

REPORT ON THE OPERATION OF THE BOARD OF MANAGEMENT

I. ASSESSMENT OF BUSINESS ACTIVITIES IN 2024

1. Macroeconomics and securities industry activities

1.1. Macroeconomics in 2024

After a period of aggressive interest rate in previous years to curb high inflation, in 2024, central banks have begun a cycle of easing monetary policy to promote economic recovery. The United States - the world's largest economy - is expected to achieve 2.8% growth in 2024, thanks to strong consumer spending dynamics, and is heading for a soft landing scenario. In China, domestic demand shows signs of recovery thanks to the strongest stimulus measures since the Covid-19 pandemic, combining both fiscal and monetary policies. However, the stagnation of the real estate and financial sectors still has a significant impact on the country's growth. The eurozone economy is expected to grow by only 0.8% this year, amid a stagnation in the region's largest economy, Germany. However, 2024 is still a challenging year for the global economy, global trade growth is being overshadowed by rising geopolitical tensions, along with the risk of trade war. Although inflation has cooled down from 6% in 2023 to 4.5%, the economic recovery momentum is still quite weak. Major economies such as the US, Germany, Japan, and China are facing rising production costs and weak domestic consumer demand. The re-election of former US President Donald Trump will bring many changes in economic policy. Policies to promote domestic production, reduce dependence on international supply chains, tougher trade policies with China... are forecast to pose many challenges for countries that rely heavily on exports. After three interest rate cuts in 2024, the US Federal Reserve System (Fed) has signaled more caution, with forecasts that there will be only two more cuts in 2025, with a total cut of 0.5 percentage points. This is seen as a way of preparing the Fed to respond to the impact of tariffs, as well as other policies of Elected President Donald Trump, such as restricting immigrants.

In that context, Vietnam, with its efforts to attract foreign investment thanks to a stable political environment and improved infrastructure, still maintained a growth momentum of 7.09%. The average consumer price index (CPI) increased by 3.88%,

lower than the ceiling assigned by the National Assembly. The trade surplus reached a record 19.1 billion USD, with exports growing by 16.7%. Attracting foreign direct investment (FDI) continues to be a bright spot with the realized capital estimated at 25.35 billion USD, up 9.4% compared to the previous year. Among them are leading technology enterprises such as NVIDIA, Google, Synopsys, Qualcomm, Infineon, Amkor... also plan to invest in Vietnam. This shows the confidence of foreign investors in Vietnam's business investment environment. In addition, the State Bank maintains stable operating interest rates, synchronously coordinates monetary policy tools, and manages exchange rates flexibly, also contributing to maintaining macroeconomic stability and controlling inflation. Policies to reduce, extend and postpone taxes, fees and charges... have supported cost cutting for businesses and people. The State Bank of Vietnam has adjusted to increase interbank interest rates and sell foreign currencies to intervene in the exchange rate in 2024. The VND depreciated by about 5% in 2024 and lost 8% since the beginning of 2023. It is forecasted that the VND will continue to depreciate in 2025. This will be detrimental to indirect investment capital flows into Vietnam.

1.2. Securities industry activities

Vietnam's stock market in 2024 recorded an increase of nearly 12.11%, but most of the upward momentum took place in the first quarter. The average transaction value reached 20,849 billion VND /session, increasing 18.6% compared to the average of the previous year. However, cash flow tended to shift to other investment channels such as gold and real estate. Unstable fluctuations from the outside, in which the increase in the price of the US dollar caused the domestic exchange rate to increase sharply, the State Bank had to issue bills and sell USD to intervene. Although these measures helped stabilize the exchange rate, they also created psychological pressure on the market, especially for foreign investors. 2024 witnessed a record wave of net selling by foreign investors in the Vietnamese stock market with a net selling value of more than 90.3 billion VND. Not only Vietnam, investment capital flows throughout Asia and emerging markets had also been withdrawn to developed markets, especially the US in the context of a sharp decline in the value of local currencies. The positive point was that all domestic and foreign ETFs were net withdrawn, but some active open-ended funds still attracted net cash flow, showing that foreign investors still had a positive assessment of the prospects of Vietnam's stock market, especially on the eve of upgrading emerging markets. At the end of the year, Donald Trump's re-election and non-traditional policies put pressure on the interest rate reduction roadmap of global central banks, negatively affecting international trade activities. This development has made domestic investors more cautious in their decisions.

2. *Business results in 2024 of BOS Securities Joint Stock Company*

In a business environment that is not very favorable, BOS's operating revenue in 2024 will reach 810.59 million VND. BOS has proactively applied for voluntary termination of the provision of clearing and settlement services for derivative securities transactions; reduce consultancy and underwriting operations to ensure the usable capital adequacy ratio as prescribed.

- **Brokerage activities:** BOS has not been restored to buying securities on the listed stock market, the market registered for trading, which has significantly affected the revenue from brokerage activities. Therefore, revenue from brokerage activities in 2024 only reached 148 million VND.
- **Proprietary and investment activities:** The portfolio focuses primarily on stocks on the OTC market. BOS has conducted a portfolio reassessment and plans to restructure the portfolio to mitigate risks and increase available capital for the company.
- **Securities services:** BOS always considers service quality as an important factor to help BOS improve customer satisfaction and loyalty, build a strong brand image. Officers and professional staff are well-trained in professional skills and constantly improve professional ethics.
- **Investment consulting and analysis:** Analysis products closely follow market developments to make timely recommendations, helping customers increase investment efficiency.
- **Risk management:** Capital management with the priority of ensuring capital safety is always the top priority. Investment portfolios and margin portfolios are continuously reviewed and re-evaluated to promptly come up with handling plans in a volatile business environment.
- **Information technology:** BOS's transaction system has provided customers with many highly applicable utilities, ensuring fast, stable and accurate speed.
- **Personnel:** Collective activities continue to be maintained to create a friendly and open working environment, increasing solidarity among members. The human resource apparatus is restructured in the direction of streamlining and lightening to reduce the company's operating costs.

In addition to the achievements achieved, BOS still has some limitations:

- Low operating capital has reduced BOS's usable capital adequacy ratio;

- It is necessary to balance capital reasonably between business activities to further improve the efficiency of capital use.

II. BUSINESS PLAN IN 2025

1. *Stock market outlook in 2025*

The world economy in 2025 is forecasted to have many uncertainties when enforcing the Trump administration's tariff barriers on goods imported into the US. As a result, US inflation is also at risk of rising again, slowing down the Fed's interest rate cuts, while the dollar continues to strengthen and put pressure on the monetary policy of central banks around the globe. Another important risk is that the escalating global trade war disrupts supply chains and pushes global growth lower. In addition, the development of conflicts in Eastern Europe and the Middle East - both of which can affect energy costs and commodity markets and global trade. However, world economic growth is expected to be solid thanks to monetary easing and cooling oil prices. The IMF forecasts that economic growth will remain stable at 3.2% in 2025. S&P Global and Morgan Stanley put in 3 percent, while Goldman Sachs and Fitch Ratings forecast growth of 2.7 percent and 2.6 percent, respectively. Major banks such as the Fed, ECD, and PBOC have reduced interest rates in 2024 and are expected to continue to reduce in 2025. As a result, consumer demand is expected to improve, boosting production and trade activities.

With the global economic recovery momentum and the protectionist policies of the new administration in the US, Vietnam is expected to benefit from exports and a wave of foreign direct investment. Economic growth in 2025 is expected to be driven by FDI inflows, exports and infrastructure investment. Cooling inflation helps the State Bank maintain loose monetary policy, keep loan interest rates low, and support production and business. However, geopolitical tensions as well as changes in global trade policies are also significant challenges for Vietnam's economy. In that context, the Vietnam stock market enters 2025 with many positive expectations from the ability to upgrade the market according to international standards, promising to attract large capital inflows from foreign investors. When included in the upgrade list, it is expected that the Vietnamese stock market will receive investment capital inflows of 5-6 billion USD from ETFs based on the FTSE index and active funds. Policies such as promoting decentralization and increasing public investment will also have a positive impact, contributing to increasing the profits of listed enterprises by 15-17%, becoming an important supporting factor for the market. However, challenges in the Trump 2.0 era, global economic uncertainty, inflation and prolonged geopolitical conflicts, exchange rate pressures in the context of a weak VND and a slower than expected recovery in the

residential real estate market are still potential risks. In addition, the volatility of other investment channels such as gold, cryptocurrencies and real estate is also a notable factor. The price of gold is up 25% since the beginning of 2024, while Bitcoin has skyrocketed from 68,000 USD to 90,000 USD in just a few weeks. These investment channels attract large amounts of cash flow, which can reduce the attractiveness of the stock market.

2. *Business orientation in 2025*

BOS expects that the authorities will soon resume buying transactions in the first half of 2025. The reopening of buy-side trading will help BOS stabilize business activities, improve revenue and profit in the following years. Business plan for 2025, specifically:

- ***Increasing capital through the offering of twenty million (20,000,000) shares*** in the form of private and direct offering to professional securities investors or/and strategic investors with a selling price of not less than 10,000 VND/share. After the successful offering, the charter capital will increase to 1,169,225,090,000 VND;
- ***Ensuring the financial prudential ratio:*** BOS continues to request the SSC to soon approve the withdrawal of consultancy and underwriting operations to ensure the financial prudential ratio as prescribed;
- ***Suitable capital structure:*** Restructuring the investment portfolio, rationally allocating capital for business operations to increase available capital and capital use efficiency;
- ***Ensuring continuous operation:*** Main business operations such as brokerage, proprietary trading, and investment consulting are the strategic activities of BOS in the next period. Services to support the brokerage sector such as analytical products, investment consulting, margin loans, etc. will continue to be focused on development and diversification to support customers in investment activities;
- ***Technological infrastructure:*** Ensure the stable operation of the information technology system, transactions take place smoothly, at high speed, safely and accurately;

- *Strengthening risk management:* Continuously review compliance with business processes and legal regulations. Internal control and risk management activities ensure timely supervision at all professional stages.

The above is a report on business results in 2024 and business direction in 2025 of BOS Securities Joint Stock Company.

We wish the shareholders good health and a successful General Meeting!

Thank you for your consideration!

ON BEHALF OF BOARD OF MANAGEMENT



NGUYEN THANH LE

