



JAPAN SECURITIES CO., LTD.

2022 ANNUAL REPORT

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MESSAGE FROM THE PRESIDENT



Mr. Tsuyoshi Imai

President & CEO of
Japan Securities Co., Ltd.

Dear Fellow Shareholder,

The year 2022 we still faced a continuation of global pandemic for the first few months; however, we did not stop going forward.

The traces of pandemic for last three years were much like financial destruction. The Vietnamese financial market might have been said to have missed an opportunity to upgrade to an emerging from frontier market. As a matter of fact, many investors were forced to walk away from the market, and the impact was immeasurable.

Despite the challenging and volatile market environment, Japan Securities has achieved strong financial results driven by the strong business base and reasonable costs reduction. The business performance in 2021 was the highest ever, so this year 2022 the sales and profit decreased YoY, but was the second highest result following last year.

As a notable event this year, we welcomed three young trainees from Aizawa Securities Group in July. This is based on the Career Development Plan of Aizawa Securities Group and is a training program for those who want to work in Vietnam in near future. For three months, they studied and gained a lot of experience to be an international expert. Much of considerable experience and expertise are required to be successful in this business. We will continue to accept trainees from Aizawa Securities Group on a regular basis, and develop human resources who will lead the future of Japan Securities Co., Ltd.

As a member of Aizawa Securities Group, I would like to continue to strive for the success of our business in Vietnam and improve the status of Japan Securities in all aspects.

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.

Thank you for your continued trust and confidence in Japan Securities Co., Ltd. We look forward to your everlasting support towards us.



Staff members of JSI

Kind regards,

TSUYOSHI IMAI

President & CEO of

Japan Securities Co., Ltd.

GENERAL INFORMATION

COMPANY INFORMATION

Corporate profile of JSI

COMPANY NAME	JAPAN SECURITIES CO., LTD.
Abbreviations	JSI
Legal representative	Tsuyoshi Imai – President & CEO
Initial establishment and operation license	No. 103/UBCK-GP issued by the SSC on January 16, 2009
The latest adjustment license	No. 108/GPDC-UBCK re-issued by the SSC on December 3, 2021
Charter Capital	VND300,000,000,000 (Three hundred billion Vietnamese dong)
Company Owner	Aizawa Securities Group Co., Ltd. (100%)
Address	14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam
Tel	(84 24)3791 1818
Website	www.japan-sec.vn

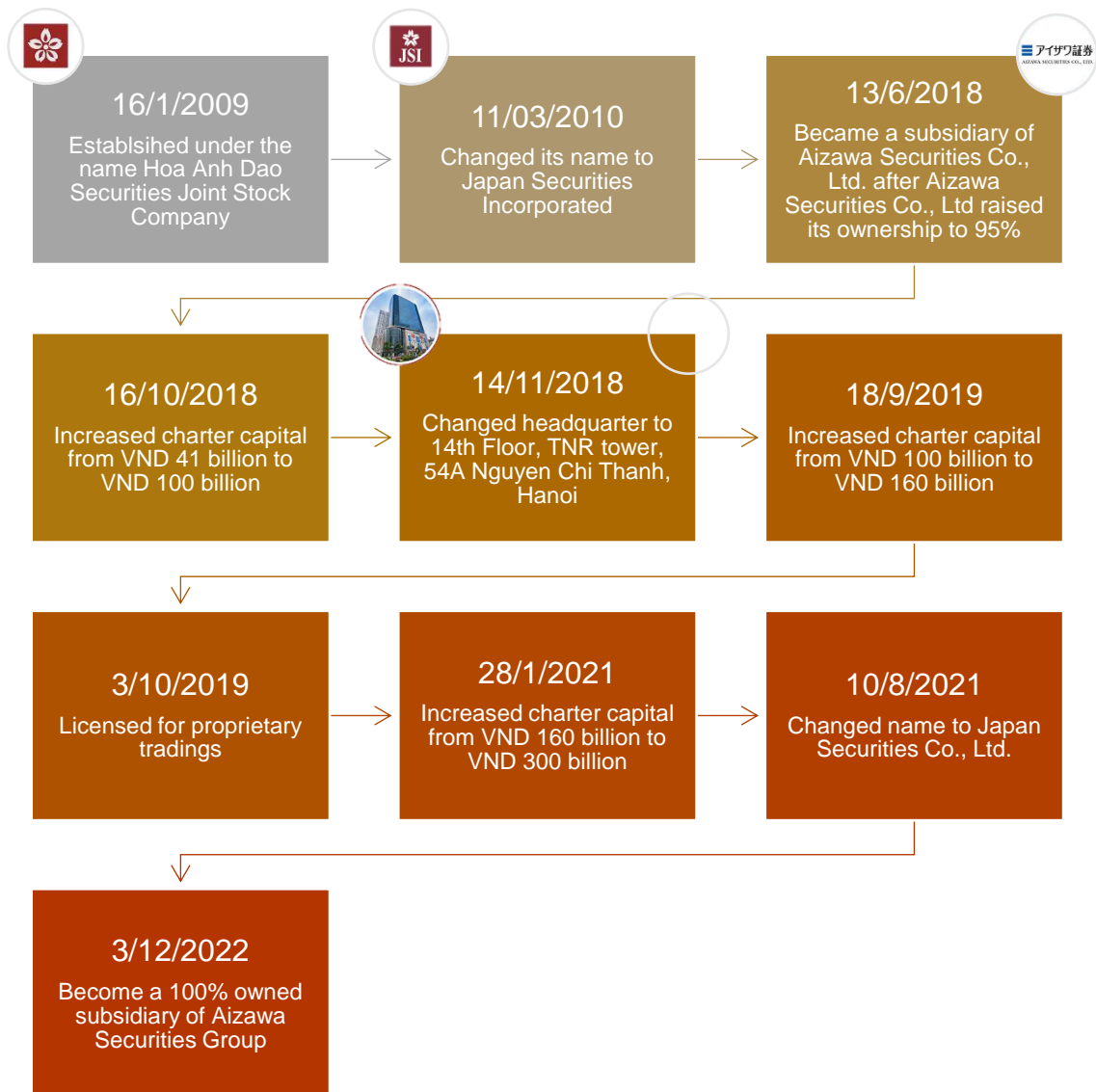
Corporate profile of Company Owner

COMPANY NAME	AIZAWA SECURITIES GROUP CO., LTD.
Business License	No. 0100-01-036574 issued on October 1, 2021 in Japan
Legal representative	Takuya Aizawa, President & CEO
Head office	Tokyo Shiodome Building, 1-9-1 Higashi Shimbashi, Minato-ku, Tokyo, 105-7307 Japan
Established since	October 3rd, 1933
Charter Capital	JPY8,000,000,000
Stock Listed on	Prime market of Tokyo Stock Exchange
Tel	(81 3) 6852 7744
Website	www.aizawa-group.jp

Establishment and development history

Japan Securities Co., Ltd. (JSI for short), formerly known as Hoa Anh Dao Securities Joint Stock Company, was established in January 2009 before changing its name to Japan Securities Incorporated in 2010. The shareholder structure at that time consisted of 51% belonging to Viglacera Corporation, and the remaining 49% held by foreign companies including Aizawa Securities. In 2018, Aizawa Securities raised its ownership rate of JSI to 95% to officially become a major shareholder, and at the same time, increased the charter capital of JSI to VND 100 billion and expanded new services such as DMA trading services, analytical research products via Bloomberg. The main business of JSI is brokerage of securities listed on the two Stock Exchanges of Ho Chi Minh City and Hanoi for foreign institutional investors, and individual investors in both Vietnam and Japan.

Currently, as the only representative from Japan operating in Vietnam licensed to operate by the State Securities Commission (SSC), we want to connect investors not only in Japan but also in other Asian countries as well as around the world to the Vietnamese market.



CORE BUSINESS ACTIVITIES

1. Business Activities

Brokerage services

- Open securities trading account
- Securities brokerage
- Investment advisory
- Entrusted account management
- Securities depository
- Distribution of fund certificates
- Distribution of corporate bonds

Research services

- Update reports
- Initial reports
- Enterprises meeting arrangements
- Bespoke research upon request from institutional clients
- Bloomberg Analytical Portal

Proprietary trading

- Stocks
- Bonds
- Fund certificates
- Derivatives securities

Based on the management philosophy of Aizawa Securities Group, our parent company: "To provide more people with a richer life through securities investment", we wish to increase our customer base, especially foreign institutional investors investing in Vietnam's stock market, through helping them increase their profits based on long-term evaluation of investment properties. As a matter of fact, the Vietnamese market is not completely open to foreign investors due to many restrictions on the percentage of foreign ownership, or the level of information disclosure by Vietnamese companies has yet to keep up with the developed markets. In such situation, by building and strengthening our research department, we aim to act as a bridge between foreign investors and Vietnamese enterprises by providing a variety of quality research reports in English, as well as arranging business visits, etc. As a Japanese securities company, we provide our clients with global standard services, while emphasizing compliance and at the same time maximizing customers' satisfaction. To this end, we always put great importance on personnel training and establishes a system in which each employee will need to constantly strive to improve his/her ability to become an expert in the field of securities investment.

2. Business areas

With the ever-important support of technology and flexibility in customer care policy, the company advocates unlimited provision of services. However, based on experience and skills as well as understanding of customers' habits and investment needs, the company focuses its resources on developing its customer bases at:

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

DEVELOPMENT OBJECTIVES

1. Business philosophy

The core principle of the company is to always act in the best interests of community, customers as well as all employees. Compliance with these principles not only ensures benefits for the customer, the employees and the company owner, but also contributes to the economic stability of the society.

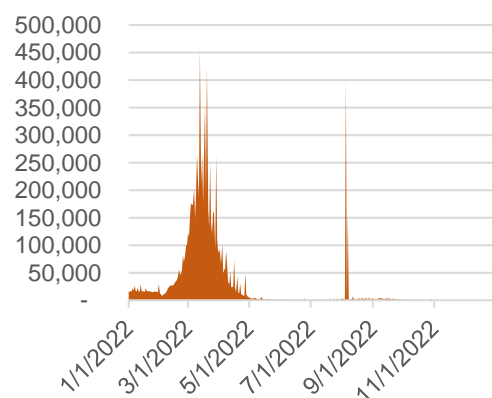


2. Notable events of JSI in 2022

Fighting against Covid-19

The Covid-19 wave continued to sweep Vietnam in early 2022 and peaked in the number of new infections in March. JSI also witnessed the first cases of infection and quickly implemented contingency plans previously built to ensure the operation of the company and the safety of employees. In fact, actual results demonstrated that the administration and remote work were done smoothly; measures to prevent the epidemic and ensure the continuity of the market were thoroughly applied by JSI, in line with the government's orientation on disease prevention and control and the request from the State Securities Commission on the operation of the market.

Number of new Covid-19 cases in Vietnam



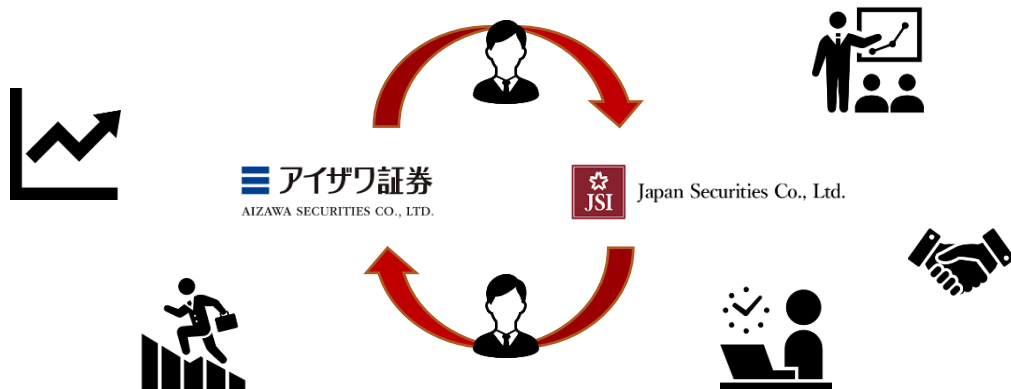
Source: WHO

Welcoming trainees from Aizawa Securities Group

As a development strategy, Aizawa Securities Group focuses on Asian markets such as Hong Kong, China and Vietnam, etc. Examining at the trading value of Asian shares of Aizawa Securities Group as of September 2022, the trading value of the Vietnamese market accounted for 65.4% of the trading value of Asian stocks, showing high interest in the Vietnamese market. In order to meet this growing demand, Aizawa Securities Group orients to develop human resources who understand the Asian market, which included Vietnam as well as other foreign markets.



From July to September 2022, JSI welcomed three interns from Aizawa Securities Group. During three months of training at JSI, the three trainees were mainly assigned to the brokerage department and research department, and received trainings in knowledge of the Vietnamese stock market, different regulations in Vietnam, business practices, etc. In addition, they had the first-hand experience and opportunity to see and feel the rapid development of Vietnam through visits to the Ho Chi Minh Stock Exchange, exchanges with IR departments of companies, visits to facilities and production sites of listed companies. We believe they were able to learn a lot by compiling these experiences into reports and sending them to Japan, as well as hosting a webinar to deliver such local Vietnamese information to sales representative of Aizawa Securities Group. JSI is regarded as the overseas hub of the Group's overseas business and a place to develop future foreign human resources. At the moment, Aizawa Securities Group is planning to implement a parallel interactive training system, which involves sending staff from JSI to Aizawa Securities Group, and not just sending staff from Aizawa Securities Group to JSI.



3. Medium to long-term development strategies

Market and products <ul style="list-style-type: none"> • Connect to the soon-to-be introduce trading system to increase the convenience and accessibility for investors. • Line up diversified products such as ETFs and mutual funds to attract and meet the needs of foreign investors. 	Business model <ul style="list-style-type: none"> • Build sustainable brokerage business model, creating value for related parties as well as the society. • Connect foreign investors with Vietnamese enterprises, providing valuable information and support their investment needs in Vietnam. 	Governance <ul style="list-style-type: none"> • Continue to improve and complete internal documents regulations, processes and policies to ensure compliance and minimize operation risks. • Aim to comply with global standards in governance as a member of Aizawa Securities Group
Customer satisfaction <ul style="list-style-type: none"> • Strive our best to meet the multifaceted needs of our customers by providing high quality information and value-added services. • Provide the latest systematized trading platform, and aim to provide competitive execution for all of our clients. 	Human resources <ul style="list-style-type: none"> • Employees work with pride and senses of professionalism, making every effort to satisfy the needs of their customers. • Create the suitable working environment for employees to maximize their potential and lead prosperous lives. 	Financial resources <ul style="list-style-type: none"> • On a solid financial foundation, build a healthy financial structure through maximizing profits while minimizing costs. • Periodically review the content and scope of outsourcing in order to improve management efficiency and increase corporate value.

4. Sustainable development goals

The United Nations and the Government of Vietnam have set 17 sustainable development goals to address the challenges facing the Vietnamese people in particular and the world in general.



We believe that management based on Sustainable Development Goals (SDGs) is essential to survive in a highly competitive market like Vietnam. By earnestly facing SDGs and incorporating them in our business model, we hope to win the trust of our existing customers and business partners, and to win excellent new partners and customers through innovation and creativity.

1. Human Resources



- Ensure employees' standard of living by providing stable income, competitive salary and benefits.
- Build a working environment where employees can develop their abilities and improve work performance.
- Provide a comprehensive, periodic and effective health care policy in line with legal requirements and the practical situation of the company.

2. Environment



- Offer investment opportunities in green bonds, SDG bonds to contribute to the implementation of the world's sustainable development goals.
- Encourage environmental protection in the workplace through reducing paperwork, reducing waste, and increasing uses of public transport.

3. Society



- Actively participate in community and environmental protection activities, contribute to charitable funds, participate in Covid-19 prevention campaigns launched by the government.

4. Governance



- Improve corporate governance by building an efficient, responsible and transparent working environment.
- Implement strict internal processes - regulations - policies to ensure compliance with legal regulations during operations.
- Implement workplace sexual harassment prevention policy in internal regulations, which clearly outlines the responsibilities of all levels from managers to employees; constructs effective and reasonable sanctions, approved by Hanoi Department of Labour, Invalids and Social Affairs.

RISK MANAGEMENT

1. Developing risk management policy

Risk management policy is developed on the following bases:

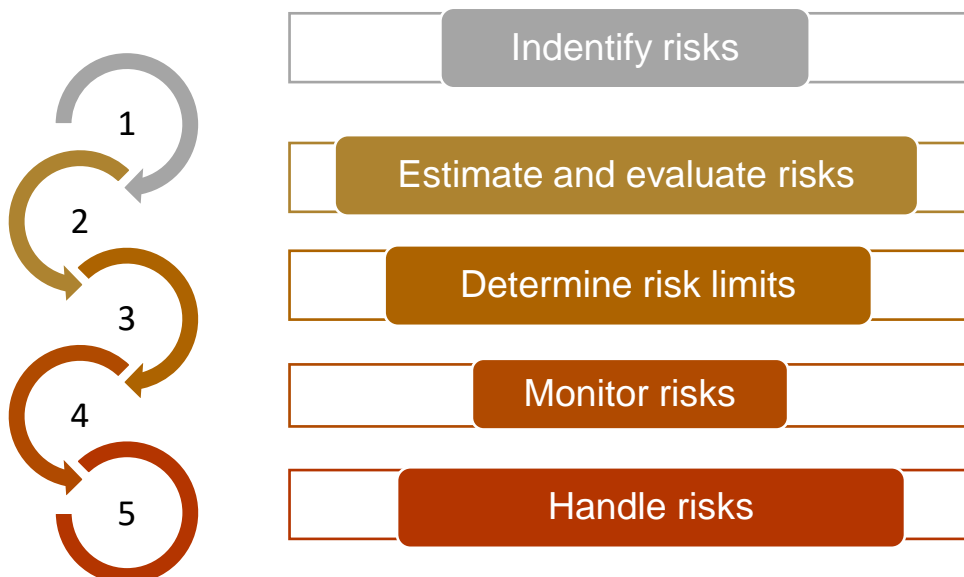
- Operation strategies of the company.
- Risk tolerance of the company.
- Understanding of financial instruments' risks at the company.
- Professional levels of the current risk management department.
- Reference to past and present risk management practices on the market.
- Compliance and application of legal regulations on Risk Management.

Annually, on the proposal basis of the company BOD, the President of the company will issue a risk management policy which includes the following contents:

- Potential type of risks.
- Risk tolerance of the company.
- Limits of each type of risks.
- Financial instruments subjected to risks.
- Organizational plan for risk management.
- Methods of identifying and estimating risks.
- Principles and measures in handling risks.

2. Risk management activities

Risk management activities are implemented in a 5-step process:



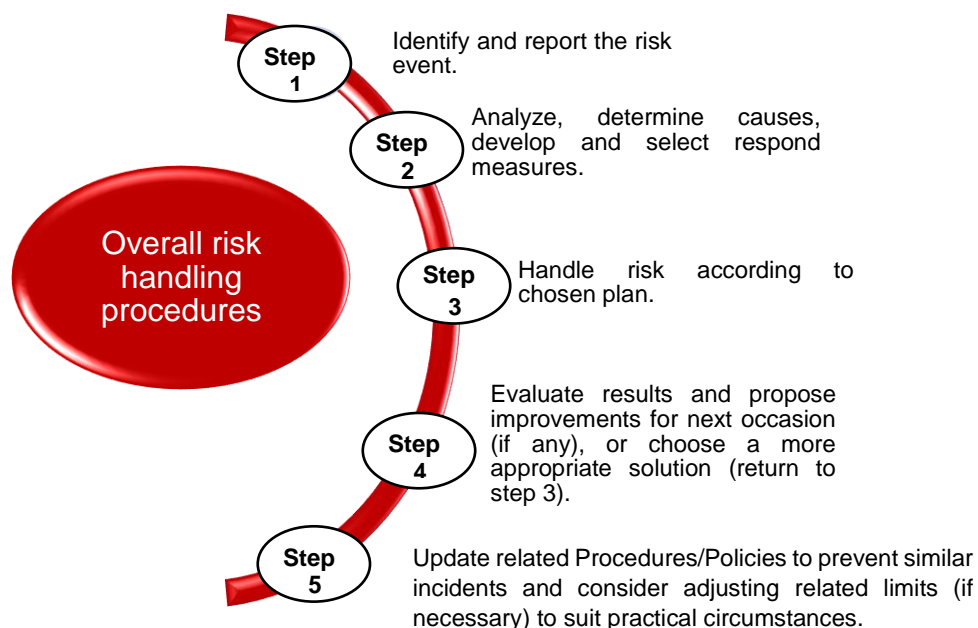
Types of associated risks which could affect the company's business and the achievement of its objectives include:



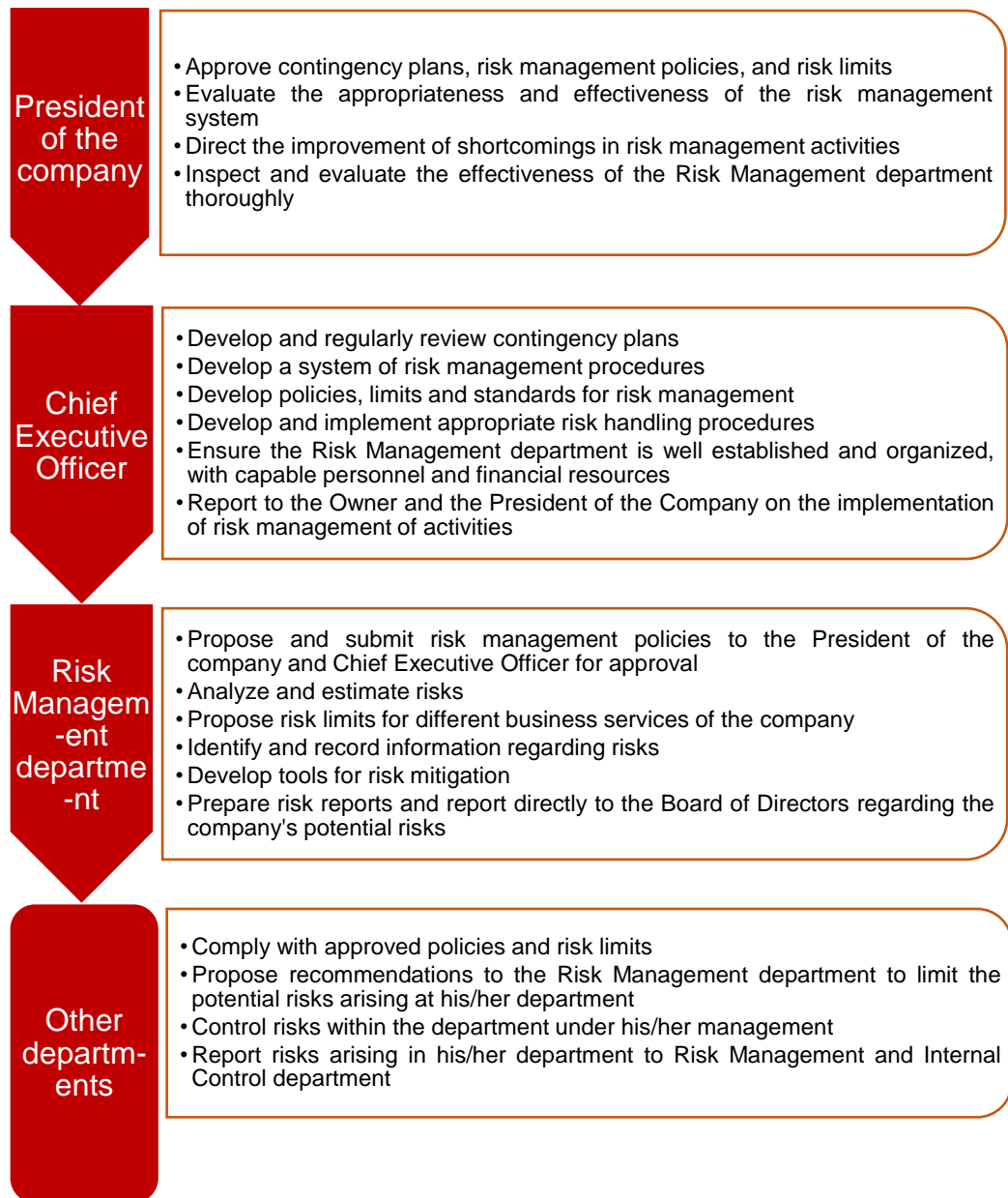
Types of risks	Description	Risks handling measures
Market risks	<ul style="list-style-type: none"> - Risks which could change the value of assets owned in an unfavorable direction. - Occur when adverse market fluctuations affect the company's cashflow for business activities uses, or affect the proprietary trading activities portfolio. 	<ul style="list-style-type: none"> - Related departments in the company are responsible for , in coordination, monitoring fluctuations in stock prices, bond interest rates, and market trends; report back to the Board of Directors to devise appropriate and timely solutions.
Payment risks	<ul style="list-style-type: none"> - Risks when partners failed to make on time payment or cannot deliver assets on time as committed. 	<ul style="list-style-type: none"> - Manage accounts receivable based on related policies, procedures and processes. - Due to the characteristic that money advancements for sold securities are collateralized by money from the customer's pending sale under strict monitor from the IT system, the risks posed by this operation are close to none.
Legal risks	<ul style="list-style-type: none"> - Risks arising from non-compliance with legal regulations related to business activities and from contract cancellation due to illegal contracts, unauthorization omission of clauses and incompleten standards, and other reasons. 	<ul style="list-style-type: none"> - Regularly update the latest legal documents corresponding to securities and related fields. - Implement internal control programs to monitor and report on compliance and other issues; frequently review, make amend and issue company regulations and working procedures. - Consult legal matters of the company with professional legal service providers or consultant companies.

Types of risks	Description	Risks handling measures
Liquidity risks	<ul style="list-style-type: none"> - Risks that the company will not be able to pay its matured financial obligations or cannot convert financial instruments into cash at their fair value in the short term due to a lack of liquidity in the market. 	<ul style="list-style-type: none"> - Maintain bank deposits and cash equivalents at a reasonable level to minimize the impact of cash flow fluctuations. - Separate the management of investors' deposits and of the company's own money sources.
Operation risks	<ul style="list-style-type: none"> - Risks that occur due to technical, system, business process and human errors in the course of operations and service provision, arising from errors in the IT system or negligence in business operation causing damages... 	<ul style="list-style-type: none"> - Issue detailed working procedures to ensure that all operations are performed on the principle of cross-checking. - Organize training courses and support employees to attend professional classes to improve their operation and legal knowledge. - Set up Provision fund for financial and operational risks from profits sources of previous years.
Natural disaster risks	<ul style="list-style-type: none"> - Risks caused by natural disasters and epidemics that interrupt the company's continuous operation. 	<ul style="list-style-type: none"> - Develop contingency plans for emergency situations such as natural disasters, epidemics, etc. to ensure the continuous operation of the company. - Issue policies such as remote working procedures, asset protection and information security policies... for timely application in the event of natural disasters or epidemics. - Train, educate and instruct personnel of proper responds to natural disasters and epidemics situations.

3. Overall risk handling procedures



4. Authorization and responsibility in risk management



REVIEW OF BUSINESS PERFORMANCE

1. Market conditions of 2022

2022 can be said to be a tumultuous year, bringing many difficulties to the financial market in Vietnam as well as the whole world, although it was the year of economic recovery after the Covid 19 pandemic, it suffered pressure from series of "black swan" events. It was also acknowledgeable that a correction of more than 30% in 2022 is less severe given the strong increases back in 2020 and 2021, when the stock market witnessed an abundant cash flow thanks to low interest rates environment encouraging investments and

borrowings. In contrast, the year 2022 faced the sudden raising interest rates of central banks to cope with the unexpectedly high inflation variables due to the impact of oil prices (the Russia-Ukraine tension) and supply chain interruption (China's "zero Covid" policy). At the same time, the domestic market was affected by negative events that shook market sentiment and investor confidence, although they were efforts the government to cleanse the market for long-term development. The first milestone was the illegally selling of shares by the former chairman of a major corporation this was followed by violations in bonds issuance by two other large property developers, negatively affecting the real estate industry. The capital market in general was also affected, especially the individual corporate bonds market which have been based on an unstable foundation of un-professional and un-informed investors. Rather, depositors were purposely misguided into buying bonds by the ambiguity in advisory services of banks and securities companies.

Despite the market downtrend, Vietnam had nearly 2.6 million new securities accounts opened, an increase of 60% compared to the previous year and was a record high number in its 22 years of existence. At the end of 2022, the number of domestic individual investor accounts has exceeded 6.8 million accounts, while that for foreign investors were more than 42,700 accounts. The market capitalization of all 3 exchanges HOSE, HNX and UPCoM by the end of 2022 is estimated at more than VND 5.2 million billion, down 32% compared to 2021, of which the representative index of the market, VN-Index, lost nearly 32% compared from the peak of 1,525.08 to 1,007.09 points. Along with that negative performance of VNIndex, according to the report of the State Securities Commission, market liquidity also decreased significantly, down by nearly 60% from an average transaction level of VND 31,160 billion/session in the first quarter of 2022, to the lowest average level of VND 13,017 billion/session in November. Margin loans of securities companies as of 31/12/2022 were around VND 115,000 billion, compared to 200,000 billion at the end of 2021.

2. Business performance of JSI

In the negative market context, JSI's business results were inevitably affected. After recording the best results since its establishment with a pre-tax profit of VND 22.5 billion in 2021, JSI recorded a decrease of nearly 40% in pre-tax profit in 2022, to VND 13.7 billion. Total operating revenue in 2022 reached VND 35.9 billion, down 12% mainly due to a significant drop in brokerage revenue compared to the previous year. Operating costs are also reduced by roughly 10% accordingly. Profit after tax dropped sharply from VND 18.4 billion to VND 10.9 billion, down 40.72%.

Securities brokerage services for foreign institutional clients remained the core business of JSI.

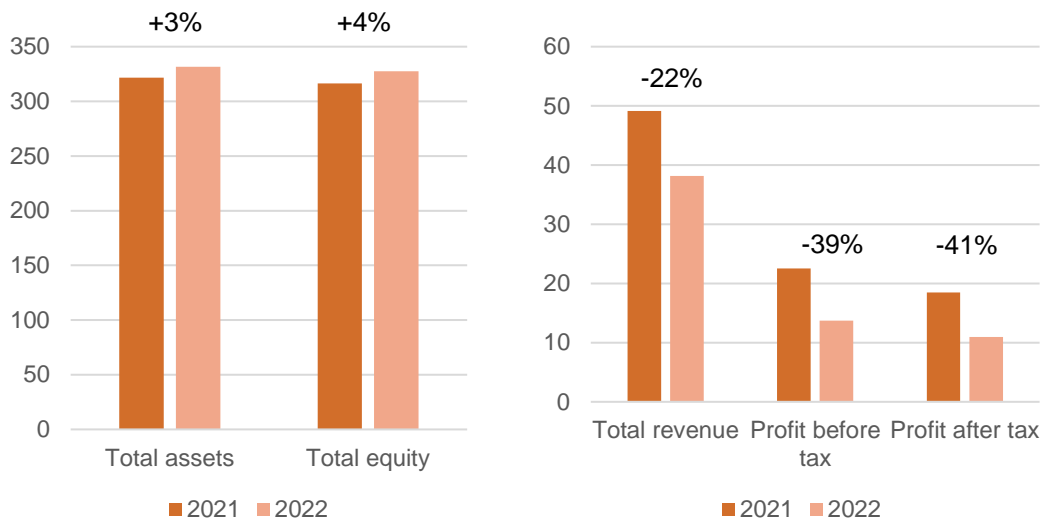
Unit: Vietnam dong

Securities brokerage revenue	2022	2021	% Change
Foreign institutional clients	15,822,599,464	20,254,348,467	-21.9%
Foreign individual clients	505,988,937	1,391,781,775	-63.6%
Domestic individual clients	677,603,528	1,884,543,411	-64.0%
Domestic institutional clients	1,231,181	16,859,100	-92.7%
Total	17,081,736,193	23,547,532,753	-27.5%

In terms of proprietary trading, in 2022, in addition to selling all investments to realize profits, JSI did not make new investments into fund certificates to ensure the safety of capital during the difficult period of the market.

We assess that JSI's business operations are maintained at a stable and optimistic level. Although the business segment recorded negative growth, this was also the general trend of securities companies during the downtrend phase of the market.

Financial results 2021 - 2022 (VND Billion)



3. Business outlooks

In both short and medium term, the securities industry is expected to see difficulties as the world and the Vietnamese economy face the risk of recession when inflation continues to rise, directly affecting the trading volume of the market. Nevertheless, the securities industry is of high importance and an integral part of the capital market. The capital market is an essential pillar of the financial market and is a representative of the development of a circular economy of Vietnamese, which is being viewed as a potential upcoming star in the region.

For the overall market in 2023 and the following years, we believe that JSI will need to make every effort to complete its profit target. However, the prosperity of the market as well as the completion of JSI's profit plan will depend largely on the government's macro policy. By itself, JSI is striving to acquire new institutional clients globally instead of just Southeast Asia, while on the other hand, is also trying to steadily improve the quality of its research and investment advisory services in order to build a prestige image and gain trust from investors, thereby aiming to record growth in its core activities.

FINANCIAL HEALTH

2022 was a rather difficult business year for JSI in particular and securities companies in general due to the sharp decline in market liquidity. The unfavorable market condition was detrimental to the business activities of securities companies, especially those that are highly dependent on market liquidity and transaction value such as securities brokerage. Closing 2022, the Company recorded a total revenue of VND 38.16 billion profit before tax of VND 13.72 billion and a slight decrease in operating expenses compared to the same period last year.

Regarding asset structure, short-term assets account for 88% of the Company's total assets, of which highly liquid assets such as cash, cash equivalents and bank deposits account for 87%. The total balance of bank deposits of JSI was at VND 305 billion at the end of 2022, an increase of 19% compared to the end of 2021.

Short-term debts decreased significantly, helping to improve JSI's solvency and capital structure ratios.

1. Results of business activities

Unit: Vietnam dong

Indicators	2021	2022	% Change
Total assets	321,684,891,168	331,606,986,378	3.08%
Revenue	49,120,015,701	38,158,853,340	-22.32%
Operating profits	14,387,722,917	11,559,793,319	-19.66%
Other profits	8,169,147,440	2,160,144,277	-73.56%
Profit before tax	22,556,870,357	13,719,937,596	-39.18%
Profit after tax	18,482,119,666	10,956,342,038	-40.72%

2. Fundamental financial indicators

Indicators	2021	2022
1. Size of capital		
Charter capital (VND)	300,000,000,000	300,000,000,000
Total assets (VND)	321,684,891,168	331,606,986,378
Capital adequacy ratio (%)	733.94	747.11
2. Business activities results		
Revenue from mobilizing deposits (VND)	12,292,713,700	14,643,555,461
Revenue from lending (VND)	135,999,911	32,793,704
3. Liquidity		
Current ratio (time)	32.15	68.75
General solvency (time)	60.81	77.92

Unit: Time

Indicators	2021	2022
1. Liquidity ratios		
Current ratio:		
Current assets	32.15	68.75
Current liabilities		
Quick ratio:		
Current assets - Inventories	32.15	68.75
Current liabilities		
2. Capital structure ratios		
Total liabilities	0.02	0.01
Total assets		
Total liabilities	0.02	0.01
Total Owner's Equity		
3. Efficiency ratios		
Asset turnover:		
Revenue	0.16	0.12
Average total assets		
4. Profitability ratios		
Profits after tax	0.38	0.29
Revenue		
Profits after tax	0.06	0.04
Owner's Equity		
Profits after tax	0.06	0.03
Total assets		
Operating profits	0.29	0.3
Revenue		

3. Assets Situation

Unit: Vietnam dong

Indicators	2021		2022		Growth (%)
	Value	Proportion (%)	Value	Proportion (%)	
Current assets	160,709,313,571	50	292,580,972,428	88.2	82.06
Financial assets	159,366,849,927	49.6	290,240,176,147	87.5	82.12
Other short-term assets	1,342,463,644	0.4	2,340,796,281	0.7	74.37
Long-term assets	160,975,577,597	50	39,026,013,950	11.8	-75.76
Long-term financial assets	150,000,000,000	46.6	30,000,000,000	9	-80
Fixed assets	8,081,509,878	2.5	5,893,246,449	1.8	-27.08
Other long-term assets	2,894,067,719	0.9	3,132,767,501	1	8.25
Total assets	321,684,891,168	100	331,606,986,378	100	3.08

4. Liabilities situation

Unit: Vietnam dong

Indicators	2021		2022		Growth (%)
	Value	Proportion (%)	Value	Proportion (%)	
Current liabilities	4,999,359,739	94.5	4,255,790,134	100	-14.87
Short-term trade payable	212,092,251	4	186,820,140	4.4	-11.92
Taxes and other payable to the state	1,738,716,407	32.9	1,955,272,445	45.9	12.45
Payable to employees	2,444,926,819	46.2	1,506,113,339	35.4	-38.4
Employees benefits	85,042,400	1.6	96,309,400	2.3	13.25
Short-term accrued expenses	299,040,527	5.7	392,801,189	9.2	31.35
Other short-term payable	219,541,335	4.1	118,473,621	2.8	-46.04
Long-term liabilities	290,677,223	5.5	0	0	-100
Total liabilities	5,290,036,962	100	4,255,790,134	100	-19.55

PROGRESSES OF INVESTMENTS AND PROJECTS

As Vietnamese macro-economy recorded impressive growth compared to the general situation of the global economy, the investment and business environment was ensured thanks to stable and appropriate monetary policies. Interest rates in the capital and money markets showed signs of increasing. The above-mentioned factors had had a positive impact on JSI's capital sources and financial businesses.

In 2022, in the face of unpredictable fluctuations of the stock market, JSI's proprietary trading department has actively divested investments which achieved expected profits. The company also gradually transferred a part of investment assets from fund certificates to certificates of deposit. Specifically, in 2022, financial assets at fair value through profit/loss decreased by 9% and were converted to new investments into certificates of deposit. Total deposits balance at banks increased by 19% resulting in revenue from deposits in 2022 increasing by 19% respectively.

REPORT ON ENVIRONMENTAL IMPACTS

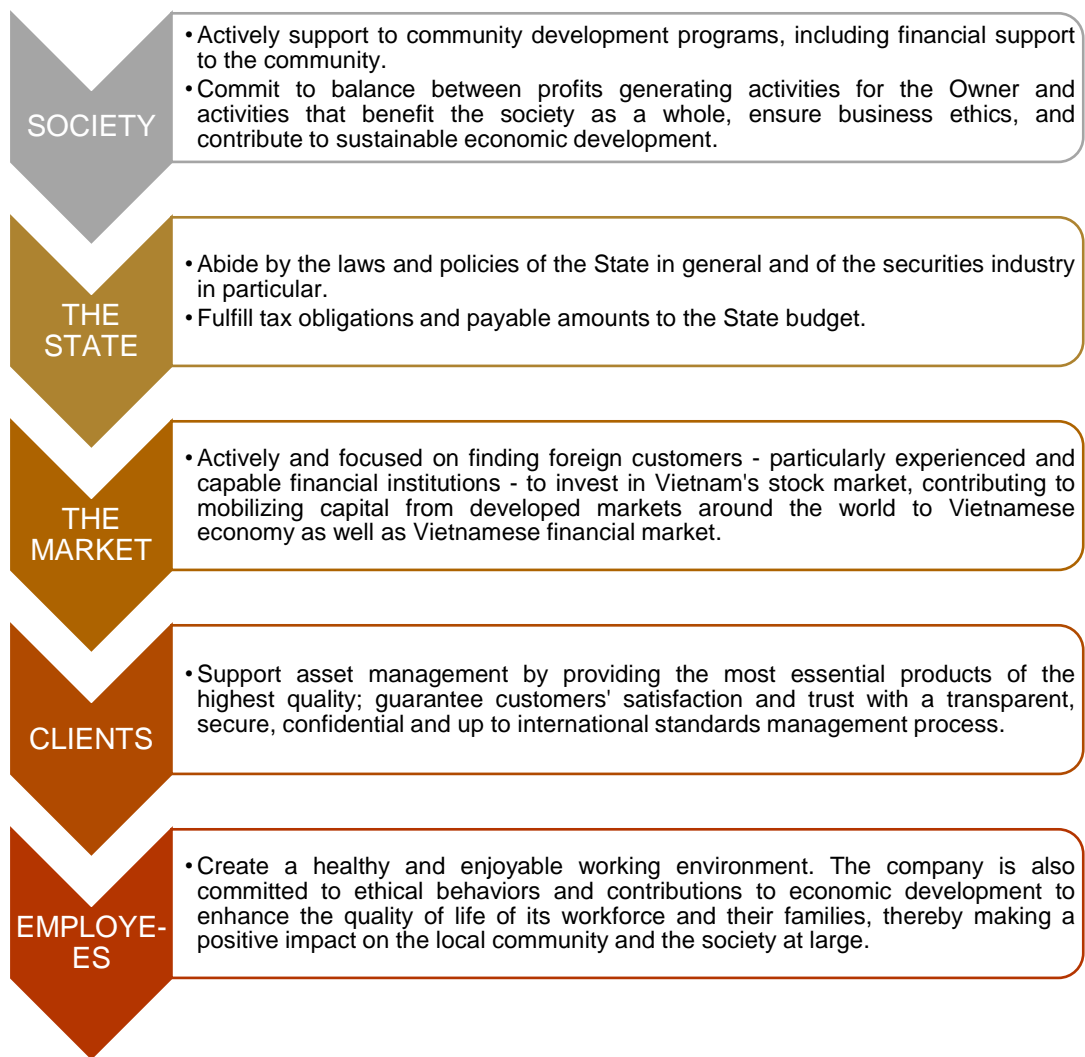
We understand thoroughly that businesses do not exist independently, but the development of enterprises is closely associated with the development and operation of the economy, environment and society. JSI aims at sustainable development through the values we can bring to the community.

1. Environmental protection

Acknowledging the importance of the ecosystem to humankind, JSI always aims for a green - clean - beautiful environment. At JSI, every individual makes every effort to contribute to saving electricity, water,..., limiting the use of products that pollute the environment such as plastic bottles, plastic bags, etc. ... or recycling printed paper, carton boxes, plastic bags. In 2022, JSI did not record any violation cases regarding environmental laws and regulations.

2. Social responsibilities

ALWAYS ACT IN THE BEST INTERESTS OF THE COMMUNITY has been the guideline throughout the establishment and development of JSI. Responsibilities to society, the state, the market, clients and employees were carried out by JSI as follows:



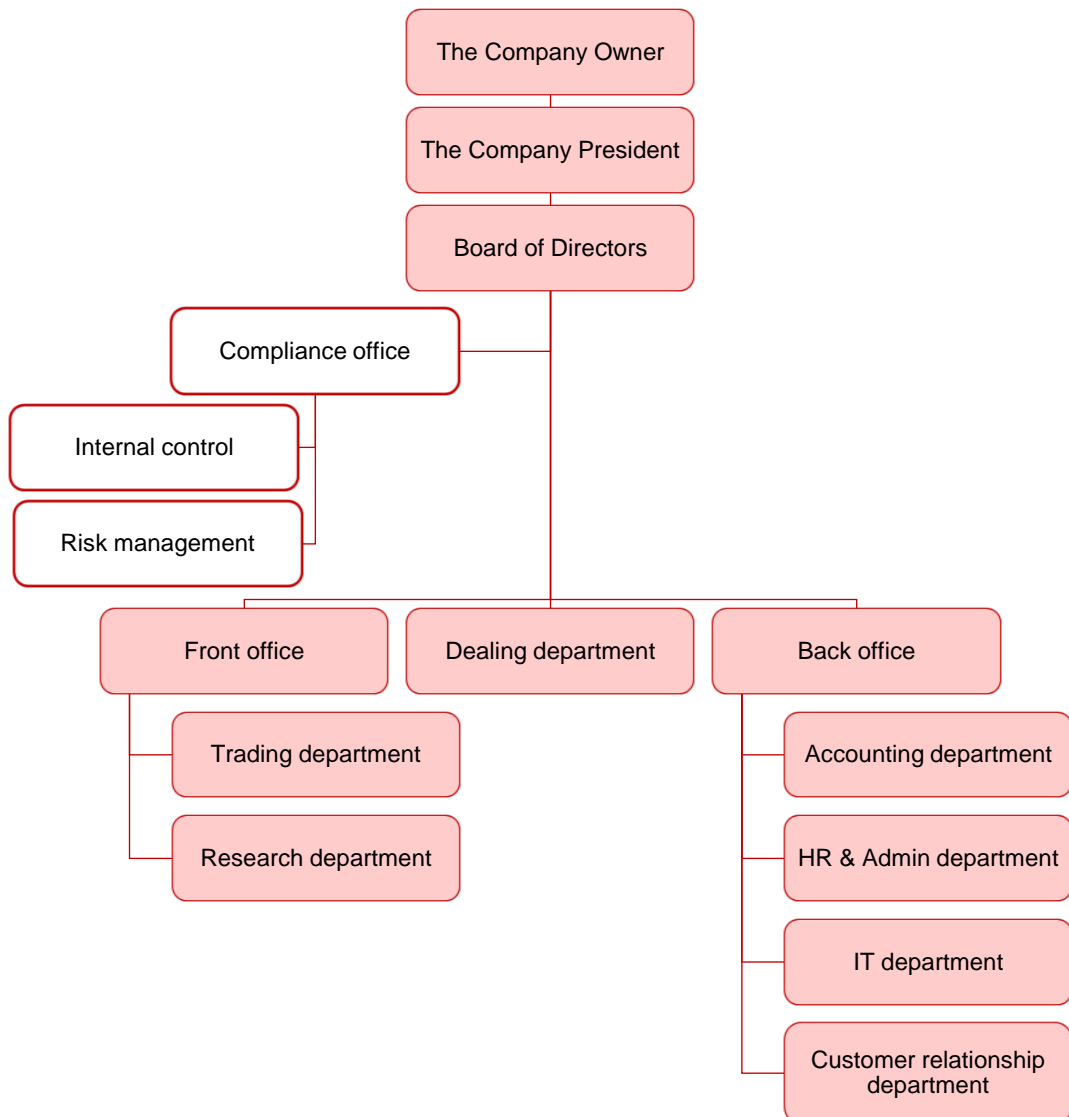
3. Green capital market

As a securities company operating in the financial sector and not producing physical products, JSI does not have activities that directly affect the environment. Nevertheless, the company is always aware of its small contribution to the green planet.

The company's research and advisory department – in the process of making its research reports – always highlight green/sustainability as an evaluation factor. In addition to important factors such as business performance and growth potential, JSI also highly appreciates stocks of companies that focus on environmental impact, have actively demonstrated corporate responsibility for the community and the environment. These are the contents that JSI wants to emphasize to investors, and hence do its part in promoting green capital market.

GOVERNANCE MODEL AND COMPANY'S STRUCTURE

1. COMPANY'S STRUCTURE



2. Governance Model

JSI is governed under the model of a single-member limited liability company, the management organization and operation are carried out in accordance with Clause a Article 79 of the Enterprise Law 2020 including the Company President and Chief Executive Officer. The company does not have a Board of Supervisors and Internal Audit.

- The owner Aizawa Securities Corporation with its head office in Japan has full authority to decide on the company's issues according to the provisions of Enterprise Law, Securities Law and the company's own charter. The owner has limited liability for the company's debts and other property obligations to the extent that the contributed capital is also the charter capital of the company.

- The Company President is appointed by the Company Owner. The Company President shall, on behalf of the Owner, perform rights and obligations of the Company Owner; on behalf of the company, perform rights and obligations of the company, except for the rights and obligations of Chief Executive Officer; take responsibility before the law and the Company Owner for the performance of assigned rights and obligations as prescribed in the charter.
- The Board of Directors includes Chief Executive Officer and Senior Executive Officers. The Chief Executive Officer conducts day-to-day business operations of the company, is responsible before the law, the Company Owner and the Company President for the performance of their rights and obligations. The Senior Executive Officers are directly assigned by the Chief Executive Officer, directing a number of operations and contents according to authorization.
- The Compliance Office includes Internal Control and Risk Management operates independently in specialized manners, assisting the Company President and Board of Directors in managing and controlling risks according to the approved contents. prescribed in the company's charter and corresponding internal documents, ensuring the company's business activities are operated correctly, limiting unnecessary risks from arising in the course of operations. The Compliance Office is responsible for checking the legitimacy and rationality in all managing and operating activities, works independently, report directly to the Company President and Board of Directors on all issues related to the company's general compliance. The Compliance Office is built and ensures a complete organizational structure, unified operation, with a full set of personnel and procedures to be able to detect, prevent and handle possible risks encountered in the course of the company's operations.
- Managers of departments directly deal with specific tasks and are responsible for all activities of that department before the Board of Directors.

3. Transactions, remuneration and benefits

- JSI's operating model is a one-member limited liability company owned by an organization. Accordingly, the members of the Executive Board (including the Company President, Chief Executive Officer and Senior Executive Officers, and department managers) are not shareholders and do not hold shares of the company. Therefore, the members of the Executive Board are entitled to similar salary and bonus regimes, leaves, insurance, periodical health check ... as employees of the company. Some higher benefits such as car usage, paying for incurred phone costs, and supporting housing costs for members who are foreign experts sent by the parent company for term-based tasks... are specified in the internal financial regulations.
- Insider trading: none.
- Contracts or transactions with insiders: none.

ORGANIZATION AND EMPLOYEES

1. List of Board of Directors

The list of Board of Directors in 2022 is as follows:

MR. TSUYOSHI IMAI

Company President cum Chief Executive Officer

Mr. Imai has more than 30 years of experience as a manager at securities companies and investment groups in the US, Hong Kong, Japan, and more than 5 years of experience in the Vietnamese market. In addition to the general operation of the company, he is also directly in charge of the Dealing department.

MR. TOMONORI TSUCHIYA

Senior Executive Officer

Prior to his assignment at JSI, Mr. Tsuchiya had nearly 20 years of experience working at Aizawa Securities Corporation - the owner of JSI. Currently, he is holding the position of Senior Executive Officer directly managing the Front Office of the company.

MS. NGUYỄN THỊ THU TRANG

Senior Executive Officer

Joining JSI since the early days of its establishment, Ms. Trang was assigned to hold the positions of Manager of General Department, Manager of Securities Operations Department at the company. Currently, she is holding the position of Senior Executive Officer directly managing the Back Office of the company.

MS. KHÔNG THỊ HƯƠNG

Chief Accountant

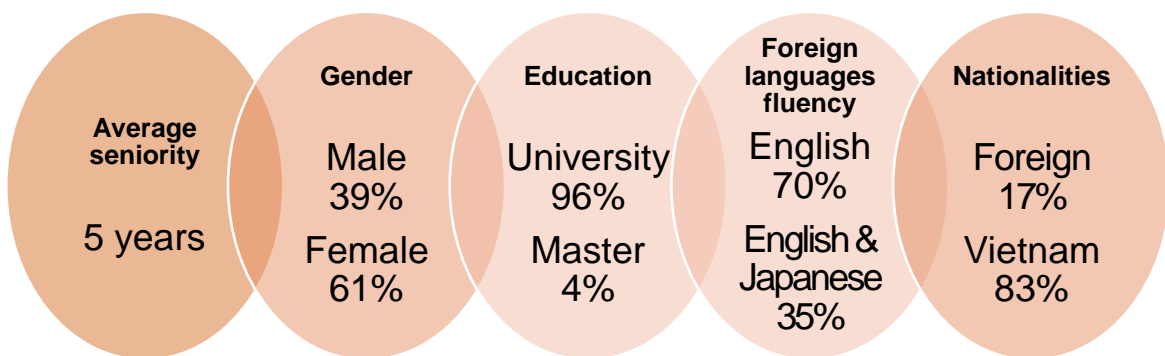
With more than 20 years of experience in the accounting and finance industry, and joining JSI since 2010, Ms. Huong has been officially appointed as Chief Accountant of the company since the beginning of 2019.

2. Employees

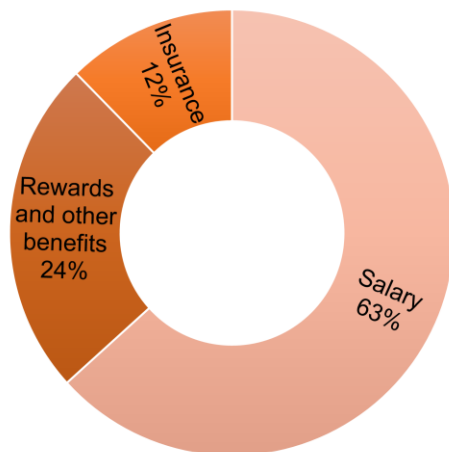
JSI understands that people are always the core value of the enterprise. Therefore, high quality human resources and talent retention policy are always what JSI is aiming for. That is shown through figures such as 5 years being the average seniority at the company; personnel with university level is 96% while for graduate level is 4%; over 70% of the company's employees are fluent in English and over 30% of the company's employees are fluent in two foreign languages, English and Japanese. In addition, the number of employees who obtained securities practicing licences reached 52%.

As of the end of 2022, the total number of employees at JSI was 23 with the structure as followed:

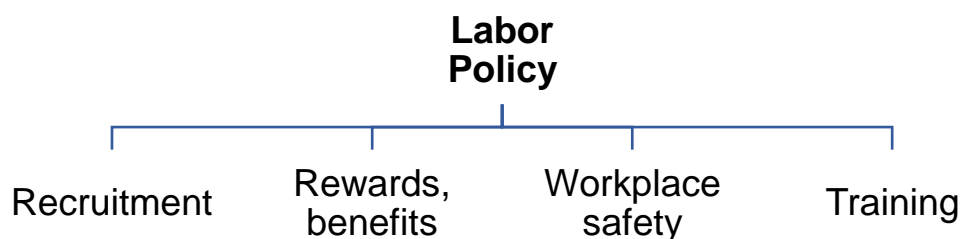
EMPLOYEES STRUCTURES



In 2022, the total cost for employees at JSI was VND 8.7 billion, equivalent to an average of VND 379 million/employee. In which, salary accounts for 63% of expenses, bonuses and other benefits account for 24% of total costs.



3. Labor Policy



RECRUITMENT

Suitability is a top factor in recruiting at JSI. Our employees are carefully selected based on multiple criterias suitable for each job.

JSI's recruitment policy is flexible and effective, attracting high-quality human resources; methods of recruitment (online or offline) are flexible depending on the position and actual situation.

REWARDS, BENEFITS

- The average income of employees grow over the years, the salary and allowance regime is guaranteed to comply with the regulations, and conform with the capabilities and qualifications of each person.
- In order to encourage personnel to improve their skills and attract high-quality personnel, JSI applies a policy of allowances for foreign language certificates in English, Japanese, and allowances for practicing licences. In addition, the seniority allowance is applied at the same time to show gratitude for the employees' contributions to the company's development.
- Reward, welfare and remuneration policy is applied in association with work performance and business results so as to create positive working motivation for employees. The KPI employees assessment system is applied and completed according to the actual working situation. The staff's capabilities and dedications to the company are evaluated annually in a specific and transparent manner.
- Social insurance, health insurance and unemployment insurance of the company follow strictly with regulations, ensuring the legal rights of employees.
- Team-building activities such as year-end party, company trip, invitation to participate in charity activities... are organize annually, helping to improve the unity in the organization.

WORKPLACE SAFETY

At JSI, in addition to outsourcing professional units to perform workplace safety and sanitation, education and reminders of workplace safety and hygiene, fire protection and prevention... for employees are always carefully implemented, being reviewed and monitored periodically. Annually, all employees can participate in a premium health check-up package paid for by the company.

TRAINING

- The average number of training hours is 40 hours/employee/year..
- The training content is diversified and rich, including professional skills, securities operations and foreign languages, open for all Vietnamese and foreign employees and follows practical needs.
- The Company ensures fair support policies for all employees, in order to promote and encourage lifelong learning, improving skills and industry knowledge; facilitates employees' participation in training programs..
- JSI has developed and implemented a detailed training program for each level of personnel in each appropriate period. The purpose of the program is to:
 - (1) Ensure that all personnel have basic knowledge of the securities industry and the company;
 - (2) Train necessary skills necessary for job requirements and development roadmap of personnel, hence, meeting the increasing requirements of the market;
 - (3) Develop a strong labor force; prepare the next generation of managers and employees; create a solid foundation sustainable developments;
 - (4) Build a cohesive and efficient company, bringing added value to customers.

EMPLOYEES LEVEL		TRAINING CONTENT	PURPOSES	TIME PERIOD
New recruit	Probation period	Company's labor regulations	General understanding of the company and industry	1 day
		Confidentiality commitment		
		General regulatory procedures		
		Organizational structure of the company		
		Basic understandings of the securities industry		
		Products and services of the company		
		General task of each department		
		Basic job descriptions		
		Presentation, report making and reporting skills		
		In-depth job contents: - Self-execution of assigned tasks - Prepare and manage work-related reports	Basic skill necessary for job requirements	2 months
Official employee		Effective communication skills: - Audience: Colleagues, customers, business partners, authorities... - Method: Directly, via email, phone, chat...		2 years
		Effective task planning and management skills		
		Cooperative skills within the department, and with other departments		
	Deputy manager	Effective management, organization and team management skills		
		Job assignment and personnel training skills		
		Effective meeting hosting skills		
		In-depth skills for professional consulting to the Board of Directors		
		Skills on developing a collective culture		
		Problem solving and decision-making skills		
		Skills on employees bondings, employee motivation		
		Interviewing and talent hunting skills		
Manager and above			Management skills	In the course of working

MARKET OUTLOOKS

The market in 2023 is expected to be quieter than in 2022. JSI expects that on-going difficulties at the end of 2022 will continue into the first half of 2023:

Regarding the global market:

- Worries of a recession due to the Fed's interest rates hikes is always present. In 2022, the Fed has aggressively raised interest rates from the low range 0.25% - 0.50% during the pandemic to 4.50% - 4.75% at the end of the year in an attempt to control rising inflation. However, with inflation showing signs of cooling down, we expect the Fed's rates hike will slow down significantly in 2023, but the high interest rates environment will be maintained longer to keep inflation down.
- Geopolitical tensions in Ukraine and Western sanctions on Russia will continue to disrupt supply chains and drive up raw materials prices.

Regarding the Vietnam market:

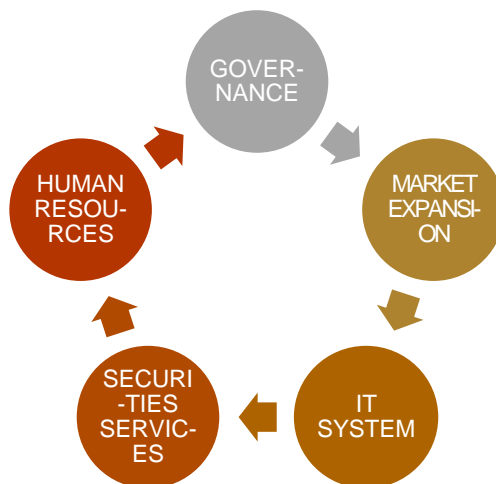
- Approximately VND 309,000 billion worth of bonds will mature in 2023, of which more than VND 119,000 billion bonds belong to the real estate sector. This will put enormous pressure on real estate developers, especially in the context that access to bank capital as well as bond issuance continue to face many obstacles.
- High interest rates put larger interest expenses burden onto companies and cut into profits, reducing EPS overall.
- On the other hand, investment options such as saving accounts and deposits become more attractive than stocks, contributing to the withdrawal of cash flow from the stock market. By the end of 2022, the P/E of VN-Index reached 10.5x times, equivalent to an interest rate of 9.5%. Meanwhile, the deposit interest rates of many banks has exceeded 10%.

Despite all that, JSI still counts on for the recovery of the global economy in general and Vietnam's economy in particular in the second half of 2023 based on several supporting factors such as:

- The Russia – Ukraine war is gradually coming to an end, and the supply chain bottleneck is untied.
- China, the world's second largest economy, has gradually removed the "zero Covid" policy and officially entered the economic recovery phase. In the recovery process, China's sluggish real estate market is one of the main focuses of the government with a series of supportive policies.
- Vietnamese government is to remove obstacles in the property sector, especially in terms of laws and regulations on bond issuance.
- Foreign capital showed signs of returning to Vietnamese stock market with 9 consecutive weeks of net buying, demonstrating the confidence of foreign investors in Vietnam. In addition, Vietnam is also emerging as an alternative destination as several manufacturers are planning to move their operations out of China.

Welcoming these challenges as well as advantages, JSI has launched a comprehensive development strategy for 2023.

DEVELOPMENT STRATEGIES



GOVERNANCE

Although the market in 2022 was gloomy, the operating situation and business results in 2022 have partly shown that the corporate governance model was on the right track in ensuring the company's operation, meeting legal requirements and market circumstances. For the 2023 plan, JSI maintains the current governance model:

MONITORING

- In order to strengthen monitoring activities and improve transparency, JSI continues to appoint independent and dedicated personnel in charge of compliance monitoring, authorizing this department to proactively carry out its tasks and promptly handle any possible risk, making the company's operations uninterrupted and more efficient.

INTERNAL GOVERNANCE SYSTEM

- All procedures, operation and internal governance regulations have been updated following the change to the new organizational model (from Joint Stock to Limited). In 2023, JSI continues to strengthen the system to meet practical needs and regulatory adjustments.
- Assign authority in accordance with the functions and duties of each individual/department as well as the operating circumstances of the company in each certain period.

QUALITY AND CAPABILITY OF MANAGEMENT

- In order to improve the quality and capability of management, JSI encourages key personnel to attend training courses on corporate governance organized by the State Securities Commission.

APPLICATION OF INFORMATION TECHNOLOGY INTO GOVERNANCE ACTIVITIES

- In collaboration with the parent company in Japan, JSI is conducting research to apply information technology systems based on Japanese standards but still conform with the requirements of Vietnamese law in governance activities.

MARKET EXPANSION

Stepping into 2023 as well as the following years, Vietnam's stock market is expected to enter a new stage of development, continuing to undergo drastic in-depth changes along with the completion of the legal corridor. The new securities trading system (KRX), which is expected to come into operation in 2023, is the premise for the introduction of new products and features such as intraday selling of securities (T+0) and selling of pending securities. At that time, the prospect of upgrading Vietnamese stock market by FTSE and MSCI shall become increasing closer to reality. Such will be major selling points for JSI to introduce and attract potential foreign customers, who are also JSI's target segment. In order to take advantage of the chance, JSI is and will continue to:

- Coordinate with the parent company Aizawa Securities, which a long-standing experience in Japan, to carry out marketing campaigns introducing investment opportunities in Vietnam's stock market to expand operation in Japanese market, paralleled with searching for customers in new markets based on Aizawa's existing network in countries around the world.
- Diversify report products to meet the needs of current customers and attract potential customers.
- Train and improve the quality of staffs interacting with customers by developing necessary skills in capturing market information, business information, analyzing reports, languages... so as to gain an advantage in the fierce market competition.
- Focus on achieving sustainable development goals as a plus selling point for investment cooperation decisions from customers.

INFORMATION TECHNOLOGY SYSTEM

On February 25, 2022, the Vietnam Stock Exchange (VNX) issued Regulation on connecting information technology system to the Ho Chi Minh Stock Exchange (HSX), Hanoi Stock Exchange (HNX). Based on these technical standards and regulations to connect to HSX and HNX, JSI's IT staffs have reviewed the currently system in operation to make sure it meets requirements in services, technical infrastructure, confidentiality and storage of data, and in line with the regulation in legal documents concerning securities and securities market. Accordingly, in 2023, JSI will:

- Upgrade information technology system monitoring software to reduce operation risks, detect errors faster and handle problems better. At the same time, the company will also closely follow the test plans (eUat) of the KRX system of the HSX, HNX and VSD Departments, and update the system in time according to the requirements of Exchnages and VSD; update operation procedure consistent with the changes in system.
- Continue to monitor the hardware system placed at the backup data center of HOSE in order to detect hardware errors and upgrade needs for server equipment to increase performance and ensure stable stock trading operation.
- Coordinate with departments within the company for plan to move the company to the new office; implement plans to safely move the information technology system to the new office, and ensure it is working stably and correctly at the new location.
- Implement additional information technology system securities measures as approved and requested by the Board of Directors.
- Depending on the time and practical application, JSI will add necessary features to the system to meet the requirements of the market and customers.

SECURITIES SERVICES

As the core business of the company, securities services always receive the main focused of resources promote company's growth. In order to achieve the medium and long-term goals, the operation plans are established based on the primary goal of providing comprehensive securities services with the commitment to "Japanese quality" for all customers trading on the Vietnamese stock market, but also need to be flexible and sensitive adjusted according to market conditions.

- Perform customer analysis to provide suitable information and products, meeting the needs of current customers, stimulating and increasing trading frequency and value, and acquiring new customer.
- Prioritize providing a wide variety of services including transaction reports; proactively sharing and updating market information, company visits, investment ideas...; meeting the high demand of foreign customers in accessing Vietnamese information to make investment decisions.
- Continue to focus on training personnel, ensuring professional knowledge, communication skills, and job-related services skills, as well as improving the quality of consulting and customer care in order to match the increasing requirements of customers.
- Furthermore, the trading department ensures the best execution time for customers, especially professional institutions, to attract greater transaction value and volume at JSI.
- Improve the quality of online trading services provided to investors to comply with international standards. JSI also focuses on investing in upgrading infrastructure to optimize the capacity of online systems, improving features to serve investors' transactions more smoothly.
- Upgrade service provision and internal procedures to raise employees' efficiency, especially procedures in solving unexpected situations to improve problems and situations solving skills, ensuring the quality of services provided.

HUMAN RESOURCES

The plan in 2023 of JSI is to maintain the current staff size in accordance to the business model. With a compact staff structure, JSI focuses on training not only professional skills but also job management skills. High-quality human resources are the top priority for JSI in order to meet the requirements of international customers.

High-quality human resources must go hand in hand with high-quality working environment – an important factor in talent retention. With the principle of "the law above all", in all aspects of business in general and human resource policy in particular, JSI always ensures that the rights of employees are respected and guaranteed. In addition to requirements by law, JSI has continuously developed and applied a labor policy to create a safe, healthy, and family-like working environment, where employees can enjoy their work, improve themselves as well as as the company, thus setting the premise for sustainable and long-term development, gaining customers' satisfaction and trust.

FINANCIAL STATEMENTS

AUDITOR OPINION

- Independent audit unit: VACO Audit Co., Ltd.
- The auditor's opinion on the company's 2022 financial statements: Fully approved

AUDITED FINANCIAL STATEMENTS

Attached files./.

JAPAN SECURITIES CO., LTD.



CHIEF EXECUTIVE OFFICER

TSUYOSHI IMAI

JAPAN SECURITIES CO., LTD.

AUDITED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

March 2023

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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 2022.

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:

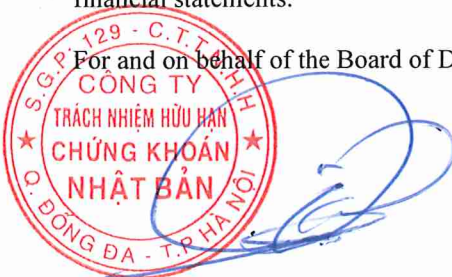
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare 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 other irregularities.

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 2022, 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
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

No.: 074 /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 15 March 2023, as set out from page 03 to page 32, which comprise the statement of financial position as at 31 December 2022, 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 2022, 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. 1403-2023-156-1
For and on behalf of
VACO AUDITING COMPANY LIMITED
Hanoi, 15 March 2023



Nguyen Thi Huyen
Auditor
Audit Practising Registration Certificate
No. 3652-2021-156-1

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
ASSETS				
A. CURRENT ASSETS (100 = 110 + 130)	100		292,580,972,428	160,709,313,571
I. Financial assets	110		290,240,176,147	159,366,849,927
1. Cash and cash equivalents	111	5	16,017,784,751	21,145,099,320
1.1. Cash	111.1		6,017,784,751	11,145,099,320
1.2. Cash equivalents	111.2		10,000,000,000	10,000,000,000
2. Financial assets recognised through profit/loss (FVTPL)	112		-	31,453,386,116
3. Held-to-maturity investments (HTM)	113	7	265,000,000,000	95,000,000,000
4. Loans	114	8	1,243,672,975	2,823,799,373
5. Provision for impairment of financial assets and collateral	116	9	(1,243,672,975)	(1,243,672,975)
6. Receivables	117	10	8,022,679,871	7,996,383,031
6.1. Receivables and accrued dividends, interests of financial assets	117.2		8,022,679,871	7,996,383,031
6.1.1. Dividend income, interest not yet received	117.4		8,022,679,871	7,996,383,031
7. Advances to suppliers	118	10	97,440,000	345,253,700
8. Receivables from the services provided by the Company	119	10	295,893,574	306,390,490
9. Other receivables	122	10	806,377,951	1,540,210,872
II. Other short-term assets	130		2,340,796,281	1,342,463,644
1. Short-term prepayments	133	11	1,534,761,401	1,332,463,644
2. Short-term mortgage, collateral, deposit	134		806,034,880	10,000,000
B. NON-CURRENT ASSETS (200 = 210 + 220 + 250)	200		39,026,013,950	160,975,577,597
I. Long-term financial assets	210		30,000,000,000	150,000,000,000
1. Investments	212	7	30,000,000,000	150,000,000,000
1.1. Held-to-maturity investments	212.1		30,000,000,000	150,000,000,000
II. Fixed assets	220		5,893,246,449	8,081,509,878
1. Tangible fixed assets	221	12	3,874,091,072	5,204,938,623
- Cost	222		12,689,400,604	11,998,893,204
- Accumulated depreciation	223.a		(8,815,309,532)	(6,793,954,581)
2. Intangible fixed assets	227	13	2,019,155,377	2,876,571,255
- Cost	228		8,140,142,220	8,101,892,220
- Accumulated amortisation	229.a		(6,120,986,843)	(5,225,320,965)
III. Other long-term assets	250		3,132,767,501	2,894,067,719
1. Long-term mortgage, collateral, deposit	251		1,159,044,800	801,034,880
2. Long-term prepayments	252	11	454,140,350	669,059,035
3. Deposit to payment support fund	254	14	1,519,582,351	1,423,973,804
TOTAL ASSETS (270 = 100 + 200)	270		331,606,986,378	321,684,891,168

The accompanying notes are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2022

Unit: VND


ITEMS	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES (300 = 310 + 340)	300		4,255,790,134	5,290,036,962
I. Short-term liabilities	310		4,255,790,134	4,999,359,739
1. Short-term trade payables	320		186,820,140	212,092,251
2. Taxes and amounts payable to the State budget	322	15	1,955,272,445	1,738,716,407
3. Payables to employees	323		1,506,113,339	2,444,926,819
4. Employee welfare payables	324		96,309,400	85,042,400
5. Short-term accrued expenses	325	16	392,801,189	299,040,527
6. Other short-term payables	329	17	118,473,621	219,541,335
II. Long-term liabilities	340		-	290,677,223
1. Deferred corporate income tax liabilities	356	18	-	290,677,223
D. EQUITY (400 = 410)	400		327,351,196,244	316,394,854,206
I. Owner's equity	410	19	327,351,196,244	316,394,854,206
1. Owner's investment capital	411		300,000,000,000	300,000,000,000
1.1. Owner's contributed capital	411.1		300,000,000,000	300,000,000,000
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		26,681,381,117	15,725,039,079
4.1. Realized earnings	417.1		26,681,381,117	14,562,330,186
4.2. Unrealized earnings	417.2		-	1,162,708,893
TOTAL LIABILITIES AND EQUITY	440		331,606,986,378	321,684,891,168
(440 = 300 + 400)				

The accompanying notes are an integral part of these financial statements


OFF STATEMENT OF FINANCIAL POSITION ITEMS
As at 31 December 2022

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
A. SECURITIES COMPANY'S ASSETS AND ASSETS MANAGEMENT UNDER COMMITMENTS				
1. Foreign currencies	005			
- USD			264.49	277.69
- JPY			115,271	115,271
2. Undeposited financial assets at VSD of securities company	012		-	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	20	183,357,400,000	166,504,720,000
a. Freely transferable of financial assets	021.1		182,973,400,000	163,609,720,000
b. Restricted transferrable financial assets	021.2		106,000,000	1,520,000,000
c. Financial assets awaiting settlement	021.5		278,000,000	1,375,000,000
2. Deposited and untraded financial assets at VSD of investors	022	21	377,710,000	523,390,000
a. Freely transferable, untraded and deposited financial assets at VSD	022.1		377,710,000	523,390,000
3. Financial assets waiting return of investors	023	22	6,951,400,000	2,945,000,000
4. Undeposited financial assets at VSD of investors	024	23	5,128,198,600	5,127,032,300
5. Deposits of customers	026	24	4,939,952,621	8,892,854,249
5.1. Investors' deposits on securities transactions managed by securities company	027		4,778,207,275	8,315,354,983
5.2. Deposits on securities transactions of customers	028		158,419,017	571,878,071
5.3. Deposits of securities issuing organization	030		3,326,329	5,621,195
6. Payables to investors on deposit for securities trading managed by securities company	031	25	4,936,626,292	8,887,233,054
6.1. Payables to domestic investors deposit for securities trading managed by securities company	031.1		4,846,464,396	8,692,746,954
6.2. Payables to foreign investors on deposit for securities trading managed by securities company	031.2		90,161,896	194,486,100
7. Dividends, bond interest and principal payables	035		3,326,329	5,621,195


Do Ngoc Phuong Linh
Preparer


Khong Thi Huong
Chief Accountant


Tsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

The accompanying notes are an integral part of these financial statements

STATEMENT OF OPERATIONS
For the year ended 31 December 2022

Unit: VND


ITEMS	Codes	Notes	Current year	Prior year
I. OPERATING REVENUE				
1.1 Profit from financial assets at fair value through profit or loss (FVTPL)	01		(28,315,184)	1,453,386,116
<i>a. Gain from sale of FVTPL</i>	01.1		1,425,070,932	-
<i>b. Increase from revaluation of financial assets at FVTPL</i>	01.2	26	(1,453,386,116)	1,453,386,116
1.2 Profit from held-to-maturity investments (HTM)	02	27	14,643,555,461	12,292,713,700
1.3 Profit from loans and receivables	03	27	32,793,704	135,999,911
1.4 Revenue from securities brokerage services	06		17,081,736,193	23,547,532,753
1.5 Revenue from securities investment consultancy	08		2,684,821,319	3,328,132,938
1.6 Revenue from securities depository services	09		57,619,310	58,652,702
1.7 Others	11		1,441,622,728	-
Total operating revenue (20 = 01 => 11)	20		35,913,833,531	40,816,418,120
II. OPERATING EXPENSES				
2.1 Loss from financial assets at fair value through profit or loss (FVTPL)	21		345,146,588	-
<i>a. Loss from sale of FVTPL</i>	21.1		345,146,588	-
2.2 Expenses of provisions for financial assets, doubtful debts and loss from impairment of financial assets and borrowings expenses	24	28	-	(34,280,273)
2.3 Expenses for proprietary trading	26	28	48,494,267	-
2.4 Expenses for brokerage services	27	28	15,605,927,652	18,099,323,407
2.5 Expenses for securities investment consultancy	29	28	1,099,734,500	947,373,092
2.6 Expenses for depository services	30	28	60,951,481	66,659,272
Total operating expenses (40 = 21 => 30)	40		17,160,254,488	19,079,075,498
III. FINANCIAL INCOME				
3.1 Revenue, accrued dividends and interest income from demand deposits at banks	42	29	84,875,171	134,446,643
Total financial income (50 = 42)	50		84,875,171	134,446,643
IV. FINANCIAL EXPENSES				
4.1 Realized and unrealized foreign exchange loss	51		9,222,441	3,473,400
Total financial expenses (60 = 51)	60		9,222,441	3,473,400
V. MANAGEMENT COST OF SECURITIES COMPANY	62	30	7,269,438,454	7,480,592,948
VI. OPERATING RESULT (70 = 20 + 50 - 40 - 60 - 62)	70		11,559,793,319	14,387,722,917

The accompanying notes are an integral part of these financial statements



STATEMENT OF OPERATIONS (CONTINUED)
For the year ended 31 December 2022

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
VII. OTHER INCOME AND OTHER EXPENSES				
7.1 Other income	71	31	2,160,144,638	8,169,150,938
7.2 Other expenses	72		361	3,498
Profit from other activities (80 = 71 - 72)	80		2,160,144,277	8,169,147,440
VIII. ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)	90		13,719,937,596	22,556,870,357
8.1 Realized profit	91		15,173,323,712	21,103,484,241
8.2 Unrealized profit	92		(1,453,386,116)	1,453,386,116
IX. CORPORATION INCOME TAX EXPENSE	100		2,763,595,558	4,074,750,691
9.1 Current corporate income tax expense	100.1	32	3,054,272,781	3,784,073,468
9.2 Deferred corporate tax expense	100.2	33	(290,677,223)	290,677,223
X. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100)	200		10,956,342,038	18,482,119,666


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Preparer


Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

CASH FLOW STATEMENT*(Indirect method)**For the year ended 31 December 2022*

Unit: VND


ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Profit before tax	01	13,719,937,596	22,556,870,357
2. Adjustments for:	02	2,799,351,954	2,356,009,180
- Depreciation and amortisation	03	2,917,020,829	2,660,736,007
- Provisions	04	-	(34,280,273)
- Profit or loss from investing activities	07	(84,875,171)	(134,446,643)
- Accrued interest	08	(32,793,704)	(135,999,911)
3. Operating profit before changes in working capital	30	(21,323,768,171)	(151,889,790,563)
- Increase (decrease) in financial assets at fair value through profit/loss FVTPL	31	31,453,386,116	(31,453,386,116)
- Increase (decrease) in held-to-maturity investments (HTM)	32	(50,000,000,000)	(112,000,000,000)
- Increase (decrease) in loans	33	1,580,126,398	(1,325,050,294)
- (-) Increase, (+) decrease in receivables, accrued dividends, interest of financial assets	36	68,954,283	(5,951,297,817)
- (-) Increase, (+) decrease in receivables from the services provided by the Company	37	10,496,916	(23,771,950)
- (-) Increase, (+) decrease in other receivables	39	(555,901,879)	(612,861,499)
- Increase (decrease) in accrued expenses (not include interest expense)	41	93,760,662	200,584,869
- Increase (decrease) in prepaid expenses	42	12,620,928	495,652,378
- (-) Paid corporate income tax	43	(3,148,734,165)	(2,677,268,380)
- Increase (decrease) in trade payables	45	(25,272,111)	(102,081,914)
- Increase (decrease) in payables to employee benefits	46	11,267,000	10,394,600
- Increase (decrease) in taxes and amounts payable to the State budget (not include corporate income tax paid)	47	311,017,422	568,961,418
- Increase (decrease) in payables to employees	48	(938,813,480)	1,054,782,064
- Increase (decrease) in other payables	50	(101,067,714)	(39,356,665)
- Other cash inflows	51	(95,608,547)	(35,091,257)
Net cash flow from (used in) operating activities	60	(4,804,478,621)	(126,976,911,026)
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets, investment real estate and other assets	61	(345,253,700)	(701,268,700)
2. Proceeds from dividends and profits received from long-term financial investments	65	22,417,752	134,446,643
Net cash flow from (used in) investing activities	70	(322,835,948)	(566,822,057)

The accompanying notes are an integral part of these financial statements



CASH FLOW STATEMENT (CONTINUED)
(Indirect method)
For the year ended 31 December 2022

Unit: VND

ITEMS	Codes	Current year	Prior year
III. Cash flows from financing activities			
<i>Net cash from (used in) financing activities</i>	80	-	-
IV. Net increase/decrease in cash during the year	90	(5,127,314,569)	(127,543,733,083)
V. Cash and cash equivalents at the beginning of the year	101	21,145,099,320	148,688,832,403
- Cash	101.1	11,145,099,320	148,688,832,403
- Cash equivalents	101.2	10,000,000,000	-
VI. Cash and cash equivalents at the end of the year	103	16,017,784,751	21,145,099,320
- Cash	103.1	6,017,784,751	11,145,099,320
- Cash equivalents	103.2	10,000,000,000	10,000,000,000


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Tsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

CASH FLOW FROM BROKERAGE AND MANDATE ACTIVITIES OF CUSTOMERS
For the year ended 31 December 2022

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	263,987,545,220	601,813,424,000
2. Cash outflows for buying brokerage securities	02	(156,634,657,300)	(519,381,830,300)
3. Receive deposits for payment of securities transactions of customers	07	219,061,823,120	470,163,212,828
4. Payment for securities transactions of customers	08	(330,309,609,552)	(552,685,329,105)
5. Payment for securities depository fees of customers	11	(55,708,250)	(60,109,258)
6. Proceeds from the securities issuing organizations	14	12,745,666,320	10,911,410,467
7. Payment for the securities issuing organizations	15	(12,747,961,186)	(10,911,132,198)
<i>Net increase/decrease in cash during the year</i>	<i>20</i>	<i>(3,952,901,628)</i>	<i>(150,353,566)</i>
II. Cash and cash equivalents at the beginning of the year of customers	30	8,892,854,249	9,043,207,815
- Deposits of investors on securities transactions managed by securities companies	32	8,315,354,983	6,736,918,441
- Deposits on securities transactions of customers	33	571,878,071	2,300,946,448
- Deposits of issuing organizations	35	5,621,195	5,342,926
III. Cash and cash equivalents of customers at the end of the year of customers (40 = 20 + 30)	40	4,939,952,621	8,892,854,249
- Deposits of investors on securities transactions managed by securities companies	42	4,778,207,275	8,315,354,983
- Deposits on securities transactions of customers	43	158,419,017	571,878,071
- Deposits of issuing organizations	45	3,326,329	5,621,195

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Preparer

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Chief Accountant

Tsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 December 2022

Unit: VND

ITEMS	Notes	Opening balance		Increase/ Decrease				Closing balance	
		01/01/2021	01/01/2022	Prior year		Current year		31/12/2021	31/12/2022
				Increase	Decrease	Increase	Decrease		
1. Owner's investment capital	19	160,000,000,000	300,000,000,000	140,000,000,000	-	-	-	300,000,000,000	300,000,000,000
2. Financial reserve and operational risk fund	19	325,801,831	325,801,831	-	-	-	-	325,801,831	325,801,831
3. Other owner's capital	19	344,013,296	344,013,296	-	-	-	-	344,013,296	344,013,296
4. Retained earnings	19	(2,757,080,587)	15,725,039,079	18,482,119,666	-	10,956,342,038	-	15,725,039,079	26,681,381,117
Total	19	157,912,734,540	316,394,854,206	158,482,119,666	-	10,956,342,038	-	316,394,854,206	327,351,196,244

Details of movements in equity are presented in Note 19.


Do Ngoc Phuong Linh
Preparer

Khong Thi Huong
Chief AccountantTsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023

The accompanying notes are an integral part of these financial statements

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 2022 is 23 (as at 01 January 2022: 22).

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 2022.

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 2022.

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 (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 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	6,017,784,751	11,145,099,320
Cash equivalents (i)	10,000,000,000	10,000,000,000
Total	16,017,784,751	21,145,099,320

Note:

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

6. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

Current year	Volume of transaction during the year	Value of transaction during the year
		VND
a) Of securities company	1,468,296	31,079,924,344
- Fund certificates	1,468,296	31,079,924,344
b) Of investors	147,770,364	5,160,581,605,680
- Shares	143,279,144	5,051,384,008,380
- Fund certificates	4,093,920	108,951,044,300
- Others (Covered warrant)	397,300	246,553,000
Total	149,238,660	5,191,661,530,024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

6. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR (CONTINUED)

Prior year	Volume of transaction during the year	Value of transaction during the year
	VND	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	352,318,442	12,212,477,463,490

7. HELD-TO-MATURITY INVESTMENTS (HTM)

	Closing balance	Opening balance
	VND	VND
a) Short-term	265,000,000,000	95,000,000,000
Deposits with terms from 3 to 12 months (i)	265,000,000,000	95,000,000,000
b) Long-term	30,000,000,000	150,000,000,000
Deposits with terms over 12 months (ii)	30,000,000,000	150,000,000,000
Total	295,000,000,000	245,000,000,000

Notes:

- (i) Deposits with term of 6 months and 12 months at Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, 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.

8. LOANS

	Closing balance		Opening balance	
	Historical cost	Provision	Historical cost	Provision
Loans	1,243,672,975	1,243,672,975	2,823,799,373	1,243,672,975
Margin (i)	1,243,672,975	1,243,672,975	1,243,672,975	1,243,672,975
Advances	-	-	1,580,126,398	-

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 2022 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

9. 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	1,243,672,975	-	(1,243,672,975)	(1,243,672,975)	-
	Margin	1,243,672,975	-	(1,243,672,975)	(1,243,672,975)	-
	Advances of securities sales	-	-	-	-	-

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. RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables and accrued dividends, interests of financial assets	8,022,679,871	7,996,383,031
Accrual interest of time deposits	8,014,604,115	7,986,178,090
Accrual interest of margin transactions	8,075,756	8,075,756
Accrual interest of advances transactions	-	2,129,185
Advances to suppliers	97,440,000	345,253,700
Skytek Technology Co., Ltd	55,440,000	345,253,700
Others	42,000,000	-
Receivables from the services provided by the Company	295,893,574	306,390,490
Charges and taxes from securities transactions	107,736,973	130,073,268
Receivables from corporate finance advisory	168,300,000	168,300,000
Receivables from depository of investors	9,928,282	8,017,222
Receivables from other fees	9,928,319	-
Other receivables	806,377,951	1,540,210,872
Aizawa Securities Co., Ltd	746,658,964	1,491,136,066
Other receivables	59,718,987	49,074,806

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a) Short-term	1,534,761,401	1,332,463,644
Server, rack offline cabinet rental fee	730,840,000	730,840,000
Maintenance fee	169,006,850	169,006,850
Other prepayments	634,914,551	432,616,794
b) Long-term	454,140,350	669,059,035
Office furniture construction	88,229,167	158,812,500
Maintenance fee	32,725,000	71,825,000
Other prepayments	333,186,183	438,421,535
Total	1,988,901,751	2,001,522,679

12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	Machinery, equipment	Transportation, transmission equipment	Office equipment	Total
	VND	VND	VND	VND
COST				
Opening balance	6,443,675,132	1,667,939,900	3,887,278,172	11,998,893,204
Purchase	690,507,400	-	-	690,507,400
Closing balance	7,134,182,532	1,667,939,900	3,887,278,172	12,689,400,604
ACCUMULATED DEPRECIATION				
Opening balance	3,224,987,362	885,532,610	2,683,434,609	6,793,954,581
Charge for the year	1,286,080,343	277,989,984	457,284,624	2,021,354,951
Closing balance	4,511,067,705	1,163,522,594	3,140,719,233	8,815,309,532
NET BOOK VALUE				
Opening balance	3,218,687,770	782,407,290	1,203,843,563	5,204,938,623
Closing balance	2,623,114,827	504,417,306	746,558,939	3,874,091,072

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS (CONTINUED)

The cost of tangible fixed assets that have been fully depreciated as at 31 December 2022 is VND 1,483,991,178, of which, those are still in use are VND 331,855,126 (as at 01 January 2022: VND 1,483,991,178) and those awaiting liquidation are VND 1,152,136,052.

13. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS

	Software VND	Total VND
COST		
Opening balance	8,101,892,220	8,101,892,220
Purchase	38,250,000	38,250,000
Closing balance	<u>8,140,142,220</u>	<u>8,140,142,220</u>
ACCUMULATED AMORTISATION		
Opening balance	5,225,320,965	5,225,320,965
Charge for the year	895,665,878	895,665,878
Closing balance	<u>6,120,986,843</u>	<u>6,120,986,843</u>
NET BOOK VALUE		
Opening balance	<u>2,876,571,255</u>	<u>2,876,571,255</u>
Closing balance	<u>2,019,155,377</u>	<u>2,019,155,377</u>

The cost of intangible fixed assets which have been fully amortised but are still in use as at 31 December 2022 is VND 2,739,892,220 (as at 01 January 2022: VND 2,739,892,220).

14. DEPOSIT TO PAYMENT SUPPORT FUNDS

	Closing balance VND	Opening balance VND
Initial payment	120,000,000	120,000,000
Additional payment	998,148,875	964,997,747
Interest allocated	401,433,476	338,976,057
Total	<u>1,519,582,351</u>	<u>1,423,973,804</u>

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Closing balance VND	Opening balance VND
Value added tax	74,385,957	84,483,987
Corporate income tax	1,254,272,781	810,182,851
Personal income tax	513,828,406	608,289,790
Foreign contractor tax	112,785,301	235,759,779
Total	<u>1,955,272,445</u>	<u>1,738,716,407</u>

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Completed out-sourced services without invoices	392,801,189	299,040,527
Total	<u>392,801,189</u>	<u>299,040,527</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

17. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Deposits awaiting to exercise buying rights of additional issued shares which has not been transferred to VSD	-	109,430,000
Other payables	118,473,621	110,111,335
Total	118,473,621	219,541,335

18. 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	31,453,386,116	30,000,000,000
Value on accounting basis	30,000,000,000	31,453,386,116
Difference	(1,453,386,116)	1,453,386,116
Corporate income tax rate	20%	20%
Deferred corporate income tax	(290,677,223)	290,677,223
Deferred corporate income tax		
	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Opening balance	290,677,223	-
Deferred tax payables	(290,677,223)	290,677,223
Closing balance	-	290,677,223

19. OWNER'S EQUITY

Movements in owner's equity

	<u>Owner's investment capital</u>	<u>Financial reserve and operation risk</u>	<u>Other owner's capital</u>	<u>Retained earnings</u>	<u>Total</u>
	VND	VND	VND	VND	VND
Opening balance of prior year	160,000,000,000	325,801,831	344,013,296	(2,757,080,587)	157,912,734,540
Profit during the prior year	-	-	-	18,482,119,666	18,482,119,666
Increase in charter capital	140,000,000,000	-	-	-	140,000,000,000
Opening balance of current year	300,000,000,000	325,801,831	344,013,296	15,725,039,079	316,394,854,206
Profit during the current year	-	-	-	10,956,342,038	10,956,342,038
Closing balance of current year	300,000,000,000	325,801,831	344,013,296	26,681,381,117	327,351,196,244

Details of owner's equity

Details of owner's equity as at 31 December 2022 as follows:

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND	%	VND	%
Aizawa Securities Group Co., Ltd	300,000,000,000	100%	300,000,000,000	100%
Total	300,000,000,000	100%	300,000,000,000	100%

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. FINANCIAL ASSETS LISTED/ TRADED AT VSD OF INVESTORS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Freely transferable financial assets	182,973,400,000	163,609,720,000
Restricted transferable financial assets	106,000,000	1,520,000,000
Financial assets awaiting settlement	278,000,000	1,375,000,000
Total	183,357,400,000	166,504,720,000

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Freely transferable, non-traded financial assets deposited at VSD	377,710,000	523,390,000
Total	377,710,000	523,390,000

22. 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 6,951,400,000 and VND 2,945,000,000 respectively.

23. 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	5,128,198,600	5,127,032,300
Total	5,128,198,600	5,127,032,300

24. DEPOSITS OF CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investors' deposits on securities transactions managed by securities company	4,778,207,275	8,315,354,983
Deposits on securities transactions of customers	158,419,017	571,878,071
Deposits of issuing organization	3,326,329	5,621,195
Total	4,939,952,621	8,892,854,249

25. 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	4,835,769,950	8,692,746,954
Payables to foreign investors on deposit for securities trading managed by securities company	90,161,896	194,486,100
Payables to foreign investors on deposit for securities trading managed by securities company	10,694,446	-
Total	4,936,626,292	8,887,233,054

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

26. REVALUATION OF FINANCIAL ASSETS

Unit: VND

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								
1	Fund certificates	-	-	-	-	1,453,386,116	-	(1,453,386,116)	-
	BVBF	-	-	-	-	227,064,179	-	(227,064,179)	-
	VCBFTBF	-	-	-	-	814,154,240	-	(814,154,240)	-
	DCBF	-	-	-	-	412,167,697	-	(412,167,697)	-
	Total	-	-	-	-	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

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

	Current year	Prior year
	VND	VND
From HTM (interest allocated)	14,643,555,461	12,292,713,700
From loans (loan interest)	32,793,704	135,999,911
Total	14,676,349,165	12,428,713,611

28. OPERATING EXPENSES

	Current year	Prior year
	VND	VND
Expenses for brokerage services	15,605,927,652	18,099,323,407
Expenses for depository services	60,951,481	66,659,272
Expenses for securities investment consultancy	1,099,734,500	947,373,092
Loss from financial assets at fair value through profit or loss (FVTPL)	345,146,588	-
Expenses for self-trading	48,494,267	-
Expenses of provisions for financial assets, doubtful debts and loss from impairment of financial assets and borrowings expenses	-	(34,280,273)
Total	17,160,254,488	19,079,075,498

29. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income from demand deposits	84,875,171	134,446,643
Total	84,875,171	134,446,643

30. OPERATING EXPENSES OF SECURITIES COMPANY

	Current year	Prior year
	VND	VND
Salary, wages	4,176,116,372	4,294,972,201
Stationery	17,065,857	19,636,584
Depreciation and amortisation	693,858,536	602,171,646
Taxes, fees and charges	3,000,000	3,000,000
Out-sourced services	1,868,511,331	2,053,564,938
Other expenses	510,886,358	507,247,579
Total	7,269,438,454	7,480,592,948

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

31. OTHER INCOME

	Current year	Prior year
	VND	VND
Sales bonus received (i)	2,159,634,128	7,659,300,665
Others	510,510	509,850,273
Total	2,160,144,638	8,169,150,938

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. On 31 March 2022, the Company signed a minutes to terminate the agreement on payment of securities brokerage services with Aizawa Securities Co., Ltd.

32. CURRENT CORPORATE INCOME TAX EXPENSES

	Current year	Prior year
	VND	VND
Accounting profit before tax	15,173,323,712	21,103,484,241
Adjustments for taxable income	98,040,191	(2,183,116,903)
Less: Loss carry-forward	-	(2,416,444,245)
Less: Expenses payable in the prior year with invoices issued in this year	(296,858,326)	(83,229,304)
Add: Non-deductible expenses	392,909,127	315,452,817
Add: Prior year's foreign exchange gain	1,989,390	1,103,829
Taxable income	15,271,363,903	18,920,367,338
Normal tax rate	20%	20%
Corporate income tax payable	3,054,272,781	3,784,073,468

In addition to the non-taxable income and the non-deductible expenses as mentioned above, the Company temporarily determines the corporate income tax expense on the basis of no significant difference with accounting profit (except for the adjustment to the taxable income). The ultimate determinations depend on the inspection results of the tax authorities.

33. DEFERRED CORPORATE INCOME TAX EXPENSES

	Current year	Prior year
	VND	VND
Deferred corporate income tax	(290,677,223)	290,677,223
Total	(290,677,223)	290,677,223

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 18.

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. 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 2022, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	Closing balance	Opening balance
	VND	VND
Within one year	1,722,830,104	2,782,446,849
From the second to the fifth year	-	1,722,830,104

35. 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	Other activities	Total
	VND	VND		VND	VND	VND	VND
Net revenue from business activities	17,081,736,193	(28,315,184)	14,761,224,336	2,684,821,319	57,619,310	1,441,622,728	35,998,708,702
Direct department expenses	15,605,927,652	393,640,855	9,222,441	1,099,734,500	60,951,481	-	17,169,476,929
Non-allocated expenses							7,269,438,454
Business results	<u>1,475,808,541</u>	<u>(421,956,039)</u>	<u>14,752,001,895</u>	<u>1,585,086,819</u>	<u>(3,332,171)</u>	<u>1,441,622,728</u>	<u>11,559,793,319</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

36. 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
Consulting revenue	-	1,377,000,000
Brokerage sales bonus	-	5,149,807,966
Aizawa Securities Co., Ltd		
Securities brokerage revenue	13,672,842,949	6,309,210,271
Consulting revenue	1,836,000,000	459,000,000
Other revenue	1,373,600,151	-
Brokerage sales bonus	2,159,634,128	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 Co., Ltd	1,016,870,295	1,769,214,781
Securities transaction fees and taxes receivables	101,911,331	103,814,715
Receivables from securities investment consulting	168,300,000	168,300,000
Other receivables	746,658,964	1,491,136,066
Other payable	-	5,964,000
Payables for Mr. Tsuyoshi Imai	47,983,755	40,593,511
Payables for Mrs. Nguyen Thi Thu Trang	1,850,000	1,700,000
Payables for Mr. Tomonori Tsuchiya	38,476,275	36,226,106

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	1,672,969,310	2,278,138,908
Total	1,672,969,310	2,278,138,908

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

37. 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:

	Closing balance	Opening balance
	VND	VND
Borrowings	-	-
Less: Cash and cash equivalents	16,017,784,751	21,145,099,320
Net debt	-	-
Equity	327,351,196,244	316,394,854,206
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.

	Closing balance	Opening balance
	VND	VND
Financial assets		
Cash and cash equivalents	16,017,784,751	21,145,099,320
FVTPL financial assets	-	31,453,386,116
Held-to-maturity investments	295,000,000,000	245,000,000,000
Loans	1,243,672,975	2,823,799,373
Receivables, other receivables	9,124,951,396	9,842,984,393
Deposits	1,965,079,680	811,034,880
Total	323,351,488,802	311,076,304,082
Financial liabilities		
Payables	305,293,761	431,633,586
Accrued expenses	392,801,189	299,040,527
Total	698,094,950	730,674,113

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

37. 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

37. 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	16,017,784,751	-	16,017,784,751
FVTPL	-	-	-
Held-to-maturity investments	265,000,000,000	30,000,000,000	295,000,000,000
Loans	1,243,672,975	-	1,243,672,975
Trade and other receivables	9,124,951,396	-	9,124,951,396
Collateral, deposit	806,034,880	1,159,044,800	1,965,079,680
Total	292,192,444,002	31,159,044,800	323,351,488,802
Closing balance			
Payables	305,293,761	-	305,293,761
Accrued expenses	392,801,189	-	392,801,189
Total	698,094,950	-	698,094,950
Net liquidity gap	291,494,349,052	31,159,044,800	322,653,393,852


	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Opening 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
Opening 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

38. COMPARATIVE FIGURES

Comparative figures are those on the audited financial statements for the year ended 31 December 2021.


Do Ngoc Phuong Linh
Preparer


Khong Thi Huong
Chief Accountant


Tsuyoshi Imai
Chairman and Chief Executive Officer
Hanoi, 15 March 2023