	25,745,428	19,422,177	29,167,232	25,696,078
Other short-term assets	582,987	1,199,146	894,629	1,247,261	742,898
LONG-TERM ASSETS	**4,750,537**	**6,696,199**	**8,713,646**	**11,016,147**	**11,203,070**
Long-term receivables	313,776	374,564	439,493	482,389	494,622
Fixed assets	3,333,148	5,403,777	7,294,962	9,647,169	9,727,503
Other long-term assets	1,103,614	839,170	532,170	491,903	980,945
TOTAL ASSETS	**28,122,531**	**41,708,096**	**46,030,880**	**62,971,405**	**55,834,210**
LIABILITIES	**19,139,496**	**29,564,503**	**30,549,190**	**42,593,159**	**31,901,628**
Short -term liabilities	17,929,433	28,442,367	29,422,513	42,593,159	26,000,378
Long-term liabilities	1,210,063	1,122,137	1,126,677		5,901,250
OWNER'S EQUITY	**8,983,035**	**12,143,592**	**15,481,690**	**20,378,246**	**23,932,582**
Charter equity	4,434,962	4,435,462	4,532,100	7,130,655	14,638,793
Undistributed earnings after tax	3,989,604	7,149,694	10,389,684	12,674,574	8,723,934
Other equity accounts	558,469	558,436	559,906	573,016	569,854
TOTAL OWNER'S EQUITY AND LIABILITIES	**28,122,531**	**41,708,096**	**46,030,880**	**62,971,405**	**55,834,210**

(Source: Annual report of MWG for the period 2018-2022)

Appendix 2: Income statement of MWG for the period 2018-2022

INCOME STATEMENT (Millon VND)	**2018**	**2019**	**2020**	**2021**	**2022**
Net revenue	**86,516,287**	**102,174,244**	**108,546,020**	**122,958,106**	**133,404,778**
Cost of goods sold	71,224,159	82,686,445	84,591,522	95,325,974	102,622,562
Gross profit	**15,292,128**	**19,487,799**	**23,954,497**	**27,632,132**	**30,782,215**
Financial income	342,084	631,178	794,122	1,287,956	1,313,137
Financial expenses	436,573	569,755	594,152	714,707	1,382,620
Selling expenses	9,659,741	12,437,283	15,333,799	17,914,173	21,789,999
General and administrative expenses	1,761,614	2,073,783	3,404,432	3,823,390	2,348,040
Operating profit	**3,774,182**	**5,034,683**	**5,412,530**	**6,465,607**	**6,574,694**
Other profit	**12,136**	**18,764**	**(2,795)**	**5,977**	(518,338)
Profit before tax	**3,786,319**	**5,053,447**	**5,409,735**	**6,471,584**	**6,056,355**
Net profit after tax	**2,880,309**	**3,836,240**	**3,919,873**	**4,901,427**	**4,101,714**

(Source: Annual report of MWG for the period 2018-2022)

Appendix 3: Balance sheet of FRT for the period 2018-2022

BALANCE SHEET (Million VND)	2018	2019	2020	2021	2022
SHORT-TERM ASSETS	**4,815,269**	**6,173,239**	**4,958,428**	**10,221,932**	**9,421,995**
Cash and cash equivalents	948,378	869,650	701,504	1,105,210	745,556
Short-term financial investments	414	494,643	788,159	1,820,500	1,119,000
Short-term receivables	1,206,757	1,178,069	1,498,241	1,985,365	606,203
Inventories	2,506,219	3,383,542	1,826,718	4,930,359	6,520,938
Other short-term assets	149,775	247,335	143,806	380,498	430,297
LONG-TERM ASSETS	**352,400**	**420,534**	**429,149**	**564,137**	**1,042,320**
Long-term receivables	84,028	10,527	1,164	136,777	170,162
Fixed assets	45,592	48,571	50,628	171,953	255,564
Other long-term assets	222,781	266,693	262,121	255,407	616,594
TOTAL ASSETS	**5,167,669**	**6,593,773**	**5,387,578**	**10,786,069**	**10,464,315**
LIABILITIES	**4,008,902**	**5,314,410**	**4,162,448**	**9,106,794**	**8,414,979**
Short -term liabilities	4,008,902	5,308,130	4,162,448	9,106,708	8,414,884
Long-term liabilities		6,279		87	95
OWNER'S EQUITY	**1,158,767**	**1,279,363**	**1,225,130**	**1,679,274**	**2,049,336**
Charter equity	680,000	789,818	789,818	789,818	1,184,725
Undistributed earnings after tax	453,783	483,908	423,909	872,390	823,506
Other equity accounts	24,984	5,637	11,403	17,066	41,105
TOTAL OWNER'S EQUITY AND LIABILITIES	**5,167,669**	**6,593,773**	**5,387,578**	**10,786,069**	**10,464,315**

(Source: Annual report of FRT for the period 2018-2022)

Appendix 4: Income statement of FRT for the period 2018-2022

INCOME STATEMENT (Millon VND)	2018	2019	2020	2021	2022
Net revenue	**15,298,335**	**16,633,960**	**14,661,417**	**22,494,961**	**30,165,801**
Cost of goods sold	13,254,725	14,522,903	12,620,415	19,343,448	25,462,623
Gross profit	**2,043,609**	**2,111,057**	**2,041,002**	**3,151,513**	**4,703,177**
Financial income	42,866	7,805	70,749	197,581	173,746
Financial expenses	100,573	147,965	133,812	146,245	256,320
Selling expenses	1,296,275	1,419,310	1,565,737	2,071,125	3,259,298
General and administrative expenses	28,684	349,010	397,884	585,528	887,339
Operating profit	**402,788**	**272,823**	**14,319**	**546,196**	**473,968**
Other profit	**31,987**	**518**	**14,108**	**7,945**	**11,656**
Profit before tax	**434,775**	**278,003**	**28,427**	**554,140**	**485,623**
Net profit after tax	**347,747**	**203,847**	**10,217**	**443,898**	**398,074**

(Source: Annual report of FRT for the period 2018-2022)

Appendix 5: Balance sheet of MWG 2021

Mobile World Investment Corporation B01-DN/HN

CONSOLIDATED BALANCE SHEET
as at 31 December 2021

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	**A. CURRENT ASSETS**		**51,955,257,770,657**	**37,317,233,970,267**
110	***I. Cash and cash equivalents***	5	***4,142,015,762,555***	***7,347,857,397,925***
111	1. Cash		2,606,672,264,502	2,243,274,466,174
112	2. Cash equivalents		1,535,343,498,053	5,104,582,931,751
120	***II. Short-term investments***		***14,236,626,334,707***	***8,057,318,821,918***
123	1. Held-to-maturity investments	6	14,236,626,334,707	8,057,318,821,918
130	***III. Current accounts receivable***		***3,162,121,971,586***	***1,595,251,018,496***
131	1. Short-term trade receivables	7	384,236,578,232	196,394,545,434
132	2. Short-term advances to suppliers	8	390,738,782,756	287,913,331,552
135	3. Short-term loan receivables	9	961,917,697,638	80,000,000,000
136	4. Other short-term receivables	10	1,425,228,912,960	1,030,943,141,510
140	***IV. Inventories***	11	***29,167,232,293,922***	***19,422,177,452,674***
141	1. Inventories		29,850,068,817,719	19,926,363,502,366
149	2. Provision for obsolete inventories		(682,836,523,797)	(504,186,049,692)
150	***V. Other current assets***		***1,247,261,407,887***	***894,629,279,254***
151	1. Short-term prepaid expenses	12	569,195,556,788	563,786,316,141
152	2. Value-added tax deductible		636,081,440,070	326,091,275,646
153	3. Tax and other receivables from the State		41,984,411,029	4,751,687,467
200	**B. NON-CURRENT ASSETS**		**11,016,147,044,285**	**8,713,645,982,187**
210	***I. Long-term receivable***		***482,389,179,464***	***439,493,257,757***
216	1. Other long-term receivables	13	482,389,179,464	439,493,257,757
220	***II. Fixed assets***		***9,647,168,873,232***	***7,294,961,666,136***
221	1. Tangible fixed assets	14	9,566,954,933,220	7,267,319,287,908
222	Cost		17,987,087,849,355	12,963,311,412,901
223	Accumulated depreciation		(8,420,132,916,135)	(5,695,992,124,993)
227	2. Intangible fixed assets	15	80,213,940,012	27,642,378,228
228	Cost		90,297,772,827	35,811,638,200
229	Accumulated amortisation		(10,083,832,815)	(8,169,259,972)
240	***III. Long-term assets in progress***		***79,697,939,172***	***132,620,362,470***
242	1. Construction in progress	16	79,697,939,172	132,620,362,470
250	***IV. Long-term investment***		-	***52,757,540,273***
252	1. Investment in an associate		-	52,757,540,273
260	***V. Other long-term assets***		***806,891,052,417***	***793,813,155,551***
261	1. Long-term prepaid expenses	12	88,371,396,963	76,720,247,019
262	2. Deferred tax asset	28.3	350,168,422,745	287,349,803,704
269	3. Goodwill	17	368,351,232,709	429,743,104,828
270	**TOTAL ASSETS**		**62,971,404,814,942**	**46,030,879,952,454**

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CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2021

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**C. LIABILITIES**		**42,593,158,815,096**	**30,549,190,106,022**
310	***I. Current liabilities***		***42,593,158,815,096***	***29,422,513,439,369***
311	1. Short-term trade payables	18	12,179,774,771,734	8,728,168,862,341
312	2. Short-term advances from customers		98,379,250,626	86,907,353,149
313	3. Statutory obligations	19	696,559,033,545	634,917,868,176
314	4. Payables to employees		531,987,432,339	533,572,319,767
315	5. Short-term accrued expenses	20	3,885,356,381,233	3,191,005,394,514
318	6. Short-term unearned revenues		-	308,408,475
319	7. Other short-term payables	21	476,319,936,603	546,045,423,865
320	8. Short-term loans	22	24,647,474,278,786	15,625,180,321,924
321	9. Short-term provision		77,277,612,477	76,377,369,405
322	10. Bonus and welfare fund		30,117,753	30,117,753
330	***II. Non-current liabilities***		-	***1,126,676,666,653***
338	1. Long-term loan	22	-	1,126,676,666,653
400	**D. OWNERS' EQUITY**		**20,378,245,999,846**	**15,481,689,846,432**
410	***I. Capital***		***20,378,245,999,846***	***15,481,689,846,432***
411	1. Share capital	23.1	7,130,654,950,000	4,532,099,870,000
411a	*- Shares with voting rights*		*7,130,654,950,000*	*4,532,099,870,000*
412	2. Share premium	23.1	558,110,430,986	558,110,430,986
415	3. Treasury shares	23.1	(2,320,000,000)	(6,040,930,000)
417	4. Foreign exchange differences reserve	23.1	5,388,425,299	(1,443,756,225)
421	5. Undistributed earnings	23.1	12,674,574,164,065	10,389,683,597,845
421a	*- Undistributed earnings by the end of prior year*		*7,775,704,885,845*	*6,470,785,320,602*
421b	*- Undistributed earnings of current year*		*4,898,869,278,220*	*3,918,898,277,243*
429	6. Non-controlling interests		11,838,029,496	9,280,633,826
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**62,971,404,814,942**	**46,030,879,952,454**

CÔNG TY CỔ PHẦN ĐẦU TƯ THẾ GIỚI DI ĐỘNG

Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director

18 March 2022

Appendix 6: Income statement of MWG 2021

Mobile World Investment Corporation

B02-DN/HN

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
01	**1. Revenue from sale of goods and rendering of services**	24.1	124,141,525,689,948	109,801,253,690,656
02	**2. Deductions**	24.1	(1,183,419,586,774)	(1,255,234,025,244)
10	**3. Net revenue from sale of goods and rendering of services**	24.1	122,958,106,103,174	108,546,019,665,412
11	**4. Cost of goods sold and services rendered**	27	(95,325,974,107,640)	(84,591,522,392,949)
20	**5. Gross profit from sale of goods and rendering of services**		27,632,131,995,534	23,954,497,272,463
21	**6. Finance income**	24.2	1,287,956,026,163	794,121,782,667
22	**7. Finance expenses**	25	(714,707,225,745)	(594,151,513,751)
23	*- In which: Interest expenses*		*(674,427,746,189)*	*(594,003,821,021)*
24	**8. Share of loss of the associate**		(2,210,500,486)	(3,706,939,471)
25	**9. Selling expenses**	26, 27	(17,914,173,302,345)	(15,333,798,830,787)
26	**10. General and administrative expenses**	26, 27	(3,823,390,074,765)	(3,404,431,838,167)
30	**11. Operating profit**		6,465,606,918,356	5,412,529,932,954
31	**12. Other income**		54,872,797,433	43,512,695,471
32	**13. Other expenses**		(48,895,965,246)	(46,307,221,072)
40	**14. Other (loss) profit**		5,976,832,187	(2,794,525,601)
50	**15. Accounting profit before tax**		6,471,583,750,543	5,409,735,407,353
51	**16. Current corporate income tax expense**	28.1	(1,632,975,695,694)	(1,598,413,821,219)
52	**17. Deferred tax income**	28.3	62,818,619,041	108,551,123,373
60	**18. Net profit after tax**		4,901,426,673,890	3,919,872,709,507
61	**19. Net profit after tax attributable to shareholders of the parent**		4,898,869,278,220	3,917,767,783,159
62	**20. Net profit after tax attributable to non-controlling interests**		2,557,395,670	2,104,926,348
70	**21. Basic earnings per share**	29	6,897	5,676
71	**22. Diluted earnings per share**	29	6,897	5,676

CÔNG TY CỔ PHẦN ĐẦU TƯ THẾ GIỚI DI ĐỘNG

Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director

18 March 2022

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Appendix 7: Balance sheet of FRT 2021

CÔNG TY CỔ PHẦN BÁN LẺ KỸ THUẬT SỐ FPT

Mẫu số B 01 – DN/HN

BẢNG CÂN ĐỐI KẾ TOÁN HỢP NHẤT

Mã số	TÀI SẢN	Thuyết minh	Tại ngày 31 tháng 12 năm 2021 VND	2020 VND
100	**TÀI SẢN NGẮN HẠN**		**10.221.931.678.747**	**4.959.999.144.880**
110	**Tiền và các khoản tương đương tiền**	4	**1.105.209.549.882**	**701.504.239.398**
111	Tiền		679.938.797.236	551.504.239.398
112	Các khoản tương đương tiền		425.270.752.646	150.000.000.000
120	**Đầu tư tài chính ngắn hạn**		**1.820.500.000.000**	**788.158.684.912**
123	Đầu tư nắm giữ đến ngày đáo hạn	5	1.820.500.000.000	788.158.684.912
130	**Các khoản phải thu ngắn hạn**		**1.985.364.755.551**	**1.498.241.305.903**
131	Phải thu ngắn hạn của khách hàng	6	80.725.494.654	172.584.643.781
132	Trả trước cho người bán ngắn hạn	7	165.586.893.749	93.596.830.533
135	Phải thu về cho vay ngắn hạn	8	1.560.000.000.000	885.000.000.000
136	Phải thu ngắn hạn khác	9(a)	186.801.082.361	405.045.636.978
137	Dự phòng phải thu ngắn hạn khó đòi	10	(7.748.715.213)	(57.985.805.389)
140	**Hàng tồn kho**	11	**4.930.359.332.607**	**1.826.717.690.762**
141	Hàng tồn kho		4.975.973.822.810	1.853.134.198.142
149	Dự phòng giảm giá hàng tồn kho		(45.614.490.203)	(26.416.507.380)
150	**Tài sản ngắn hạn khác**		**380.498.040.707**	**145.377.223.905**
151	Chi phí trả trước ngắn hạn	12(a)	163.029.953.119	119.330.193.082
152	Thuế Giá trị Gia tăng ("GTGT") được khấu trừ	16(a)	217.235.680.315	26.045.172.004
153	Thuế và các khoản khác phải thu Nhà nước		232.407.273	1.858.819
200	**TÀI SẢN DÀI HẠN**		**564.137.050.760**	**427.578.741.148**
210	**Các khoản phải thu dài hạn**		**136.776.859.874**	**116.400.384.163**
216	Phải thu dài hạn khác	9(b)	136.776.859.874	116.400.384.163
220	**Tài sản cố định**		**171.953.389.004**	**50.627.870.323**
221	Tài sản cố định hữu hình	13(a)	16.347.092.175	8.708.246.794
222	Nguyên giá		29.304.852.301	14.159.992.286
223	Giá trị khấu hao lũy kế		(12.957.760.126)	(5.451.745.492)
227	Tài sản cố định vô hình	13(b)	155.606.296.829	41.919.623.529
228	Nguyên giá		162.787.719.740	46.875.627.990
229	Giá trị khấu hao lũy kế		(7.181.422.911)	(4.956.004.461)
240	**Tài sản dở dang dài hạn**		**90.909.091**	-
242	Chi phí xây dựng cơ bản dở dang		90.909.091	-
260	**Tài sản dài hạn khác**		**255.315.892.791**	**260.550.486.662**
261	Chi phí trả trước dài hạn	12(b)	254.447.768.017	257.565.908.116
262	Tài sản thuế thu nhập hoãn lại		868.124.774	2.984.578.546
270	**TỔNG TÀI SẢN**		**10.786.068.729.507**	**5.387.577.886.028**

Các thuyết minh từ trang 9 đến trang 41 là một phần cấu thành báo cáo tài chính hợp nhất này.

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BẢNG CÂN ĐỐI KẾ TOÁN HỢP NHẤT
(TIẾP THEO)

Mã số	NGUỒN VỐN	Thuyết minh	Tại ngày 31 tháng 12 năm 2021 VND	2020 VND
300	**NỢ PHẢI TRẢ**		**9.106.794.490.746**	**4.162.447.981.264**
310	**Nợ ngắn hạn**		**9.106.707.790.746**	**4.162.447.981.264**
311	Phải trả người bán ngắn hạn	14	2.335.742.934.745	1.214.790.045.465
312	Người mua trả tiền trước ngắn hạn	15	54.005.913.363	28.401.024.820
313	Thuế và các khoản phải nộp Nhà nước	16(b)	71.323.601.688	31.619.901.384
314	Phải trả người lao động		408.611.138.142	1.577.532.062
315	Chi phí phải trả ngắn hạn	17	89.076.542.455	219.972.444.070
318	Doanh thu chưa thực hiện ngắn hạn		205.650.000	-
319	Phải trả ngắn hạn khác	18	85.527.316.976	162.944.770.886
320	Vay ngắn hạn	19	6.047.406.062.780	2.485.948.231.980
322	Quỹ khen thưởng, phúc lợi		14.808.630.597	17.194.030.597
330	**Nợ dài hạn**		**86.700.000**	-
337	Phải trả dài hạn khác		86.700.000	-
400	**VỐN CHỦ SỞ HỮU**		**1.679.274.238.761**	**1.225.129.904.764**
410	**Vốn chủ sở hữu**		**1.679.274.238.761**	**1.225.129.904.764**
411	Vốn góp của chủ sở hữu	20, 21	789.817.920.000	789.817.920.000
411a	*- Cổ phiếu phổ thông có quyền biểu quyết*		*789.817.920.000*	*789.817.920.000*
421	Lợi nhuận sau thuế ("LNST") chưa phân phối	21	872.390.396.152	423.908.570.033
421a	*- LNST chưa phân phối của các năm trước*		*423.908.570.033*	*404.926.443.124*
421b	*- LNST chưa phân phối của năm nay*		*448.481.826.119*	*18.982.126.909*
429	Lợi ích cổ đông không kiểm soát		17.065.922.609	11.403.414.731
440	**TỔNG NGUỒN VỐN**		**10.786.068.729.507**	**5.387.577.886.028**

CÔNG TY CỔ PHẦN BÁN LẺ KỸ THUẬT SỐ FPT

Trần Thị Nga Kế toán trưởng/Người lập	Phạm Duy Hoàng Nam Giám đốc Tài chính	Hoàng Trung Kiên Tổng Giám đốc Ngày 7 tháng 3 năm 2022

Các thuyết minh từ trang 9 đến trang 41 là một phần cấu thành báo cáo tài chính hợp nhất này.

Appendix 8: Income statement of FRT 2021

CÔNG TY CỔ PHẦN BÁN LẺ KỸ THUẬT SỐ FPT

Mẫu số B 02 – DN/HN

BÁO CÁO KẾT QUẢ HOẠT ĐỘNG KINH DOANH HỢP NHẤT

Mã số		Thuyết minh	Năm tài chính kết thúc ngày 31 tháng 12 năm 2021 VND	2020 VND
01	**Doanh thu bán hàng và cung cấp dịch vụ**		**22.619.505.421.050**	**14.799.952.534.765**
02	Các khoản giảm trừ doanh thu		(124.544.012.968)	(138.535.502.543)
10	**Doanh thu thuần về bán hàng và cung cấp dịch vụ**	24	**22.494.961.408.082**	**14.661.417.032.222**
11	**Giá vốn hàng bán và dịch vụ cung cấp**	25	**(19.343.448.146.483)**	**(12.620.414.733.505)**
20	**Lợi nhuận gộp về bán hàng và cung cấp dịch vụ**		**3.151.513.261.599**	**2.041.002.298.717**
21	Doanh thu hoạt động tài chính	26	197.580.982.169	70.749.420.260
22	Chi phí tài chính	27	(146.245.489.692)	(133.811.898.461)
23	*- Trong đó: Chi phí lãi vay*		*(132.229.176.761)*	*(113.682.404.790)*
25	Chi phí bán hàng	28	(2.071.124.789.339)	(1.565.736.555.190)
26	Chi phí quản lý doanh nghiệp	29	(585.528.444.388)	(397.884.049.877)
30	**Lợi nhuận thuần từ hoạt động kinh doanh**		**546.195.520.349**	**14.319.215.449**
31	Thu nhập khác		9.425.637.534	14.991.747.878
32	Chi phí khác		(1.480.892.306)	(883.584.837)
40	**Lợi nhuận/(lỗ) khác**		**7.944.745.228**	**(14.108.163.041)**
50	**Tổng lợi nhuận kế toán trước thuế**		**554.140.265.577**	**28.427.378.490**
51	**Chi phí thuế thu nhập doanh nghiệp ("TNDN") hiện hành**	30	**(108.125.465.377)**	**(27.474.628.269)**
52	**(Chi phí)/thu nhập thuế TNDN hoãn lại**	30	**(2.116.453.772)**	**9.263.980.305**
60	**Lợi nhuận sau thuế TNDN**		**443.898.346.428**	**10.216.730.526**
	Phân bổ cho:			
61	**Cổ đông của Công ty mẹ**		**443.732.167.619**	**24.718.596.246**
62	**Cổ đông không kiểm soát**		**166.178.809**	**(14.501.865.720)**
70	**Lãi cơ bản trên cổ phiếu**	22(a)	**5.618**	**266**
71	**Lãi suy giảm trên cổ phiếu**	22(b)	**5.618**	**266**

CÔNG TY CỔ PHẦN BÁN LẺ KỸ THUẬT SỐ FPT

Trần Thị Nga Kế toán trưởng/Người lập	Phạm Duy Hoàng Nam Giám đốc Tài chính	Hoàng Trung Kiên Tổng Giám đốc Ngày 7 tháng 3 năm 2022

Các thuyết minh từ trang 9 đến trang 41 là một phần cấu thành báo cáo tài chính hợp nhất này.

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