

# Explanation of the status of Business and Property

## [Fiscal year ending March 2024]

- This "Explanation of the status of Business and Property" (業務及び財産の状況に関する説明書) is made in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes. If there is any conflict or inconsistency of interpretation between these two texts, the Japanese text shall prevail.
- This document omits part of the "names of shareholders in the top 10 in terms of the number of shareholdings" among the matters required to be included in the "Explanatory Documents on the Status of Business and Assets" (explanatory documents prepared pursuant to Article 46-4 of the Financial Instruments and Exchange Act) under the Financial Instruments and Exchange Act.
- The "Explanatory Documents on the Status of Business and Assets" containing all statutory matters can be viewed at the Company's sales offices or offices.

FPL Securities Inc.

I. Matters related to the Company's status and organization

1. Company Name

FPL Securities Inc.

2. Date of Registration (registration number)

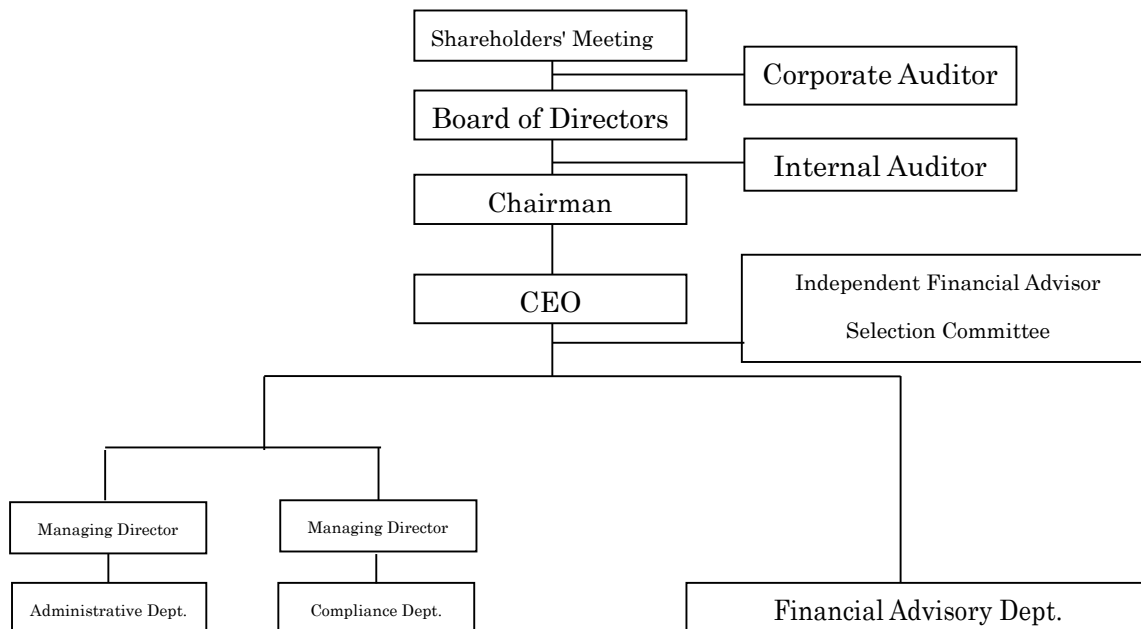
October 3, 2016 (Director of Hokkaido Local Finance Bureau (Financial instruments firms) No.45)

3. History and Organization Chart

(1) Company History

Year Month	History
December 2014	Founded as insurance agency “FPL Insurance Co., Ltd.”
Feb 2016	Increased capital to JPY75,000,000 (incl. Legal Capital Surplus)
March 2016	Increased capital to JPY190,000,000 (incl. Legal Capital Surplus)
October 2016	Registered as a Type 1 Financial Instruments Business Operator Changed the company name to FPL Securities Inc.
December 2016	Start of business of financial instruments business
November 2018	Registration as Investment Advisory and Agency

(2) Organization Chart



4. The names or designations of the top 10 shareholders in the number of shares, the number of shares held, and the ratio of the number of voting rights pertaining to the shares to the voting rights of all shareholders, etc.

Name or designation	Number of shares held	rate
	share	%
1. FPL Holdings Inc.	5,520	66.34
2. Nakano Management Co., Ltd.	400	4.80
3. Individual	200	2.40
4. Individual	200	2.40
5. Individual	200	2.40
6. Individual	200	2.40
7. Individual	200	2.40
8. Individual	200	2.40
9. Nisso Co.,Ltd.	200	2.40
10. Individual	200	2.40
11. Individual	200	2.40
12. NihonBizup Co., Ltd.	200	2.40
13. Kyowa General Management Co., Ltd.	200	2.40
Others (2 persons)	200	2.40
15 in total	8,320	100.00

\* For some individual shareholders, in accordance with the "Regulations on the Publication of Explanatory Documents on the Status of Business and Assets" of the Japan Securities Dealers Association, the term "individual" is listed instead of the name of the individual shareholder.

5. Board Members Name or Designation

Job Title	Name or designation	Representation	Director or Non-Executive Director
Chairman	Hiroshi NAKAGAWA	Yes	Director
CEO	Yoshihiro KUDO	Yes	Director
Managing Director	Tadashi NISHISAKA	No	Director
Managing Director	Ei HAGIHARA	No	Non-Executive Director
Corporate Auditor	Yoshihiro YOSHIDA	No	Non-Executive Director

6. Name of the employee specified by Cabinet Order

(1) With respect to the Financial Instruments Business, name of person who supervises the tasks related to guidance to comply with laws and regulations (laws, regulations, dispositions of administrative agencies based on laws and regulations, articles of incorporation, and other rules) (including a person who is in a position to act on behalf of the authority of the person who supervises the business, regardless of the title like the general manager, deputy manager, section manager, or any other person.)

Name	Job Title
Masako YAMAZAKI	Head of Compliance Department

(2) Regarding to Investment Advisory Services (refers to investment advisory services as stipulated in Article 28, Paragraph 6 of the Financial Instruments and Exchange Act) or Investment Management Business (refers to the investment management business stipulated in Paragraph 4 of the same Article), name of person who manages a department operates advices and operations (including instructions) (including a person who makes an investment decision based on the analysis of the value of financial instruments, etc. (refers to the value of financial instruments stipulated in Article 2, Paragraph 8, Item 11 (b) of the Financial Instruments and Exchange Act.) , excluding who also performs Securities Sales Representatives under Type 1 Financial Instruments Business (limited to those that fall under the securities-related business) for those who make investment decisions regarding investment advisory services.)

Mr. Name	Job Title
Yoshihiro KUDO	CEO

#### 7. Type of Business

- Operations related to the acts listed in Article 28, Paragraph 1, Item 1 of the Financial Instruments and Exchange Act
- Securities management
- Investment advisory and agency business

#### 8. Name and address of the Head Office or other office

Name	Location
Head Office	Nishi 10-2-7, Kita 2-jo, Chuo-ku, Sapporo, Hokkaido

#### 9. Other types of business

Operations related to insurance solicitation as stipulated in Article 2, Paragraph 26 of the Insurance Business Act

Business of mediating or introducing other businesses to the Company's customers

10. Grievance Handling and Dispute Resolution System

With regard to the Type I Financial Instruments Business, we have concluded a basic agreement with the Securities and Financial Instruments Mediation Consultation Center (FINMAC), a specified non-profit organization, to implement procedures related to the Specified Type I Financial Instruments Business.

For investment advisory and agency business, we use the Japan Investment Advisers Association (outsourced to FINMAC).

11. Names of the Financial Instruments Dealers Associations to which the Company belongs and the Certified Investor Protection Organizations to which the Company is a target entity

Japan Securities Dealers Association

Non-profit organization Securities and Financial Instruments Mediation Consultation Center (FINMAC)

Japan Investment Advisers Association

12. Name or trade name of the financial instruments exchange in which the member or trading participant is

Not applicable.

13. Name of the Investor Protection Fund to which it is a member

Japan Investor Protection Fund

II. Matters related to the status of business operations

1. Outline of operations for the current fiscal year

In our Japanese economy during the fiscal year under review, there were some factors of economic expansion, such as the revival of foreign tourists, an increase in income due to rising wages, and the Nikkei average temporarily reaching the 40,000 yen mark and renewing the 1989 high of 38,915 yen, but the growth of private consumption was sluggish and the economy recovered moderately. Globally, the U.S. economy remained resilient, despite inflationary pressures that did not subside, continued tightening of monetary policy by central banks, concerns about the deterioration of the Chinese economy, and escalating tensions in the Middle East. In addition, the Bank of Japan has also lifted the negative interest rate that has been in place since 2016, and Japan's monetary policy has reached a turning point.

In the foreign exchange market, the dollar was in the range of 1 dollar = 130 yen at the beginning of the fiscal year, but due to the rise in U.S. long-term interest rates, it temporarily reached 1 dollar = 151.94 yen in November. Subsequently, speculation about a U.S. interest rate cut intensified and U.S. long-term interest rates began to decline, so the yen appreciated to the \$1=140 yen level, but since the beginning of

the year, the yen has depreciated due to the receding expectations of a U.S. interest rate cut, and the end of the fiscal year ended at the 1 dollar = 151 yen level.

In the U.S. bond market, the forecast defied most expectations that monetary easing would begin during the fiscal year. In response to a series of interest rate hikes by the Federal Reserve, the U.S. Treasury market weakened from March to October of 2023. After that, due to the rise of expectations of a rate cut by the Fed, U.S. Treasury yields began to decline (bond prices rose) from mid-October to the end of December in 2023, but in 2024, a series of economic indicators showing the persistence of inflationary pressures receded expectations of a rate cut by the Fed, and U.S. Treasury yields rose again (bond prices fell).

Under these circumstances, we focused our business on three pillars: sales of foreign currency-denominated bonds, sales of investment trusts, and insurance agency business. Sales of foreign currency-denominated bonds reached record highs, thanks to significant growth in transactions of U.S. government bonds, dollar-denominated perpetual subordinated bonds, and dollar-denominated corporate bonds. In addition, the strengthening of web marketing such as online video distribution and SNS has been successful, leading to an increase in the number of applications for opening accounts through the Internet. As a result, net operating profit was 675,519 thousand yen and net profit was 202,142 thousand yen.

## 2. Number of Accounts and Balance of Assets under Custody

### (1) Status of the number of accounts

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Number of Accounts opened	583	1,219	2,402

### (2) Status of Assets under Custody

(Unit: Millions of yen)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Stock	—	—	—
Bond	4,407	12,569	32,694
Beneficiary Certificate	1,166	1,337	2,026
Others	154	392	413
Total	5,278	14,299	35,134

## 3. Indicators showing the status of operations

## (1) Trends in Business Results, etc.

(Unit: Millions of yen)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Paid-in Capital	95	95	95
Total number of shares issued	8,320 shares	8,320 shares	8,320 shares
Operating Revenue	129	494	688
(Commissions)	57	126	25
((Brokerage))	—	—	—
((Fees for underwriting, sales, solicitation of sales for specific investors, etc.))	—	—	—
((Handling fees for offerings, offerings, solicitations for sale to specific investors, etc.))	6	0	—
((Other Commissions))	51	125	25
((Insurance Agent Handling Fee))	40	117	16
((Commissions (trust fees)))	6	6	8
((Investment Advisory fees))	0	—	—
((Administrative fees))	3	0	0
(Trading Profit or Loss)	69	359	645
((Stocks, etc.))	—	—	—
((Bonds, etc.))	69	359	645
((Other))	—	—	—
Net Operating Revenue	127	486	675
Ordinary Income	△15	204	282
Net profit	△15	146	202

## (2) Status of Securities Underwriting, Trading, etc.

① Status of trading volume of stocks (excluding those related to electronic record transfers, securities display rights, etc.)

Not applicable

①-2 Status of trading volume of stocks (limited to those related to electronic record transfers, securities display rights, etc.)

Not applicable

- ② Underwriting and sale of securities, solicitation of sales to specified investors, handling of offerings, offerings, and private placements of securities, and solicitation of sales to specified investors (excluding those related to electronic offering and distribution of securities labeling rights, etc.)

District		Underwriting	Sales	Total amount of solicitations for sales to specified investors	Securities offering volume	Sales volume	Private Placement volume	Sales volume of solicitations for sales to specified investors
March 2022	Shares	—	—	—	—	—	—	—
	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	2,197	630	—
	Beneficiary Certificates	—	—	—	404	—	706	—
	Others	—	—	—	—	—	—	—
	Total	—	—	—	404	2,197	1,336	—
March 2023	Shares	—	—	—	—	—	—	—
	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	13,387	—	—
	Beneficiary Certificates	—	—	—	347	—	85	—
	Others	—	—	—	—	—	—	—
	Total	—	—	—	347	13,387	85	—
March 2024	Shares	—	—	—	—	—	—	—
	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—



District	Underwriting	Sales	Total amount of solicitations for sales to specified investors	Securities offering volume	Sales volume	Private Placement volume	Sales volume of solicitations for sales to specified investors
Corporate Bonds	—	—	—	—	22,135	—	—
Beneficiary Certificates	—	—	—	600	—	0	—
Others	—	—	—	—	—	—	—
Total	—	—	—	600	22,135	0	—

(Unit: Thousands of shares, millions of yen)

②-2 Status of the underwriting and sale of securities, the solicitation of sales to specified investors, the handling of the offering, sale, and private placement of securities, and the handling of solicitation for sale to specified investors (limited to those related to electronic offering and handling operations).

Not applicable

②-3 Status of the underwriting and sale of securities, the solicitation of sales to specified investors, the handling of the offering, sale and private placement of securities, and the handling of solicitation of sales to specified investors (limited to operations related to the transfer of electronic records and the right to display securities, etc.)

Not applicable

(3) Status of other operations

(Unit: Millions of yen)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Life Insurance Handling Fees	40	117	16

(4) Status of capital adequacy ratios

(Unit: %, millions of yen)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Capital adequacy ratio (A/B×100)	417.5	455.0	471.6
Non-fixed equity capital (A)	152	290	457

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Risk Equivalent Amount (B)	36	63	97
Amount equivalent to market risk	0	1	0
Amount equivalent to counterparty risk	3	0	0
Amount equivalent to basic risk	36	62	95
Amount of deductions for crypto assets, etc.	—	—	—

(5) Total number of employees and total number of securities sales representatives

(Unit: Number of people)

	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Employee	5	11	13
(Securities Sales Representatives )	(5)	(7)	(9)

(6) Status of performance-linked remuneration for directors (limited to financial instruments business operators engaged in investment management business)

Not applicable

### III. Matters related to the status of property

#### 1. Accounting Status

##### (1) Balance sheet

(Unit: Millions of yen)

Assets			Liability		
Accounts	Amount		Accounts	Amount	
	March 2023	March 2024		March 2023	March 2024
<b>Current Assets</b>	963	1,209	<b>Current Liabilities</b>	668	747
Cash / Deposits	570	579	Trade date accrual	165	174
Trade date accrual	172	179	Deposits received	419	491
Deposits required to be segregated under regulations	210	420	Deposits from customers	216	304
Trading Instruments	0	0	Deposits for subscription	176	109
Reimbursement	—	0	Other Deposits	26	77
Advance payment	4	4	Accounts payable	19	25
Accounts receivable	—	—	Income taxes payable	59	51
Accrued Revenue	0	1	Provision for bonuses	3	4
Advances	—	—	<b>Long term liabilities</b>	0	—
Other Current Assets	6	25	Long-term borrowings	—	—
<b>Fixed Assets</b>	11	24	Long-term accounts payables	0	—
Property, plant and equipment	0	2	Suspense receipt	—	0
Vehicle transport equipment	0	—	<b>Total Liabilities</b>	669	747
Buildings	0	0	<b>Net Assets</b>		
Facilities attached to buildings	0	0	Shareholders' Equity	305	486
Tools, Equipment, and Fixtures	0	0	Capital	95	95
Intangible Assets	0	2			

Software	0	2	Capital surplus	94	94
Investments and Other Assets	10	20	Legal capital surplus	94	94
Guarantee deposits	0	1	Retained earnings	115	296
Long-term prepaid expenses	7	16	Retained earnings brought forward	115	296
Deposits required to be segregated under regulations	0	—			
Deferred Tax Assets	1	1	<b>Total Net Assets</b>	305	486
<b>Total Assets</b>	974	1,233	<b>Total Liabilities and Net Assets</b>	974	1,233

(2) Statement of Income

(Unit: Millions of yen)

Accounts		March 2023	March 2024		
O r d i n a r y  R e v e n u e  a n d  L o s s	O p e r a t i n g  R e v e n u e	Operating Revenue	494	688	
		Commissions	126	25	
		Trading Profit & Loss	359	645	
		Financial Revenue	8	17	
		Financing Expenses	8	13	
		Net Operating profit	486	675	
	L o s s	N o n- O p e r a t i n g  P r o f i t a n d  L o s s	Selling, general and administrative expenses	281	408
			Trading Related Expenses	173	247
			Salary Expenses	90	127
			Rent Expenses	4	8
			Administrative Expenses	9	15
			Depreciation	0	3
			Taxes and dues	0	0
			Others	2	4
			Operating Profit (Loss)	204	267
Non-operating revenue	0	15			
Non-operating expenses	0	0			
Ordinary profit (loss)	204	282			
E x t r a o r d i n a r y  P r o f i t a n d  L o s s	E x t r a o r d i n a r y  P r o f i t a n d  L o s s	Extraordinary Revenue	—	0	
		Extraordinary Loss	—	—	

Profit (loss) before income taxes	204	283
Income taxes – current	59	81
Net Profit (Loss)	146	202

## (3) Statement of changes in shareholder's equity

From April 1, 2022 to March 31, 2023

(Unit: Thousands of yen)

	Shareholders' Equity						Total Net Assets
	Capital	Capital surplus		Retained earnings		Total Shareholders' Equity	
		Legal capital surplus	Total capital surplus	Other Retained earnings	Total retained earnings		
Balance at the beginning of the fiscal year	95,250	94,750	94,750	△31,294	△31,294	158,705	158,705
Changes during period							
Net profit	—	—	—	146,484	146,484	146,484	146,484
Total amount of changes during period	—	—	—	146,484	146,484	146,484	146,484
Balance at the end of the current fiscal year	95,250	94,750	94,750	115,190	115,190	305,190	305,190

From April 1, 2023 to March 31, 2024

(Unit: Thousands of yen)

	Shareholders' Equity						Total Net Assets
	Capital	Capital surplus		Retained earnings		Total Shareholders' Equity	
		Legal capital surplus	Total capital surplus	Other Retained earnings	Total retained earnings		
Balance at the beginning of the fiscal year	95,250	94,750	94,750	115,190	115,190	305,190	305,190
Changes during period							
Dividends on retained earnings				△20,800	△20,800	△20,800	△20,800
Net profit	—	—	—	202,142	202,142	202,142	202,142
Total amount of changes during period	—	—	—	181,342	181,342	181,342	181,342
Balance at the end of the current fiscal year	95,250	94,750	94,750	296,533	296,533	486,533	486,533

## Notices

### "Important Accounting Policies"

#### (1) Valuation Criteria and Methods for Securities Transactions and Derivatives Transactions

Valuation criteria and evaluation methods of securities belonging to trading instruments (securities for trading purposes)

For securities belonging to trading products, we use the mark-to-market method (acquisition costs are calculated using the moving average method).

#### (2) Method of depreciation of fixed assets

##### ① Property, plant and equipment (excluding leased assets)

Buildings are based on the straight-line method.

Buildings

Facilities attached to buildings are based on the straight-line method.

Vehicles are based on the declining balance method.

Tools, Equipment, and Fixtures are based on the declining balance method.

##### ② Intangible assets (excluding leased assets)

Software is based on the straight-line method.

#### (3) Standards for recognition of allowances

##### ① Allowance for accounts receivable

In order to prepare for losses due to bad debts, general receivables are recorded based on the actual rate of bad debts, and for specific receivables, such as receivables of doubtful concerns, the recoverability of receivables is examined and the amount that is expected to be uncollectible is recorded. There was no provision for bad debts at the end of the fiscal year under review.

##### ② Allowance for bonuses

In order to prepare for the payment of bonuses to employees, the amount of the current fiscal year's burden is recorded in the estimated amount to be paid.

#### (4) Standards for Converting Foreign Currency-Denominated Assets and Liabilities into Japanese Currency

Foreign currency-denominated assets are converted into yen based on the spot exchange rate at the end of the fiscal year, and the conversion difference is treated as profit or loss.

#### (5) Other important matters that form the basis for the preparation of financial statements

Accounting for consumption tax, etc.

Consumption tax and other accounting procedures are based on the tax-exclusive method.

"Notes on the Balance Sheet"

Cumulative depreciation and amortization of fixed assets	JPY 1,478,208
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"Notes on Statement on Income"

Transaction with affiliated companies

Transaction from operative activities

Selling, general and administrative expenses	JPY 6,600,000
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Transaction from non-operating activities

Miscellaneous Income	JPY 0
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Dividends received	JPY 15,000,000
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"Notes on the Statement of Changes in Shareholders' Equity"

(1) Number of shares issued as of the end of the relevant fiscal year

Common Shares	8,320 shares
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(2) Number of treasury shares as of the end of the relevant fiscal year

Common Shares	0 shares
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(3) Matters related to dividends of surplus made during the current fiscal year

① At the Ordinary General Meeting of Shareholders held on June 29, 2023, the following resolution was passed.

Total amount of dividends: 20,800,000 yen

Source of dividends: Retained earnings

Dividend per share: 2,500 yen

Reference date: March 31, 2023

Effective date: June 30, 2023

"Notes on Tax Effect Accounting"

Key Breakdown of Deferred Tax Assets and Liabilities by Cause

Deferred Tax Assets

Loss carryforward for tax purposes (Note)	JPY -
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other	<u>1,441,820</u>
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Deferred tax asset subtotal	1,441,820
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Valuation allowance for loss carryforward for tax purposes (Note)	-
Valuation allowance for the sum of future deductions from temporary differences, etc.	-
	<hr/>
Valuation allowance subtotal	-
Total deferred tax assets	1,441,820
Deferred tax liabilities	<hr/>
Net deferred tax assets (liabilities)	<hr/>

Note: Amount of loss carryforward for tax purposes and the amount of the deferred tax asset by carry-forward deadline (JPY)

	Within 1 year	More than 1 year Within 2 years	More than 2 years Within 3 years	More than 3 years Within 4 years	More than 4 years Within 5 years	More than 5 years	Total
Loss carryforward for tax purposes (*)	-	-	-	-	-	-	-
Valuation Allowance	-	-	-	-	-	-	-
Deferred Tax Assets	1,441,820	-	-	-	-	-	1,441,820

\* The loss carryforward for tax purposes is the amount multiplied by the statutory effective tax rate.

#### "Notes on Financial Instruments"

##### (1) Matters related to the status of financial instruments

The Company manages funds through short-term deposits, etc.

Credit risk related to accounts receivable is managed in accordance with the Risk Management Rule.

##### (2) Matters related to the market value of financial instruments

As of March 31, 2024 (the closing date of the current fiscal year), the balance sheet amount, market value, and the difference between these amounts are as follows.

	(JPY)		
	Balance sheet	Market value	difference
Assets			
① Cash & Deposits	579,290,112	579,290,112	—
② Deposits required to be	420,000,000	420,000,000	—

segregated under regulations			
③ Trading Instruments	40,677	40,677	—
Liabilities			
① Deposits received	491,766,263	491,766,263	—

\*1 Methods for calculating the market value of financial instruments and matters related to derivatives transactions

#### Assets

##### (1) Cash and Deposits

Since these are settled in a short period of time, the market value is approximately equal to the book value and is therefore stated at that book value.

##### (2) Deposits required to be segregated under regulations

Since the company makes substitutions within one week according to the required deposit and acceptance deposit amount that is obligated to pay by the request of the customer, the withdrawal amount (book value) when requested on the closing date is regarded as the market value.

##### (3) Trading Instruments

Bonds, etc., are based on prices calculated with reference to inter-broker quotes.

#### Liabilities

##### (1) Deposits received

Deposits received are based on the book value of the deposit because the amount of payment (book value) requested on the closing date is regarded as the market value.

### "Notes on Transactions with Related Parties"

#### Parent Company and Major Shareholders of Corporations

Class	Name of company, etc.	Ownership of voting rights, etc. (percentage of ownership) (%)	Relations	Details of the transaction	Transaction Amount
Parent company	FPL Holdings Inc.	Owned Direct 66.34%	Acceptance of services Concurrent Positions of	Payment of administrative fees, etc.	JPY 6,600,000

			directors		
Subsidiary	FPL Research Institute Inc.	Possession 100% direct	Concurrent Positions of directors	Receipt of dividends	JPY 15,000,000

Transaction conditions and policy for determining transaction conditions, etc.

\*1 Fees and other terms and conditions are determined in consideration of fair market price.

"Notes on Per Share Information"

(1) Net assets per share	JPY58,477.53
(2) Net income per share	JPY24,295.94

2. Major borrowers and amount of borrowings

(Unit: Millions of yen)

(As of March 31, 2023)

Name of the borrower	Borrowing amount
Not applicable	-

(As of March 31, 2024)

Name of the borrower	Borrowing amount
Not applicable	-

3. Acquisition cost, market value and unrealized gains/losses of securities held (excluding securities accounted for as trading products)

(Unit: Millions of yen)

	Fiscal Year Ended March 2023			Fiscal Year Ended March 2024		
	Acquisition	Market	Valuation	Acquisition	Market	Valuation

	cost	price	Gains and Losses	cost	price	Gains and Losses
1. Current Assets	—	—	—	—	—	—
(1) Stocks	—	—	—	—	—	—
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
2. Non-current Assets	0	0	0	0	0	0
(1) Stocks	0	0	0	0	0	0
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	0	0	0	0	0	0

Note: Excludes securities that are accounted for as belonging to trading products.

4. Contract value, market value and unrealized gains/losses on derivative transactions (excluding transactions accounted for as trading products)

(1) Status of Futures and Options Transactions

① Stocks

(Unit: Millions of yen)

	Fiscal Year Ended March 2023			Fiscal Year Ended March 2024		
	Contract value	Market Price	Valuation Gains and Losses	Contract value	Market Price	Valuation Gains and Losses
1. Index Futures Trading	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
2. Equity Index Options Trading	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—

Note: Excludes transactions that are accounted for as belonging to a trading product.

## ② Bonds

(Unit: Millions of yen)

	Fiscal Year Ended March 2023			Fiscal Year Ended March 2024		
	Contract value	Market Price	Valuation Gains and Losses	Contract value	Market Price	Valuation Gains and Losses
1. Bond Futures Trading	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
2. Bond Options Trading	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—

Note: Excludes transactions that are accounted for as belonging to a trading product.

## (2) Status of OTC Derivatives Transactions

(Unit: Millions of yen)

	Fiscal Year Ended March 2023			Fiscal Year Ended March 2024		
	Contract value	Market Price	Valuation Gains and Losses	Contract value	Market Price	Valuation Gains and Losses
1. Securities Forward Transactions	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
2. Forward Transactions for OTC Securities Indices	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
3. Securities OTC Options Trading	—	—	—	—	—	—
(1) Short	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—
(2) Long	—	—	—	—	—	—
(1) Call	—	—	—	—	—	—
(2) Put	—	—	—	—	—	—

	Fiscal Year Ended March 2023			Fiscal Year Ended March 2024		
	Contract value	Market Price	Valuation Gains and Losses	Contract value	Market Price	Valuation Gains and Losses
4. Securities OTC Index Swap Transactions	—	—	—	—	—	—

Note: Excludes transactions that are accounted for as belonging to a trading product.

5. Whether or not financial statements are audited by a statutory auditor, etc.

Although the Company does not fall under the provisions of Article 174, Item 3 (c) and (d) of the Cabinet Office Ordinance on Financial Instruments Business, etc., the Company has been audited by Lighthouse Audit Corporation for its financial statements for the fiscal year ending March 2024.

#### IV. Management Status

1. Overview of the status of internal management

The Company appoints a director as the chief internal control administrator and strives to develop and strengthen the internal control system, as well as conduct internal control such as constant audits of appropriate sales activities. In addition, we distribute compliance manuals to all directors and employees and conduct training to ensure that they comply with laws and regulations, and strive to educate and educate them on knowledge so that they can always conduct appropriate solicitation to customers.

The Internal Audit Office checks the status of the development of the internal control system through internal audits conducted from time to time, strives to create a more effective internal control system, and actively works to prevent violations of laws and regulations and securities accidents.

2. Status of Segregated management

(1) Status of segregated management based on the provisions of Article 43-2 of the Financial Instruments and Exchange Act

① Status of Customer Discretionary Funds Trust

(Unit: Millions of yen)

Sections	Amounts as of March 31, 2023	Amounts as of March 31, 2024
Amount required for customer segregation on the most recent replacement calculation record date	627	451
Amount of customer segregated trust as of the end of the fiscal year	210	420

Amount required for customer segregation as of the end of the fiscal year	392	413
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② Securities (excluding electronic record transfers, securities indication rights, etc.) Status of segregated management

(a) Securities such as protected deposits

Types of securities		As of March 31, 2023		As of March 31, 2024	
		Domestic Securities	Foreign Securities	Domestic Securities	Foreign Securities
Share	Number of Shares	-	-	-	-
Bond	Notional amount (JPY 1,000,000)	-	19,080	-	44,010
Beneficiary Securities	Units	989 million	320 million	984 million	610 million
Other	Notional amount	—	—	—	—

(b) Securities in lieu of acceptance deposits

Types of securities		As of March 31, 2023	As of March 31, 2024
		Quantity	Quantity
Share	Number of Shares	-	-
Bond	Notional amount (JPY 1,000,000)	-	-
Beneficiary Securities	Units	-	-
Others	Notional amount	-	-

(c) Status of management

Types of securities	Forms of management of the company
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Beneficiary Securities (Domestic)	Customer securities are provided by the Securities Depository Corporation of Japan (hereinafter referred to as the "Depository Corporation"). It is stored at. The Depository Corporation of Japan stores and manages customer securities and company securities in a transfer account book.
Beneficiary Securities (Overseas)	With regard to securities that are managed in a mixed storage at overseas depositorys, the Company's securities are separated from the customer's securities by the Company's books, etc., and are managed so that the shares of each customer can be immediately identified.
Bonds (Overseas)	Securities stored in mixed custody at overseas depositorys are managed by separating the Company's securities from the customer's securities using the Company's books and other means, so that the customer's equity can be immediately identified.

- ③ Status of segregated management of over-the-counter derivatives transactions related to target securities

Not applicable.

- ④ Electronic record transfer, securities display rights, etc. (excluding the rights stipulated in Article 1-12, Item 2 of the Ordinance) Limited to. Status of segregated management

Not applicable.

- (2) Classification management pursuant to the provisions of Article 43-2-2 of the Financial Instruments and Exchange Act (excluding those related to electronic record transfer, securities indication rights, etc.)

Situation

- ① Status of Product Customer Classification Management Trusts

(Unit: Millions of yen)

Sections	Amounts as of March 31, 2023	Amounts as of March 31, 2024
Amount required for product customer	—	—



classification management on the most recent replacement calculation record date		
Amount of Product Customer Classification Management Trust as of the end of the fiscal year	—	—
Amount required for product customer classification management as of the end of the fiscal year	—	—

② Status of classification management of securities, etc.

(a) Quantity of each type of securities, etc.

Types of Securities, etc.		As of March 31, 2023	As of March 31, 2024
Share	Number of Shares	-	-
bond	Notional amount	-	-
Beneficiary Securities	Units	-	-
Warehouse bill	Notional amount	-	-
Others	Notional amount	-	-

(b) Status of Management

Not applicable.

(3) Status of segregated management pursuant to the provisions of Article 43-3 of the Financial Instruments and Exchange Act

① Status of segregated management based on the provisions of Paragraph 1 of the same Article

(Unit: Millions of yen, thousands of shares, etc.)

	Methods of Management	Balance at the end of the current fiscal year
Cash	—	—
	—	—
Securities, etc.	—	—
	—	—

	Methods of Management	Balance at the end of the current fiscal year
	—	—
	—	—

② Status of classification management based on the provisions of Paragraph 2 of the same Article

(Unit: Millions of yen, thousands of shares, etc.)

	Methods of Management	Balance at the end of the current fiscal year
Cash	—	—
	—	—
Securities, etc.	—	—
	—	—
	—	—
	—	—

③ Electronic record transfer, securities display rights, etc. (excluding the rights stipulated in Article 1-12, Item 2 of the Ordinance for Enforcement of the Financial Instruments and Exchange Act) Limited to. Status of classification management

Not applicable.

V. Matters Concerning the Status of Consolidated Subsidiaries, etc.

Not applicable.

That concludes