

4th March, 2024

Press Release

Daiwa Securities Group Inc.
Penguin Securities Holdings Pte. Ltd.

Notice on Partnership with Penguin Securities Holdings Pte. Ltd.
and Funding Support from Daiwa Securities Group Inc.

Daiwa Securities Group Inc. (Head Office: Chiyoda-ku, Tokyo; President and CEO: Seiji Nakata, hereinafter Daiwa Securities Group) has agreed to enter into a partnership with Penguin Securities Holdings Pte. Ltd. (headquartered in Singapore; Co-founder and CEO Kentaro Kawabe, hereinafter Penguin Securities HD).

大和証券グループ本社
Daiwa Securities Group Inc.

Penguin Securities

Background and Purpose of the Partnership

The total market capitalization of the crypto asset market as a whole has reached 300 trillion yen level as of the end of February 2024 and major financial institutions have also begun to enter the market with the U.S. Securities and Exchange Commission (SEC) approving physical ETF of Bitcoin on Jan 10, 2024. This has made cryptocurrency-related assets one of the new investment assets and its allocation within the investment portfolio among the wealthy individuals and institutional investors have increased.

In response to these changes in the market environment, Daiwa Securities Group has decided to form a partnership with Penguin Securities HD which is based in Singapore, a "FinTech hub" where regulations surrounding cryptocurrencies and digital assets have been developing, and many fintech businesses have gathered.

Penguin Securities HD is a Singapore-based company co-founded by Yuya Kuratomi, a serial entrepreneur and founder of GMO Cyber Security by Ierae, Inc., Kentaro Kawabe, CEO, and Sho Setoguchi, Director. Its subsidiary, Penguin Securities Trading Pte. Ltd., plans to focus on providing unregulated cryptocurrency derivatives. Another subsidiary, Penguin Securities Pte. Ltd., is currently applying for the relevant regulatory approvals to allow it to deal in cryptocurrencies, as well as to provide broker-dealing services in relation to capital markets products, including derivatives contracts where the underlyings include a mix of both traditional capital markets products and digital payment tokens. Each subsidiary of Penguin Securities HD intends to roll out its operations as a trusted counterparty, based on the highest level of security and transparent product structure.

Daiwa Securities Group has been focusing on crypto assets and digital securities business since 2016 and has been working on projects across the group to assess its commercialization. 2018 saw the establishment

¹Underwriting market share of Public Real Estate Security Token as of Feb 29th, 2024

of Fintertech Corporation, a subsidiary of the Daiwa Securities Group, which began offering the first crypto asset-backed loans in Japan in 2020. In 2022, Daiwa Securities Co.Ltd., a core subsidiary incorporated in Japan, has commercialized real estate security tokens, one of the digital securities, and since then acted as an underwriter for the total cumulative amount of approximately 33.8 billion yen¹ to date, making it the securities company with the largest share of underwriting in Japan.

Through this partnership, Daiwa Securities Group will provide Penguin Securities HD with its financial expertise and knowledge in the high-net-worth business, as well as funding support. Penguin Securities HD plans to share its knowledge in the crypto assets and new alternatives assets to Daiwa Securities Group, and aims to enhance the proposition to their customers to maximize the value of their assets.

Also, with Penguin Securities HD`s future expansion into Japan and through this partnership, we plan to consider the initiative that will lead to Emerging Management Professionals Promotion Program (Japanese version of EMP).

Note, this matter does not fall under the standards for Timely Disclosure Rules set forth by the Financial Instruments Exchange.

Atushi Itaya, Executive Managing Director of Daiwa Securities Group made the following comments:

“As a "Pioneer in the financial and capital markets," Daiwa Securities Group is actively engaged in the development of new services and products utilizing blockchain and other advanced technologies.

We hope this partnership with a company like Penguin Securities HD, which has the knowledge and technical capabilities in blockchain-based assets, will improve our group’s asset management capabilities.”

Kentaro Kawabe, Co-founder and CEO of Penguin Securities HD made the following comments:

“We are pleased to announce that we have received a valuable opportunity to arrange a partnership with Daiwa Securities Group. Daiwa Securities Group has been active in the field of crypto assets and security tokens since early on and we are very honored to have this opportunity to partner with a pioneer like Daiwa Securities Group.

Through this alliance, we hope to form a strong business partnership with Daiwa Securities Group and accelerate the expansion of our business in Asia and globally, aiming to share our knowledge on crypto assets, digital assets, and co-create a next-generation financial ecosystem.”

About Daiwa Securities Group

Company Name	Daiwa Securities Group Inc.
Company Address	GranTokyo North Tower 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-6751, Japan
Representative	Seiji Nakata, President and CEO
Date of Founding	December 27 th , 1943
URL	https://www.daiwa-grp.jp/english/

About Penguin Securities HD

Company Name	Penguin Securities Holdings Pte. Ltd.
Company Address	1 Marina Boulevard #28-00 One Marina Boulevard Singapore 018989
Representative	Kentaro Kawabe, Co-founder and CEO
Date of Founding	February 1 st , 2023
URL	https://penguinsecurities.sg/