

2023

# ANNUAL REPORT



JAPAN SECURITIES CO., LTD.



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## MESSAGE FROM THE COMPANY PRESIDENT

Dear Fellow Shareholder,

The year 2023 was a bit tough as many countries around the world experienced low growth due to economic stagnation. Although Vietnam's GDP growth rate was below the government's target of 6.0-6.5%, it showed steady growth of +5.05%. The growth was slow at the beginning of the year, but accelerated each quarter to reach 6.72% in Q4. The inflation rate was also +3.25% YoY compared to the previous year, which is lower than the government's target of +4.5%. In other words, in 2023, Vietnam's macro economy was stable, inflation was under control, and economic and social conditions are now on a recovery trend.



*Delegates from the SSC of Vietnam at the headquarter of Aizawa Securities Group in Japan in May 2023.*

As for JSI, revenue in 2023 was VND 37 billion, a decrease of approximately 2.95% from the previous year. Costs were roughly VND 30 billion, an increase of approximately 10% compared to the previous year. This was mostly due to an increase in expenses related to the office relocation in July.

As a result, the net profit or loss in 2023 decreased by approximately 34% from the previous year to a profit of VND 7.2 billion.

JSI has had a big event, which was the relocation of our office. After 5 years in the TNR Tower, we moved to the Capital Place building. During this move, all departments held several meetings with the designers and the new office was designed with maximum emphasis on work efficiency.



*JSI personnel along with interns from  
Aizawa Securities Group at the new office in  
Capital Place building*

In addition, like last year, based on the Career Development Plan of Aizawa Securities, we welcomed 8 short-term trainees in April, and 3 trainees in September for 3 months. As a member of Aizawa Securities Group, we will 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 continue to move forward.

Thank you for your continued trust and confidence in Japan Securities Co., Ltd.

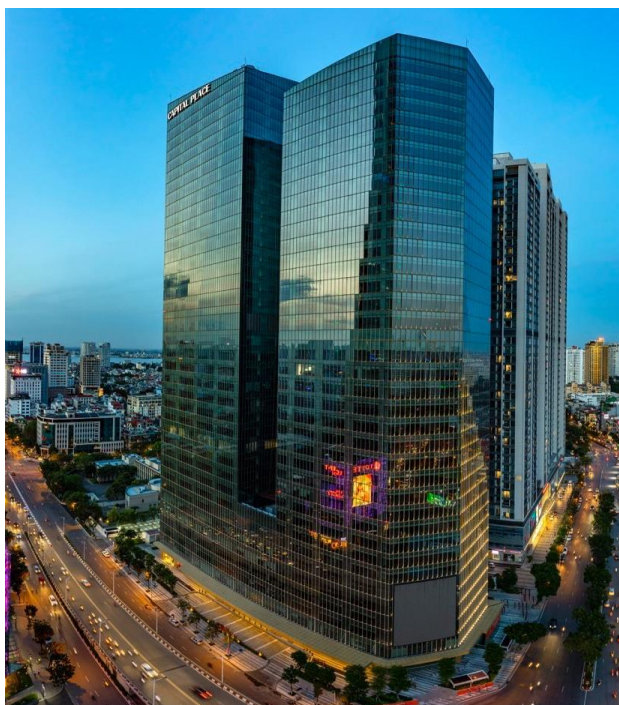
**TSUYOSHI IMAI**

Company President & CEO

Japan Securities Co., Ltd.



## 2.1 COMPANY INFORMATION



### JAPAN SECURITIES CO., LTD.

- Vietnamese name: CÔNG TY TNHH CHỨNG KHOÁN NHẬT BẢN
  - Abbreviation: JSI
  - Establishment date: 16/01/2009
  - Business License No. 129/GP-UBCK issued by SSC on 10/08/2021
  - Phone number: +84.24.3791 1818
  - Website: <https://www.japan-sec.vn/>
  - Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)
- 
- Charter capital: VND 300.000.000.000 (Three hundred billion Vietnamese dong./.)
  - Owner's equity: VND 334,607,403,092 (Three thirty-four billion, six hundred and seven million, four hundred and three thousand, ninety-two Vietnamese dong./.)
  - Address: 7th Floor, Tower 1, Capital Place Building, 29 Lieu Giai Street, Ngoc Khanh Ward, Ba Dinh District, Hanoi.

## 2.2 COMPANY OWNER INFORMATION



### AIZAWA SECURITIES GROUP CO., LTD.

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- Japanese name: アイザワ証券グループ株式会社
  - Vietnamese name: Tập đoàn Chứng khoán Aizawa
  - Establishment date: 03/10/1933
  - Business License No. 0100-01-036574 issued on 01/10/2021 in Japan
  - Phone number: +81.3.6852 7744
  - Website: <https://www.aizawa-group.jp>
- 
- Charter Capital: JPY 8,000,000,000 (Eight billion Japanese Yen./.)
  - Stock listed on Prime Market – Tokyo Stock Exchange
  - Head office: Tokyo Shiodome Building, 1-9-1 Higashi Shimbashi, Minato-ku, Tokyo, 105-7307 Japan.
  - Subsidiary companies:
    - (1) Aizawa Securities Co., Ltd.
    - (2) Aizawa Investments Co., Ltd.
    - (3) Aizawa Asset Management Co., Ltd.
    - (4) Life Design Partners Co., Ltd.
    - (5) Japan Securities Co., Ltd. (based in Vietnam)

## 2.3 DEVELOPMENT HISTORY

### 16/01/2009



- ◇ Establishment of SAKURA SECURITIES JOINT STOCK COMPANY
- ◇ 51% Vietnamese-owned, 49% Japanese-owned
- ◇ Charter capital: VND 41 billion
- ◇ Address: Viglacera Exim building, No. 2 Hoang Quoc Viet, Hanoi

### 2010 - 2018



- ◇ Name changed to JAPAN SECURITIES INCORPORATED
- ◇ Unchanged shareholder structure
- ◇ Charter capital increased to VND 100 billion
- ◇ Address: TNR building, No. 54A Nguyen Chi Thanh, Hanoi

### 2018 - now



- ◇ Name changed to JAPAN SECURITIES CO., LTD.
- ◇ Became 100% owned by Aizawa Securities Group Co., Ltd.
- ◇ Charter capital increased to VND 300 billion
- ◇ Address: Capital Place building, No. 29 Lieu Giai, Hanoi

**Japan Securities Co., Ltd. (JSI)** was established in January 2009 under the name Sakura Securities Joint Stock Company, with an initial charter capital of VND 41 billion. At that time, 51% of shares were held by Viglacera and Vietnamese shareholders, while Japanese enterprises owned the remaining 49%.

In March 2010, the company changed its name to Japan Securities Incorporated. Its primary business activity was the brokerage of listed stocks on the Ho Chi Minh City Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX).

In 2018, Aizawa Securities Co., Ltd. in Japan acquired 95% of JSI's shares, becoming the major shareholder. In order to meet expansion needs, JSI increased its charter capital to VND 100 billion, initiated proprietary trading of securities, developed new services such as Direct Market Access (DMA) trading, market analysis, and research through the Bloomberg platform. It also expanded comprehensive securities services for institutional and individual investors both in Vietnam and abroad.

In 2021, Aizawa Securities Co., Ltd. restructured into a financial group under the name Aizawa Securities Group Co., Ltd. Then, JSI became a wholly-owned subsidiary of the Group, raising its charter capital to VND 300 billion.

Currently, JSI is the only securities company from Japan which is licensed by the State Securities Commission of Vietnam (SSC) to operate in Vietnam. JSI aims to be a bridge connecting Vietnam's developing capital market with investors not only in Japan but also worldwide.

## 2.4 VISION



### BUSINESS PHILOSOPHY

Acting in the best interest of the society, the customers as well as all the employees

Adhering to the business philosophy helps JSI not only ensure the benefits of our customers, employees, and company owner but also contribute to the economic stability of the society and the country.

- For **the customers**: JSI provides attractive financial products and services that meet each customer's investment needs and goals. Alongside that, we manage assets with the support of advanced and secured information technology solutions to maximize customer satisfaction.
- For **the employees**: JSI provides a safe and professional working environment, offering opportunities for skill enhancement and the necessary knowledge for career advancement.
- For **the society**: As a financial organization operating in Vietnam, JSI aims to contribute to the transparency and healthy development of the Vietnamese stock market, creating a favorable and convenient environment for more investors to access the stock market.



## DEVELOPMENT STRATEGIES

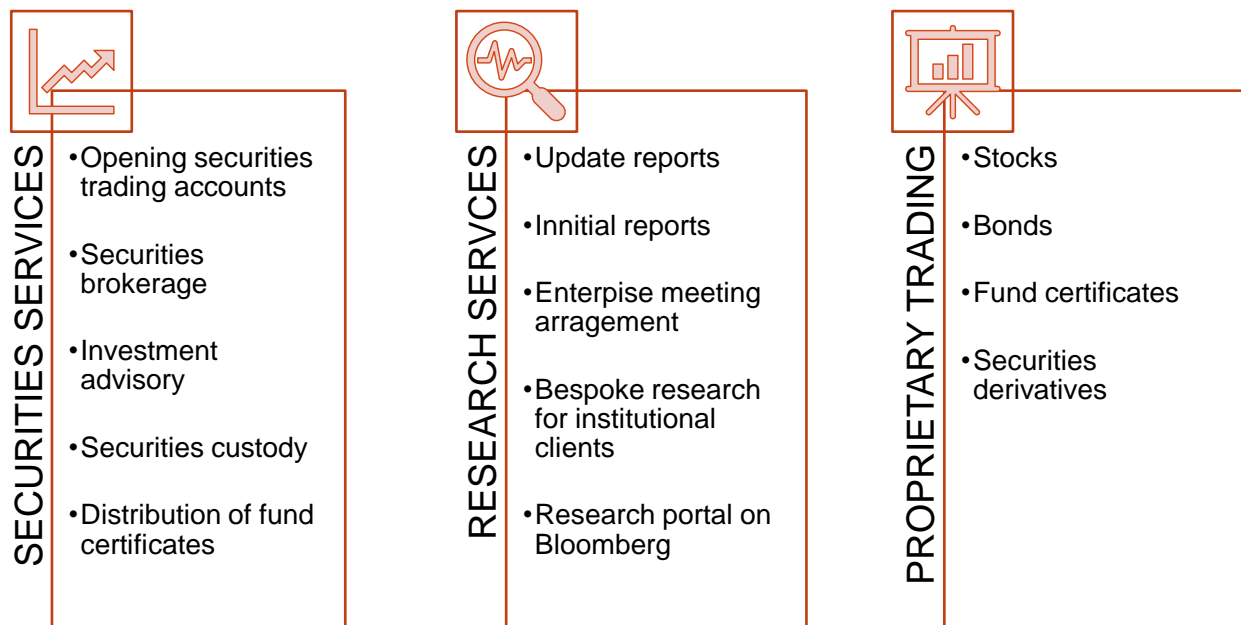
Becoming one of the most trusted financial institutions connecting the Vietnamese capital market to the world



Through a focus on professional and reliable services, modern and secure technology systems, along with experienced experts from developed countries around the world, JSI aims to develop a platform providing trustworthy and effective solutions, expanding connections between the Vietnamese capital market and the global financial community.

- Regarding **services**: JSI always strives to meet the increasingly high demands of customers through high-quality, value-added information and products. The company provides the latest systematized trading platform, minimizing the physical distance (JSI's database system is located in the Database Backup Center of HOSE), aiming toward competitive order matching capabilities for all customers.
- Regarding **technology**: JSI prepares the best conditions for connecting to the soon-to-go-live trading system of HOSE (KRX), ensuring maximum convenience and accessibility for investors.
- Regarding **management**: As a member of the Aizawa Securities Group Co., Ltd., JSI aims to establish a corporate governance structure in line with global standards, continuing to improve internal documents, regulations, procedures, and policies to ensure compliance and minimize operational risks.

## 2.5 BUSINESS ACTIVITIES



With the combination of advanced technology systems and dedicated customer services, JSI is committed to delivering reputable and effective products to all customers. In particular, we focus on developing two strategic customer segments:

- For **the international market** such as Japan and other Asian countries, JSI focuses on building a relationship network and providing high-quality services to meet the investment needs of customers while also connecting the Vietnamese capital market.
- For **the domestic market** namely Hanoi and surrounding provinces, JSI pushes development strategy of providing added value to the customer through a deep understanding of their preference and needs.

We believe the diversification in our business activities shall contribute to the sustainable development of the company and bring significant value to both of customer segments.



With the goal of achieving safe, stable, and sustainable development, JSI places special emphasis on risk management activities. We recognize that risk management is not only an important tool but also a fundamental foundation in the governance and development of an enterprise.

JSI's risk management activities include tools to identify, analyze, and mitigate risks that may arise in various aspects of the company. Additionally, they focus on training to cultivate a company culture where each individual recognizes the importance of risk management when making any decisions or taking any action. This understanding leads to collective implementation of risk prevention measures for all company activities.

JSI's risk management activities are implemented based on the annual Risk Management policies approved by the Company President. This policy represents a commitment to maintaining and enhancing the highest governance standards by the company's owners and leadership. JSI encourages each individual in the company to actively participate in all risk management activities, from identification to assessment and handling of risks, in a professional and efficient manner.

### **3.1 RISK MANAGEMENT POLICY**

The risk management policy is constructed from the integration of numerous crucial factors to establish a comprehensive and effective governance system. Furthermore, the policy is continually improved and updated to align with the company's development, changes in the business environment, and market requirements.



### 3.1.1 FOUNDATIONS FOR RISK MANAGEMENT POLICY

- **Operational strategy:** Risk Management Policy of JSI is based on the company's overall development strategy, ensuring that risk management reflects and aligns with the company's objectives and direction.
- **Qualities of internal control and risk management activities:** JSI places emphasis on ensuring the quality of internal control activities, thereby enhancing the ability to identify and manage risks effectively.
- **Financial instruments at risk:** Risk Management Policy of JSI also considers and evaluates the financial instruments used by the company, ensuring that related risks are fully assessed and managed.
- **Risk tolerance ability:** JSI evaluates and determines the company's risk tolerance threshold, ensuring that managed risks do not exceed acceptable levels.
- **Compliance and application of legal regulations in risk management:** The policy ensures that JSI complies with all legal regulations related to risk management and utilizes them to the utmost effectiveness.

### 3.1.2 CONTENTS OF THE POLICY

The Risk Management Policy includes the following aspects:

- **Identifying types of risks:** Firstly, the policy lists and analyzes the types of risks that may occur during the company's operation.

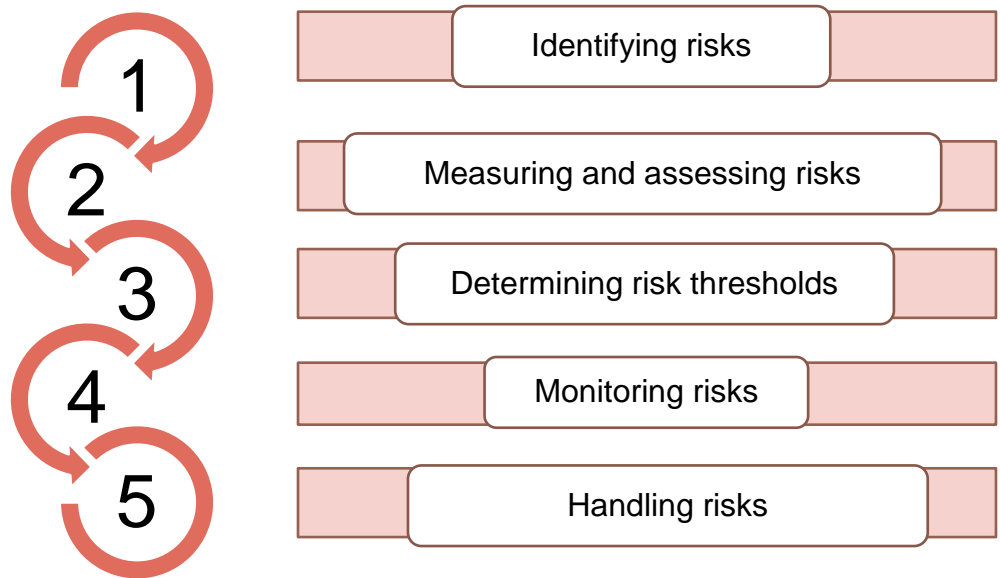
- **Assessing risk tolerance ability:** The policy determines the company's level of capability to accept various types of risks, based on the resources and strategic objectives established by the owners.
- **Establishing threshold for each type of risk:** Thresholds are proposed and applied for each type of risk to the maximum extent that the company can tolerate.
- **Evaluating and managing financial instruments at risk:** The policy focuses on evaluating and managing financial instruments to minimize risks and maximize profits.
- **Methods for identifying and measuring risks:** The policy describes the methods and tools used to identify and measure risks.
- **Risk mitigation principles and measures:** Principles and measures are established to handle risks when they occur, including the development of prevention and recovery plans.
- **Solution for organizing risk management:** Lastly, the policy proposes a risk management system within the company, including dividing responsibilities, reporting, and monitoring for each department.

## 3.2 RISK MANAGEMENT ACTIVITIES

Based on the principles of risk management policy and reflecting developments in practice, JSI implements activities related to risk management according to the specific process described below. The company also focuses on specifying the risk handling process, because this is the most important step in the process.

3.1.3 PROCEDURES OF RISK MANAGEMENT ACTIVITIES

Risk management activities are conducted in 5 steps:



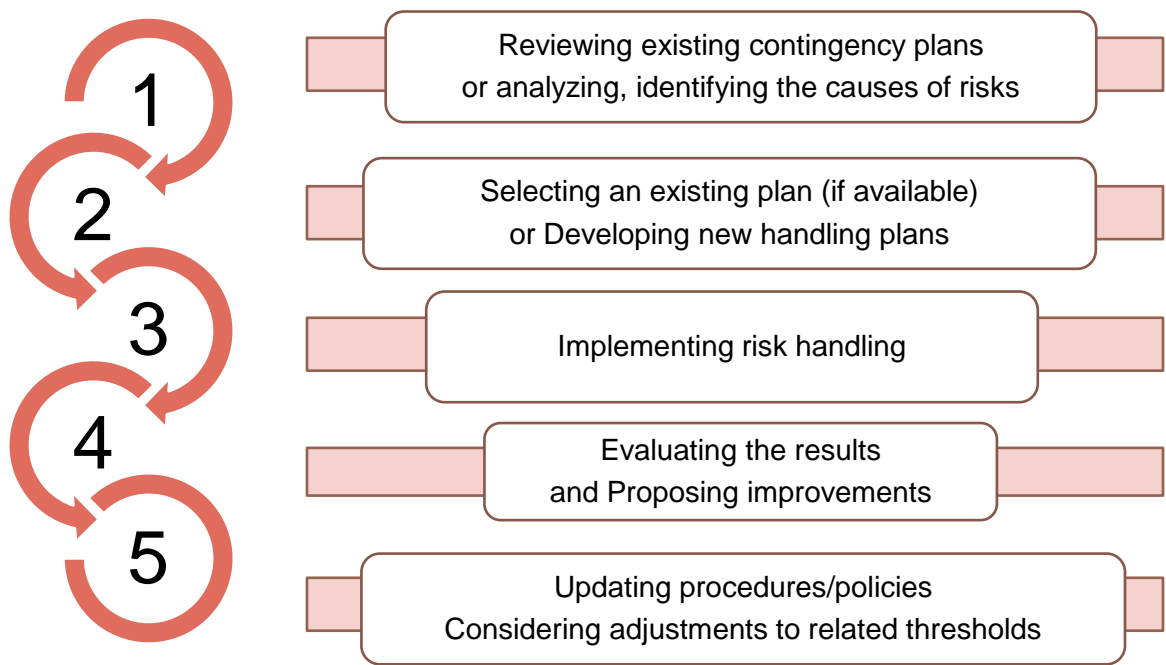
During this procedure, risk identification - as the first step - plays a crucial role as it helps the company recognize and understand potential risks that may arise during operations. Consequently, the company can prepare appropriate prevention, coping, and response plans effectively and efficiently.

Given the nature of the securities industry and the practical operation of the company, JSI identifies several types of risks that the company may face:



3.1.4 HANDLING PROCEDURE

For each type of risk, JSI has developed corresponding prevention and/or handling measures. Implementing Risk Handling (Step 5 in the Risk Management Procedure) not only helps JSI limit, minimize, and/or prevent future risks, ensuring the company's continuous and stable operation, but also optimizes workflow systems, improves operational policies, enhances corporate governance, and gains trust from customers and partners.



In 2023, JSI faced numerous challenges in operating its information technology system. Externally, market fluctuations and the regulatory agency's plans to change the core KRX created significant pressures. Meanwhile, the company also initiated an office relocation plan. JSI made continuous efforts to ensure the stability of the system and provide the best experience for customers. By leveraging resources and experience, the company implemented adjustments, optimized processes, and enhanced technical solutions to cope with these challenges.

- Throughout the past year, JSI has **undertaken a series of upgrades** to strengthen its information technology system. The company upgraded monitoring software and enhanced incident handling procedure to minimize risks and improve errors detection and resolution capabilities during operations. This improvement has not only helped JSI maintain the stability of its system but also provided better incident handling capabilities, assuring the reliability and peace of mind for customers.
- Furthermore, JSI has **focused on closely monitoring** the hardware system and server network, along with renewing licenses for the Firewall system at the backup data center of HOSE. These measures reinforced security as well as ensured stable operations for transactions.
- In order to deploy connection to the new KRX system, JSI **closely followed the testing plans** (eUAT, FAT) as required by HOSE, HNX, and VSDC. By strictly implementing these plans, JSI set up and updated the infrastructure as well as upgraded the core securities trading system to ensure that the testing connection with the KRX system proceeded smoothly, in accordance with the proposed management agency's plan. The results of the testing phases have proven the

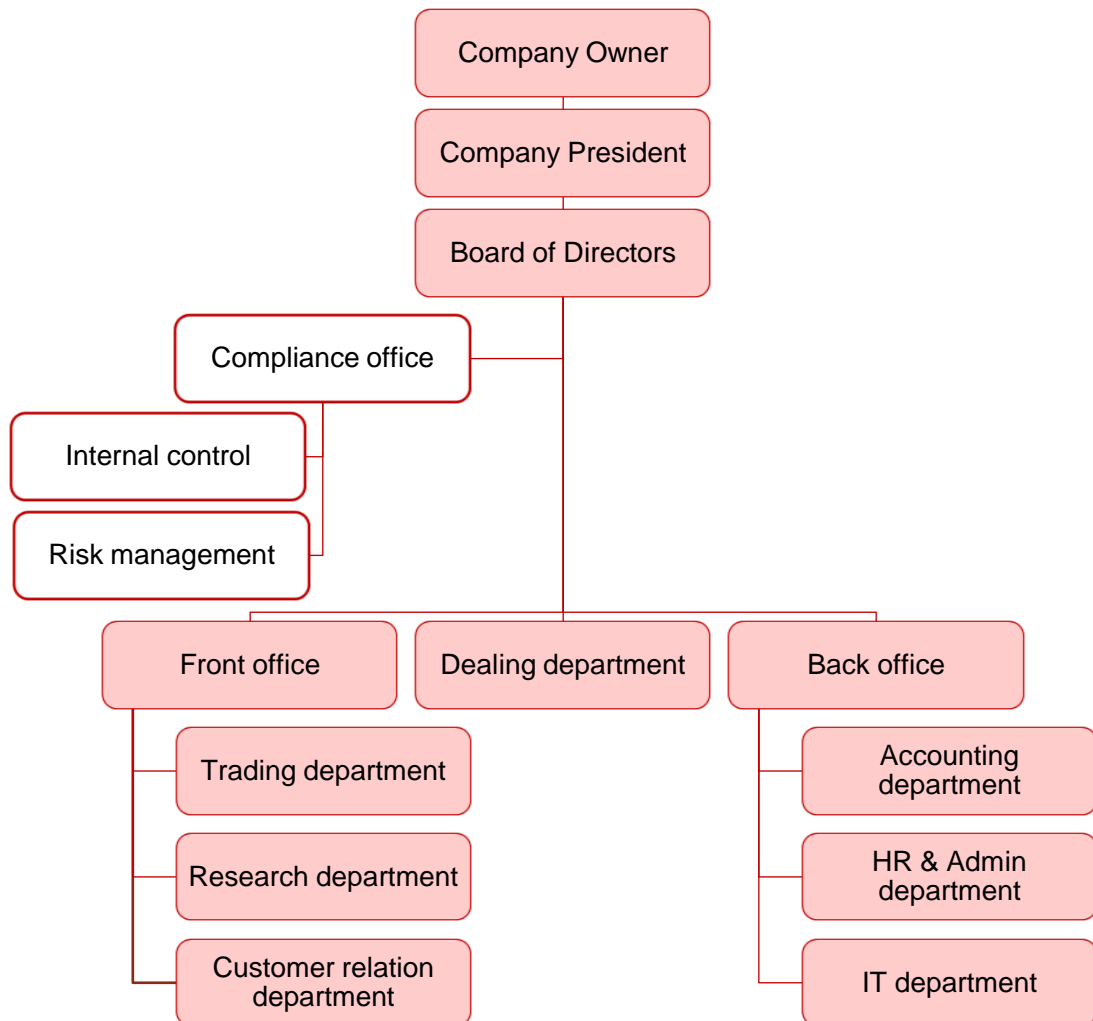
success of JSI in meeting the requirements from the Stock Exchanges and VSDC. Additionally, JSI has updated its operational procedures, adjusting them to fit with the new system. This helps JSI maintain flexibility and high performance in processing transactions and daily operations, while improving customer experience and meeting high-quality standards.

Heading into 2024, JSI plans to prioritize the following tasks:

- **Upgrading information technology system:** The IT system monitoring software is to be upgraded, and operational procedures are to be updated to ensure compatibility and readiness to connect with the KRX system according to the management agency's plan. The goal is to improve system performance, tighten security and privacy, and automate the operational processes.
- **Researching and applying digital transformation:** Tasks related to digital transformation are continued to be researched and focused on applying in aspects such as office management and information technology system management. The goal is to reduce processing time while ensuring efficiency and accuracy.
- **Increasing customer support through information technology solutions:** Information and communication technology solutions are to be explored and proposed to increase support for diverse groups of securities trading customers, from individuals to organizations, as well as new customers seeking to learn about the securities market.
- **Developing digital workforce:** The digital workforce is continued to be developed and improved on, creating necessary features for the securities trading system to meet the demand for faster product and service development. The goal is to better serve business requirements and enhance overall operational efficiency of the company.

## 5.1 ORGANIZATION STRUCTURE

JSI adopts the governance model in the form of a single-member limited liability company owned by an organization, managements and operations are carried out according to Point a, Clause 1, Article 79 of the Law on Enterprises 2019, including the Company President and the CEO. The company does not have either Board of Supervisors or Internal Audit.



JSI implements a "flat management structure" where every and each employee can connect directly to leader positions, while directives from executive levels that can also be communicated directly to each employee. The company's goals and direction are unified across all personnel, creating unity and alignment in management and business operations.

This management model has proven to be effective and suitable for JSI's practical needs at the moment. Although the company does not have adjustment plans in the near future, JSI is always ready to evaluate and change the management model to ensure flexibility and effectiveness in business management during each period, in accordance with the direction of the owners and company leadership.

## 5.2 EMPLOYEES STRUCTURE

JSI has invested in a diverse, high-quality, experienced, well-trained, and multinational workforce. As of December 31, 2023, the total number of personnel at JSI is 24. Among them:

JSI workforce statistics	88% of employees are under 40 years old
	62% are female
	17% are of Japanese nationality
	83% possess securities practicing certificates
	71% are proficient in a foreign language
	56% have worked at JSI for more than 5 years

- With a major proportion of **88% of young employees (under 40 years old)**, JSI consistently maintains the enthusiasm and flexibility in its business operations. The diversity and dynamism of this young workforce enable JSI to quickly adapt to the

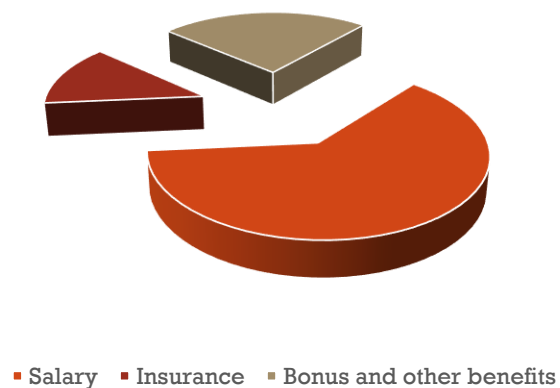


pace of change in the securities market. Through integrating creativity and energy from the young workforce, JSI can not only seize opportunities but also innovate in the activities of itself.

- With **a female representation of 62% across the company**, JSI demonstrates its commitment to and appreciation for gender equality in the workplace. The company not only provides opportunities for women to improve and advance in their careers but also showcases respect and diversity in human resource management. By creating a fair environment and equal job opportunities, JSI asserts the important role of women in the company's growth and success.
- JSI is a multi-cultural and multi-national working environment with **83% of the workforce being Vietnamese and the remaining 17% being Japanese**. This cultural diversity not only enriches the vibrancy and multi-dimensionality of the work environment but also facilitates cooperation and communication to international standards. Additionally, cultural diversity benefits JSI by providing different perspectives and experiences, thereby improving the comprehensiveness and flexibility of the company's business and management activities.
- Out of the total number of employees, **83% have obtained securities practicing certificates**. All positions within the company are held by appropriate personnel who meet or exceed the minimum requirements for qualifications and duties as stipulated by securities industry regulations. JSI always focuses on training and developing specialized competence for employees, while ensuring professionalism and credibility in all securities trading activities. Having a highly certified workforce allows JSI to carry out trading activities efficiently and securely; at the same time, build-up trust and positive feedback from customers and partners. Additionally, these employees are crucial resources in helping JSI maintain and strengthen its position in the industry.

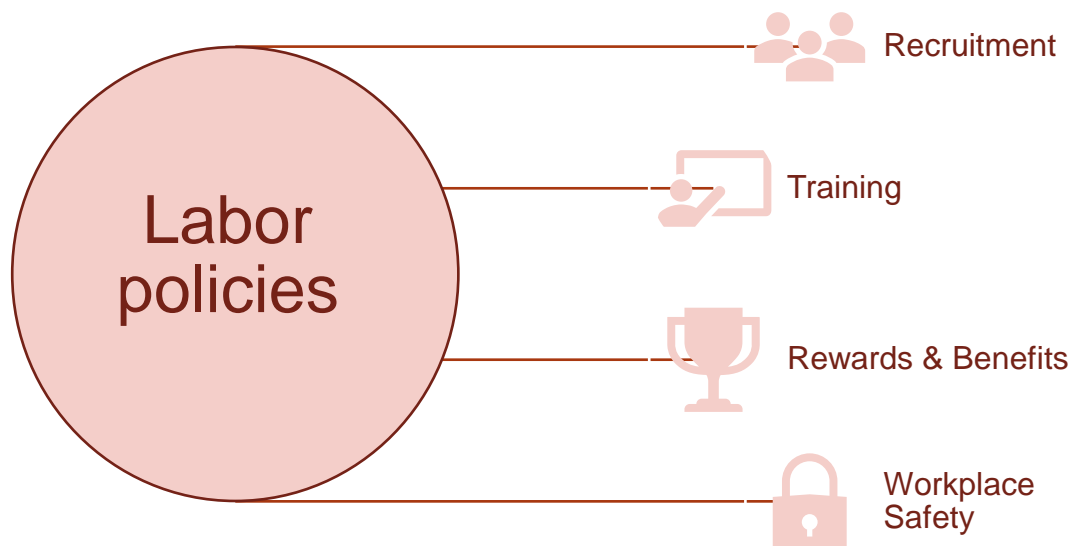
- **71% of employees at JSI are proficient in English (Toeic score is over 700), 38% have proficiency in both English and Japanese (Japanese level is from N3 to N1).** This creates a multi-national and multi-cultural working environment within the company, enhancing communication and collaboration abilities, strengthening relationships with international customers and partners, promoting comprehensive and successful development of the company in the global market.
- **56% of employees have worked at JSI for more than 5 years.** This stability and commitment both serve as evidence of employee satisfaction and trust in the working environment at JSI, as well as ensure the sustainable development of the company. The stability in the workforce also brings significant benefits to JSI in maintaining service quality, building long-term relationships with customers and partners.

The total investment in human resources as well as the cost per employee at JSI has undergone continuous growth over the years. In 2023, this increasing trend continued with a 13% jump compared to 2022, reaching VND 9.8 billion. JSI is committed to ensuring the development and the best experience for its employees.



On average, each employee at JSI is compensated over VND 400 million for minimum labor-related expenses, excluding costs for advanced expertise training. Within this total cost, salaries account for a large proportion of 62%, while bonuses, insurance, and other benefits make up the remaining 38%. JSI guarantees competitive salaries and benefits for its employees while also demonstrating compliance with Vietnamese law, ensuring talent retention, thereby creating a positive working environment, and encouraging the personal development of each individual within the organization.

## 5.3 LABOR POLICY



### 5.3.1 RECRUITMENT ACTIVITIES

With the goal of building a high-quality workforce, recruitment plays a crucial role and is the first priority at JSI. In order to meet the diverse and practical requirements of each position, the company's recruitment policy is designed to be flexible and effective. JSI continuously improves and adjusts this policy to ensure alignment with the practical needs and diversity of each job position.

The company employs various forms of recruitment, including both online and traditional methods depending on the specific description of the position and job requirements. This helps JSI approach the most suitable candidates for the job requirements and creates a healthy competitive environment for recruitment and talent retention in the company. In this way, the company can meet all the needs and challenges in an ever-changing business environment.

### 5.3.2 TRAINING ACTIVITIES



JSI provides a positive, diversified learning environment with an average of 40 training hours per employee in 2023. The company's training program, designed for both Vietnamese and international staff, covers a wide range of topics including specialized skills, securities market knowledge, and foreign languages. The company ensures that the training program meets the real needs and aligns with new trends in the industry.

The company promotes lifelong education by creating fair support policies for all employees, encouraging and facilitating each employee's participation in training and development programs. JSI is committed to investing in the personal development of each individual and ensuring that every employee has the opportunity to improve and contribute to the company's success.

JSI has developed and implemented detailed training programs tailored for each level of personnel and suitable for each stage in their career development. The primary goals of this program are:

- (1) **Shaping fundamental knowledge:** Ensure that each employee understands the securities industry as well as JSI itself, from basic aspects to specific details regarding the company's operations and goals.
- (2) **Skill development:** Provide customized training courses to develop necessary skills corresponding to job requirements as well as the personal development trajectory of each employee, helping each staff member meet the increasing complexity and demands of the securities industry.
- (3) **Building a strong workforce:** Develop the next-generation workforce, setting a solid foundation for JSI's sustainable development in the long term. The training program focuses on sharing knowledge and experience to build a cohesive and consensus-driven employee community.
- (4) **Improving operational efficiency:** Establish a close-knit and efficient working environment, providing added value to customers through the dedication and professionalism of the employees.

### 5.3.3 REWARDS & BENEFITS

JSI focuses on recruiting and retaining talents through **attractive rewards and benefits**. The company guarantees that the average income of employees continues to grow over the years. The company pledges to fairly evaluate and compensate the contributions and achievements of every staff, all the while creating favorable conditions for them to learn, develop, and progress in their careers. We believe that investing in human resources is one of the most important factors to ensure the success and sustainability of the company.

JSI also establishes **allowances policies encouraging continuous development** of employees. Allowances for language proficiency such as English and Japanese, allowances for securities practicing certificates, and seniority allowances are

implemented at attractive extents, providing motivation and encouragement for employees to improve and progress in their careers. These policies not only help enhance employee satisfaction and commitment but also contribute to improving the quality and productivity of their work.

**Reward and welfare policies** are closely tied to job performance and business operation effectiveness to positively motivate employees. The Key Performance Indicator (KPI) human resource competency evaluation system is implemented and refined according to the practical job situation. The capabilities and contributions of personnel to the company are assessed annually in a specific and transparent manner.

JSI pledges to comply with all legal regulations related to **social insurance, health insurance, and unemployment insurance policies**. The company values legal rights of the employees and always prioritizes their interests. The company's insurance policies not only provide peace of mind for employees but also create favorable conditions to access medical services and other social benefits. JSI always ensures that all employees fully enjoy the rights and benefits as prescribed by law.

JSI frequently organizes **team-building activities** such as company trips, internal events, and charitable events to create a positive and united working environment. These events both provide opportunities for employees to connect and socialize, as well as promote team spirit and integration within the company. Building a strong and supportive organization is the key to achieving success and sustainable development in operating a business.

#### **5.3.4 WORKPLACE SAFETY**

In 2023, JSI continued to collaborate with professional partners to ensure **working safety and hygiene**, guaranteeing a secure working environment for all employees. At the same time, the company implemented a premium healthcare package that all staff benefited

from at the company's expense. Caring for the health and safety of employees is an indispensable part of building a positive and sustainable working environment.

JSI commits to the safety of its employees through **fire prevention and firefighting** awareness campaigns and training conducted by experts from the local Fire Department. These activities not only help the company control risks but also educate and raise awareness about fire prevention and firefighting, creating a safe working environment and ensuring the health of the staff.

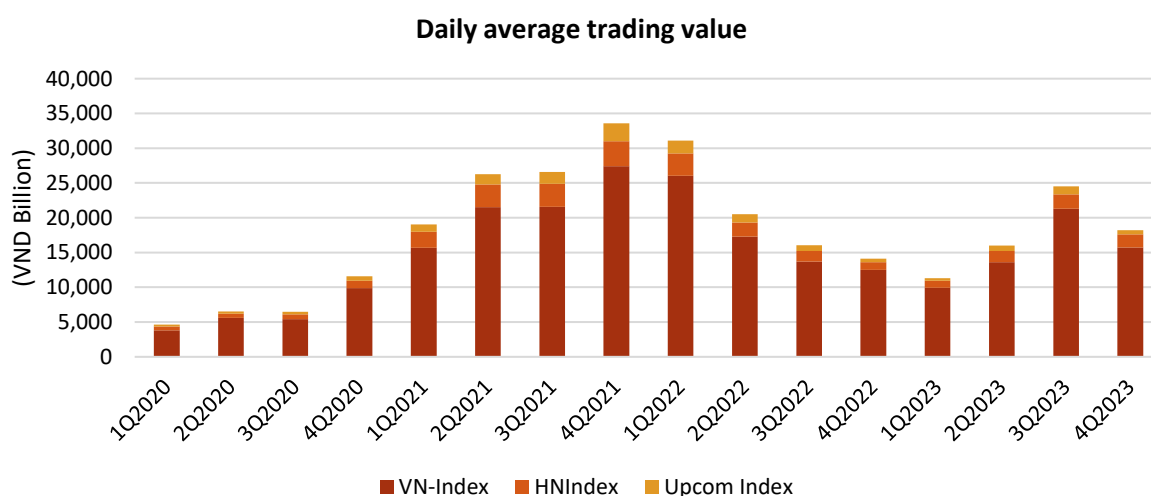
### **5.3.5 FUTURE GUIDANCE**

JSI understands that human resources are the cornerstone of competitiveness for any business. In the plan for 2024, JSI continues to focus on developing its workforce, emphasizing training not only in technical expertise but also in job management skills. High-quality human resources remain a top priority for JSI to satisfy the demands of international clients.

High-quality human resources, along with a high-quality work environment, are crucial factors in retaining talent. With the motto "upholding the law," in all aspects of business in general and personnel policies in particular, JSI ensures that all employee rights are fulfilled to the fullest extent. Besides meeting legal requirements, JSI has implemented and continues to establish labor policies aimed at crafting a safe and healthy working environment, akin to a family where employees thrive in their work, improve themselves, and contribute to the strength of the family, laying the groundwork for sustainable and long-term development, fostering customer satisfaction and trust.

## 6.1 VIETNAMESE STOCK MARKET IN 2023

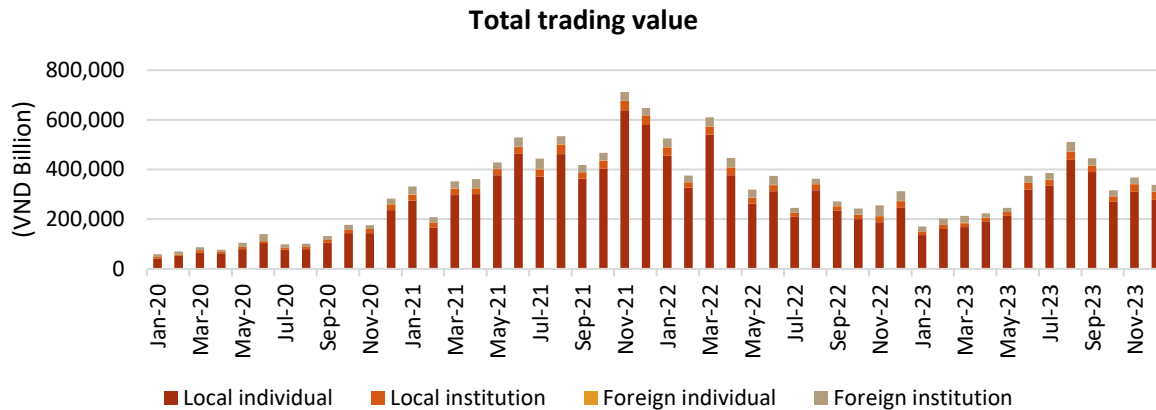
**VN-Index** attempted to recover in 2023 from its lowest point of 1,007.09 in January. The index struggled in the first half of 2023 but then reached its peak of 1,255.11 in September. However, profit-taking pressure kicked in and narrowed the market down to 1,020 in early November. Still, the VN-Index managed to climb back and close the year at 1,129.93. Average daily trading value decreased by 14.3% YoY to VND 17,519 billion. Overall, liquidity remained at a low level in 1Q2023 before steadily improving.



Source: FiinPro

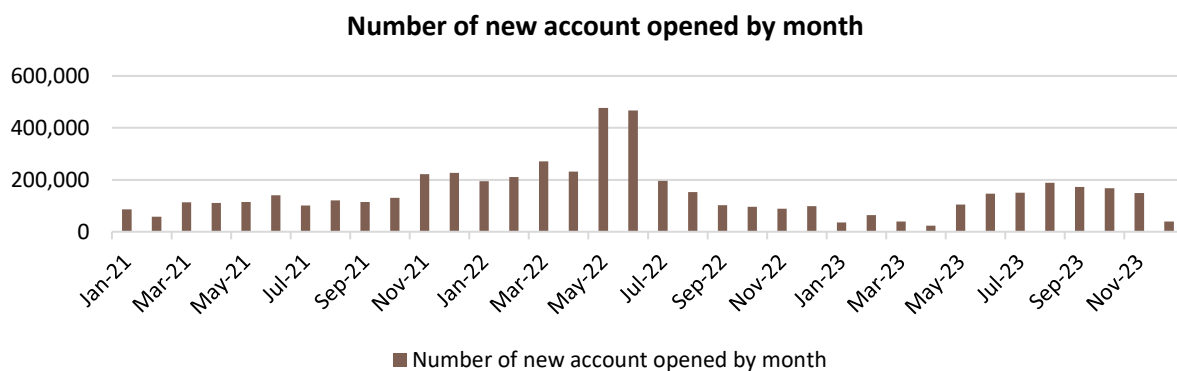
**Trading value of domestic individuals** still accounted for the highest proportion with more than 90%. In addition, the total trading value of local individuals, local institutions, foreign individuals, and foreign institutions all recorded a decline, at -12.6%, -2.4%, -7.2%, and -17.7%, respectively.





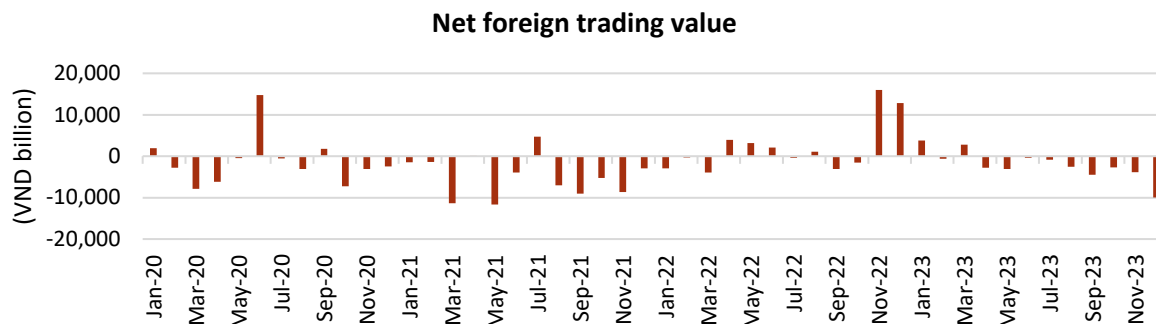
Source: FiinPro

**The total number of securities trading accounts** recorded more than 7,292 thousand accounts at the end of 2023, which showed a slight increase of 5.7% YoY. In October, securities companies removed more than 545,000 inactive accounts from their systems. This action came after the Prime Minister's request to unify the national database.



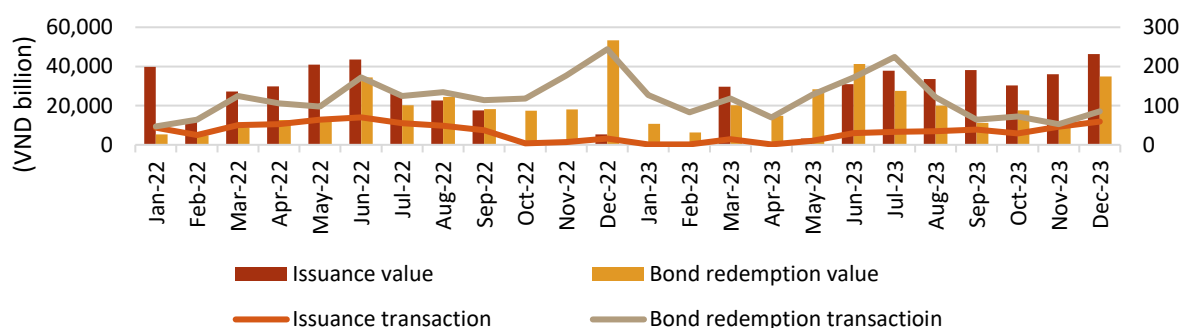
Source: VSD

**Foreign investors** recorded a net selling value in 2023 of more than VND 24,600 billion. This result was attributed to (1) the fluctuation of the exchange rate (2) the restructuring of investment funds. The Fed stopped raising the interest rate and the expectation of rates cut attracted capital inflow into developed markets. Meanwhile, performance prospect in developing and marginal markets was not bright.



Source: FiinPro

**Vietnamese corporate bond market** slid on market uncertainties in 2023. Issuance activities were mostly stagnant in the first half of 2023, but soon bounced back in the latter half. Overall, data from the Ministry of Finance showed that enterprises issued VND 245.9 trillion in corporate bonds in 2023, down 35.6% lower compared to the same period last year. Vietnam's government implemented flexible policies such as extensions of bond terms, settlement of payments with other assets by bond issuers, and redemption of unlisted bonds without time restriction by banks. Consequently, these policies resulted in an upturn in the corporate bond market and helped it to experience a soft landing in the second half of 2023.

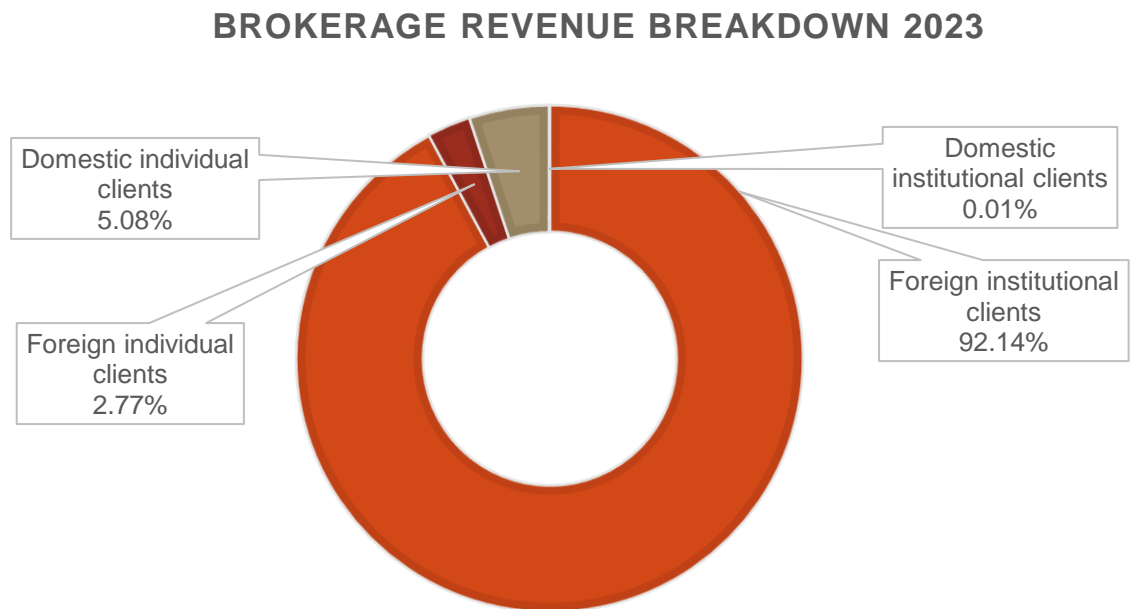


Source: HNX

## 6.2 OPERATION PERFORMANCE AND DEVELOPMENT DIRECTION

### 6.2.1 SECURITIES BROKERAGE AND TRADING ACTIVITIES

In 2023, all securities firms in general and JSI in particular faced significant challenges stemming from the largely unfavorable impact of the domestic stock market. Investor sentiment remained cautious due to economic instability and market volatility. The overall market growth fell short of expectations, with investors struggling to profit from stock trading. Factors contributing to reduced trading activities and liquidity included the net selling trend among foreign investors. JSI achieved brokerage revenue of VND 11 billion, equivalent to 66% of its 2022 revenue. The company's brokerage revenue from foreign institutional clients, driven by its strength in providing analysis reports, remained the largest proportion of its total brokerage revenue in 2023, accounting for 92%.



As one of the core business activities of the company, securities brokerage services are always prioritized with maximum resources allocated to ensure sustainable growth over time. In order to achieve the mid-to-long-term growth goal of providing comprehensive securities services of Japanese quality to global customers trading on the Vietnamese stock market, we establish detailed and meticulous operational plans aligned with both the strategic vision and the market context in each planning period.

- Conduct **customer analysis** based on investment needs, investment assets, investment characteristics, asset turnover, as well as other relevant factors; then provide accurate information and products that increase the frequency and value of customers' trading.
- **Diversify services** such as transaction reports, market information, and corporate information... to better support foreign customers in accessing information and making investment decisions in the Vietnamese stock market.
- **Improve the features of the online trading system** to enhance convenience for customers during transactions.
- Focus on **improving the quality of order execution** for institutional clients, delivering the best trading results to strengthen the company's reputation and improve the frequency of high-value transactions;
- **Increase training** to improve the quality of staff in terms of professional knowledge, communication skills, and customer support to address the increasing demand for high-quality services;
- **Update and adjust procedures** related to providing services and internal operation to increase employee productivity and ensure the quality of services provided to customers;

- Approach customers with **outstanding services**, ready to meet their needs in a flexible manner;
- **Gain reputation** by being a reliable bridge for information, providing timely and accurate market data;
- **Develop a portfolio of foreign customers** based on tight relationships of the Company Owner in Japan through promotional campaigns introducing prospects and investment opportunities in Vietnam.

## 6.2.2 SECURITIES RESEARCH AND ADVISORY ACTIVITIES

Amidst constant market fluctuations, JSI recognizes the utmost importance of providing customers with the fastest and most accurate updates. Leveraging expertise in data analysis and market research, advanced technological techniques, and an extensive network of connections in the industry, JSI has consistently provided in-depth analyses of market trends and investment opportunities, affirming its position as a leading brokerage firm with Japanese standards in Vietnam, delivering reliable information to foreign institutional clients.

- **In terms of quantity**, aside from maintaining daily reports and regular/bespoke reports tailored to the specific needs of each client, JSI proactively expands the number of companies on its coverage to identify profitable investment opportunities for investors.
- **In terms of quality**, JSI continuously refines its reports to align with the actual market conditions and meet the increasingly demanding requirements of its clients. Detailed and accurate reports, along with verified information/data from reputable channels, provide valuable insights into investment opportunities in the market. Additionally, the

delivery time for these reports has also been improved to help clients keep tabs on market developments in a timely manner. As a result, JSI distinguishes itself apart from competitors and earns the trust of its clients.

JSI's focus on providing analytical reports for foreign institutional clients is expected to significantly impact on the growth of brokerage revenue. By continuing to innovate and expand its services in this area, JSI can attract new clients while strengthen relationships with existing ones, thereby driving revenue from brokerage fees up. Furthermore, JSI's emphasis on meeting the needs of foreign institutional clients is in line with the global trend of globalization, which is expected to contribute to the company's continued success in the years to come. The followings are plans for Research and Advisory activities in 2024:

- **Provide specialized products** suitable for market trends and investment needs of the customer.
- **Increase report issuance** and expand communication channels with customers, leveraging not only traditional channels but also modern media to ensure the most effective approach to the customers.

### 6.2.3 PROPRIETARY TRADING ACTIVITIES

In 2021, the Japanese-based owner of JSI, Aizawa Securities Company, made a significant decision to restructure into a financial group now known as Aizawa Securities Group Co., Ltd. The restructuring process specialized the business, roles, and functions of each subsidiary company. In the restructuring plan, the Group assigned specific tasks to each subsidiary company to optimize the overall operation of the Group. Accordingly, JSI was designated to focus on serving professional organizational clients from Japan in the Vietnamese market as a professional securities brokerage.

As a part of the restructuring process, JSI temporarily suspended its securities proprietary trading activities. This underlined JSI's emphasis on pursuing its primary assigned tasks while closely adhering to the regulations and procedures set forth by the Group. Should JSI receive permission from the Group in the future, the company will resume these proprietary trading activities.

## 6.3 FINANCIAL PERFORMANCE IN 2023

### 6.3.1 ASSETS STRUCTURE

In 2023, **total assets of JSI reached VND 338 billion**, marking a growth of 2.1% compared to 2022. In light of the temporary suspension of proprietary securities trading activities under direction from the parent Group, JSI has conducted a portfolio restructuring, focusing on safe financial assets such as long-term deposits and certificates of deposit. Amidst the current financial conditions, the company evaluates these financial assets for their stable profitability, high liquidity, and ease of withdrawal or reinvestment when needed without any difficulties. This serves to minimize risks for the company and enhances flexibility in asset management activities, ensuring stability and sustainable development in the future.

**Current assets** accounted for the major proportion of JSI's Total assets structure at 51.5% with a value of VND 174 billion, decreasing 40.4% compared to the same period. Most of these assets are short-term deposits at banks to ensure liquidity for business operations and also contribute to financial revenue for JSI. **Short-term financial investment held-to-maturity** were recorded at VND 170 billion as of December 31, 2023, representing the largest proportion in the structure of current assets.

Meanwhile, the company's **long-term assets** recorded a 48.5% increase from last year, reaching VND 164 billion and accounting for 48.49% of Total assets. This investment portfolio includes held-to-maturity certificates of deposit of VND 155 billion. These

deposits contracts are placed with major banks and for terms appropriate with the long-term and cautious investment strategy of JSI. Additionally, JSI receive from higher interest rates from these long-term deposit contracts, improving the company's revenue.

Indicators	2022		2023		Growth
	Value (VND)	Pro-portion (%)	Value (VND)	Pro-portion (%)	
<b>Current assets</b>	<b>292,580,972,428</b>	<b>88.2</b>	<b>174,306,662,274</b>	<b>51.5</b>	<b>-40.42</b>
Financial assets	290,240,176,147	87.5	170,758,106,517	50.5	-41.17
Other short-term assets	2,340,796,281	0.7	3,548,555,757	1.0	51.6
<b>Long-term assets</b>	<b>39,026,013,950</b>	<b>11.8</b>	<b>164,197,191,642</b>	<b>48.5</b>	<b>320.74</b>
Long-term financial assets	30,000,000,000	9	155,000,000,000	45.8	416.67
Fixed assets	5,893,246,449	1.8	4,248,106,433	1.2	-27.92
Other long-term financial assets	3,132,767,501	0.9	4,949,085,209	1.5	55.98
<b>Total assets</b>	<b>331,606,986,378</b>	<b>100</b>	<b>338,503,853,916</b>	<b>100</b>	<b>2.08</b>

### 6.3.2 OWNER'S EQUITY STRUCTURE

Owner's equity is among the most critical factors for the operation of any business. For JSI, owner's equity plays a pivotal role in ensuring the company has efficient operations and sustainable long-term growth over the years. Furthermore, owner's equity helps JSI maintain a safe asset base, which is also crucial for guaranteeing the company's stability and sustainability over the long future.

Owner's equity structure of JSI in the 2022 – 2023 period:



Indicators	2022		2023		Growth (%)
	Value (VND)	Pro-portion (%)	Value (VND)	Pro-portion (%)	
Contribution from company owner	300,000,000,000	90.5	300,000,000,000	89.7	0
Provision for financial and provision risks	325,801,831	0.1	325,801,831	0.1	0
Other funds of company owner	344,013,296	0.1	344,013,296	0.1	0
Retained earnings	26,681,381,117	8	33,937,587,965	10.1	27.2
<b>Owner's equity</b>	<b>327,351,196,244</b>	<b>100</b>	<b>334,607,403,092</b>	<b>100</b>	<b>2.2</b>

**Owner's equity of the company capital stood at VND 335 billion** as of December 31, 2023, up 2.2% compared to the same period in 2022, primarily thanks to retained earnings. While the growth may not be substantial, it reflects profitable business operations and provides a foundation for JSI to explore new products and services to expand its business activities sustainably. The company continues to push for efficient utilization management of capital to maximize benefits for its shareholders, thereby creating opportunities for development and making positive contributions to the economy.

### 6.3.3 LIABILITIES

JSI has recorded **a decrease of 8.54% in liabilities** compared to the same period last year. Notably, JSI only has short-term liabilities and no long-term debt. This reflects the company's commitment to maintaining a stable financial position and effective debt management. As a result, JSI not only mitigate financial risks but also establishes a solid foundation for future growth and expansion.

Indicators	2022		2023		Growth (%)
	Value (VND)	Pro-portion (%)	Value (VND)	Pro-portion (%)	
<b>Current liabilities</b>	<b>4,255,790,134</b>	<b>100</b>	<b>3,896,450,824</b>	<b>100</b>	<b>-8.44</b>
Short-term trade payable	186,820,140	4.4	116,923,155	3.0	-37.41
Taxes and other payable to the State	1,955,272,445	45.9	1,178,031,788	30.2	-39.75
Payable to employees	1,506,113,339	35.4	1,959,748,951	50.3	30.12
Employee benefits	96,309,400	2.3	108,282,400	2.8	12.43
Short-term accrued expenses	392,801,189	9.2	399,492,460	10.3	1.7
Other short-term payable	118,473,621	2.8	133,972,070	3.4	13.08
<b>Long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>4,255,790,134</b>	<b>100</b>	<b>3,896,450,824</b>	<b>100</b>	<b>-8.44</b>

### 6.3.4 BUSINESS PERFORMANCE

Ending the 2023 financial year, JSI recorded results below expectations due to unfavorable market conditions. Specifically, during this year, JSI's total asset value only grew by 2%, below the expected growth rate. Net revenue also increased slight by only 3%. However, profit before tax decreased by 33%, and net profit decreased by 34%.

Nevertheless, with **nearly VND 37 billion net revenue** and **approximately VND 9.1 billion net profit**, JSI still maintains the durability and efficiency in its business operations. One of the key factors is the company's cautious investment strategy, which has helped create a stable and reliable business environment. Diversification across various business segments also positively contributed to JSI's business results.

Securities services, financial trading, as well as research services have all generated significant and sustainable revenue for the company. Despite not meeting its target, JSI continues to stand firm and move forward in the market.

Indicators	2022 (VND)	2023 (VND)	Changes (%)
Total asset value	331,606,986,378	338,503,853,916	2.08%
Net revenue	35,913,833,531	36,972,389,771	2.95%
Profit from operating activities	11,559,793,319	9,446,436,081	-18.28%
Other profits	2,160,144,277	-288,909,062	-113.37%
Profit before tax	13,719,937,596	9,157,527,019	-33.25%
Profit after tax	10,956,342,038	7,256,206,848	-33.77%

### 6.3.5 KEY FINANCIAL RATIOS

Indicator	2022	2023
1. Capital structure		
Charter capital (VND)	300,000,000,000	300,000,000,000
Owner's equity (VND)	327,351,196,244	334,607,403,092
Total assets (VND)	331,606,986,378	338,503,853,916
Capital adequacy ratio (%)	747.11	763.83
2. Results of business activities		
Revenue from deposits (VND)	14,643,555,461	22,182,421,921
Revenue from lending activities (VND)	32,793,704	33,996,758
3. Liquidity		
Quick ratio (times)	68.75	44.73
General solvency (times)	77.92	86.87

Unit: Times

Indicators	2022	2023
1. Liquidity ratios		
Current ratio:		
$\frac{\text{Current assets}}{\text{Current liabilities}}$	68.75	44.73
Quick ratio:		
$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	68.75	44.73
2. Capital structure ratios		
$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.01	0.01
$\frac{\text{Total liabilities}}{\text{Owner's equity}}$	0.01	0.01
3. Efficiency ratios		
Asset turnover:		
$\frac{\text{Revenue}}{\text{Average total assets}}$	0.11	0.11
4. Profitability ratios		
$\frac{\text{Profit after tax}}{\text{Net revenue}}$	0.31	0.2
$\frac{\text{Profit after tax}}{\text{Owner's equity}}$	0.03	0.02
$\frac{\text{Profit after tax}}{\text{Total assets}}$	0.03	0.02
$\frac{\text{Profit from operating activities}}{\text{Net revenue}}$	0.32	0.26

## 6.4 NOTABLE EVENTS IN 2023

In 2023, with the goal of gradually improving the infrastructure for customer services and creating a high-class working environment for all JSI staff, the company successfully completed **the relocation of its office and information technology system** to Grade A office at Capital Place building, Hanoi. Thorough quality assurances and controls were conducted to ensure the stability of the IT system as well as the overall operations of the company. JSI was able to consistently provide services to customers and partners seamlessly, efficiently, and without disruption.

During the same year, JSI **welcomed inspection teams** from the State Securities Commission, Securities Exchanges, and the Vietnam Securities Depository and Clearing Corporation (VSDC). Through these inspections, the company's infrastructure and information technology systems were evaluated and recognized as fully compliant with legal requirements, ensuring the provision of optimal financial solutions to both domestic and international customers. JSI is committed to maintaining and enhancing the quality of its systems to ensure stability and efficiency in its securities trading operations.

Adhering to the philosophy of "acting in the highest interest of the society, of the customers as well as of all the employees", JSI is not just a business but also a trustworthy companion to every customer, while always aiming for the benefits of the society and all employees. We pledge our efforts to bridge the Vietnamese stock market with the global community, not limited to just investors in Japan but also to other Asian countries and beyond. Additionally, JSI will continually enhance its organizational structure and improve the capabilities of its personnel, with the aim of reinforcing its mission.

## REPORT ON SOCIAL & ENVIRONMENTAL IMPACT

JSI is committed to fulfilling its social and environmental responsibilities for the sustainable development of the company and contributing to the nation's prosperity. The company not only prioritizes compliance with social regulations and standards but also aims to create meaningful and positive solutions and programs for the community and the surrounding environment. We believe that performing social and environmental responsibilities is not just a duty of a business but a commitment to the sustainable future of the entire society as well.

### 7.1 ENVIRONMENTAL PROTECTION

JSI, being a financial company with its current scale, does not consume a significant amount of environmental resources such as electricity and water during its operations. However, each individual at JSI strives to play a small part in promoting energy and water conservation, limiting the use of environmentally polluting products namely plastic bottles and plastic bags, and supporting paper, cardboard, and plastic bag recycling to move towards a green – clean – beautiful environment. In 2023, JSI did not record any cases related to violations of laws or regulations on the environment, which is the strongest evidence of our commitment to maintaining and promoting a sustainable operating and working environment with social responsibility.

### 7.2 SOCIAL RESPONSIBILITIES

JSI is always mindful of the responsibility that businesses have to their local communities and is committed to taking actions to minimize and avoid negative impacts while maximizing positive effects and long-term benefits for the community. We not only focus

on business development but also pay attention to social, political, and economic relationships, and strive to promote sustainable and balanced development in these areas. This commitment is reflected in our interactions with society, the state, the market, customers, and employees.



- For **The Society**: JSI is not just a profit-driven enterprise but also an active member of the community, always responsive and involved in community development activities. The company looks to balance creating added value for the business and engaging in beneficial activities for the whole society. This includes providing financial support for community projects and programs, contributing to infrastructure development and improving the quality of life for the surrounding community. Investing in the community is an integral part of our commitment to ethical business practices and to sustainable economic development
- For **The State**: JSI always respects and strictly follows the law, complying with all regulations of the state as well as specific regulations of the securities industry. The company ensures that all activities fully comply with legal requirements, from management and trading to financial reporting. Moreover, JSI fulfills its tax obligations and contributions to the state budget, actively supporting the development and construction of the nation. Maintaining a trusted relationship with The State is an essential part of a healthy and sustainable business environment.
- For **The Market**: JSI guarantees the provision of high-quality services and products while adhering to all regulations and laws of the industry, aiming to promote

transparency and consistency in the securities market. The company continuously strives for a fair, transparent, and secure trading environment for all investors. Especially, JSI emphasizes expanding the market vision while seeking and attracting foreign investors - financial institutions with experience and resources - to invest in the Vietnamese stock market. Collaboration with international partners shall help mobilize capital from developed markets in the world, contributing to the sustainable development of Vietnam's economy and financial market.

- For **The Customer**: JSI is not only a financial advisory firm but also a trusted partner of every client, always prioritizing their interests. The company supports clients in managing their assets by providing products and services of the highest quality possible. Not only focusing on bringing satisfaction and trust to clients, JSI also makes sure that all asset management processes are carried out transparently, safely, and securely. With this, we wish to achieve the highest international standards, helping clients achieve peace of mind and fostering long-lasting and sustainable relationships
- For **The Employee**: JSI is committed to building a professional, gender-equal, safe working environment with all the welfares and benefits for the employees. We believe that the happiness and personal development of employees are crucial factors in building a strong and efficient organization. JSI not only focuses on providing a safe working environment but also makes sure that all employees are respected and have the opportunities for progress oneself. We continuously strive to improve the quality of life for our workforce and their families, thereby creating positive impacts on the local community and society as a whole. This is evident in our supportive policies, personal development programs, and community activities.



**8.1 AUDIT OPINION**

- Independent auditor: VACO Auditing Company Limited
- Opinion of the auditor on the 2023 Financial Statements of the company: Fully approved.

**8.2 AUDITED FINANCIAL STATEMENTS**

Attachment file./.

**JAPAN SECURITIES CO., LTD.**



CHIEF EXECUTIVE OFFICER  
**TSUYOSHI IMAI**

**JAPAN SECURITIES CO., LTD.**  
**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2023**

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**March 2024**

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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 2023.

### **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:

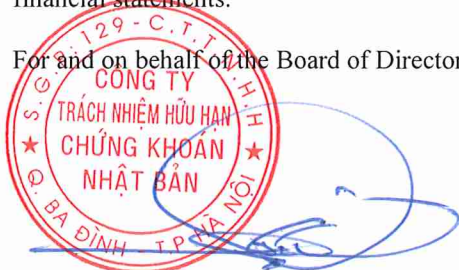
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare 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 2023, 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, 18 March 2024



No.: 079 /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 18 March 2024, as set out from page 03 to page 29, which comprise the statement of financial position as at 31 December 2023, 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.

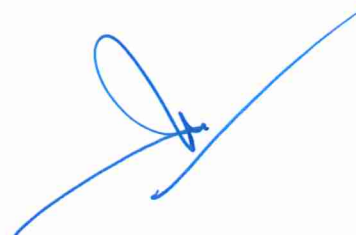
### **Auditors' opinion**

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 2023, 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.



**Nguyen Duc Tien**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0517-2023-156-1

**For and on behalf of**  
**VACO AUDITING COMPANY LIMITED**  
Hanoi, 18 March 2024



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

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
<b>ASSETS</b>				
<b>A. CURRENT ASSETS (100 = 110 + 130)</b>	<b>100</b>		<b>174,306,662,274</b>	<b>292,580,972,428</b>
<b>I. Financial assets</b>	<b>110</b>		<b>170,758,106,517</b>	<b>290,240,176,147</b>
1. Cash and cash equivalents	111	5	7,152,049,914	16,017,784,751
1.1. Cash	111.1		4,152,049,914	6,017,784,751
1.2. Cash equivalents	111.2		3,000,000,000	10,000,000,000
2. Held-to-maturity investments (HTM)	113	7	150,000,000,000	265,000,000,000
3. Loans	114	8	1,277,624,166	1,243,672,975
4. Provision for impairment of financial assets and collateral	116	9	(1,243,672,975)	(1,243,672,975)
5. Receivables	117	10	12,348,974,327	8,022,679,871
5.1. Receivables and accrued dividends, interests of financial assets	117.2		12,348,974,327	8,022,679,871
5.1.1. Dividend income, interest not yet received	117.4		12,348,974,327	8,022,679,871
6. Advances to suppliers	118	10	402,303,000	97,440,000
7. Receivables from the services provided by the Company	119	10	263,050,388	295,893,574
8. Other receivables	122	10	557,777,697	806,377,951
<b>II. Other short-term assets</b>	<b>130</b>		<b>3,548,555,757</b>	<b>2,340,796,281</b>
1. Advances	131		7,500,000	-
2. Short-term prepayments	133	11	2,696,220,877	1,534,761,401
3. Short-term mortgage, collateral, deposit	134		844,834,880	806,034,880
<b>B. NON-CURRENT ASSETS (200 = 210 + 220 + 250)</b>	<b>200</b>		<b>164,197,191,642</b>	<b>39,026,013,950</b>
<b>I. Long-term financial assets</b>	<b>210</b>		<b>155,000,000,000</b>	<b>30,000,000,000</b>
1. Investments	212	7	155,000,000,000	30,000,000,000
1.1. Held-to-maturity investments	212.1		155,000,000,000	30,000,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>4,248,106,433</b>	<b>5,893,246,449</b>
1. Tangible fixed assets	221	12	3,113,432,697	3,874,091,072
- Cost	222		11,758,417,754	12,689,400,604
- Accumulated depreciation	223.a		(8,644,985,057)	(8,815,309,532)
2. Intangible fixed assets	227	13	1,134,673,736	2,019,155,377
- Cost	228		8,149,142,220	8,140,142,220
- Accumulated amortisation	229.a		(7,014,468,484)	(6,120,986,843)
<b>III. Other long-term assets</b>	<b>250</b>		<b>4,949,085,209</b>	<b>3,132,767,501</b>
1. Long-term mortgage, collateral, deposit	251		1,159,044,800	1,159,044,800
2. Long-term prepayments	252	11	2,216,870,097	454,140,350
3. Deposit to payment support fund	254	14	1,573,170,312	1,519,582,351
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>338,503,853,916</b>	<b>331,606,986,378</b>

The accompanying notes are an integral part of these financial statements

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES (300 = 310)</b>	<b>300</b>		<b>3,896,450,824</b>	<b>4,255,790,134</b>
<b>I. Short-term liabilities</b>	<b>310</b>		<b>3,896,450,824</b>	<b>4,255,790,134</b>
1. Short-term trade payables	320		116,923,155	186,820,140
2. Taxes and amounts payable to the State budget	322	15	1,178,031,788	1,955,272,445
3. Payables to employees	323		1,959,748,951	1,506,113,339
4. Employee welfare payables	324		108,282,400	96,309,400
5. Short-term accrued expenses	325	16	399,492,460	392,801,189
6. Other short-term payables	329	17	133,972,070	118,473,621
<b>D. EQUITY (400 = 410)</b>	<b>400</b>		<b>334,607,403,092</b>	<b>327,351,196,244</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>18</b>	<b>334,607,403,092</b>	<b>327,351,196,244</b>
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		33,937,587,965	26,681,381,117
4.1. Realized earnings	417.1		33,937,587,965	26,681,381,117
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>440</b>		<b>338,503,853,916</b>	<b>331,606,986,378</b>
<b>(440 = 300 + 400)</b>				


The accompanying notes are an integral part of these financial statements




**OFF STATEMENT OF FINANCIAL POSITION ITEMS**  
*As at 31 December 2023*

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
<b>A. SECURITIES COMPANY'S ASSETS AND ASSETS MANAGEMENT UNDER COMMITMENTS</b>				
1. Foreign currencies	005			
- USD			251.29	264.49
- JPY			94,096	115,271
<b>B. CUSTOMER'S ASSETS AND LIABILITIES ON MANAGEMENT ASSETS UNDER COMMITMENTS</b>				
<b>1. Financial assets listed/registered for trading at VSDC of investors</b>	<b>021</b>	<b>19</b>	<b>193,877,020,000</b>	<b>183,357,400,000</b>
a. Freely transferable of financial assets	021.1		193,342,920,000	182,973,400,000
b. Restricted transferrable financial assets	021.2		106,000,000	106,000,000
c. Financial assets awaiting settlement	021.5		428,100,000	278,000,000
<b>2. Deposited and untraded financial assets at VSDC of investors</b>	<b>022</b>	<b>20</b>	<b>4,768,810,000</b>	<b>377,710,000</b>
a. Freely transferable, untraded and deposited financial assets at VSDC	022.1		4,591,810,000	377,710,000
b. Untraded financial assets deposited at VSDC without blockade and seizure	022.4		177,000,000	-
<b>3. Financial assets waiting return of investors</b>	<b>023</b>	<b>21</b>	<b>310,500,000</b>	<b>6,951,400,000</b>
<b>4. Undeposited financial assets at VSDC of investors</b>	<b>024</b>	<b>22</b>	<b>5,121,655,300</b>	<b>5,128,198,600</b>
<b>5. Deposits of customers</b>	<b>026</b>	<b>23</b>	<b>6,267,340,748</b>	<b>4,939,952,621</b>
5.1. Investors' deposits on securities transactions managed by securities company	027		5,752,320,832	4,778,207,275
5.2. Deposits on securities transactions of customers	028		513,783,473	158,419,017
5.3. Deposits of securities issuing organization	030		1,236,443	3,326,329
<b>6. Payables to investors on deposit for securities trading managed by securities company</b>	<b>031</b>	<b>24</b>	<b>6,266,104,305</b>	<b>4,936,626,292</b>
6.1. Payables to domestic investors deposit for securities trading managed by securities company	031.1		6,143,346,012	4,846,464,396
6.2. Payables to foreign investors on deposit for securities trading managed by securities company	031.2		122,758,293	90,161,896
<b>7. Dividends, bond interest and principal payables</b>	<b>035</b>		<b>1,236,443</b>	<b>3,326,329</b>

  
Do Ngoc Phuong Linh  
Preparer

  
Khong Thi Huong  
Chief Accountant

  
Tsuyoshi Imai  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024



**STATEMENT OF OPERATIONS**  
*For the year ended 31 December 2023*

Unit: VND


ITEMS	Codes	Notes	Current year	Prior year
<b>I. OPERATING REVENUE</b>				
1.1 Profit from financial assets at fair value through profit or loss (FVTPL)	01		-	(28,315,184)
<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		-	(1,453,386,116)
1.2 Profit from held-to-maturity investments (HTM)	02	25	22,182,421,921	14,643,555,461
1.3 Profit from loans and receivables	03	25	33,996,758	32,793,704
1.4 Revenue from securities brokerage services	06		11,228,581,982	17,081,736,193
1.5 Revenue from securities investment consultancy	08		2,274,457,130	2,684,821,319
1.6 Revenue from securities depository services	09		61,635,945	57,619,310
1.7 Others	11		1,191,296,035	1,441,622,728
<b>Total operating revenue (20 = 01 =&gt; 11)</b>	<b>20</b>		<b>36,972,389,771</b>	<b>35,913,833,531</b>
<b>II. OPERATING EXPENSES</b>				
2.1 Loss from financial assets at fair value through profit or loss (FVTPL)	21	26	-	345,146,588
<i>a. Loss from sale of FVTPL</i>	21.1		-	345,146,588
2.2 Expenses for proprietary trading	26	26	-	48,494,267
2.3 Expenses for brokerage services	27	26	17,632,113,723	15,605,927,652
2.4 Expenses for securities investment consultancy	29	26	1,198,451,606	1,099,734,500
2.5 Expenses for depository services	30	26	64,810,455	60,951,481
2.5 Expenses for financial consulting	31	26	97,842,300	-
<b>Total operating expenses (40 = 21 =&gt; 31)</b>	<b>40</b>		<b>18,993,218,084</b>	<b>17,160,254,488</b>
<b>III. FINANCIAL INCOME</b>				
3.1 Revenue, accrued dividends and interest income from demand deposits at banks	42	27	96,261,018	84,875,171
<b>Total financial income (50 = 42)</b>	<b>50</b>		<b>96,261,018</b>	<b>84,875,171</b>
<b>IV. FINANCIAL EXPENSES</b>				
4.1 Realized and unrealized foreign exchange loss	51		12,616,760	9,222,441
<b>Total financial expenses (60 = 51)</b>	<b>60</b>		<b>12,616,760</b>	<b>9,222,441</b>
<b>V. MANAGEMENT COST OF SECURITIES COMPANY</b>	<b>62</b>	<b>28</b>	<b>8,616,379,864</b>	<b>7,269,438,454</b>
<b>VI. OPERATING RESULT</b> (70 = 20 + 50 - 40 - 60 - 62)	<b>70</b>		<b>9,446,436,081</b>	<b>11,559,793,319</b>


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


**STATEMENT OF OPERATIONS (CONTINUED)**  
*For the year ended 31 December 2023*

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
<b>VII. OTHER INCOME AND OTHER EXPENSES</b>				
7.1 Other income	71		920,136	2,160,144,638
7.2 Other expenses	72	29	289,829,198	361
Profit from other activities (80 = 71 - 72)	80		(288,909,062)	2,160,144,277
<b>VIII. ACCOUNTING PROFIT BEFORE TAX</b> (90 = 70 + 80)	90		9,157,527,019	13,719,937,596
8.1 Realized profit	91		9,157,527,019	15,173,323,712
8.2 Unrealized profit	92		-	(1,453,386,116)
<b>IX. CORPORATION INCOME TAX EXPENSE</b>	100		1,901,320,171	2,763,595,558
9.1 Current corporate income tax expense	100.1	30	1,901,320,171	3,054,272,781
9.2 Deferred corporate tax expense	100.2		-	(290,677,223)
<b>X. ACCOUNTING PROFIT AFTER TAX</b> (200 = 90 - 100)	200		7,256,206,848	10,956,342,038

  
Do Ngoc Phuong Linh  
Preparer

  
Khong Thi Huong  
Chief Accountant

  
Tsuyoshi Imai  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024

## CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2023

Unit: VND


ITEMS	Codes	Current year	Prior year
<b>I. Cash flows from operating activities</b>			
1. Profit before tax	01	9,157,527,019	13,719,937,596
2. Adjustments for:	02	3,115,182,359	2,799,351,954
- Depreciation and amortisation	03	2,955,610,937	2,917,020,829
- Profit or loss from investing activities	07	193,568,180	(84,875,171)
- Accrued interest	08	(33,996,758)	(32,793,704)
3. Operating profit before changes in working capital	30	(19,258,558,954)	(21,323,768,171)
- Increase (decrease) in financial assets at fair value through profit/loss FVTPL	31	-	31,453,386,116
- Increase (decrease) in held-to-maturity investments (HTM)	32	(10,000,000,000)	(50,000,000,000)
- Increase (decrease) in loans	33	(33,951,191)	1,580,126,398
- (-) Increase, (+) decrease in receivables, accrued dividends, interest of financial assets	36	(4,218,314,538)	68,954,283
- (-) Increase, (+) decrease in receivables from the services provided by the Company	37	32,843,186	10,496,916
- (-) Increase, (+) decrease in other receivables	39	206,800,254	(555,901,879)
- (-) Increase, (+) decrease in other assets	40	(7,500,000)	-
- Increase (decrease) in accrued expenses (not include interest expense)	41	6,691,271	93,760,662
- (Increase) decrease in prepaid expenses	42	(2,924,189,223)	12,620,928
- Paid corporate income tax	43	(2,454,272,781)	(2,610,182,851)
- Increase (decrease) in trade payables	45	(69,896,985)	(25,272,111)
- Increase (decrease) in payables to employee benefits	46	11,973,000	11,267,000
- Increase (decrease) in taxes and amounts payable to the State budget (not include corporate income tax paid)	47	(224,288,047)	(227,533,892)
- Increase (decrease) in payables to employees	48	453,635,612	(938,813,480)
- Increase (decrease) in other payables	50	15,498,449	(101,067,714)
- Other cash inflows	51	(53,587,961)	(95,608,547)
Net cash flow from (used in) operating activities	60	(6,985,849,576)	(4,804,478,621)
<b>II. Cash flows from investing activities</b>			
1. Acquisition and construction of fixed assets, investment real estate and other assets	61	(1,946,922,378)	(345,253,700)
2. Proceeds from sale, disposal of fixed assets, investment real estate and other assets	62	44,759,259	-
3. Proceeds from dividends and profits received from long-term financial investments	65	22,277,858	22,417,752
Net cash flow from (used in) investing activities	70	(1,879,885,261)	(322,835,948)

The accompanying notes are an integral part of these financial statements

**CASH FLOW STATEMENT (CONTINUED)**  
*(Indirect method)*  
For the year ended 31 December 2023

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. Cash flows from financing activities</b>			
<i>Net cash from (used in) financing activities</i>	80	-	-
<b>IV. Net increase/decrease in cash during the year</b>	90	(8,865,734,837)	(5,127,314,569)
<b>V. Cash and cash equivalents at the beginning of the year</b>	101	16,017,784,751	21,145,099,320
- Cash	101.1	6,017,784,751	11,145,099,320
- Cash equivalents	101.2	10,000,000,000	10,000,000,000
<b>VI. Cash and cash equivalents at the end of the year</b>	103	7,152,049,914	16,017,784,751
- Cash	103.1	4,152,049,914	6,017,784,751
- Cash equivalents	103.2	3,000,000,000	10,000,000,000

  
Do Ngoc Phuong Linh  
Preparer

  
Khong Thi Huong  
Chief Accountant

  
Tsuyoshi Imai  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024



**CASH FLOW FROM BROKERAGE AND MANDATE ACTIVITIES OF CUSTOMERS**  
*For the year ended 31 December 2023*

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. Cash flows from brokerage activities, entrusting of customers</b>			
1. Cash inflows from selling brokerage securities	01	222,499,140,360	263,987,545,220
2. Cash outflows for buying brokerage securities	02	(236,037,592,500)	(156,634,657,300)
3. Receive deposits for payment of securities transactions of customers	07	214,025,054,622	219,061,823,120
4. Payment for securities transactions of customers	08	(199,095,806,611)	(330,309,609,552)
5. Payment for securities depository fees of customers	11	(61,317,858)	(55,708,250)
6. Proceeds from the securities issuing organizations	14	12,014,961,088	12,745,666,320
7. Payment for the securities issuing organizations	15	(12,017,050,974)	(12,747,961,186)
<i>Net increase/decrease in cash during the year</i>	<i>20</i>	<i>1,327,388,127</i>	<i>(3,952,901,628)</i>
<b>II. Cash and cash equivalents at the beginning of the year of customers</b>	<b>30</b>	<b>4,939,952,621</b>	<b>8,892,854,249</b>
- Deposits of investors on securities transactions managed by securities companies	32	4,778,207,275	8,315,354,983
- Deposits on securities transactions of customers	33	158,419,017	571,878,071
- Deposits of issuing organizations	35	3,326,329	5,621,195
<b>III. Cash and cash equivalents of customers at the end of the year of customers (40 = 20 + 30)</b>	<b>40</b>	<b>6,267,340,748</b>	<b>4,939,952,621</b>
- Deposits of investors on securities transactions managed by securities companies	42	5,752,320,832	4,778,207,275
- Deposits on securities transactions of customers	43	513,783,473	158,419,017
- Deposits of issuing organizations	45	1,236,443	3,326,329



**Do Ngoc Phuong Linh**  
Preparer



**Khong Thi Huong**  
Chief Accountant



**Tsuyoshi Imai**  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024

STATEMENT OF MOVEMENTS IN EQUITY  
For the year ended 31 December 2023

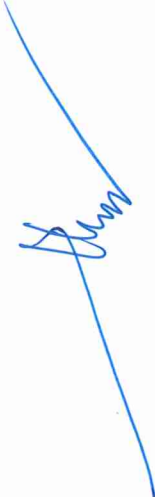
Unit: VND

ITEMS	Notes	Opening balance		Increase/ Decrease			Closing balance	
		01/01/2022	01/01/2023	Prior year		Current year	31/12/2022	31/12/2023
				Increase	Decrease	Increase	Decrease	
1. Owner's investment capital	18	300,000,000,000	300,000,000,000	-	-	-	-	300,000,000,000
2. Financial reserve and operational risk fund	18	325,801,831	325,801,831	-	-	-	-	325,801,831
3. Other owner's capital	18	344,013,296	344,013,296	-	-	-	-	344,013,296
4. Retained earnings	18	15,725,039,079	26,681,381,117	10,956,342,038	-	7,256,206,848	-	33,937,587,965
Total	18	316,394,854,206	327,351,196,244	10,956,342,038	-	7,256,206,848	-	334,607,403,092

Details of movements in equity are presented in Note 18.



Do Ngoc Phuong Linh  
Preparer



Khong Thi Huong  
Chief Accountant



Tsuyoshi Imai  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024



**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. 60/GPDC-UBCK dated 25 July 2023. Accordingly, the charter capital of the Company is VND 300,000,000,000.

The Company's head office is located at 7<sup>th</sup> Floor, Tower 1, Capital Place Building, 29 Lieu Giai, Ngoc Khanh Ward, Ba Dinh 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 2023 is 24 (as at 01 January 2023 is 23).

**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.

**Disclosure of information comparability in the financial statements**

Comparative figures are those on the audited financial statements for the year ended 31 December 2022.

**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 2023.

**Related parties**

Parties are considered to be related parties when one party has ability to control another or has significant influence in making decision related to financial and operational policies. Parties are also considered as related parties when they bear the same control and significant influence.

When considering the relationship of related parties, it is more focused on the nature of the relationship than the legal form.

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.



**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**

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") providing accounting guidance applicable to securities companies. Circular 210 takes effect for fiscal years starting on or after 01 January 2016. All regulations contrary to this Circular are annulled. Circular 210 replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance guiding accounting applicable to securities companies and Circular No. 162/2010/TT-BTC dated 20 October 2010 on instructions for amending and supplementing Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance guiding accounting applicable to securities companies. Circular 210 provides regulations related to accounting documents, accounting account systems as well as methods of preparing and presenting financial reports of securities companies.

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC ("Circular 334") amending and 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 applicable to securities companies. Circular 334 provides guidance on the accounting account system, financial report templates and explanations, and explains the content and structure of accounting accounts. Circular 334, effective for fiscal years beginning on or after 01 January 2016.

**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 POLICIES**

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 Vietnamese Securities Depository and Clearing Corporation ("VSDC").

**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:



**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)****Held-to-maturity financial assets (HTM) (Continued)**

- 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.

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.

**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)****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.

**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.



**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**

- **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.
- **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 Clearing Corporation 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).

**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**

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.

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.

**Segment information**

A segment is a separately identifiable component of the Company that is engaged in providing products or services (segments divided by business activities) or in providing products or services within a specific economic environment (divided by geographical area). Each of these segments is subject to risks and returns that are different from those of other segments.

The Company's business segments are mainly determined based on the services provided to investors. The Board of General Directors determines the Company's geographical divisions based on the location of assets.

**5. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash in bank	4,152,049,914	6,017,784,751
Cash equivalents (i)	3,000,000,000	10,000,000,000
<b>Total</b>	<b><u>7,152,049,914</u></b>	<b><u>16,017,784,751</u></b>

Note:

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

**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**

Current year	Volume of transaction during the year	Value of transaction during the year
	VND	VND
a) Of securities company	-	-
- Fund certificates	-	-
b) Of investors	115,383,446	3,097,375,813,140
- Shares	113,279,466	3,045,001,561,340
- Fund certificates	2,084,580	52,356,306,800
- Others (Covered warrant)	19,400	17,945,000
<b>Total</b>	<b>115,383,446</b>	<b>3,097,375,813,140</b>
Prior year	Volume of transaction during the year	Value of transaction during the year
	VND	VND
a) 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
<b>Total</b>	<b>149,238,660</b>	<b>5,191,661,530,024</b>

**7. HELD-TO-MATURITY INVESTMENTS (HTM)**

	Closing balance	Opening balance
	VND	VND
a) Short-term	150,000,000,000	265,000,000,000
Deposits with terms from 3 to 12 months (i)	150,000,000,000	265,000,000,000
b) Long-term	155,000,000,000	30,000,000,000
Deposits with terms over 12 months (ii)	155,000,000,000	30,000,000,000
<b>Total</b>	<b>305,000,000,000</b>	<b>295,000,000,000</b>

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***8. LOANS**

	Closing balance		Opening balance	
	Historical cost	Provision	Historical cost	Provision
Loans	1,277,624,166	1,243,672,975	1,243,672,975	1,243,672,975
Margin (i)	1,243,672,975	1,243,672,975	1,243,672,975	1,243,672,975
Advances	33,951,191	-	-	-

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 2023 had arisen before 01 January 2017.

**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	1,277,624,166	33,951,191	(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	33,951,191	33,951,191	-	-	-

**10. RECEIVABLES**

	Closing balance	Opening balance
	VND	VND
<b>Receivables and accrued dividends, interests of financial assets</b>	<b>12,348,974,327</b>	<b>8,022,679,871</b>
Accrual interest of time deposits	12,340,852,062	8,014,604,115
Accrual interest of margin transactions	8,075,756	8,075,756
Accrual interest of advances of securities sales	46,509	-
<b>Advances to suppliers</b>	<b>402,303,000</b>	<b>97,440,000</b>
Skytek Technology Co., Ltd	357,303,000	55,440,000
VACO Auditing Company Limited	45,000,000	42,000,000
<b>Receivables from the services provided by the Company</b>	<b>263,050,388</b>	<b>295,893,574</b>
Charges and taxes from securities transactions	77,573,470	107,736,973
Receivables from corporate finance advisory	168,300,000	168,300,000
Receivables from depository of investors	10,246,369	9,928,282
Receivables from others fee	6,930,549	9,928,319
<b>Other receivables</b>	<b>557,777,697</b>	<b>806,377,951</b>
Aizawa Securities Co., Ltd	507,226,222	746,658,964
Other receivables	50,551,475	59,718,987

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***11. PREPAYMENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a) Short-term</b>	<b>2,696,220,877</b>	<b>1,534,761,401</b>
Server, rack offline cabinet rental fee	744,150,000	730,840,000
Maintenance fee	195,835,487	169,006,850
Office rental costs	1,269,449,280	-
Other prepayments	486,786,110	634,914,551
<b>b) Long-term</b>	<b>2,216,870,097</b>	<b>454,140,350</b>
Office furniture construction	2,017,520,238	88,229,167
Maintenance fee	13,625,000	32,725,000
Other prepayments	185,724,859	333,186,183
<b>Total</b>	<b>4,913,090,974</b>	<b>1,988,901,751</b>

**12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS**

	<u>Machinery, equipment</u>	<u>Transportation, transmission equipment</u>	<u>Office equipment</u>	<u>Total</u>
	VND	VND	VND	VND
<b>COST</b>				
Opening balance	7,134,182,532	1,667,939,900	3,887,278,172	12,689,400,604
Purchase	1,636,059,378	-	-	1,636,059,378
Other decrease (i)	(934,670,132)	-	(1,632,372,096)	(2,567,042,228)
Closing balance	<u>7,835,571,778</u>	<u>1,667,939,900</u>	<u>2,254,906,076</u>	<u>11,758,417,754</u>
<b>ACCUMULATED DEPRECIATION</b>				
Opening balance	4,511,067,705	1,163,522,594	3,140,719,233	8,815,309,532
Charge for the year	1,322,385,724	236,841,576	502,901,996	2,062,129,296
Other decrease (i)	(600,081,675)	-	(1,632,372,096)	(2,232,453,771)
Closing balance	<u>5,233,371,754</u>	<u>1,400,364,170</u>	<u>2,011,249,133</u>	<u>8,644,985,057</u>
<b>NET BOOK VALUE</b>				
Opening balance	<u>2,623,114,827</u>	<u>504,417,306</u>	<u>746,558,939</u>	<u>3,874,091,072</u>
Closing balance	<u>2,602,200,024</u>	<u>267,575,730</u>	<u>243,656,943</u>	<u>3,113,432,697</u>

The cost of tangible fixed assets that have been fully depreciated but still in use as at 31 December 2023 is VND 2,777,664,171 (as at 31 December 2022: VND 331,855,125 and those awaiting liquidation are VND 1,152,136,052)

Note:

- (i) During the year, the Company changed its headquarters location from the rented location of Units 2,3,4,5, 14th floor, TNR Tower, 54A Nguyen Chi Thanh, Dong Da, Hanoi to the new location - 7th floor, Tower 1, Capital Place Building, at 29 Lieu Giai, Ngoc Khanh Ward, Ba Dinh District, Hanoi City, therefore, assets that belonging to the fire protection system, air conditioning system and the door management system at the old location was recorded as a decrease because it could not be relocated to the new location, with an amount of VND 1,414,906,176. In addition, the written-down value includes VND 1,152,136,052 as assets, which are data storage machines that have been fully depreciated and are awaiting liquidation in 2022. In 2023, they were written down and liquidated.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***13. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS**

	<u>Software</u>	<u>Total</u>
	VND	VND
<b>COST</b>		
Opening balance	8,140,142,220	8,140,142,220
Purchase	9,000,000	9,000,000
Closing balance	<u>8,149,142,220</u>	<u>8,149,142,220</u>
<b>ACCUMULATED AMORTISATION</b>		
Opening balance	6,120,986,843	6,120,986,843
Charge for the year	893,481,641	893,481,641
Closing balance	<u>7,014,468,484</u>	<u>7,014,468,484</u>
<b>NET BOOK VALUE</b>		
Opening balance	<u>2,019,155,377</u>	<u>2,019,155,377</u>
Closing balance	<u>1,134,673,736</u>	<u>1,134,673,736</u>

The cost of intangible fixed assets which have been fully amortised but are still in use as at 31 December 2023 is VND 3,553,329,170 (as at 31 December 2022: VND 2,739,892,220).

**14. DEPOSIT TO PAYMENT SUPPORT FUNDS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Initial payment	120,000,000	120,000,000
Additional payment	998,148,875	998,148,875
Interest allocated	455,021,437	401,433,476
<b>Total</b>	<u>1,573,170,312</u>	<u>1,519,582,351</u>

**15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Value added tax	43,247,603	74,385,957
Corporate income tax	701,320,171	1,254,272,781
Personal income tax	317,412,387	513,828,406
Foreign contractor tax	116,051,627	112,785,301
<b>Total</b>	<u>1,178,031,788</u>	<u>1,955,272,445</u>

**16. SHORT-TERM ACCRUED EXPENSES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Completed out-sourced services without invoices	399,492,460	392,801,189
<b>Total</b>	<u>399,492,460</u>	<u>392,801,189</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
Cash receipt and payment on behalf and expenses payable via credit card	133,972,070	118,473,621
<b>Total</b>	<b>133,972,070</b>	<b>118,473,621</b>

**18. OWNER'S EQUITY**

**Movements in owner's equity**

	Owner's investment capital	Financial reserve and operation risk	Other owner's capital	Retained earnings	Total
	VND	VND	VND	VND	VND
Opening balance of prior year	300,000,000,000	325,801,831	344,013,296	15,725,039,079	316,394,854,206
Profit during the prior year	-	-	-	10,956,342,038	10,956,342,038
Opening balance of current year	300,000,000,000	325,801,831	344,013,296	26,681,381,117	327,351,196,244
Profit during the current year	-	-	-	7,256,206,848	7,256,206,848
Closing balance of current year	<u>300,000,000,000</u>	<u>325,801,831</u>	<u>344,013,296</u>	<u>33,937,587,965</u>	<u>334,607,403,092</u>

**Details of owner's equity**

Details of owner's equity as at 31 December 2023 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%
<b>Total</b>	<b>300,000,000,000</b>	<b>100%</b>	<b>300,000,000,000</b>	<b>100%</b>

**19. FINANCIAL ASSETS LISTED/ TRADED AT VSDC OF INVESTORS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Freely transferable financial assets	193,342,920,000	182,973,400,000
Restricted transferable financial assets	106,000,000	106,000,000
Financial assets awaiting settlement	428,100,000	278,000,000
<b>Total</b>	<b>193,877,020,000</b>	<b>183,357,400,000</b>

**20. NON-TRADED FINANCIAL ASSETS DEPOSITED AT VSDC OF INVESTORS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Freely transferable, non-traded financial assets deposited at VSDC	4,591,810,000	377,710,000
Untraded financial assets deposited at VSDC without blockade and seizure	177,000,000	-
<b>Total</b>	<b>4,768,810,000</b>	<b>377,710,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

**21. 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 310,500,000 and VND 6,951,400,000 respectively.

**22. 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	5,121,655,300	5,128,198,600
<b>Total</b>	<b>5,121,655,300</b>	<b>5,128,198,600</b>

**23. DEPOSITS OF CUSTOMERS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investors' deposits on securities transactions managed by securities company	5,752,320,832	4,778,207,275
Deposits on securities transactions of customers	513,783,473	158,419,017
Deposits of issuing organization	1,236,443	3,326,329
<b>Total</b>	<b>6,267,340,748</b>	<b>4,939,952,621</b>

**24. 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	5,829,280,572	4,835,769,950
Payables to foreign investors on deposit for securities trading managed by securities company	122,758,293	90,161,896
Payables to investors for deposits to exercise stock purchase rights	314,065,440	10,694,446
<b>Total</b>	<b>6,266,104,305</b>	<b>4,936,626,292</b>

**25. DIVIDENDS, EARNINGS FROM FVTPL, LOANS, HTM, AFS**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
From HTM (interest allocated)	22,182,421,921	14,643,555,461
From loans (loan interest)	33,996,758	32,793,704
<b>Total</b>	<b>22,216,418,679</b>	<b>14,676,349,165</b>

**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. OPERATING EXPENSES**

	<b>Current year</b>	<b>Prior year</b>
	VND	VND
Expenses for brokerage services	17,632,113,723	15,605,927,652
Expenses for depository services	64,810,455	60,951,481
Expenses for securities investment consultancy	1,198,451,606	1,099,734,500
Loss from financial assets at fair value through profit or loss (FVTPL)	-	345,146,588
Expenses for proprietary trading	-	48,494,267
Expenses of financial consulting	97,842,300	-
<b>Total</b>	<b>18,993,218,084</b>	<b>17,160,254,488</b>

**27. FINANCIAL INCOME**

	<b>Current year</b>	<b>Prior year</b>
	VND	VND
Interest income from demand deposits at banks	96,261,018	84,875,171
<b>Total</b>	<b>96,261,018</b>	<b>84,875,171</b>

**28. OPERATING EXPENSES OF SECURITIES COMPANY**

	<b>Current year</b>	<b>Prior year</b>
	VND	VND
Salary, wages	4,782,604,235	4,176,116,372
Stationery	95,277,244	17,065,857
Depreciation and amortisation	567,483,627	693,858,536
Taxes, fees and charges	3,000,000	3,000,000
Out-sourced services	2,493,931,658	1,868,511,331
Other expenses	674,083,100	510,886,358
<b>Total</b>	<b>8,616,379,864</b>	<b>7,269,438,454</b>

**29. OTHER EXPENSES**

	<b>Current year</b>	<b>Prior year</b>
	VND	VND
Liquidation of fixed assets	289,829,198	-
Other expenses	-	361
<b>Total</b>	<b>289,829,198</b>	<b>361</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***30. CURRENT CORPORATE INCOME TAX EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Accounting profit before tax	9,157,527,019	15,173,323,712
Adjustments for taxable income	349,073,838	98,040,191
Less: Expenses payable in the prior year with invoices issued in this year	(389,914,813)	(296,858,326)
Less: Prior year's foreign exchange gain	(1,989,390)	-
Add: Non-deductible expenses	740,216,612	392,909,127
Add: Current year's foreign exchange gain	761,429	1,989,390
Taxable income	9,506,600,857	15,271,363,903
Normal tax rate	20%	20%
Corporate income tax payable	<u>1,901,320,171</u>	<u>3,054,272,781</u>

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.

**31. OPERATING LEASE COMMITMENTS**

Operating lease during the year includes the following:

- Office rental under the Contract No. 15052018/HDCTVP/TNL-JSI dated 15 May 2018 with TNL Asset Leasing and Investment Joint Stock Company, at Unit 2,3,4,5, 14th floor, TNR Tower Building, 54A Nguyen Chi Thanh, Dong Da District, Hanoi, for the rental period from 15 August 2018 to August 14, 2023.
- Office rental under the Contract No. CP/2022/07/T1/JSI dated 04 November 2022 with Twin-Peaks Joint Stock Company, at Apartment No. CP1.07.01 - 7th Floor, Tower 1, Capital Place Building, 29 Lieu Giai, Ngoc Khanh Ward, Ba Dinh District, Hanoi, for the 5-year lease period from 01 July 2023.

Operating rental expenses recorded in the Income Statement during the year were VND 4,627,984,485.

As at 31 December 2023, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	4,694,142,204	1,722,830,104
From the second to the fifth year	15,062,385,660	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

**32. SEGMENT REPORT INFORMATION**

**Segment reports by business area**

Items	Securities brokerage	Lending and investment activities	Advisory activities	Securities depository activities	Other activities	Total
	VND		VND	VND	VND	VND
Net revenue from business activities	11,228,581,982	22,312,679,697	2,274,457,130	61,635,945	1,191,296,035	37,068,650,789
Direct department expenses	17,632,113,723	12,616,760	1,198,451,606	64,810,455	97,842,300	19,005,834,844
Non-allocated expenses	-	-	-	-	-	8,616,379,864
Business results	<u>(6,403,531,741)</u>	<u>22,300,062,937</u>	<u>1,076,005,524</u>	<u>(3,174,510)</u>	<u>1,093,453,735</u>	<u>9,446,436,081</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.

**33. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	Current year	Prior year
	VND	VND
<b>Aizawa Securities Co., Ltd</b>	<b>12,249,098,304</b>	<b>19,042,077,228</b>
Securities brokerage revenue	9,306,632,078	13,672,842,949
Consulting revenue	1,836,000,000	1,836,000,000
Other revenue	1,106,466,226	1,373,600,151
Brokerage sales bonus	-	2,159,634,128

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

	Opening balance	Closing balance
	VND	VND
<b>Aizawa Securities Co., Ltd</b>	<b>750,686,382</b>	<b>1,016,870,295</b>
Securities transaction fees and taxes receivables	75,160,160	101,911,331
Receivables from securities investment consulting	168,300,000	168,300,000
Other receivables	507,226,222	746,658,964
Other payable	-	-
Payables for Mr. Tsuyoshi Imai	50,563,781	47,983,755
Payables for Mr. Tomonori Tsuchiya	40,492,100	38,476,275
Payables for Mrs. Nguyen Thi Thu Trang	-	1,850,000

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

	Current year	Prior year
	VND	VND
Salary and bonus of the Board of Directors and Chief Accountant	2,371,795,861	2,177,230,344
<b>Total</b>	<b>2,371,795,861</b>	<b>2,177,230,344</b>

**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. 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:

	<b>Closing balance</b>	<b>Opening balance</b>
	VND	VND
Borrowings	-	-
Less: Cash and cash equivalents	7,152,049,914	16,017,784,751
Net debt	-	-
Equity	334,607,403,092	327,351,196,244
<b>Net debt to equity ratio</b>	<b>0%</b>	<b>0%</b>

**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.

	<b>Closing balance</b>	<b>Opening balance</b>
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	7,152,049,914	16,017,784,751
Held-to-maturity investments	305,000,000,000	295,000,000,000
Loans	1,277,624,166	1,243,672,975
Receivables, other receivables	13,169,802,412	9,124,951,396
Deposits	2,003,879,680	1,965,079,680
<b>Total</b>	<b>328,603,356,172</b>	<b>323,351,488,802</b>
<b>Financial liabilities</b>		
Payables	250,895,225	305,293,761
Accrued expenses	399,492,460	392,801,189
<b>Total</b>	<b>650,387,685</b>	<b>698,094,950</b>

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***34. 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***34. FINANCIAL INSTRUMENTS (CONTINUED)***Liquidity risk management (Continued)*

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
<b>Closing balance</b>			
Cash and cash equivalents	7,152,049,914	-	7,152,049,914
Held-to-maturity investments	150,000,000,000	155,000,000,000	305,000,000,000
Loans	1,277,624,166	-	1,277,624,166
Trade and other receivables	13,169,802,412	-	13,169,802,412
Collateral, deposit	844,834,880	1,159,044,800	2,003,879,680
<b>Total</b>	<b>172,444,311,372</b>	<b>156,159,044,800</b>	<b>328,603,356,172</b>
<b>Closing balance</b>			
Payables	250,895,225	-	250,895,225
Accrued expenses	399,492,460	-	399,492,460
<b>Total</b>	<b>650,387,685</b>	<b>-</b>	<b>650,387,685</b>
<b>Net liquidity gap</b>	<b>171,793,923,687</b>	<b>156,159,044,800</b>	<b>327,952,968,487</b>
	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
<b>Opening balance</b>			
Cash and cash equivalents	16,017,784,751	-	16,017,784,751
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
<b>Total</b>	<b>292,192,444,002</b>	<b>31,159,044,800</b>	<b>323,351,488,802</b>
<b>Opening balance</b>			
Payables	305,293,761	-	305,293,761
Accrued expenses	392,801,189	-	392,801,189
<b>Total</b>	<b>698,094,950</b>	<b>-</b>	<b>698,094,950</b>
<b>Net liquidity gap</b>	<b>291,494,349,052</b>	<b>31,159,044,800</b>	<b>322,653,393,852</b>

  
 Do Ngoc Phuong Linh  
Preparer

  
 Khong Thi Huong  
Chief Accountant

  
 Tsuyoshi Imai  
Chairman and Chief Executive Officer  
Hanoi, 18 March 2024