

January 28, 2025

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(TSE Prime Market, Code: 9449)

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## **Notice Regarding Additional Allowance for Doubtful Accounts at a Consolidated Subsidiary**

GMO Financial Holdings, Inc. (Securities Code: 7177, TSE Standard; hereinafter "GMO-FH"), a consolidated subsidiary of our company, has determined that its consolidated subsidiary, GMO-Z com Securities (Thailand) Public Company Limited (hereinafter the "Thai Subsidiary"), which operates a securities business in Thailand, will recognize an additional allowance for doubtful accounts. Details are as follows.

### 1. Overview and Background of the Allowance for Doubtful Accounts

During the fourth quarter of the fiscal year ending December 2024 (October 1, 2024 – December 31, 2024), the Thai Subsidiary conducted a forced liquidation of substitute securities pledged as collateral by customers for margin trading due to a decline in their market value and the termination of the margin trading service as of December 20, 2024. Based on an assessment of the recoverability of these receivables, an estimated additional allowance for doubtful accounts of JPY 2,833 million will be recorded under selling, general, and administrative expenses.

As of the end of September 2024, margin loan balances stood at approximately JPY 17.4 billion. Efforts were made to collect outstanding balances or transition them to repayment agreements secured by additional collateral, such as real estate. Customers who did not comply were subject to forced settlements, resulting in an estimated outstanding balance of JPY 11.0 billion as of the end of December 2024.

Further details regarding receivables under repayment agreements and future actions will be disclosed in GMO-FH's financial results presentation on February 4, 2025.

Additionally, the Thai Subsidiary has resolved to discontinue all business operations. For further details, please refer to the separately disclosed notice, "Notice Regarding Discontinuation of Business at a Consolidated Subsidiary"

### 2. Future Outlook

The aforementioned additional allowance for doubtful accounts is based on the information currently available and on certain reasonable assumptions.

Furthermore, GMO-FH has disclosed a preliminary report of the consolidated financial results for the fiscal year ending December 2024, including the impact of the additional allowance for doubtful accounts. For more details, please refer to the separately disclosed notice, "Notice Regarding the Additional Allowance for Doubtful Accounts at a Consolidated Subsidiary and the Preliminary Consolidated Financial Results for the Fiscal Year Ending December 2024."

If additional information becomes available during the estimation process, revisions to the allowance may be made accordingly.