



CÔNG TY TNHH CHỨNG KHOÁN NHẬT BẢN
JAPAN SECURITIES CO., LTD.

ANNUAL REPORT

2021



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MESSAGE FROM THE COMPANY PRESIDENT



*Mr. Tsuyoshi Imai – The President
Japan Securities Co., Ltd.*

Dear Fellow Shareholders,

The year 2021 has been eventful. People struggled with the COVID-19 pandemic, and business grappled with a steep decline in global economic activity as lockdowns depressed the whole world.

There is no doubt that all these events have increased uncertainty about the future.

I shall extend my sincerest sympathies to all those who have contracted by this unparalleled seriousness of Covid infection.

However, I feel very privileged to be writing this message as a legal representative of Japan Securities Co., Ltd.

To say the least, our people have been resilient and have completed overcoming the losses accumulated for years and years. I would like to give my warmest applause.

As a company, we have seen much change over the past decade. However, since we came to be preserved under the direct control of Aizawa Securities starting from June, 2018, we have been emphasizing on rebuilding JSI to the healthy firm.

It is also important to note that we are not only rebuilding but expanding our expertise to deal with global institutions, since Aizawa Group is a Japanese company who most focused in Asian business, especially Vietnam.



The President of Aizawa Securities Group Co., Ltd. - Mr. Takuya Aizawa during a meeting in Japan between the Vietnamese Prime Minister - Mr. Pham Minh Chinh and the Japanese Senate President - Ms. Santo Akiko

Despite this difficult situation, we will continue to make great strides for the sake of the best interest of our clients, going to strive to meet the expectations of our shareholder.

Now we all need to challenge to be here. This is Vietnam, the country of sustainable growth, facing lots of new stages.

Finally, I would like to wish you and your families good health, peace and prosperity, and remind you that JSI will keep on going forward.

We look forward to your everlasting support towards us.



People of JSI

Kind regards,

TSUYOSHI IMAI
The Company President
Japan Securities Co., Ltd.

GENERAL INFORMATION

1. GENERAL INFORMATION

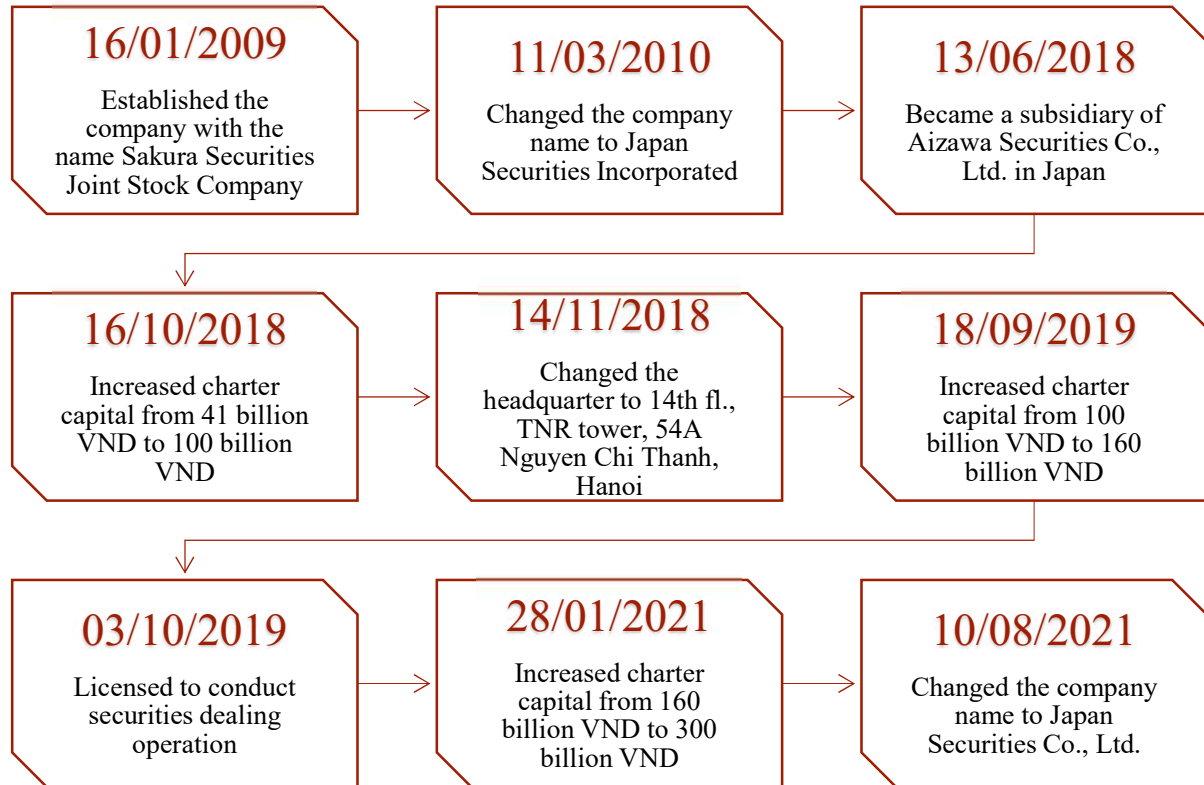
1.1 The Company's introduction

- Company name: **JAPAN SECURITIES CO., LTD.**
- Abbreviation: JSI
- Initial establishment and operation license: No. 103/UBCK-GP issued by the State Securities Commission on January 16, 2009
- Current establishment and operation license: No. 129/GP-UBCK issued by the State Securities Commission on August 10, 2021
- The latest adjustment license: No. 108/GPDC-UBCK issued by the State Securities Commission on December 3, 2021
- Charter capital: 300,000,000,000 VND (*Three hundred billion Vietnam dong./.*)
- Equity: 316,394,854,206 VND (*Three hundred sixteen billion, three hundred ninety-four million, eight hundred fifty-four thousand, two hundred and six Vietnam dong./.*)
- Address: 14th floor, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam
- Tel: +84.24.3791 1818
- Fax: +84.24.3791 5808
- Website: <https://www.japan-sec.vn/>
- Email: info@japan-sec.vn

1.2 The Company Owner's information

- Company name: Aizawa Securities Group Co., Ltd.
- Initial establishment and operation license: No. 00199-01-036574 issued on October 3, 1933 in Japan
- Current establishment and operation license: No. 0100-01-036574 issued on October 1, 2021 in Japan
- Address: 1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, 105-7307, Japan
- Website: <https://www.aizawa.co.jp/>
- Tel: +81.3.3272 3127

1.3 Milestones



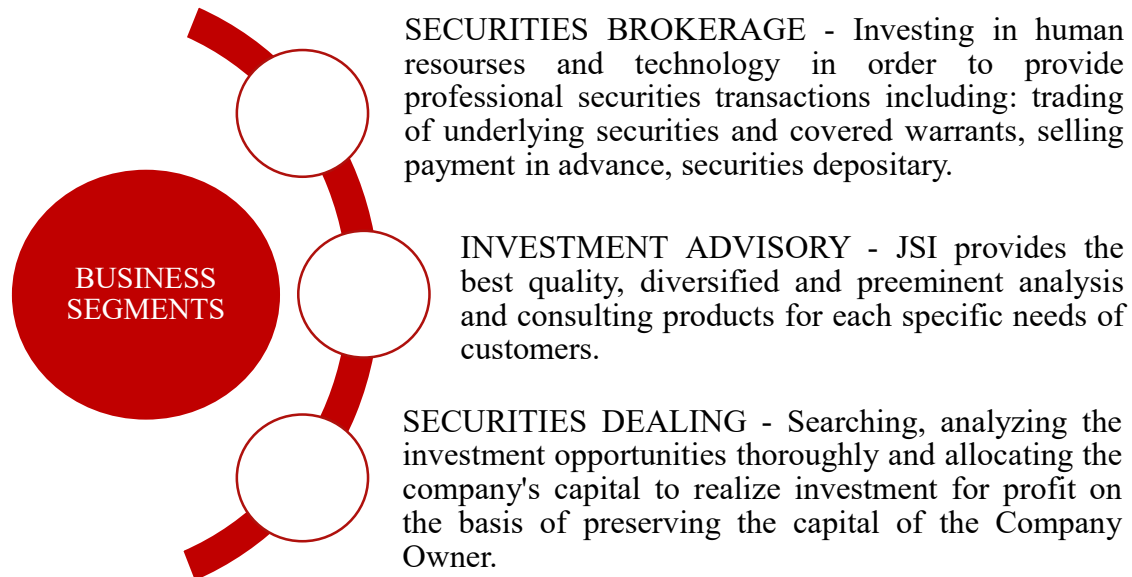
In 2021, JSI reorganized and transformed our legal form from a joint stock company into a one-member limited liability company owned by an organization. On August 10, 2021, Japan Securities Incorporated was re-granted the establishment and operation license number 129/GP-UBCK by the State Securities Commission, detail as follows:

- Changed the company name to: Japan Securities Co., Ltd. *(keep the abbreviation the same as JSI)*;
- Company Owner: Aizawa Securities Co., Ltd. headquartered in Japan;
- The representative before the law: Mr. Tsuyoshi Imai appointed by the Company Owner, concurrently holds the position of the Company President and the Chief Executive Officer.

On October 1, 2021, the Owner of JSI - Aizawa Securities Co., Ltd. changed its name to Aizawa Securities Group Co., Ltd. Accordingly, on December 3, 2021, the State Securities Commission of Vietnam issued the adjusted establishment and operation license No. 108/GPDC-UBCK confirming that Japan Securities Co., Ltd. became a wholly owned subsidiary of Aizawa Securities Group Co., Ltd.

2. BUSINESS SEGMENTS AND OPERATION COVERAGE

2.1 Business segments



2.2 Operation coverage

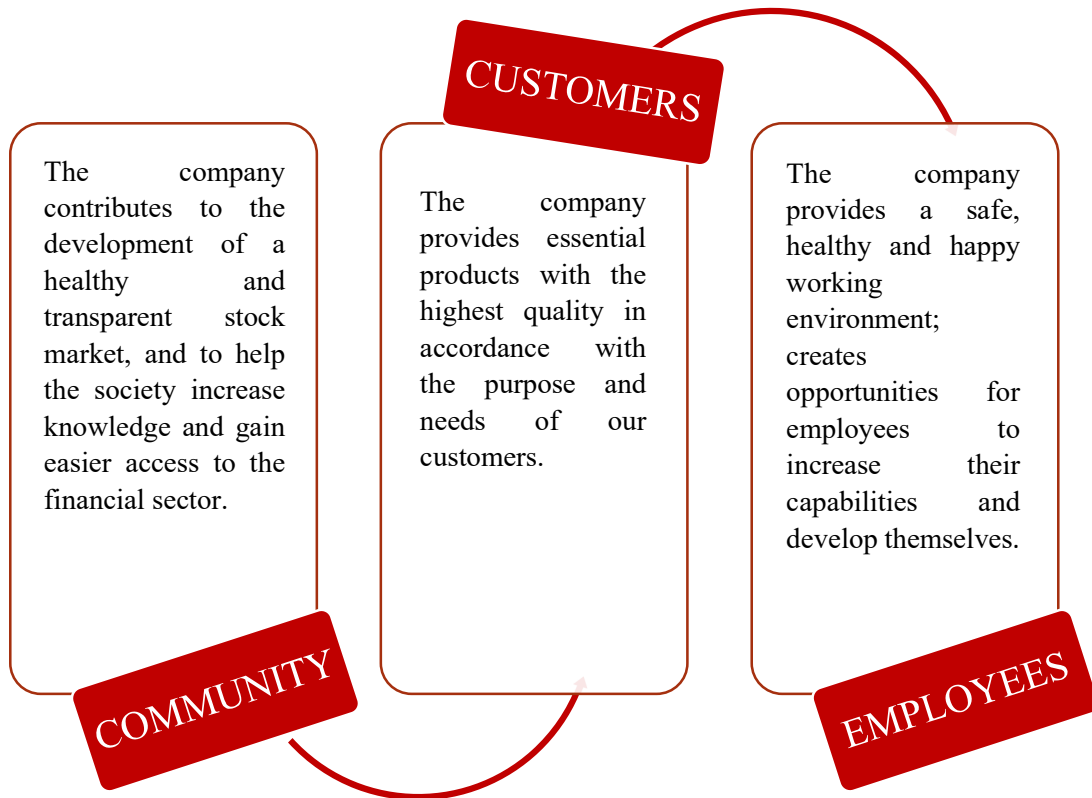
With the strong support of technology and flexibility in customer care policies, the company advocates unlimited service provision. However, based on experience and expertise as well as understanding of customers' habits and investment needs, the company focuses our resources on developing customers at:

- International market: Japan and other Asian countries.
- Domestic market: Hanoi and neighboring provinces.

3. DEVELOPMENT ORIENTATION

3.1 Objectives of the company

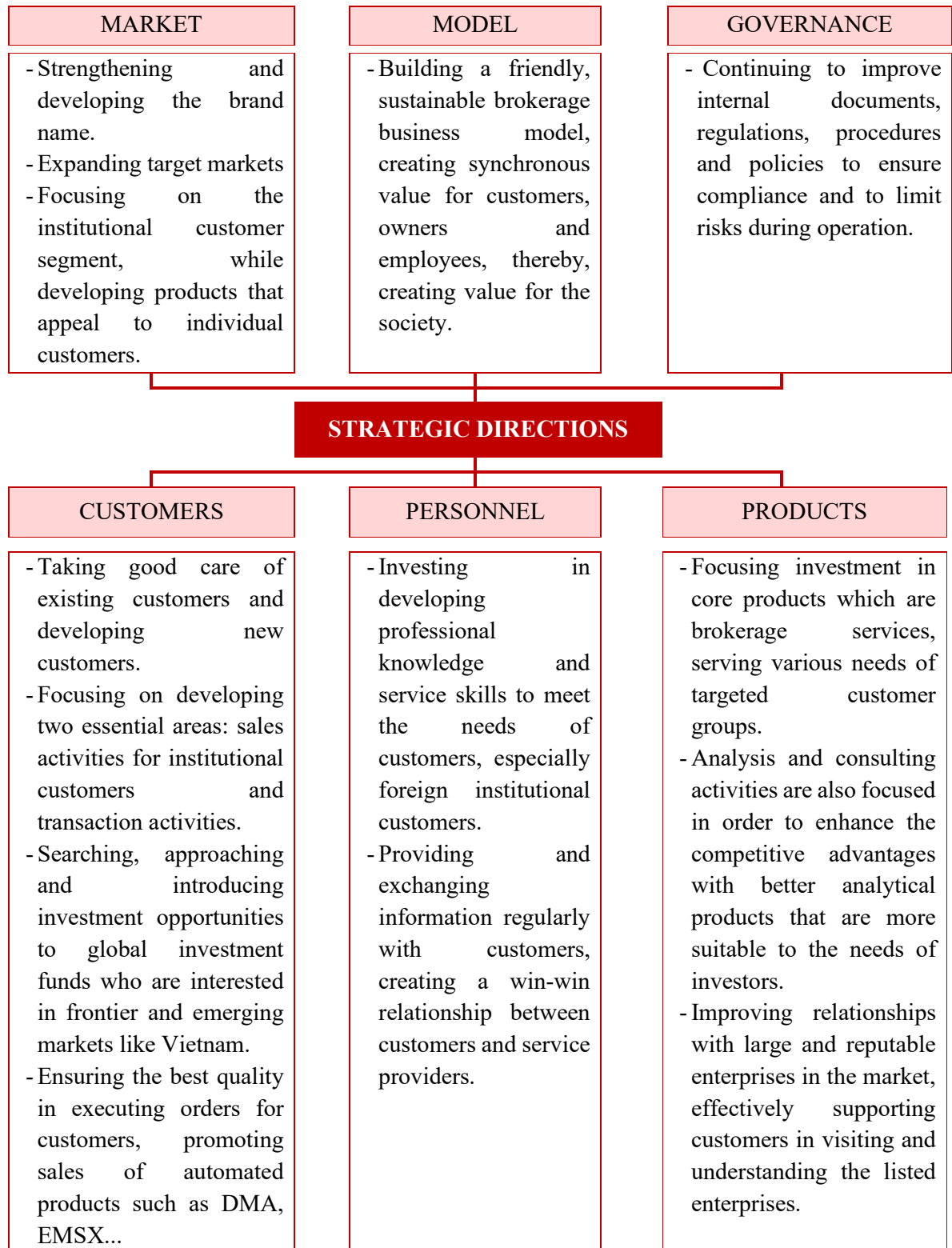
The basic philosophy of the company is to always act in the best interests of the community, customers as well as all employees. Compliance with these principles ensures not only benefits for the company itself, but also for customers and other stakeholders, contributes to the economic stability of the country.



JSI hopes to be a bridge between Vietnam's stock market and foreign investors on the basis of mutual benefits. On the one hand, investors have access to attractive investment opportunities of the potential developing Vietnamese stock market; meanwhile, the fledgling Vietnamese stock market mature more sustainably thanks to professional and methodical capital from abroad.

JSI aims to become a reputable securities company, a reliable and convenient trading channel for foreign institutional customers when participating in the Vietnamese stock market. On the basis of a modern and close to international standard information technology system, along with the provision of specialized services for institutional customers, the personnel with professional and foreign language competences, JSI is committed to becoming a leading partner of professional international financial investors.

3.2 Medium and long-term development strategies



3.3 Sustainable development goals

The United Nations and the Vietnam Government have set out 17 sustainable development goals to address the challenges faced by Vietnamese people in particular and the world in general. Specifically:



As a securities company, JSI makes a small contribution to join the Government in achieving the above objectives through the following activities:

- For the focal area 1: Investing in people: *Target number 1-2-3-4-5-6*
 - JSI ensures the salary mechanism, thereby ensuring the living standards of employees, contributing to poverty alleviation for the whole society.
 - Employees are given the freedom to improve, develop and bring into full play of their capabilities and enhance their working performance.
 - The company also provides a comprehensive, periodic, and effective health care policy in line with legal requirements and the practical situation of the society.
- For the focal area 2: Ensuring climate resilience and environmental sustainability: *Target number 2-5-6-7-9-11-12-13-14-15*
 - JSI sought an opportunity to invest in green stocks and social bonds in order to contribute to the creation of a sustainable economy that meets current needs without compromising on future demand.

- The company actively participates in social activities and environmental protection, contributes to appropriate funds, accompanies the State and Government of Vietnam in the fight against the epidemic.
- For the focal area 3: Fostering prosperity and partnership: *Target number 5-8-10-12-17*
 - JSI ensures the criteria of equality, absolutely does not use criteria on gender, nationality, age, ethnicity, religion, skin color... when conducting appointment/resignation/discipline activities, review and evaluation of salary/bonus, training programs and manpower development ...
 - The company applies a comprehensive and sustainable growth model, giving equal opportunities to all employees while ensuring efficiency in work.
- For the focal area 4: Promoting justice, peace and inclusive governance: *Target number 5-10-16*
 - JSI builds an efficient, accountable and transparent working environment at all levels, ensuring the full participation of all personnel.
 - The company strengthens governance and applies strict internal procedures – regulations – policies to ensure compliance with legal requirements during operation.
 - The company includes policies on prevention of sexual harassment in the workplace into the internal regulations, including the responsibilities of all levels from leaders to employees, building effective and reasonable sanctions, which are approved by Hanoi Department of Labors, War Invalids and Social Affairs.

4. RISKS

4.1 Development of risk policies

Risk policies are built based on:

- Operating strategies of the company;
- Risk tolerance of the company;
- Understanding of risky financial instruments of the company;
- Risk management professionalism of the executive team;
- Consulting past as well as current risk management activities on the market;
- Following and applying legal regulations regarding risk management.

Risk management activities include but not limited to:

- Identifying the nature and level of risk that JSI can tolerate;
- Measuring, evaluating and updating potential risks;
- Controlling, recording and solving risks;
- Writing a risk report and submitting to the Company President, Board of Directors, and related functional departments.

4.2 Risks

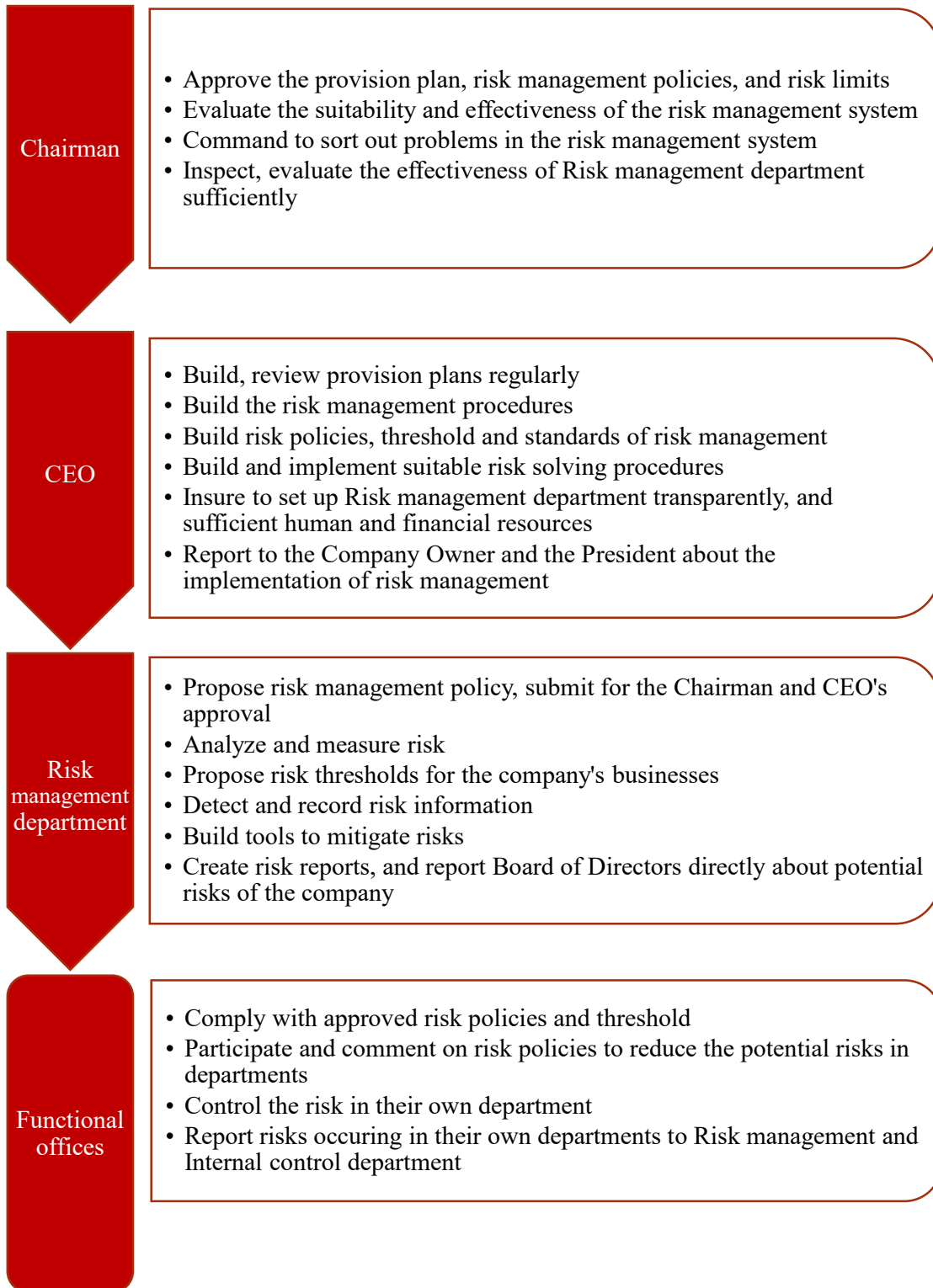
Risks related to the company which may affect business operations and goals of the company include:



Risks	Description	Risk control
Market risks	<ul style="list-style-type: none"> - Risks which alter the value of assets in a negative direction. - Market risks occur when the unfavorable market volatility affects adversely the cash flows for company operations and portfolio holdings. 	<ul style="list-style-type: none"> - Related departments within the company are responsible for tracking changes in securities price, bond interest rate, market trend and reporting to Board of Directors for timely and appropriate measures.
Payment risks	<ul style="list-style-type: none"> - Risks which happen when a partner is unable to make a payment on time or transfer an asset as committed. 	<ul style="list-style-type: none"> - Managing customer receivables of the company relied on controlling policies and procedures. - Due to specific characteristic of advance payment activities requiring collateral which are cash from sale of securities returning to client's account monitored strictly by software system, the company rarely incur risks and the risk probability is really low.
Legal risks	<ul style="list-style-type: none"> - Risks which stem from disregarding legal regulations relating to business operation or from canceling contracts due to it being illegal, exceeding authorities, lacking necessary terms, missing standards or other reasons. 	<ul style="list-style-type: none"> - Constantly updating the newest legal document concerning the securities field, securities market and related aspects. - Conducting internal control program to monitor and report on compliance or other issues; regularly reviews, modifies and promulgate procedures . - Consulting with professional legal service providers for the company

Risks	Description	Risk control
Solvency risks	<ul style="list-style-type: none"> - Risks which occur when the company fails to meet financial obligations or unable to adequately convert financial instruments to cash due to low market liquidity. 	<ul style="list-style-type: none"> - Maintaining non-term deposits and cash equivalents at a reasonable ratio to minimize effects from changes in cash flows - Managing investors' deposits and company's own operational cash separately.
Operation risks	<ul style="list-style-type: none"> - Risks which occur due to errors from technical, IT system, procedures, human factors in the operating process at JSI that cause damages to the overall business... 	<ul style="list-style-type: none"> - Issuing specific working procedures for all departments to ensure every operation is done on a cross-checking principle. - Organizing training sessions and supporting employees in attending specialized courses to improve professional knowledge and law. - Making a provision from previous years' profits to establish a financial reserve and operation risks fund.
Natural disaster and disease risks	<ul style="list-style-type: none"> - Risks which occur due to natural disaster and disease that cause the company's going concern operation. 	<ul style="list-style-type: none"> - Building plans for emergent scenarios such as disaster and disease... in order to ensure the going concern operation. - Issuing policies to apply as the disaster occurs such as the working from home process, asset protection, and information confidentiality... - Training and guiding employees to deal with the scenarios.

4.3 Decentralization in risk management



CORPORATE PERFORMANCE FY 2021

5. BUSINESS PERFORMANCE

5.1 2021 highlights

31/12/2021	VND 321.6 billion	TOTAL ASSET
31/12/2020	VND 300.4 billion	
Growth rate	7%	

TOTAL REVENUE	31/12/2021	VND 49.2 billion
	31/12/2020	VND 22.1 billion
	Growth rate	122%

31/12/2021	VND 22.5 billion	PROFIT BEFORE TAX
31/12/2020	VND 0.9 billion	
Growth rate	2315%	

PROFIT AFTER TAX	31/12/2021	VND 18.5 billion
	31/12/2020	VND 0.9 billion
	Growth rate	1878%

31/12/2021	VND 316 billion	EQUITY
31/12/2020	VND 158 billion	
Growth rate	101%	

5.2 Actual performance over plan

In 2021, JSI recorded impressive business results with the revenue of VND 49.2 billion, increasing by 122% compared to 2020. Profit before tax reached VND 22.5 billion, which increased by 2315% over the same period.

With continuous loss for 4 years from 2014 to 2017, the highest cumulative loss of JSI at the end of 2017 reached nearly 11 billion VND. From 2018, the company started to generate profit and gradually offset the losses left from previous years. By the end of 2020, the remaining accumulated loss was VND 2.7 billion. Right from the beginning of 2021, facing the complicated situation of the Covid epidemic and its negative effects on the Vietnamese economy in particular and the world in general, the Board of Directors understood that there lied ahead many difficulties and obstacles, JSI only set relatively conservative goals which included slower implementation of proprietary trading to explore the market and building a plan to cover the aforementioned accumulated losses from previous years of 2.7 billion.

In 2021, the Vietnam stock market has continuously broken through its own historic highs to climb to the new highs. The main driving force of the market came from strong cash flow from domestic individual investors with a record number of new account openings. By the end of 2021, the number of individual securities accounts has reached more than 4.3 million accounts, which increased by 1.5 million accounts in just a year. Accordingly, market's liquidity also witnessed a sharp increase compared to 2020 with an average trading value of VND 25.960 billion per session. Together with positive market sentiment, investors' confidence in the economy's prospects and low interest rates, which made the savings channel less attractive, liquidity in the whole market has been even further supported. Despite being heavily affected by the Covid-19 pandemic in the third quarter of 2021, Vietnam still achieved a GDP growth rate of 2.58%; meanwhile, VN-Index increased by nearly 36% and was among the top most profitable markets in the world.

With the positive movements of the stock market, JSI has recorded outstanding results compared to 2020. Not only fully cover accumulated losses as planned from the beginning, the company also has started to record accumulated profit. Profit before tax reached a historic peak since establishment. At the end of 2021, JSI recorded:

- Revenue reached VND 49.2 billion, which increased by 122% YoY.

- Total assets reached VND 321.6 billion, which increased by 7% YoY.
- Profit before tax reached VND 22.5 billion, which increased by 2315% YoY.
- Profit after tax reached VND 18.5 billion, which increased by 1878% YoY.

5.3 Achieved progresses

In 2021, due to the complicated situation of the Covid epidemic, Vietnam in general and Hanoi in particular have had quite a long time to maintain a relatively tight social distancing policy. This has prevented JSI from implementing some of the plans the company has built since the beginning of the year, which mainly related to upgrading and developing the information technology system. The company has to postpone some system investment plans to 2022.

Despite many fluctuations due to the influence of information related to the Covid-19 epidemic and instabilities from the macro market, JSI kept consistent with the aim for diversifying sources of revenue; step by step implemented proprietary trading by disbursing capital into open fund certificates. The company focused on open funds with large scale, good reputation, stable business results and sustainable development over the years. In addition, the company also analyzed and evaluated the portfolio of these open funds carefully in order to find out funds with a portfolio that match the company's risk appetite while taking advantage of growth in the stock market and hedging risks in case of fluctuations.

Our analytical reports on the Bloomberg platform have attracted foreign customers and boosted the company's name and reputation in the international arena. The company also continues to build close relationships with existing customers with an increasing frequency of information exchange and sharing. The company's new reporting products have also received positive feedback from both individual and institutional investors.

6. FINANCIAL POSITION

- JSI's revenue and profit both increased dramatically in 2021, covering fully accumulated losses from previous years and starting to record profits.
- Decrease in short-term liabilities kept strengthening JSI's capital structure and solvency ratios.
- JSI's efficiency ratios and profitability ratios both changed in a very positive way.
- The company's charter capital has been nearly doubled to 300,000,000,000 since January 2021.

6.1 Business operation results

Unit: VND

Item	2020	2021	% Up/Down
Total assets	300,408,627,056	321,684,891,168	7.08%
Net revenue	22,101,725,557	49,120,015,701	122.25%
Operating profit/ (loss)	-2,223,829,173	14,387,722,917	
Profit/ (loss) from other activities	3,158,026,273	8,169,147,440	158.68%
Profit before tax	934,197,100	22,556,870,357	2314.57%
Profit after tax	934,197,100	18,482,119,666	1878.40%

6.2 Key financial ratios

Item	2020	2021
1. Capital scale		
Charter capital (VND)	160,000,000,000	300,000,000,000
Total assets (VND)	300,408,627,056	321,684,891,168
Capital adequacy ratio (%)	503.19	733.94
2. Operating results		
Deposit mobilization (VND)	8,638,977,362	12,292,713,700
Loans (VND)	38,437,197	135,999,911
3. Liquidity capability		
Quick ratio (times)	1.36	32.15
Solvency (times)	2.11	60.81

Unit: Times

Item	2020	2021
1. Liquidity ratios		
Current ratio:		
$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.36	32.15
Quick ratio:		
$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	1.36	32.15
2. Capital structure ratios		
$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.47	0.02
$\frac{\text{Total liabilities}}{\text{Owner's equity}}$	0.90	0.02
3. Efficiency Ratios		
Asset turnover ratio:		
$\frac{\text{Net sales}}{\text{Average total assets}}$	0.10	0.16
4. Profitability Ratios		
$\frac{\text{Profit after tax}}{\text{Net sales}}$	0.04	0.38
$\frac{\text{Profit after tax}}{\text{Owner's equity}}$	0.01	0.06
$\frac{\text{Profit after tax}}{\text{Total assets}}$	0.003	0.06
$\frac{\text{Operation profit}}{\text{Net sales}}$	-0.10	0.29

6.3 Assets

Unit: VND

Item	2020		2021		Growth rate (%)
	Value	Ratio (%)	Value	Ratio (%)	
Current assets	193,747,840,826	64.5	160,709,313,571	50.0	-17.1
Financial assets	192,084,146,450	63.9	159,366,849,927	49.5	-17.0
Other current assets	1,663,694,376	0.6	1,342,463,644	0.4	-19.3
Non-current assets	106,660,786,230	35.5	160,975,577,597	50.0	50.9
Long-term financial assets	93,000,000,000	31.0	150,000,000,000	46.6	61.3
Fixed assets	10,330,765,885	3.4	8,081,509,878	2.5	-21.8
Other long-term assets	3,330,020,345	1.1	2,894,067,719	0.9	-13.1
Total assets	300,408,627,056	100.0	321,684,891,168	100.0	7.1

6.4 Liabilities

Unit: VND

Item	2020		2021		Growth rate (%)
	Value	Ratio (%)	Value	Ratio (%)	
Current liabilities	142,495,892,516	100	4,999,359,739	94.5	-96.5
Short-term trade payables	314,174,165	0	212,092,251	4.0	-32.5
Tax and other payables to State Budget	359,572,138	0.25	1,738,716,407	32.9	383.6
Payables to employees	1,390,144,755	0.98	2,444,926,819	46.2	75.9
Employee welfare payables	74,647,800	0.05	85,042,400	1.6	13.9
Short-term accrued expenses	98,455,658	0.07	299,040,527	5.7	203.7
Other short-term payables	140,258,898,000	98.43	219,541,335	4.2	-99.8
Non-current liabilities	-	-	290,677,223	5.5	
Total liabilities	142,495,892,516	100	5,290,036,962	100	-96.3

7. IMPROVEMENTS ON ORGANIZATION STRUCTURES, POLICIES AND MANAGEMENT

In 2021, JSI changed the legal structure to a single-member limited liability company owned by an organization. Maintaining a small scale, "streamlined" organization structure with basic products and services, JSI aims to operate in a compact, stable, synchronous and efficient manner.

- In order to maximize labor productivity and meet the requirements according to regulations, certain positions in the company are held by personnels with high professional qualifications as well as strong capabilities. Members of the Board of Directors, in addition to assigned general management, also directly manage the specialized operation of each departments.
- Faced with the uncertainty of the Covid-19 pandemic, in 2021, Hanoi city had implemented social distancing at the highest level. Accordingly, the total time working from home of the entire company increased significantly compared to 2020. With the development of detailed and practical Business Contingency Plan (BCP) to deal with the epidemic from the very beginning, JSI has quickly untangled any obstacles arised in the company's operation during the quarantine period. The number of employees at the office is always kept to a minimum, yet the company was still able to achieve impressive results far exceeding expectations.
- Before, during and after the transitioning process from a joint stock company to a limited liability company, corporate governance of JSI has been always ensured to meet not only the law's requirements, but also practical requirements as well. Although the pre-built internal reporting system was maintained as it still satisfies management and supervision needs of the company's leadership, appropriate adjustments were made to better fit the new model.
- Labor Code No. 45/2019/QH14, effective starting January 1, 2021, adjusted and added multiple new contents. JSI swiftly reconstructed and re-registered new labor regulations with Hanoi Department of Labor, War Invalids and Social Affairs. On top of that, the company added specific provisions related to workplace sexual harassment prevention to ensure a civilized, law-abiding working environment, where employees' rights – especially those of female employees - are guaranteed at the highest level.

8. INVESTMENT AND IMPLEMENTATION PROGRESSES

In October 2019, JSI was licensed by the State Securities Commission to supplement dealing operation. The objective of this activity is to make profitable investments using the company’s capital on a basis of prudence and conservation of the Company Owner’s equity. In 2021, JSI officially launched proprietary trading by disbursing investments into open-ended fund certificates. Until the end of 2021, the values of these investments increased significantly at double of the bank savings interest rate in the same period.

Alongside using capital for proprietary trading activities and developing sustainable projects of the company, other idle capital was deposited by JSI into periodic savings accounts at major banks. JSI is always proactive in choosing the appropriate timing and term in maintaining a reasonable amount of deposits to optimize the use of money.

9. REPORT ON SOCIETY AND ENVIRONMENTAL IMPACTS

9.1 Compliance with environmental protection laws

- Penalties for not complying with environmental laws and regulations: None.
- The total amount of fine for not complying with environmental laws and regulations: None.

9.2 Employee policies



- The average number of employees in 2021: 22 people per month.
- The average salary for employee: VND 21 million per employee per month.
- Labor policies: The company always maintains competitive labor policies which ensure health, safety and welfare for employees.
 - Flexible and effective recruitment policies, attracting high-quality human resources; flexible recruitment methods (online or offline) depending on job positions and practical situation.
 - The average income of employees continuously grows over the years, the salary and allowance regime is in compliance with the provisions of the laws, in accordance with the capacity and qualifications of each person.
 - The policies of reward, welfare and treatment are applied in association with work results and business performance in order to create positive working motivation for employees.
 - The regimes of social insurance, health insurance and unemployment insurance are complied in accordance with the law, ensuring the legal rights of employees.
 - Paying attention to ensure the basic rights for employees such as fully complying with regulations on labour safety and hygiene, fire and explosion prevention; organizing regular health check-ups...
 - All decisions related to employees of the company are not related to gender, religion or age... JSI implements health care policies and ensures the rights of female employees, more than 50% of management positions are held by female employees.
- Employees training activities:
 - The average training period was 40 hours per person per year.
 - The training content is diverse and rich which includes securities operations and foreign languages, opens for all Vietnamese and foreign employees, closely follows practical needs.
 - The company ensures equal support policies for all employees, in order to promote and encourage lifelong learning, skills improving and industry knowledge, facilitate employees' participation in training programs.

9.3 Responsibilities toward the local community

JSI's responsibilities toward the community are reflected in the basic philosophy of the company: ALWAYS ACT FOR THE BEST BENEFITS OF THE COMMUNITY.

Toward the SOCIETY

JSI actively responds to activities for community development, including financial support to serve the community. The company is committed to always making efforts to balance activities that generate profits for Company Owner with activities of common benefits for the whole society, ensuring business ethics and contributing to sustainable economic development.

Toward the GOVERNMENT

JSI always complies well with the legal policies of the Government in general and the securities industry in particular; fulfills tax obligations and payable amounts to the Government's budget.

Toward the MARKET

JSI always actively focuses on finding foreign customers, who are experienced and potential financial institutions, to invest in Vietnam's stock market, contributing to capital mobilization from developed markets in the world to Vietnam's economy in general and domestic financial market in particular.

Toward the CLIENTS

The company supports the management of customers' assets by providing the highest quality of essential products, ensuring customer satisfaction and trust with transparent, secured and confidential managing processes which meet international standards.



Toward the EMPLOYEES

JSI provides a healthy and happy working environment; the company is also committed to acting ethically and contributing to economic development in order to improve the quality of its workforce's lives and their families, thereby making a positive impact on local community and society at large.

9.4 Green activities of the capital market

As a securities company which operates in the financial sector and does not produce physical products, JSI does not have activities that directly affect the environment. However, the company is always aware of its small contribution to the green planet. Therefore, the company encourages employees to minimize negative impacts on the environment, such as saving paper, saving energy, rationally using resources, and protecting the environment in general.

The company's Research department - in the process of making their analysis reports - always puts the green/sustainable factors as evaluating criterion. In addition to the essentials such as business performance and growth potential, JSI also appreciates stocks of companies that focus on environmental impact, have active activities that demonstrate corporate responsibility for the community and the environment. These are important contents that JSI wants to emphasize to investors, thereby demonstrating the company's responsibilities to the green activities of the capital market.

COMPANY GOVERNANCE

10. OWNERSHIP STRUCTURE, CHANGE IN CHARTER CAPITAL

10.1 Ownership structure

Company Owner	Contributed capital	Ownership rate
Aizawa Securities Group Co., Ltd.	VND 300 billion	100%

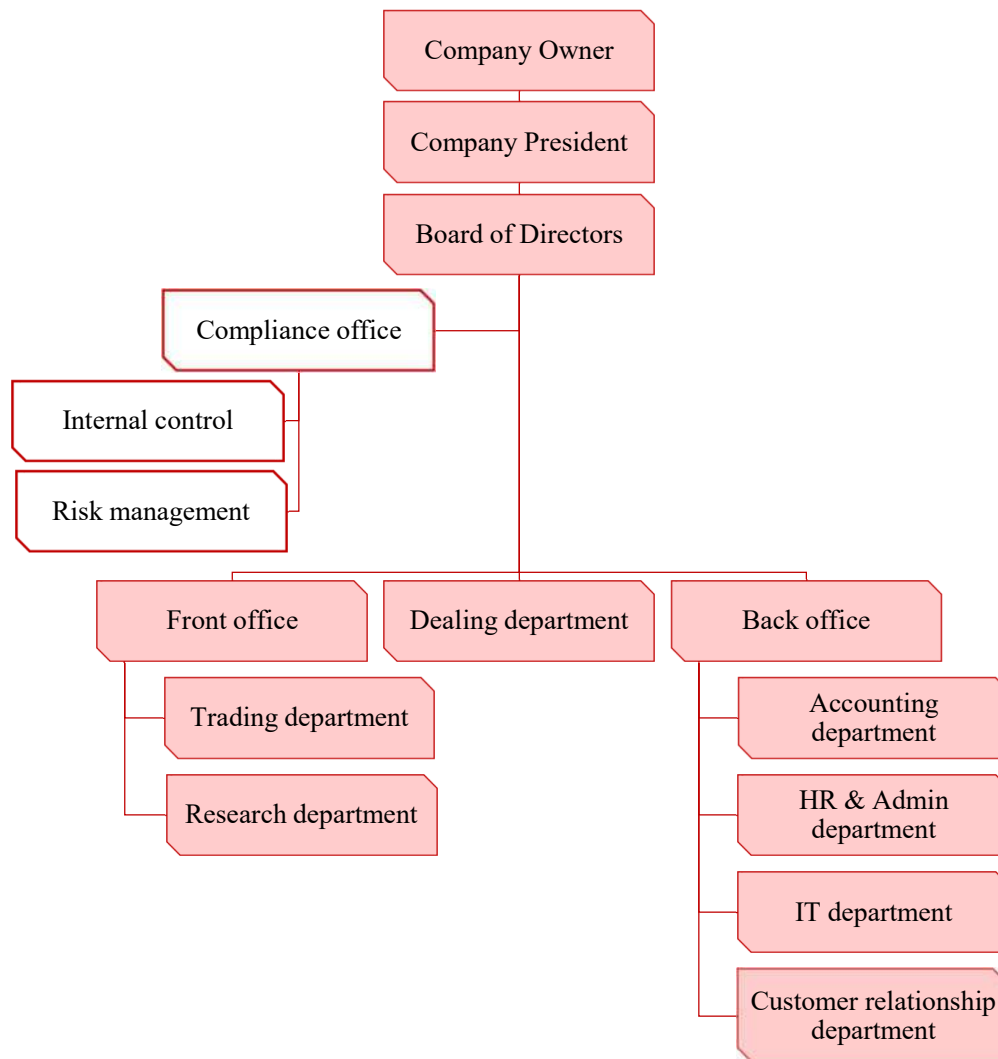
10.2 Change in investment capital of the Company Owner

- January 28, 2021: Japan Securities Incorporated increased capital from VND 160 billion to VND 300 billion.
- April 27, 2021: Minority shareholders completed the ownership transfer, thereby JSI was 100% owned by Aizawa Securities Co., Ltd.

- August 10, 2021: Japan Securities Incorporated changed the name to Japan Securities Co., Ltd.
- October 2021: Aizawa Securities Co., Ltd. changed the name to Aizawa Securities Group Co., Ltd. On December 3, 2021, SSC issued the adjusted license No. 108/GPĐC-UBCK confirming that Japan Securities Co., Ltd. became a wholly-owned subsidiary of Aizawa Securities Group Co., Ltd.

11. GOVERNANCE MODEL & MANAGERIAL APPARATUS

11.1 Managerial apparatus structure



11.2 Governance model

JSI applies governance model of a single-member limited liability company, managing and operating in accordance with Clause a Article 79 of the Enterprise Law 2019, including the Company President and the CEO. The company does not have the Board of Supervisory and the Internal auditor.

- Aizawa Securities Group Co., Ltd, whose head office is in Japan, is the Company Owner and has full authority to decide on company's matters as prescribed in the Enterprise Law, the Securities Law and the Company Charter. The Company Owner has limited liability for the company's debts and other property obligations to the extent of the amount of capital contributed to the company, which is also the charter capital of the company.
- The Company President is appointed by the Company Owner. The Company President shall perform the rights and obligations of the Company Owner on behalf of the Company Owner; perform the rights and obligations of the company on behalf of the company, except for the rights and obligations of the CEO; take responsibility before the law and the Company Owner for the performance of assigned rights and obligations as prescribed in the Company Charter.
- The Board of Directors includes the Chief Executive Officer and Senior Executive Officer(s). The CEO manages day-to-day business operations of the company, takes responsibility before the law, before the Company Owner and the Company President for the performance of his rights and obligations. The SEO are directly assigned by the CEO to direct a number of work contents and authorized contents according to decentralization.
- The Compliance office includes Internal control and Risk management, operates independently and professionally, supports the Company President and the Board of Directors in managing and controlling risks following the contents specified in the Company Charter and corresponding internal documents, ensures the accurate operation of company's business activities, limits unnecessary risks arising in the course of business. The Compliance office is responsible for checking the legitimacy and rationality in all managing and operating activities, operates independently, directly reports to the Company President and the Board of Directors on all issues related to the compliance of the company. The Compliance office is built to have a complete

organizational structure, unified operation with a full set of personnel and procedures in order to be able to detect, prevent and handle risks arising in the course of the company's operations.

- Heads of departments directly deal with specific tasks and are responsible for all activities of their department before the Board of Directors.

11.3 Transactions, remuneration and benefits

- JSI is a single-member limited liability company owned by an organization. Accordingly, members of the Executive Board (including the Company President, the CEO, the SEOs, and the heads of departments) are not shareholders and do not hold any shares of the company. Therefore, the company treats these members same as normal employees, complies with the labor laws on the matter of salary and bonus regimes, annual leaves, compulsory insurances, periodical health check... Some special benefits such as using cars, paying for phone bills and housing allowances for foreign expatriates appointed by the parent company to perform their duties within decided period of time are specified in the internal financial regulations.
- Stock trading of internal actors: None
- Contracts or transactions with internal actors: None

12. ORGANIZATION AND HUMAN RESOURCES

12.1 Executive board

Although there are major changes in the legal form which leads to the restructuring of organization and the reorganization of personnel to meet the requirements of actual situation, JSI has kept the same core executive personnel of the company. The list of executive board in 2021 was as follows:

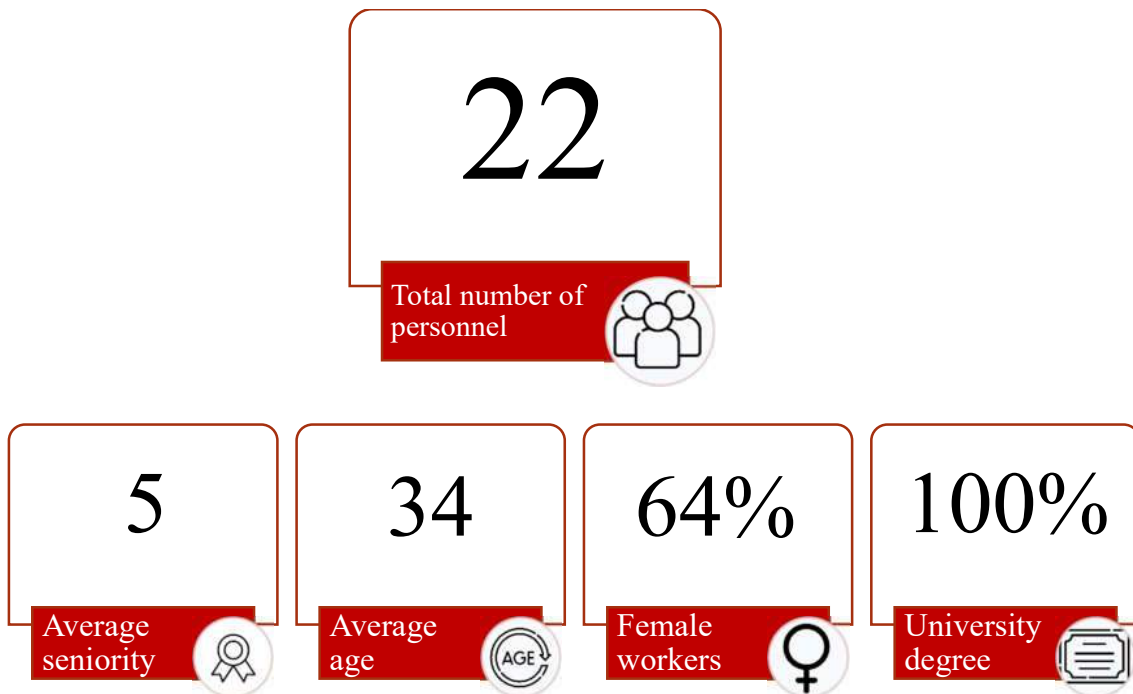
No.	Full name	Job position	Degree	Experience
1	Mr. Tsuyoshi Imai	- Legal representative - Company President - CEO	Bachelor of Economics	Before being appointed to work at JSI, Mr. Imai had more than 30 years of experience as a manager at securities companies and investment groups in the United States, Hong Kong, Japan... Currently, in addition to operating the general activities of the company, he is directly in charge of the Dealing department.
2	Mr. Tomonori Tsuchiya	Senior Executive Officer	Bachelor of Economics	Before being appointed to work at JSI, Mr. Tsuchiya had nearly 20 years of experience working at Aizawa Securities Group Co., Ltd. - the Company Owner of JSI. Currently, he is holding the position of Senior Executive Officer and directly managing JSI's Front office.
3	Ms. Nguyen Thi Thu Trang	Senior Executive Officer	Bachelor of Economics	Joining JSI from the early days of the company's establishment, Ms. Trang was assigned to hold the positions of Head of Management department, Head of Brokerage department. Currently, she is holding the position of Senior Executive Officer and directly managing JSI's Back office.
4	Ms. Khong Thi Huong	Chief Accountant	Bachelor of Economics	Joining JSI from 2010 and having more than 20 years of experience in finance and accounting, Ms. Huong has been officially appointed as Chief Accountant since the beginning of 2019.

12.2 Personnel

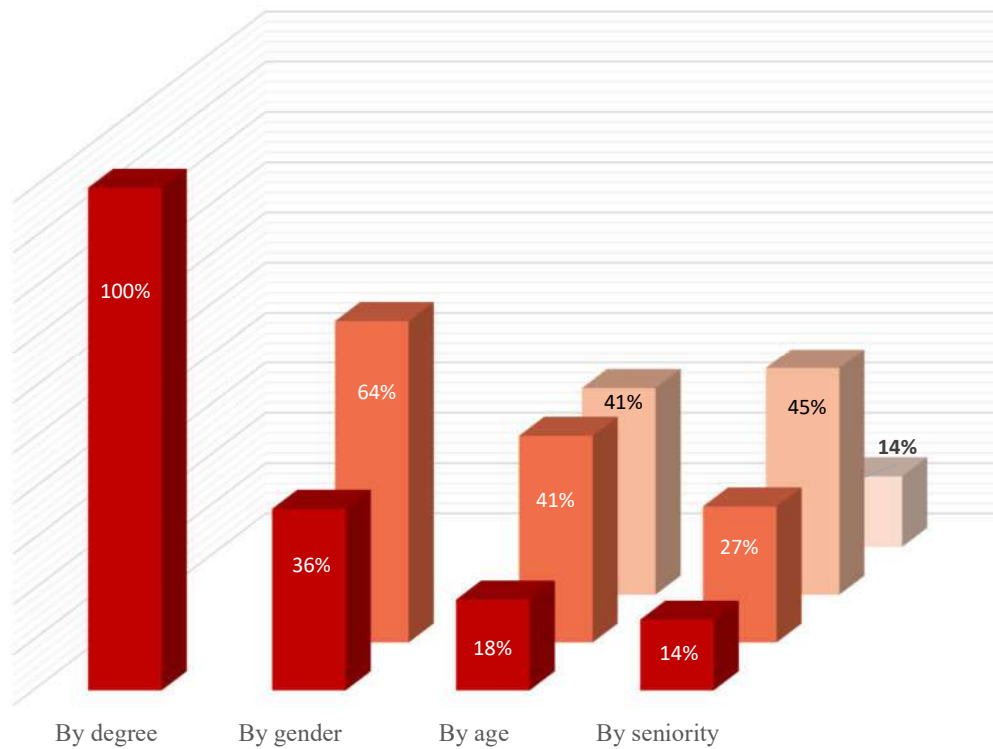
By the end of 2021, JSI maintained a total number of employees as 22 people and all of them had university and higher degrees. To maximize labor productivity and meet the requirements of the laws, some positions in the company are concurrently held by highly qualified and competent personnel.

In terms of age, more than 80% of employees are under the age of 40, which shows the rejuvenation of human resources. The increasing number of management personnel in this age group shows that the process of human resource rejuvenation not only does not affect operational efficiency but also demonstrates acumen, quick adaptation, and the dare for confronting of the JSI staff.

In terms of seniority, the average seniority at JSI is 5 years with nearly 60% of employees having more than 3 years of seniority. JSI advocates a professionally international working environment where people can develop their full potentials and be assured of their welfare and spiritual life, which is reflected through the companionship of JSI personnel with the company.



No.	Classification	Criteria	Number of personnel	Ratio %
1	By degree	University and higher	22	100%
		Under university level	0	0%
2	By gender	Male	8	36%
		Female	14	64%
3	By age	Above 40	4	18%
		From 30 to 40	9	41%
		Under 30	9	41%
4	By seniority (at JSI only)	Under 1 year	3	14%
		From 1 to 3 years	6	27%
		From 3 to 10 years	10	45%
		Above 10 years	3	14%



12.3 Changes in the Executive board

Due to the company reorganization, changing the legal form from a joint stock company to a single-member limited liability company, on August 10, 2021, JSI dismissed the following positions:

No.	Full name	Position before dismissal
1	Mr. Tsuyoshi Imai	Chairman of BOD
2	Mr. Tomonori Tsuchiya	Member of BOD
3	Ms. Nguyen Thi Thu Trang	Member of BOD
4	Mr. Takuya Aizawa	Member of BOD
5	Mr. Kazuhiro Mashiba	Member of BOD
6	Ms. Lương Thị Trà	Head of Supervisory Board
7	Mr. Kazutoshi Nakano	Member of Supervisory Board
8	Mr. Tohru Kitayama	Member of Supervisory Board
9	Ms. Bui Thi Hoa	Internal audit
10	Ms. Truong Thi Thu Hong	Internal control
11	Mr. Kazuhiro Mashiba	Risk management subcommittee under BOD
12	Mr. Tran Viet Son	Risk management committee under BOM

And on the same day, simultaneously appointed the following positions:

No.	Full name	New appointed position
1	Mr. Tsuyoshi Imai	The Company President
2	Ms. Bui Thi Hoa	Internal control
3	Ms. Truong Thi Thu Hong	Risk management

DEVELOPMENT PLANS



13. CORPORATE GOVERNANCE

With outstanding growth results from 2020 to 2021, JSI evaluates that the company's policies and procedures have been working well which meet internal control's requirements and are effective tools for the Company Owner as well as the Board of Directors in supervising and operating. However, with the change of corporate legal model from the form of a joint stock company to single-member limited liability company owned by an organization, JSI continues to update, supplement and improve existing policies, with an aim to ensure the company's operations, meet legal requirements and market practices, thereby bringing out the best operational efficiency. Accordingly, the activities that the company plans to implement are as follows:

- Strengthen supervision and improve transparency: The company continues to appoint independent and specialized personnel to be in charge of compliance monitoring, empower this department to proactively carry out the work and promptly handle potentially risky situations, which supports the company's operations to be smoother and more efficient.
- Continue to improve internal control system: Review all procedures and internal control's regulations to update according to new organizational model, decentralize authority in accordance with the functions and duties of each individual/department as well as the operation of the company in each period.
- Improve management quality and capacity, encourage key personnel to attend training courses on corporate governance organized by the State Securities Commission.

- Complete the Code of Ethics in order to establish and maintain the company's ethical culture to be in accordance with regulations of securities field and the stock market.
- Research to apply information technology system to management activities in order to increase efficiency of the company.

14. MARKET EXPANSION

Taking advantage of having the parent company which is a prestigious securities company with a long history in Japan, especially, since JSI became a wholly owned subsidiary of Aizawa in August 2021, JSI has been doing the following:

- Coordinate with the parent company to expand operations in Japanese market, as well as find potential customers in new markets.
- Enhance both quantity and quality of reports to meet the needs of customers and attract potential ones.
- Appoint personnel to socialize and contact with foreign investors; promote image and potential opportunities of Vietnam in general and Vietnam's stock market in particular.
- Establish the Customer Relations department which is directly managed by Japanese personnel: Develop policies to evaluate and make improvements which are in line with market's needs in order to ensure customers' satisfaction, set up procedures regarding handling customers' complaint and suggestions to perfect the system.

15. INFORMATION TECHNOLOGY SYSTEM

On June 3, 2021, the State Securities Commission issued Decision No. 379/QD-UBCK on promulgating the technical basis of information technology systems in providing online securities trading services on the stock market. Based on these technical standards, JSI's IT personnel reviewed the currently operating information technology system to ensure that it meets the requirements for services, technical infrastructure, security, confidentiality and data storage, which

was in accordance with the provisions of specialized legal documents on securities and securities market. Accordingly, in 2022, JSI will do the following:

- Continue to upgrade software that monitors IT system to reduce risks during operation, to detect errors faster and to help solve problems better. At the same time, the company will strictly follow the plans to convert to the new KRX system of HOSE, HNX and VSD, thereby updating the system in time as required by the stock exchanges and making proper changes in working procedures to be in accordance with the system.
- Continue to monitor the hardware system located at HOSE Data Backup Center in order to quickly detect hardware's errors as well as the needs of upgrading server equipment to increase system's performance and ensure stable operation for stock trading.
- From time to time and depending on practical requirements, JSI will supplement necessary functions for the system to meet the requirements of the market and customers.

16. SECURITIES SERVICES

Securities services which bring direct revenue to the company are always focused and planned in details and thoroughly. To achieve medium and long-term goals, operational plans are built based on strategic vision and focus on factors that create sustainable development for the company.

- Perform customer analysis based on investment needs, investment assets, investment characteristics, asset turnover, etc, thereby providing right information and products to stimulate customers' frequency of trading and increase transaction value;
- Update and adjust customer policies to increase investment opportunities of existing customers and attract new ones;
- Focus on developing network of institutional clients in familiar markets;

- Boost training to enhance the quality of personnel in terms of expertise, communication and customer care skills, improve the performance of transaction execution;
- Complete and supplement working procedures, especially those to handle arising situations, in order to improve skills in handling and solving problems, ensure the quality of services provided.

17. HUMAN RESOURCES

JSI understands that people are always the core value of an enterprise. The company always focuses on improving professional qualifications, training job management skills, as well as regularly orienting risk control.

- The company constantly strengthens and builds a safe and healthy working environment, becomes a big family, where employees are sublimated at work, perfected themselves as well as contributed to the growth of the big family, thereby creating a premise for sustainable and long-term development, creating customer satisfaction and trust.
- Personnel at JSI are evaluated for their competence and contribution to the company annually through a specific and transparent evaluation system. Along with the development of the company and the innovation of the human resource market, the evaluation system will continue to be improved in order to provide the most objective and fair results for all employees.
- JSI is developing and implementing a detailed training program with each level of personnel in each appropriate period. The purpose of the program is to:
 - (1) Ensure all personnel have basic knowledge of the securities industry and the company;
 - (2) Train necessary skills to meet the job requirements and development roadmap of personnel, thereby, satisfy the increasing requirements of the market;
 - (3) Develop a strong human resource team, train the successors, create a solid foundation to help the company develop sustainably;
 - (4) Build a cohesive and efficient company, bring added values to customers.

PERSONNEL LEVEL	TRAINING CONTENTS	PURPOSE	TIME
On boarding	Labor regulation	General knowledge about the industry and the company	1 day
	Privacy statement		
Probation	General regulations, procedures	General knowledge about the industry and the company	2 months
	Organization structure		
	Basic understanding of the securities industry		
Official staff	Company products and services	Basic skills to meet job requirement	2 years
	General work of all departments		
	Basic tasks		
	Presentation, reporting skills, reports		
Vice manager	In-depth work: - Self-implementation of assigned work - Prepare and control related work reports	Basic skills to meet job requirement	2 years
	Effective communication skills: - Audience: Colleagues, customers, partners, management authorities, etc. - Method: Direct, via email, phone, chat, etc.		
Manager and above	Effective planning and task management skills	Management skills	During working period
	Teamwork skills, cooperation skills within the department, and with other departments		
	Effective management and organization team skills		
	Job assignment and personnel training skills		
	Effective meeting management skills		
	In-depth professional consulting for the BOD skills		
	Building collective culture skills		
	Problem solving and decision-making skills		
	Personnel engagement, motivation skills		
	Interviewing and talent searching skills		

FINANCIAL STATEMENT

18. AUDITOR'S OPINION

- Audit firm: VACO Auditing Co., Ltd
- The auditor's opinion on the company's 2021 financial statements: Unqualified opinion.

19. AUDITED FINANCIAL STATEMENT

Attachment./.

JAPAN SECURITIES CO., LTD.



CHIEF EXECUTIVE OFFICER
TSUYOSHI IMAI

JAPAN SECURITIES CO., LTD.
AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2021

March 2022



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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Japan Securities Co., Ltd. (“the Company”) presents this report together with the Company’s financial statements for the year ended 31 December 2021.

CHAIRMAN AND BOARD OF DIRECTORS

The Chairman and the Board of Directors who held office during the year and at the date of this report are as follows:

Mr. Tsuyoshi Imai	Chairman and Chief Executive Officer
Mr. Tomonori Tsuchiya	Senior Executive Officer
Mrs. Nguyen Thi Thu Trang	Senior Executive Officer

Legal representative

The legal representative of the Company during the year and to the date of this report is Mr. Tsuyoshi Imai - Chairman and Chief Executive Officer.

BOARD OF DIRECTORS’S STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Company, its statement of operations, cash flows, and changes in equity for the year in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements. In preparing these financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the financial statements comply with accounting regimes applied for securities company. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and legal regulations relating to the preparation and presentation of financial statements.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

In the Board of Directors’s opinion, the financial statements give a true and fair view of, in all material aspects, the financial position of the Company as at 31 December 2021, its statement of operations, cash flows, and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements.

For and on behalf of the Board of Directors,



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022



No.: 118 /VACO/BCKiT.NV2

INDEPENDENT AUDITORS' REPORT

**To: The Chairman and the Board of Directors
Japan Securities Co., Ltd.**

We have audited the accompanying financial statements of Japan Securities Co., Ltd. ("the Company") prepared on 23 March 2022, as set out from page 03 to page 35, which comprise the statement of financial position as at 31 December 2021, the statement of operations, the cash flow statement, the statement of changes in equity for the year then end, and the notes to the financial statements (hereafter called "the financial statements").

Board of Directors's Responsibility

The Board of Directors of the Company is responsible for preparing and presenting the financial statements of the Company in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements and for such internal control as the Board of Directors determines to be necessary to enable the preparation of financial statements to be free from material misstatement, whether due to frauds or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with the regulations and standards of professional ethics, plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes implementing procedures to collect evidence supporting the amounts and disclosures in the financial statements. Audit procedures are selected based on the auditors' judgment including the assessment of the risks of material misstatements in the financial statements due to fraud or confusion. When implementing risk assessment, the auditors have to consider internal control relating to the preparation and presentation of the financial statements, which give a true and fair view, to make audit procedures that are appropriate with the actual situation, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material aspects, the financial position of the Company as at 31 December 2021, its statement of operations, cash flows, and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements.



Chu Manh Hoan
Deputy General Director
Audit Practising Registration Certificate
No. 1403-2018-156-1
For and on behalf of
VACO AUDITING COMPANY LIMITED
Hanoi, 23 March 2022

Nguyen Thi Thu Huyen
Auditor
Audit Practising Registration Certificate
No. 4921-2019-156-1

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
ASSETS				
A. CURRENT ASSETS (100 = 110 + 130)	100		160,709,313,571	193,747,840,826
I. Financial assets	110		159,366,849,927	192,084,146,450
1. Cash and cash equivalents	111	5	21,145,099,320	148,688,832,403
1.1. Cash	111.1		11,145,099,320	148,688,832,403
1.2. Cash equivalents	111.2		10,000,000,000	-
2. Financial assets recognised through profit/loss (FVTPL)	112	7	31,453,386,116	-
3. Held-to-maturity investments (HTM)	113	8	95,000,000,000	40,000,000,000
4. Loans	114	9	2,823,799,373	1,498,749,079
5. Provision for impairment of financial assets and collateral	116	10	(1,243,672,975)	(1,277,953,248)
6. Receivables	117	11	7,996,383,031	1,909,085,303
6.1. Receivables and accrued dividends, interests of financial assets	117.2		7,996,383,031	1,909,085,303
6.1.1. Dividend income, interest not yet received	117.4		7,996,383,031	1,909,085,303
7. Advances to suppliers	118	11	345,253,700	55,465,000
8. Receivables from the services provided by the Company	119	11	306,390,490	282,618,540
9. Other receivables	122	11	1,540,210,872	927,349,373
II. Other short-term assets	130		1,342,463,644	1,663,694,376
1. Short-term prepayments	133	12	1,332,463,644	1,357,072,139
2. Short-term mortgage, collateral, deposit	134		10,000,000	10,000,000
3. Taxes and amounts receivable from the State budget	136	16	-	296,622,237
B. NON-CURRENT ASSETS (200 = 210 + 220 + 250)	200		160,975,577,597	106,660,786,230
I. Long-term financial assets	210		150,000,000,000	93,000,000,000
1. Investments	212	8	150,000,000,000	93,000,000,000
1.1. Held-to-maturity investments	212.1		150,000,000,000	93,000,000,000
II. Fixed assets	220		8,081,509,878	10,330,765,885
1. Tangible fixed assets	221	13	5,204,938,623	6,636,194,638
- Cost	222		11,998,893,204	11,665,413,204
- Accumulated depreciation	223.a		(6,793,954,581)	(5,029,218,566)
2. Intangible fixed assets	227	14	2,876,571,255	3,694,571,247
- Cost	228		8,101,892,220	8,023,892,220
- Accumulated amortisation	229.a		(5,225,320,965)	(4,329,320,973)
III. Other long-term assets	250		2,894,067,719	3,330,020,345
1. Long-term mortgage, collateral, deposit	251		801,034,880	801,034,880
2. Long-term prepayments	252	12	669,059,035	1,140,102,918
3. Deposit to payment support fund	254	15	1,423,973,804	1,388,882,547
TOTAL ASSETS (270 = 100 + 200)	270		321,684,891,168	300,408,627,056

The accompanying notes are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES (300 = 310 + 340)	300		5,290,036,962	142,495,892,516
I. Short-term liabilities	310		4,999,359,739	142,495,892,516
1. Short-term trade payables	320		212,092,251	314,174,165
2. Taxes and amounts payable to the State budget	322	16	1,738,716,407	359,572,138
3. Payables to employees	323		2,444,926,819	1,390,144,755
4. Employee welfare payables	324		85,042,400	74,647,800
5. Short-term accrued expenses	325	17	299,040,527	98,455,658
6. Other short-term payables	329	18	219,541,335	140,258,898,000
II. Long-term liabilities	340		290,677,223	-
1. Deferred corporate income tax liabilities	356	19	290,677,223	-
D. EQUITY (400 = 410)	400		316,394,854,206	157,912,734,540
I. Owner's equity	410	20	316,394,854,206	157,912,734,540
1. Owner's investment capital	411		300,000,000,000	160,000,000,000
1.1. Owner's contributed capital	411.1		300,000,000,000	160,000,000,000
2. Financial reserve and operational risk fund	415		325,801,831	325,801,831
3. Other owner's capital	416		344,013,296	344,013,296
4. Retained earnings	417		15,725,039,079	(2,757,080,587)
4.1. Realized earnings	417.1		14,562,330,186	(2,757,080,587)
4.2. Unrealized earnings	417.2		1,162,708,893	-
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		321,684,891,168	300,408,627,056

OFF STATEMENT OF FINANCIAL POSITION ITEMS

As at 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
A. SECURITIES COMPANY'S ASSETS AND ASSETS MANAGEMENT UNDER COMMITMENTS				
1. Foreign currencies	005			
- USD			277,69	290,89
- JPY			115.271	115.271
2. Undeposited financial assets at VSD of securities company	012	21	14.682.956.700	-
B. CUSTOMER'S ASSETS AND LIABILITIES ON MANAGEMENT ASSETS UNDER COMMITMENTS				
1. Financial assets listed/registered for trading at VSD of investors	021	22	166.504.720.000	187.416.740.000
a. Freely transferable of financial assets	021.1		163.609.720.000	185.606.160.000
b. Restricted transferrable financial assets	021.2		1.520.000.000	169.060.000
c. Financial assets awaiting settlement	021.5		1.375.000.000	1.641.520.000
2. Deposited and untraded financial assets at VSD of investors	022	23	523.390.000	496.190.000
a. Freely transferable, untraded and deposited financial assets at VSD	022.1		523.390.000	496.190.000
3. Financial assets waiting return of investors	023	24	2.945.000.000	7.442.500.000
4. Undeposited financial assets at VSD of investors	024	25	5.127.032.300	5.094.436.700

OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

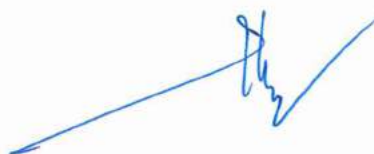
As at 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
5. Deposits of customers	026	26	8,892,854,249	9,043,207,815
5.1. Investors' deposits on securities transactions managed by securities company	027		8,315,354,983	6,736,918,441
5.2. Deposits on securities transactions of customers	028		571,878,071	2,300,946,448
5.3. Deposits of securities issuing organization	030		5,621,195	5,342,926
6. Payables to investors on deposit for securities trading managed by securities company	031	27	8,887,233,054	9,037,864,889
6.1. Payables to domestic investors deposit for securities trading managed by securities company	031.1		8,692,746,954	8,356,341,224
6.2. Payables to foreign investors on deposit for securities trading managed by securities company	031.2		194,486,100	681,523,665
7. Dividends, bond interest and principal payables	035		5,621,195	5,342,926



Hoang Thi Thanh Huyen
Preparer



Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022

STATEMENT OF OPERATIONS (CONTINUED)
For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
VII. OTHER INCOME AND OTHER EXPENSES				
7.1 Other income	71	33	8,169,150,938	3,158,037,988
7.2 Other expenses	72		3,498	11,715
Profit from other activities (80 = 71 - 72)	80		8,169,147,440	3,158,026,273
VIII. ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)	90		22,556,870,357	934,197,100
8.1 Realized profit	91		21,103,484,241	934,197,100
8.2 Unrealized profit	92		1,453,386,116	-
IX. CORPORATION INCOME TAX EXPENSE	100		4,074,750,691	-
9.1 Current corporate income tax expense	100.1	34	3,784,073,468	-
9.2 Deferred corporate tax expense	100.2	35	290,677,223	-
X. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100)	200		18,482,119,666	934,197,100

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022

CASH FLOW STATEMENT
(Indirect method)

For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Profit before tax	01	22,556,870,357	934,197,100
2. Adjustments for:	02	2,356,009,180	2,486,103,395
- Depreciation and amortisation	03	2,660,736,007	2,636,471,766
- Provisions	04	(34,280,273)	(4,772,600)
- Profit or loss from investing activities	07	(134,446,643)	(107,158,574)
- Accrued interest	08	(135,999,911)	(38,437,197)
3. Operating profit before changes in working capital	30	(151,889,790,563)	(41,918,456,501)
- Increase (decrease) in financial assets at fair value through profit/loss FVTPL	31	(31,453,386,116)	-
- Increase (decrease) in held-to-maturity investments (HTM)	32	(112,000,000,000)	(42,000,000,000)
- Increase (decrease) in loans	33	(1,325,050,294)	(203,636,785)
- (-) Increase, (+) decrease in receivables, accrued dividends, interest of financial assets	36	(5,951,297,817)	(533,026,459)
- (-) Increase, (+) decrease in receivables from the services provided by the Company	37	(23,771,950)	(46,082,665)
- (-) Increase, (+) decrease in other receivables	39	(612,861,499)	44,844,257
- Increase (decrease) in accrued expenses (not include interest expense)	41	200,584,869	(319,790,509)
- Increase (decrease) in prepaid expenses	42	495,652,378	145,608,488
- (-) Paid corporate income tax	43	(2,677,268,380)	-
- Increase (decrease) in trade payables	45	(102,081,914)	294,379,165
- Increase (decrease) in payables to employee benefits	46	10,394,600	6,250,800
- Increase (decrease) in taxes and amounts payable to the State budget (not include corporate income tax paid)	47	568,961,418	125,380,720
- Increase (decrease) in payables to employees	48	1,054,782,064	301,169,905
- Increase (decrease) in other payables	50	(39,356,665)	170,046,339
- Other cash inflows	51	(35,091,257)	96,400,243
<i>Net cash flow from (used in) operating activities</i>	60	<i>(126,976,911,026)</i>	<i>(38,498,156,006)</i>
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets, investment real estate and other assets	61	(701,268,700)	(318,585,000)
2. Proceeds from dividends and profits received from long-term financial investments	65	134,446,643	107,158,574
<i>Net cash flow from (used in) investing activities</i>	70	<i>(566,822,057)</i>	<i>(211,426,426)</i>

CASH FLOW STATEMENT (CONTINUED)
(Indirect method)
For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
III. Cash flows from financing activities			
1. Proceeds from issuing shares and receiving equity capital contribution by the owner	71	-	140,000,000,000
<i>Net cash from (used in) financing activities</i>	80	-	140,000,000,000
IV. Net increase/decrease in cash during the year	90	(127,543,733,083)	101,290,417,568
V. Cash and cash equivalents at the beginning of the year	101	148,688,832,403	47,398,414,835
- Cash	101.1	148,688,832,403	4,398,414,835
- Cash equivalents	101.2	-	43,000,000,000
VI. Cash and cash equivalents at the end of the year	103	21,145,099,320	148,688,832,403
- Cash	103.1	11,145,099,320	148,688,832,403
- Cash equivalents	103.2	10,000,000,000	-

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022

CASH FLOW FROM BROKERAGE AND MANDATE ACTIVITIES OF CUSTOMERS
For the year ended 31 December 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from brokerage activities, entrusting of customers			
1. Cash inflows from selling brokerage securities	01	601,813,424,000	243,369,351,500
2. Cash outflows for buying brokerage securities	02	(519,381,830,300)	(197,521,327,600)
3. Receive deposits for payment of securities transactions of customers	07	470,163,212,828	203,206,114,815
4. Payment for securities transactions of customers	08	(552,685,329,105)	(242,789,736,018)
5. Payment for securities depository fees of customers	11	(60,109,258)	(41,602,274)
6. Proceeds from the securities issuing organizations	14	10,911,410,467	17,562,922,213
7. Payment for the securities issuing organizations	15	(10,911,132,198)	(17,562,773,044)
Net increase/decrease in cash during the year	20	(150,353,566)	6,222,949,592
II. Cash and cash equivalents at the beginning of the year of customers	30	9,043,207,815	2,820,258,223
- Deposits of investors on securities transactions managed by securities companies	32	6,736,918,441	2,702,485,116
- Deposits on securities transactions of customers	33	2,300,946,448	112,579,350
- Deposits of issuing organizations	35	5,342,926	5,193,757
III. Cash and cash equivalents of customers at the end of the year of customers (40 = 20 + 30)	40	8,892,854,249	9,043,207,815
- Deposits of investors on securities transactions managed by securities companies	42	8,315,354,983	6,736,918,441
- Deposits on securities transactions of customers	43	571,878,071	2,300,946,448
- Deposits of issuing organizations	45	5,621,195	5,342,926

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022

STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 December 2021

Unit: VND

ITEMS	Notes	Opening balance		Increase/ Decrease		Closing balance			
		01/01/2020	01/01/2021	Prior year		31/12/2020	31/12/2021		
				Increase	Decrease	Increase	Decrease		
1. Owner's investment capital	20	160,000,000,000	160,000,000,000	-	-	140,000,000,000	-	160,000,000,000	300,000,000,000
2. Financial reserve and operational risk fund	20	325,801,831	325,801,831	-	-	-	-	325,801,831	325,801,831
3. Other owner's capital	20	344,013,296	344,013,296	-	-	-	-	344,013,296	344,013,296
4. Retained earnings	20	(3,691,277,687)	(2,757,080,587)	934,197,100	-	18,482,119,666	-	(2,757,080,587)	15,725,039,079
Total	20	156,978,537,440	157,912,734,540	934,197,100	-	158,482,119,666	-	157,912,734,540	316,394,854,206

Details of movements in equity are presented in Note 20.



Hoang Thi Thanh Huyen
Preparer



Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Japan Securities Co., Ltd. (formerly known as Japan Securities Incorporated) (“the Company”) was established under the Establishment and Operation License No. 129/GP-UBCK dated 10 August 2021 issued by the State Securities Commission of Vietnam and the latest amended Establishment and Operation License No. 108/GPDC-UBCK dated 03 December 2021. Accordingly, the charter capital of the Company is VND 300,000,000,000.

The Company’s head office is located at 14th Floor, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi.

The Company’s charter was recently revised and issued on 24 August 2021.

The number of employees of the Company as at 31 December 2021 is 22 (as at 01 January 2021: 21).

Operating industry and principal activities

- Securities brokerage;
- Securities investment consulting;
- Proprietary trading.

Normal production and business cycle

The Company’s normal production and business cycle is carried out for a period of 12 months or less.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expresses in Vietnamese Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements.

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

Financial year

The Company’s financial year begins on 01 January and ends on 31 December. These financial statements are prepared for the year ended 31 December 2021.

Related parties

Related parties of the Company are:

- The Chairman and the Board of Directors.
- Aizawa Securities Group Co., Ltd (formerly known as Aizawa Securities Co., Ltd): Parent company.
- Aizawa Securities Co., Ltd (established on 01 April 2021): Having the same parent company.

3. ADOPTION OF ACCOUNTING STANDARDS AND ACCOUNTING REGIME

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC (Circular 210) guiding the accounting regime applied for securities company. Circular 210 is effective for financial years beginning on or after 1 January 2016. The provisions contrary to this Circular are all annulled. Circular 210 supersedes Circular No. 95/2008/TT-BTC dated 24 October 2008 guiding the accounting regime applied for securities company and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance guiding the accounting regime applied for securities company. Circular 210 provides the guidelines relating to accounting vouchers, accounting system as well as the preparation and presentation of financial statements of securities company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

3. ADOPTION OF ACCOUNTING STANDARDS AND ACCOUNTING REGIME (CONTINUED)

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC (“Circular 334”) amending, supplementing a number of articles of Circular No. 210/2014/TT-BTC dated 30 December 2014 of the Ministry of Finance guiding the accounting regime applied for securities companies. Circular 334 guided the accounting system, forms and explanations of financial statements, contents and structure of accounts. Circular 334 is effective for financial years beginning on or after 01 January 2016. The Board of Directors applied Circular 334 on preparation and presentation of the financial statements for the year ended 31 December 2021.

Declaration of compliance with accounting standard and accounting regime

The Company carries out its accounting in accordance with the related Vietnamese Accounting Standards, accounting regime and accounting guidelines applied to securities companies under Circular No. 210/2014/TT-BTC and Circular No. 334/2016/TT-BTC.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with the recovery or maturity within 3 months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits of investors

Deposits of investors reflect deposits entrusted by securities investors at a specified bank for securities trading purpose. This amount is presented at off statement of financial position items.

Deposits for offsetting securities trades

Deposits for offsetting securities trades represent deposits for securities clearance and settlement at Securities Stock Exchange and Vietnam Securities Depository.

Financial assets through profit/loss (FVTPL)

FVTPL financial assets are financial assets that satisfy one of the following conditions:

- (i) Financial assets are classified as securities held for trading if:
- Be purchased or created for the purpose of resale/repurchase in the short term;
 - There is evidence that the instrument is traded for short-term profit; or
 - Financial derivatives (except for financial derivatives that are identified as a contract of financial guarantee or an effective hedging instrument).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Financial assets through profit/loss (FVTPL) (Continued)

(ii) At initial recognition, identified financial assets would be more appropriately presented if classified as FVTPL financial assets for one of the following reasons:

- Classification into financial assets FVTPL eliminates or significantly reduces inconsistencies in the recognition or valuation of financial assets on different bases.
- Financial assets belong to a group of financial assets under management and the results of management are assessed on a value basis and consistent with risk management policy or investment strategy of the company.

The basis for recording an increase/decrease in the quantity and value of securities purchased by FVTPL in the Financial Assets List of the Securities Company is calculated on the date T+0.

FVTPL financial assets are initially recognized at market value/fair value. At the end of the accounting period, the value of financial assets through profit/loss FVTPL in the list of financial assets of the securities company must be re-evaluated at market price or fair value (in case there is no market price).

For listed FVTPL financial assets, the market price is determined to be the closing price at the latest trading day of the balance sheet date.

For FVTPL financial assets registered for trading, the market price is determined as the average price at the latest trading day of the balance sheet date.

For FVTPL financial assets that are not listed/registered for trading on the stock market, the Company records at value the average price of actual transaction prices according to quotations of three (03) companies trading at the closest time to the time of revaluation but not more than 1 month from the date of revaluation.

Held-to-maturity financial assets (HTM)

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity, except:

- Financial assets, at the time of initial recognition, were classified as recognition at fair value through the income statement;
- Financial assets are classified as available for sale;
- Financial assets meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recorded at historical cost and subsequently recorded at historical cost less provision for impairment of held-to-maturity financial assets.

Loans

Loans are non-derivative financial assets with fixed or determinable payments and unlisted on the stock market, except:

- The amounts that the Company intends to sell or will sell in the near future are classified as held for trading purposes as well as types at the time of initial recognition are classified at fair value through the income statement;
- The amounts are classified as available for sale at the time of initial recognition; or
- The amounts which the holder may not recover a substantial portion of the initial investment not due to credit quality degradation are classified as available for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Loans comprise margin contract and cash advance contract. Loans are initially recognized at historical cost and are subsequently recognized at historical cost less provision for impairment of loans.

Provision for impairment of financial assets and collateral

At the end of the financial year, the Company must make provision for impairment of financial assets and collateral assets for securing borrowings provided by securities companies in accordance with the securities law.

Financial assets received as collateral are judged by 70% of the market value/ fair value at the balance sheet date.

For collateral which is the stock of the companies listed on the stock market, the market value shall be determined by the closing price at the latest trading day to the revaluation date.

For securities of companies which have not listed on the stock market but has registered for trading in the market of the unlisted public companies (UPCom), the market value is defined as the average closing price at the closest date having the transaction to the date of revaluation.

Offsetting of financial instruments

The financial assets and financial liabilities are offset and the net amount is stated on the statement of financial position when the Company has the legal right to offset the recognized value and intends to offset on a net basis or realize the assets and payment of liabilities at the same time.

Receivables and provision for doubtful debts

All receivables, accrued dividends and interest of financial assets belonging to the category of financial assets of the Company incurred in the period are monitored at the "Receivables and accrued dividends, interest of financial assets" on the statement of financial position.

Receivables are recorded at book value of receivables from customers and other receivables as well as provision for doubtful debts. Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so maybe unable to repay the debt.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Tangible fixed assets are depreciated by the straight-line method over their estimated useful life, specifically as follows:

	<u>Estimated useful</u> <u>lives</u> (Years)
Machinery and equipment	03 - 06
Transportation and transmission equipment	06
Office equipment	05 - 06

Intangible fixed assets and amortisation

Intangible fixed assets are the value of software programs serving for business activities and are amortised by the straight-line method over the period from 03 to 06 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Payables to securities trading activities

Payables to securities trading activities include the amount that the Company must pay to the organizations providing financial assets trading services or customers through the Stock Exchange and Company as a member.

Payables and accrued expenses

Payables and accrued expenses are recognized for future amounts payable related to goods and services received. Accrued expenses are recognized based on reasonable estimates of the amount payable.

The classification of payables into trade payables, accrued expenses, and other payables are made on the following principles:

- Trade payables reflect payables arising from purchases of goods, services, assets and sellers are independent units to the Company, including accounts payable upon importation through consignee.
- Accrued expenses reflect amounts payable for goods or services received from the seller or provided to the buyer but not be paid due to lack of invoices or incomplete accounting records and documents, payments to employees for leave and prepaid production and business expenses.
- Other payables reflect non-trade payables and does not relate to the purchase, sale or supply of goods or services.

Equity

The owner's contributed capital is recorded based on the actual capital contribution of the Owner.

Retained earnings after setting up funds in accordance with the law and the Company's charter will be distributed under the decision of the Owner.

Revenue

- **Revenue from securities brokerage:**
Revenue from securities brokerage is the securities trading fee that securities firms earned from securities brokerage for investors and is defined when completing brokerage service.
- **Revenue from financial assets recognized through profit/loss:**
Revenue from financial assets recognized through profit/loss includes the difference between selling profit and cost price according to the number of FVTPL financial assets sold and income from dividends and distributed profits that generated from stocks, interest on bonds, interest on fixed deposits under the list of FVTPL financial assets and the increased difference on revaluation of FVTPL financial assets.
- **Revenue from hold-to-maturity investments (HTM):**
Revenue from the list of HTM financial assets received (bond interest, term deposit interest).
- **Revenue from advisory services:**
Revenue from advisory services is recorded in the income statement when services are complete and customers agree to make payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Revenue (Continued)

- **Revenue from securities depository:**
Revenue from securities depository for investors recognized in the income statement is the securities depository fees received from the investors having securities deposited at Vietnamese Securities Depository and is determined at the end of each month.
- **Interests from loans and receivables:**
Interest from loans and receivables is the fees that securities company receives from margin trading and advances for sale of securities to investors and is determined when the services are completed.
- **Other operating income:**
Other revenue includes revenue from securities investment cooperation contracts and other revenue. These amounts are recognized in the statement of income on an accruals basis.

Financial income

Financial income includes foreign exchange gain and demand deposit interest.

Management cost of securities company

Management cost of securities company includes salary, stationery, charges, fees, out-sourced services and other monetary expenses for the management of the Company.

Foreign currencies

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

Taxation

Corporate income tax presents the sum of the currently payable tax and deferred tax.

The currently payable tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Taxation (Continued)

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

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

Related parties

Parties are considered to be related if one party has the ability to control or have significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence.

In considering related party relationships, the nature of the relationship is emphasized more than the legal form.

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash in bank	11,145,099,320	148,688,832,403
Cash equivalents (i)	10,000,000,000	-
Total	<u>21,145,099,320</u>	<u>148,688,832,403</u>

Note:

(i) Bank deposits with original terms from 1 to 3 months at Joint Stock Commercial Bank.

6. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

Current year	<u>Volume of transaction during the year</u>	<u>Value of transaction during the year</u>
		VND
a) Of securities company	1,468,296	30,000,000,000
- Fund certificates	1,468,296	30,000,000,000
b) Of investors	350,850,146	12,182,477,463,490
- Shares	348,730,646	12,142,727,624,490
- Fund certificates	1,455,600	37,950,659,000
- Others (Covered warrant)	663,900	1,799,180,000
Total	<u>352,318,442</u>	<u>12,212,477,463,490</u>
 Prior year	 <u>Volume of transaction during the year</u>	 <u>Value of transaction during the year</u>
		VND
Of investors	94,437,101	2,062,486,092,900
- Shares	93,738,261	2,054,141,592,300
- Fund certificates	698,840	8,344,500,600
Total	<u>94,437,101</u>	<u>2,062,486,092,900</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

7. FINANCIAL ASSETS THROUGH PROFIT/ LOSS

Financial assets through profit/ loss

	Closing balance		Opening balance	
	Historical cost	Fair value	Historical cost	Fair value
Financial assets recognized through profit/loss (FVTPL)	30,000,000,000	31,453,386,116	-	-
Fund certificates	30,000,000,000	31,453,386,116	-	-

JAPAN SECURITIES CO., LTD.

14th Floor, TNR Tower, 54A Nguyen Chi Thanh
Lang Thuong Ward, Dong Da District, Hanoi

FORM NO. B09 - CTCK
Issued together with Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

7. FINANCIAL ASSETS THROUGH PROFIT/ LOSS (CONTINUED)

No.	Financial assets	Closing balance			Opening balance			Value revaluation	Cost	Market price or fair value at the beginning of the year	Revaluation differences for the prior year		Value revaluation
		Cost	Market price or fair value at the end of the year	Revaluation differences for the current year		Increase	Decrease				Increase	Decrease	
				Increase	Decrease								
A	B	C	D	E	F	G	H	I	J	K	L		
1	FVTPPL												
1	Fund certificates	30,000,000,000	31,453,386,116	1,453,386,116	-	31,453,386,116	-	-	-	-	-	-	
	BVBF	10,000,000,000	10,227,064,179	227,064,179	-	10,227,064,179	-	-	-	-	-	-	
	VCBTFB	10,000,000,000	10,814,154,240	814,154,240	-	10,814,154,240	-	-	-	-	-	-	
	DCBF	10,000,000,000	10,412,167,697	412,167,697	-	10,412,167,697	-	-	-	-	-	-	
	Total	30,000,000,000	31,453,386,116	1,453,386,116	-	31,453,386,116	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

8. HELD-TO-MATURITY INVESTMENTS (HTM)

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Short-term	95,000,000,000	40,000,000,000
Deposits with terms from 3 to 12 months (i)	95,000,000,000	40,000,000,000
b) Long-term	150,000,000,000	93,000,000,000
Deposits with terms over 12 months (ii)	150,000,000,000	93,000,000,000
Total	<u>245,000,000,000</u>	<u>133,000,000,000</u>

Notes:

- (i) Deposits with term of 6 months and 12 months at Joint Stock Commercial Bank for Investment and Development of Vietnam and Vietnam International Commercial Joint Stock Bank, interest shall be received at the end of the period.
- (ii) Deposits with term of more than 12 months at Vietnam International Commercial Joint Stock Bank and Joint Stock Commercial Bank for Investment and Development of Vietnam, interest shall be received periodically or at the end of the period.

9. LOANS

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Historical cost</u>	<u>Provision</u>	<u>Historical cost</u>	<u>Provision</u>
Loans	2,823,799,373	1,243,672,975	1,498,749,079	1,277,953,248
Margin (i)	1,243,672,975	1,243,672,975	1,284,195,294	1,277,953,248
Advances	1,580,126,398	-	214,553,785	-

Note:

- (i) According to the announcement No. 001/2017/JSI-CBTT on 23 January 2017, the Company stops providing margin trading services. Loan balance of Margin as at 31 December 2021 had arisen before 01 January 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

10. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS AND COLLATERAL

Unit: VND

No.	Type of financial assets	Basis for provision of current year			Opening provision value	(Provision)/ Reversal of provision in this year
		Book value	Market value as at the time of financial statement preparation	Closing provision value		
I	Financial assets for loans					
	Loans	2,823,799,373	1,580,126,398	(1,243,672,975)	(1,277,953,248)	34,280,273
	Margin	1,243,672,975	-	(1,243,672,975)	(1,277,953,248)	34,280,273
	Advances of securities sales	1,580,126,398	1,580,126,398	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

11. RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables and accrued dividends, interests of financial assets	7,996,383,031	1,909,085,303
Accrual interest of time deposits	7,986,178,090	1,900,621,924
Accrual interest of margin transactions	8,075,756	8,075,756
Accrual interest of advances transactions	2,129,185	387,623
Advances to suppliers	345,253,700	55,465,000
Skytek Technology Co., Ltd	345,253,700	-
Others	-	55,465,000
Receivables from the services provided by the Company	306,390,490	282,618,540
Charges and taxes from securities transactions	130,073,268	104,844,762
Receivables from corporate finance advisory	168,300,000	168,300,000
Receivables from depository of investors	8,017,222	9,473,778
Other receivables	1,540,210,872	927,349,373
Aizawa Securities Group Co., Ltd	-	890,653,558
Aizawa Securities Co., Ltd	1,491,136,066	-
Other receivables	49,074,806	36,695,815

12. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Short-term	1,332,463,644	1,357,072,139
Server, rack offline cabinet rental fee	730,840,000	730,840,000
Maintenance fee	169,006,850	180,673,519
Other prepayments	432,616,794	445,558,620
b) Long-term	669,059,035	1,140,102,918
Office furniture construction	158,812,500	855,711,878
Maintenance fee	71,825,000	-
Other prepayments	438,421,535	284,391,040
Total	2,001,522,679	2,497,175,057

13. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	<u>Machinery, equipment</u>	<u>Transportation, transmission equipment</u>	<u>Office equipment</u>	<u>Total</u>
	VND	VND	VND	VND
COST				
Opening balance	6,443,675,132	1,667,939,900	3,553,798,172	11,665,413,204
Purchase	-	-	333,480,000	333,480,000
Closing balance	6,443,675,132	1,667,939,900	3,887,278,172	11,998,893,204
ACCUMULATED DEPRECIATION				
Opening balance	2,126,878,474	607,542,626	2,294,797,466	5,029,218,566
Charge for the year	1,098,108,888	277,989,984	388,637,143	1,764,736,015
Closing balance	3,224,987,362	885,532,610	2,683,434,609	6,793,954,581
NET BOOK VALUE				
Opening balance	4,316,796,658	1,060,397,274	1,259,000,706	6,636,194,638
Closing balance	3,218,687,770	782,407,290	1,203,843,563	5,204,938,623

The cost of tangible fixed assets that have been fully depreciated but are still in use as at 31 December 2021 is VND 1,483,991,178 (as at 01 January 2021: VND 1,483,991,178).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

14. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS

	<u>Software</u> VND	<u>Total</u> VND
COST		
Opening balance	8,023,892,220	8,023,892,220
Purchase	78,000,000	78,000,000
Closing balance	8,101,892,220	8,101,892,220
ACCUMULATED AMORTISATION		
Opening balance	4,329,320,973	4,329,320,973
Charge for the year	895,999,992	895,999,992
Closing balance	5,225,320,965	5,225,320,965
NET BOOK VALUE		
Opening balance	3,694,571,247	3,694,571,247
Closing balance	2,876,571,255	2,876,571,255

The cost of intangible fixed assets which have been fully amortised but are still in use as at 31 December 2021 is VND 2,739,892,220 (as at 01 January 2021: VND 2,739,892,220).

15. DEPOSIT TO PAYMENT SUPPORT FUNDS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Initial payment	120,000,000	120,000,000
Additional payment	964,997,747	964,997,747
Interest allocated	338,976,057	303,884,800
Total	1,423,973,804	1,388,882,547

16. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Receivables	-	296,622,237
Corporate income tax overpaid	-	296,622,237
b) Payables	1,738,716,407	359,572,138
Value added tax	84,483,987	45,962,720
Corporate income tax	810,182,851	-
Personal income tax	608,289,790	109,264,903
Foreign contractor tax	235,759,779	204,344,515

17. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Completed out-sourced services without invoices	299,040,527	46,455,680
Other accrued expenses	-	51,999,978
Total	299,040,527	98,455,658

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

18. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Aizawa Securities Group Co., Ltd (i)	-	140,000,000,000
Deposits awaiting to exercise buying rights of additional issued shares which has not been transferred to VSD	1,144,760,000	-
Other payables	110,111,335	258,898,000
Total	<u>219,541,335</u>	<u>140,258,898,000</u>

Note:

(i) The payable at the beginning of the year is the amount paid by Aizawa Securities Group Co., Ltd - parent company to prepare to increase the Company's charter capital under the Resolution No. 2001/NQ.BT/DHDCD dated 25 September 2020. In 2021, the Company was approved by the State Securities Commission to increase capital, so the payable balance at the beginning of the year has been converted into the contributed capital of the owner (Details are in Note 20).

19. DEFERRED CORPORATE INCOME TAX PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Financial assets recognized through profit/loss (FVTPL)		
Value on tax basis	30,000,000,000	-
Value on accounting basis	31,453,386,116	-
Difference	1,453,386,116	-
Corporate income tax rate	20%	20%
Deferred corporate income tax	<u>290,677,223</u>	<u>-</u>
Deferred corporate income tax		
	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Opening balance	-	-
Deferred tax payables	290,677,223	-
Closing balance	<u>290,677,223</u>	<u>-</u>

20. OWNER'S EQUITY

Movements in owner's equity

	Owner's investment capital	Financial reserve and operation risk	Other owner's capital	Retained earnings	Total
	VND	VND	VND	VND	VND
Opening balance of prior year	160,000,000,000	325,801,831	344,013,296	(3,691,277,687)	156,978,537,440
Profit during the prior year	-	-	-	934,197,100	934,197,100
Opening balance of current year	160,000,000,000	325,801,831	344,013,296	(2,757,080,587)	157,912,734,540
Increase in charter capital	140,000,000,000	-	-	-	140,000,000,000
Profit during the current year	-	-	-	18,482,119,666	18,482,119,666
Closing balance of current year	<u>300,000,000,000</u>	<u>325,801,831</u>	<u>344,013,296</u>	<u>15,725,039,079</u>	<u>316,394,854,206</u>

The Company increased its charter capital to VND 300 billion under the Resolution No. 2001/NQ.BT/DHDCD dated 25 September 2020 of the General Meeting of Shareholders. Shareholder - Aizawa Securities Co., Ltd (now: Aizawa Securities Group Co., Ltd) transferred VND 140,000,000,000 to the Company's bank account to purchase shares additionally issued on 18 December 2020 and 23 December 2020. On 28 January 2021, the Company was granted the amended Establishment and Operation License No. 03/GPDC-UBCK by the State Securities Commission, stipulating that the charter capital of the Company is VND 300,000,000,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

20. OWNER'S EQUITY (CONTINUED)

Details of owner's equity

Details of owner's equity as at 31 December 2021 as follows:

	Closing balance		Opening balance	
	VND	%	VND	%
Aizawa Securities Group Co., Ltd	300,000,000,000	100.00%	157,950,000,000	98.72%
Other capital-contributing members	-	-	2,050,000,000	1.28%
Total	300,000,000,000	100%	160,000,000,000	100%

According to the Resolution No. 2101/NQ/DHDĐD dated 01 April 2021, the 2021 Annual General Meeting of Shareholders approved that Aizawa Securities Co., Ltd (now: Aizawa Securities Group Co., Ltd) holds 100% of the shares of Japan Securities Co., Ltd. According to the Decision No. 382/QĐ-UBCK dated 09 June 2021, the State Securities Commission approved for the Company to change legally from a Joint Stock Company to a One Member Limited Liability Company. On 10 August 2021, Japan Securities Co., Ltd was re-granted the amended Establishment and Operation License No. 129/GP-UBCK. The latest Establishment and Operation License No. 108/GPDC-UBCK was issued on 03 December 2021.

21. FINANCIAL ASSETS NON-DEPOSITED AT VSD OF SECURITIES COMPANY

	Closing balance	Opening balance
	VND	VND
Financial assets non-deposited at VSD	14,682,956,700	-
Total	14,682,956,700	-

22. FINANCIAL ASSETS LISTED/ TRADED AT VSD OF INVESTORS

	Closing balance	Opening balance
	VND	VND
Freely transferable financial assets	163,609,720,000	185,606,160,000
Restricted transferable financial assets	1,520,000,000	169,060,000
Financial assets awaiting settlement	1,375,000,000	1,641,520,000
Total	166,504,720,000	187,416,740,000

23. NON-TRADED FINANCIAL ASSETS DEPOSITED AT VSD OF INVESTORS

	Closing balance	Opening balance
	VND	VND
Freely transferable, non-traded financial assets deposited at VSD	523,390,000	496,190,000
Total	523,390,000	496,190,000

24. FINANCIAL ASSETS WAITING RETURN OF INVESTORS

The balance of financial assets awaiting return of investors at the end of the year and the beginning of the year is VND 2,945,000,000 and VND 7,442,500,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

25. FINANCIAL ASSETS NON-DEPOSITED AT VSD OF INVESTORS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Financial assets non-deposited at VSD of investors	5,127,032,300	5,094,436,700
Total	<u>5,127,032,300</u>	<u>5,094,436,700</u>

26. DEPOSITS OF CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investors' deposits on securities transactions managed by securities company	8,315,354,983	6,736,918,441
Deposits on securities transactions of customers	571,878,071	2,300,946,448
Deposits of issuing organization	5,621,195	5,342,926
Total	<u>8,892,854,249</u>	<u>9,043,207,815</u>

27. PAYABLES TO INVESTORS ON DEPOSIT FOR SECURITIES TRADING MANAGED BY SECURITIES COMPANY

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Payables to domestic investors deposit for securities trading managed by securities company	8,692,746,954	8,356,341,224
Payables to foreign investors on deposit for securities trading managed by securities company	194,486,100	681,523,665
Total	<u>8,887,233,054</u>	<u>9,037,864,889</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

28. REVALUATION OF FINANCIAL ASSETS

No.	Portfolio of financial assets	Cost	Market value or fair value	Closing revaluation differences		Opening revaluation differences		Increase recognized in revenues	Decrease recognized in expenses
				Increase	Decrease	Increase	Decrease		
A	B	C	D	E	F	G	H	I	K
I	FVTPL								
I	Fund certificates	30,000,000,000	31,453,386,116	1,453,386,116	-	-	-	1,453,386,116	-
	BVBF	10,000,000,000	10,227,064,179	227,064,179	-	-	-	227,064,179	-
	VCBFTBF	10,000,000,000	10,814,154,240	814,154,240	-	-	-	814,154,240	-
	DCBF	10,000,000,000	10,412,167,697	412,167,697	-	-	-	412,167,697	-
	Total	30,000,000,000	31,453,386,116	1,453,386,116	-	-	-	1,453,386,116	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

29. DIVIDENDS, EARNINGS FROM FVTPL, LOANS, HTM, AFS

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
From HTM (interest allocated)	12,292,713,700	8,638,977,362
From loans (loan interest)	135,999,911	38,437,197
Total	12,428,713,611	8,677,414,559

30. OPERATING EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Expenses for brokerage services	18,099,323,407	13,849,736,790
Expenses for depository services	66,659,272	74,235,646
Expenses for securities investment consultancy	947,373,092	690,970,758
Expenses of provisions for financial assets, doubtful debts and loss from impairment of financial assets and borrowings expenses	(34,280,273)	(4,772,600)
Total	19,079,075,498	14,610,170,594

31. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Foreign exchange gain	-	1,103,829
Interest income from demand deposits at banks	134,446,643	107,158,574
Total	134,446,643	108,262,403

32. OPERATING EXPENSES OF SECURITIES COMPANY

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary, wages	4,294,972,201	3,165,906,448
Stationery	19,636,584	114,015,565
Depreciation and amortisation	602,171,646	575,903,944
Taxes, fees and charges	3,000,000	3,000,000
Out-sourced services	2,053,564,938	2,443,517,504
Other expenses	507,247,579	255,002,489
Total	7,480,592,948	6,557,345,950

33. OTHER INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Sales bonus received (i)	7,659,300,665	3,154,675,790
Others	509,850,273	3,362,198
Total	8,169,150,938	3,158,037,988

Note:

(i) Japan Securities Co., Ltd. was entitled to receive bonuses from securities brokerage activities for Aizawa Securities Group Co., Ltd and Aizawa Securities Co., Ltd. On 30 September 2021, the Company signed a minutes to terminate the agreement on the bonus payment for securities brokerage services with Aizawa Securities Group Co., Ltd, and also signed an agreement on bonus payment for securities brokerage services of Aizawa Securities Co., Ltd with bonus conditions and bonus levels as follows:

- According to the agreement No. 012021JSI-AIZAWAPREP dated 30 September 2021: When Japan Securities Co., Ltd. performed brokerage services for Aizawa Securities Co., Ltd, the total value of matched orders on Aizawa's account No. SCBFCC9385 per month was reached from VND 50 billion, the bonus shall be 0.25% of the total matched value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

34. CURRENT CORPORATE INCOME TAX EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Accounting profit before tax	21,103,484,241	934,197,100
Adjustments for taxable income	(2,183,116,903)	(934,197,100)
Less: Loss carry-forward	(2,416,444,245)	(934,197,100)
Less: Expenses payable in the prior year with invoices issued in this year	(83,229,304)	-
Add: Non-deductible expenses	315,452,817	-
Add: Prior year's foreign exchange gain	1,103,829	-
Taxable income	18,920,367,338	-
Normal tax rate	20%	20%
Corporate income tax payable	<u>3,784,073,468</u>	<u>-</u>

35. DEFERRED CORPORATE INCOME TAX EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Deferred corporate income tax	290,677,223	-
Total	<u>290,677,223</u>	<u>-</u>

The Company determines the deferred income tax expense on the basis of the financial asset value recognized through profit/loss with difference in taxable value and book value. For details, see Note 19.

36. OPERATING LEASE COMMITMENTS

Operating lease includes the following: Office rentals of the Company in accordance with Contract No. 15052018/HDCTVP/TNL-JSI dated 15 May 2018 with TNL Lease Property and Investment Joint Stock Company, the renting locations are Units 2, 3, 4, and 5 at the 14th Floor, TNR Tower, 54A Nguyen Chi Thanh, Dong Da, Hanoi, the lease term is from 15 August 2018 to 14 August 2023. The operating lease expense was recorded in the income statement with the amount of VND 2,782,446,849.

As at 31 December 2021, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	2,782,446,849	2,823,770,315
From the second to the fifth year	1,722,830,104	5,037,206,531

37. SEGMENT REPORT INFORMATION

Segment reports by business area

Items	Securities brokerage	Investments in securities, capital contribution	Lending and investment activities	Advisory activities	Securities depository activities	Total
	VND	VND		VND	VND	VND
Net revenue from business activities	23,547,532,753	1,453,386,116	12,563,160,254	3,328,132,938	58,652,702	40,950,864,763
Direct department expenses	18,099,323,407	-	(30,806,873)	947,373,092	66,659,272	19,082,548,898
Non-allocated expenses						7,480,592,948
Business results	<u>5,448,209,346</u>	<u>1,453,386,116</u>	<u>12,593,967,127</u>	<u>2,380,759,846</u>	<u>(8,006,570)</u>	<u>14,387,722,917</u>

Segment reporting by geographical area

The Company's activities mainly take place in the territory of Vietnam. Therefore, the Company does not prepare segment reports by business sector and by geographical area.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

38. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company entered into the following significant transactions with related parties:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Aizawa Securities Group Co., Ltd		
Securities brokerage revenue	11,623,330,500	6,309,720,283
Consulting revenue	1,377,000,000	1,836,000,000
Brokerage sales bonus	5,149,807,966	3,154,675,790
Get capital contribution	-	140,000,000,000
Aizawa Securities Co., Ltd	-	-
Securities brokerage revenue	6,309,210,271	-
Consulting revenue	459,000,000	-
Brokerage sales bonus	2,509,492,699	-

Significant balances with related parties at the end of the year:

	<u>Opening balance</u>	<u>Closing balance</u>
	VND	VND
Aizawa Securities Group Co., Ltd		
Securities transaction fees and taxes receivables	-	67,881,718
Receivables from securities investment consulting	-	168,300,000
Other receivables	-	890,653,558
Other payable	-	140,000,000,000
Aizawa Securities Co., Ltd	-	-
Securities transaction fees and taxes receivables	103,814,715	-
Receivables from securities investment consulting	168,300,000	-
Other receivables	1,491,136,066	-
Other payable	5,964,000	-
Payables for Mr. Tsuyoshi Imai	40,593,511	115,900,000
Payables for Mrs. Nguyen Thi Thu Trang	1,700,000	-
Payables for Mr. Tomonori Tsuchiya	36,226,106	97,356,000

Salary and bonus of the Board of Directors during the year were as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary and bonus of the Board of Directors	2,278,138,908	1,302,615,602
Total	<u><u>2,278,138,908</u></u>	<u><u>1,302,615,602</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

39. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to the Owner through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and Owner's equity (comprising contributed capital, reserves and retained earnings).

Financial leverage ratio

The financial leverage ratios of the Company as at the balance sheet date was as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Borrowings	-	-
Less: Cash and cash equivalents	21,145,099,320	148,688,832,403
Net debt	-	-
Equity	316,394,854,206	157,912,734,540
Net debt to equity ratio	0%	0%

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and financial instrument are stated in Note 4.

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Financial assets		
Cash and cash equivalents	21,145,099,320	148,688,832,403
FVTPL financial assets	31,453,386,116	-
Held-to-maturity investments	245,000,000,000	133,000,000,000
Loans	2,823,799,373	1,498,749,079
Receivables, other receivables	9,842,984,393	3,119,053,216
Deposits	811,034,880	811,034,880
Total	311,076,304,082	287,117,669,578
Financial liabilities		
Payables	431,633,586	140,573,072,165
Accrued expenses	299,040,527	98,455,658
Total	730,674,113	140,671,527,823

The Company has not assessed the fair value of financial liabilities at the ends of period in accordance with Circular No. 210/2009/TT-BTC of the Ministry of Finance dated 06 November 2009 ("Circular 210"). Under the current regulations, there are no specific guidelines on determining the fair value of financial assets and financial liabilities. Circular 210 requires the application of International Financial Reporting Standards (IFRS) on the presentation of financial statements and disclosures to financial instruments but does not provide equivalent guidance for the assessment and recognition of financial instruments, including fair value application, in order to be consistent with IFRS.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

39. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

The Company has developed risk management systems in order to detect and assess the risk that the Company suffered, establish policies and procedures to control risks at acceptable level. Risk management system is reviewed regularly to reflect changes in market conditions and the operation of the Company. Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Company's activities expose primarily to the financial risks of changes in interest rates and prices. The company manages market risk by being cautious in selecting portfolios and investment partners within specified limits.

Interest rate risk management

The Company is exposed to interest rate risk arising from interest of loan contracts signed. This risk will be managed by the Company to maintain a reasonable level of loans and analyzed the competitive situation in the market to get the beneficial interest for the Company to borrow from the appropriate sources.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policies is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the contractual maturities for the remaining financial assets, non-derivative financial liabilities and payment terms as agreed. The table is presented based on the undiscounted cash flows of financial assets and the undiscounted cash flows of financial liabilities based on the earliest date on which the Company must pay. The table shows the cash flows of principal and interest payments. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

39. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Closing balance			
Cash and cash equivalents	21,145,099,320	-	21,145,099,320
FVTPL	31,453,386,116	-	31,453,386,116
Held-to-maturity investments	95,000,000,000	150,000,000,000	245,000,000,000
Loans	2,823,799,373	-	2,823,799,373
Trade and other receivables	9,842,984,393	-	9,842,984,393
Collateral, deposit	10,000,000	801,034,880	811,034,880
Total	160,275,269,202	150,801,034,880	311,076,304,082
Closing balance			
Payables	431,633,586	-	431,633,586
Accrued expenses	299,040,527	-	299,040,527
Total	730,674,113	-	730,674,113
Net liquidity gap	159,544,595,089	150,801,034,880	310,345,629,969
	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Opening balance			
Cash and cash equivalents	148,688,832,403	-	148,688,832,403
Held-to-maturity investments	40,000,000,000	93,000,000,000	133,000,000,000
Loans	1,498,749,079	-	1,498,749,079
Trade and other receivables	3,119,053,216	-	3,119,053,216
Collateral, deposit	10,000,000	801,034,880	811,034,880
Total	193,316,634,698	93,801,034,880	287,117,669,578
Opening balance			
Payables	140,573,072,165	-	140,573,072,165
Accrued expenses	98,455,658	-	98,455,658
Total	140,671,527,823	-	140,671,527,823
Net liquidity gap	52,645,106,875	93,801,034,880	146,446,141,755

40. COMPARATIVE FIGURES

Comparative figures are those on the audited financial statements for the year ended 31 December 2020.

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant

Tsuyoshi Imai
Chief Executive Officer
Hanoi, 23 March 2022