



MONEX GROUP

Monex Group, Inc.

Financial Announcement for the FYE Mar 2023 – Analyst Meeting

April 27, 2023

Event Summary

[Company Name]	Monex Group, Inc.	
[Company ID]	8698-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Announcement for the FYE Mar 2023 – Analyst Meeting	
[Fiscal Period]	FY2023 Annual	
[Date]	April 27, 2023	
[Number of Pages]	44	
[Time]	18:00 – 19:02 (Total: 62 minutes, Presentation: 37 minutes, Q&A: 25 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	3	
	Oki Matsumoto	Representative Executive Officer, CEO
	Yuko Seimei	Representative Executive Officer, Co-CEO
[Analyst Names]*	Takayuki Hara	SMBC Nikko Securities
	Taiki Okada	UBS Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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Presentation

Matsumoto: I am Matsumoto.

Seimei: I am Seimei.

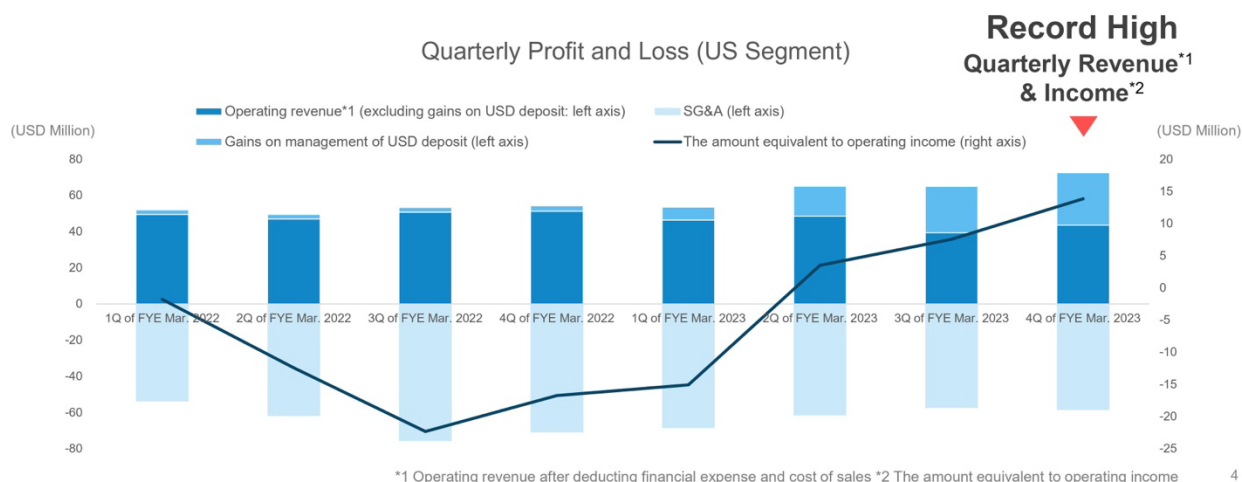
Matsumoto: I will now begin the presentation of Monex Group, Inc.'s, financial results for the fiscal year ended March 31, 2023.

I and Seimei, will give a brief explanation first, and then I would like to take your questions.

Record Quarterly Operating Revenue and Income (US Segment)

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While trading commissions have contributed to earnings when interest rates remains low, gains from management of customer cash have increased when interest rates hiked. In 4Q of FYE Mar. 31 2023, TradeStation achieved record quarterly operating revenues^{*1} and operating income^{*2} (USD) driven by the steady customer base expansion and rising interest rates.



First of all, the Highlight describes the revival of the US segment, which I think is significant.

The line graph here shows the operating income equivalent. Two to a year ago, TradeStation was aiming to be listed on NYSE via De-SPAC and spent a lot of money on marketing in order to get more casual traders, resulting in a loss.

We stopped the plan and refocused on the active traders, which has always been our forte, and TradeStation also controlled costs. In addition, higher US interest rates generated higher interest income, resulting in record quarterly revenues. Then, operating income also reached a record high.

We have stable revenue stream from the Japan segment. The US segment returned to profitable. The Crypto Asset segment is controlling its expenses. These are our three pillars. The US was once a drag at times, but I think the biggest highlight for the earnings announcement of this time is that TradeStation is now generating such large profits.

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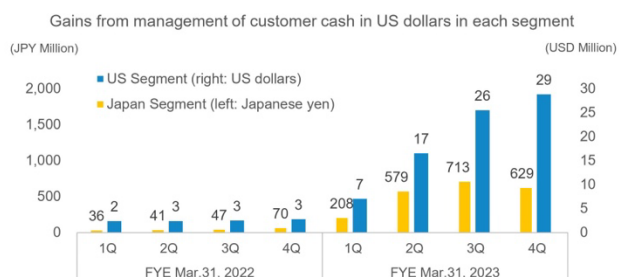
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Financial interest impact

Gains from management of customer cash in US dollars at Monex Securities and TradeStation belong to the Monex Group. Customer cash in US dollars in Japan Segment was approx. \$0.7B, while that of US Segment remains to \$2.7B even after the Silicon Valley Bank collapse as of Mar. 31, 2023.



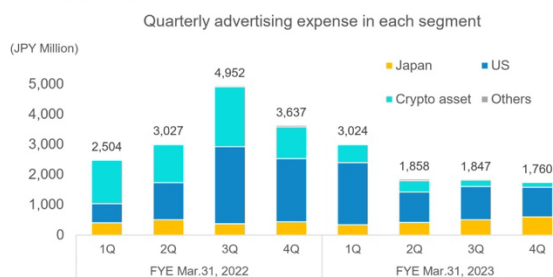
Gains on customer USD cash	FYE Mar. 31, 2022	FYE Mar. 31, 2023
US Segment	\$11M	\$78M (x7)
Japan Segment	¥194M	¥2,130M (x11)

*1 Both segments manage the cash of US dollars with floating and fixed rate.

*2 Gains from management of US dollar cash deposit is included in "Net financial income (P16)" in the US Segment, and in "Net financial income (P14)" and "Net trading income (P14: FX/foreign income)" in the Japan Segment.

Advertising expenses

The US Segment curbed advertising expenses due to a strategy shift from 2Q. The Crypto Asset Segment also made significant reductions in line with the market environment, while being conscious of maintaining the customer base. Both segments will continue to strive for cost control in consideration of the market environment.



Advertising expense	FYE Mar. 31, 2022	FYE Mar. 31, 2023
US Segment	¥6,509M (\$58M)	¥5,148M (\$38M)
Crypto Asset Segment	¥5,745M	¥1,346M

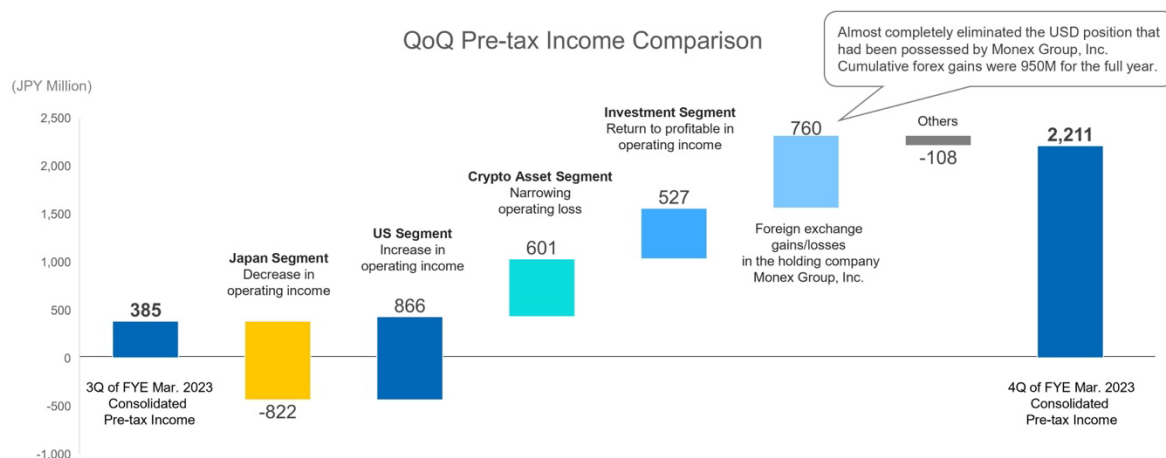
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On the next page, as shown on the left, one of the reasons behind this is the rise in investment income due to higher US interest rates. This is not only in the US, in fact, the same thing is happening in the Japan segment, even for Monex Securities' clients who are trading US stocks.

The other is that, as shown on the right side, advertising expenses are well controlled in each segment.

Consolidated Pre-tax Income (QoQ)

Quarterly consolidated pre-tax income increased significantly (+ ¥1.8B) due to increased trading commissions and net financial income in the US Segment, recovery of crypto trading volume in the Crypto Asset Segment, return of profitability in the Investment Segment.



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Page six shows a staircase chart of pre-tax income as seen on a quarterly basis.

Profit increased from JPY0.385 billion in the previous quarter to JPY2.211 billion this quarter, an increase of more than JPY1.8 billion.

There was a lot of transaction revenue from FX in the last quarter, but since it is no longer there, the profit of the Japan segment decreased. The US, as I mentioned earlier, made a large profit. IEO and new revenues have resulted in a JPY0.6 billion increase in pre-tax income of the Crypto Asset segment.

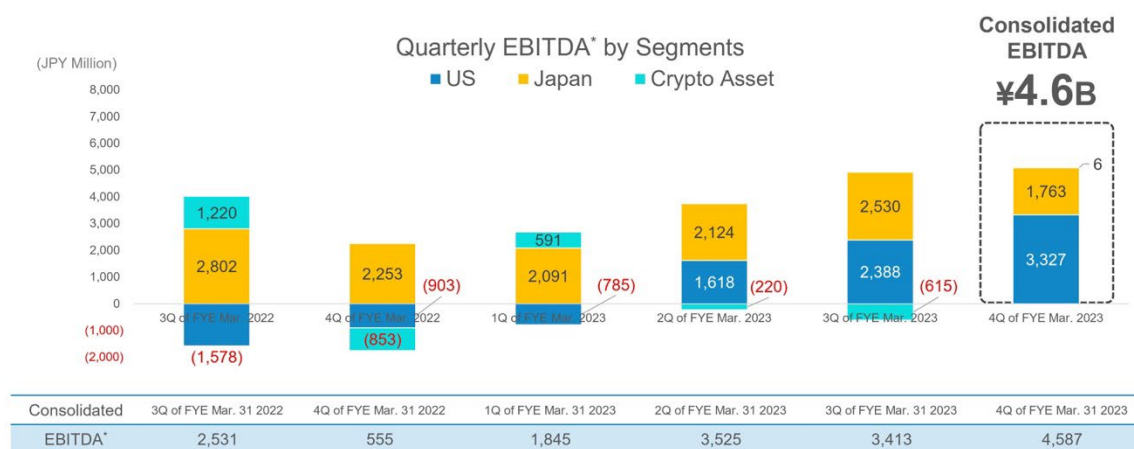
In the Investment segment, there were markdowns and such in Q3, but not this time. Also, as I mentioned at the last meeting, there was an open position of the US dollar in the Monex Group that made money in Q1 and Q2, but lost money in Q3. Since we closed that position, we did not incur any losses compared to Q3, which resulted in an increase in profit.

Incidentally, the profit and loss from open position with foreign exchange in the Monex Group amounted to a profit of JPY0.95 billion for the full year. These factors have resulted in an increase in pre-tax income from JPY0.385 billion to JPY2.211 billion.

EBITDA (Quarterly)

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The US Segment recovered its profitability since the strategy shift in Aug. 2022 to record ¥3.3B in quarterly EBITDA (¥6.5B for the full year). The Japan Segment generated stable cash flow, with quarterly EBITDA of ¥1.8B (¥8.5B for the full year).



Also, looking at the three main segments in terms of EBITDA, the yellow area here is the Japan segment, which is relatively stable, and this is where the asset management model is being strengthened.

The US segment has been dragging its feet and has been through a lot, but as I mentioned earlier, this segment has been increasing its profits at a rapid pace.

Coincheck had a period when it made billions of yen in quarterly profits in good times, but the situation is still tough in the midst of what is known as a crypto-winter. As Seimei will explain in detail later, we have a deficit of JPY0.8 billion for the full year but excluding the JPY1.1 billion in professional costs for the De-SPAC listing, we have a surplus of about JPY0.3 billion, and the deficit in Q4 was close to break even.

Excluding professional fees, the Company is profitable. Profits will increase if the crypto asset business, such as call options, does well, but

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Japan business is stable by nature. US business has changed due to a strategy shift. The combined EBITDA of these two securities businesses is JPY4.6 billion per quarter, or about JPY18 billion per year, with the Coincheck as call options on top of this. That is how it is structured.

Strategy Overview for Major Segments

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Monex Securities, TradeStation, and Coincheck each have solid corporate value and strategy. By promoting each strategy, Monex Group will continue to strive to manifest those values and pursue the sustainable growth of its corporate value.



* The presentation of the projected value (SOTP) of Monex Group is suspended in light of the environment surrounding the Company. 8

On to page eight. We have usually shown you the chart of SOTP. We believe that there is considerable value in Monex Securities and TradeStation, so does Coincheck.

From a SOTP perspective, we believe that the current market capitalization is quite discounted and that the upside is significant. Each business has its own business strategy and is implementing it well, but due to the rapidly changing market and various other circumstances, we have refrained from presenting SOTP figures for this time.

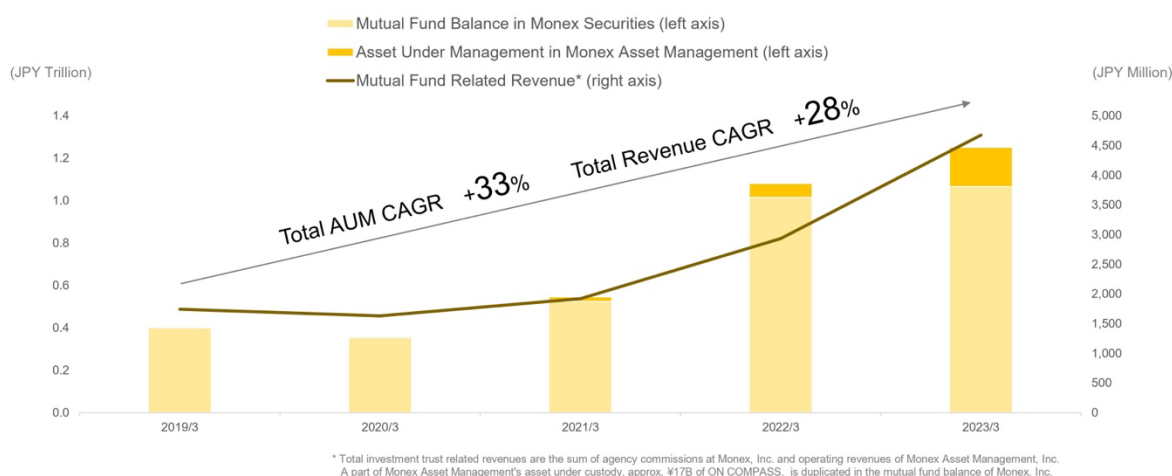
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Total amount of assets associated with the mutual fund-related revenues increased steadily with both the transfer of mutual fund accounts from Shinsei Bank and the progress of our robo-advisory service. In line with this, mutual fund-related revenues have grown steadily.



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Asset management model is being promoted in the Japan segment. As you can see here, adding Monex's investment trust balance and Monex Asset Management's AUM, the total balance grew at a CAGR of 33% and the total revenue grew at a CAGR of 28%, indicating that the Japan segment is steadily moving toward the asset management model.

From here, Seimei would like to talk about the analysis of the numbers.

Seimei: For my part, I would like to start by reporting on the Q4 results, January through March, and then I would like to briefly report on the full year as well.

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The US Segment achieved record operating revenues and income. IEO-related revenues contributed to a narrowing of the Crypto Asset Segment's loss. Consolidated pre-tax income was **¥2.2B**.

Japan	Although FX revenues declined due to lower market volatility, gains on management of USD deposit held and mutual fund-related revenues contributed to achieve segment profit* of ¥405M .
US	Commissions increased due to higher trading volume and interest income from customer cash deposits increased as US interest rates continued to climb. SG&A was optimized, resulting in segment profit of ¥1.9B (QoQ +¥0.9B) .
Crypto Asset	Crypto asset market environment shows a sign of recovery, and the IEO also contributed to an increase in revenue. Advertising expenses was reduced, resulting in segment loss of ¥152M .
Asia Pacific	Trading volume increased QoQ. Segment loss was improved to ¥30M .
Investment	Returned profitability primary due to valuation gains on several portfolio companies. Segment profit was ¥187M .

* Segment profit/loss = Pre-tax profit/loss. The same hereinafter.

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Please refer to page 11. Here are the highlights for Q4.

As Matsumoto explained earlier, the US segment recorded record quarterly operating revenues and operating income due to an increase in commission income and an increase in interest income from customer deposits driven by higher interest rates.

In the Crypto Asset business segment, the loss also narrowed due to the recording of IEO-related revenues and the further curbing of advertising expenses.

As a result of the above, consolidated income before income taxes was JPY2.2 billion.

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QoQ Comparison (3 months) Consolidated Performance

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(JPY million)	FYE Mar. 2023 3Q (Oct. 2022 – Dec. 2022)	FYE Mar. 2023 4Q (Jan. 2023– Mar. 2023)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses and cost of sales	18,072	19,033	+962	+5%	P14: Analysis of Japan segment P16: Analysis of US segment (USD) P18: Analysis of Crypto Asset segment
SG&A	16,775	16,603	-171	-1%	P15: Analysis of Japan segment P17: Analysis of US segment (USD) P19: Analysis of Crypto Asset segment
Advertisement expenses	1,847	1,760	-87	-5%	
The amount equivalent to operating income	1,297	2,430	+1,133	+87%	
Other income / expenses (net)	-912	-220	+692	-	
Quarterly profit before income taxes	385	2,211	+1,825	+474%	
Quarterly profit attributable to owners of the Company	687	1,458	+771	+112%	
EBITDA	3,413	4,587	+1,174	+34%	

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This is the consolidated P&L.

In Q4 of the fiscal year ended March 31, 2023, operating revenue after deducting financial expenses, increased 5% from the previous quarter to JPY19.033 billion, while SG&A expenses decreased 1% from the previous quarter to JPY16.603 billion due to cost controls in each segment.

As a result of the above, as I mentioned earlier, income before income taxes for the quarter was JPY2.211 billion, about 6 times higher than the previous quarter, and income attributable to owners of the company was JPY1.458 billion, 2.1 times higher than the previous quarter. Then, EBITDA increased 34% from the previous quarter to JPY4.587 billion.

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QoQ Comparison (3 months) Segment Performance

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(JPY million)	Japan		US		Crypto Asset		Asia Pacific		Investment	
	2023/3 3Q	2023/3 4Q	2023/3 3Q	2023/3 4Q	2023/3 3Q	2023/3 4Q	2023/3 3Q	2023/3 4Q	2023/3 3Q	2023/3 4Q
Total operating revenue after deducting financial expenses and cost of sales	8,262	7,589	8,998	Record 9,675	1,063	1,583	255	248	-314	209
SG&A	6,904	7,052	7,996	7,806	1,799	1,718	294	292	24	20
Advertisement Expenses	505	599	1,103	984	214	159	30	23	0	-
The amount equivalent to operating income	1,358	537	1,002	Record 1,869	-737	-136	-39	-43	-339	189
Other income / expenses (net)	-798	-132	-18	-7	-12	-16	-32	13	1	-2
Quarterly profit before income Taxes	561	405	984	Record 1,862	-748	-152	-71	-30	-338	187
Quarterly profit attributable to owners of the Company	400	256	1,176	1,242	-576	-53	-66	-31	-244	104
EBITDA	2,530	1,763	2,388	3,327	-615	6	-7	-13	-339	189

Note

See P14 "total operating revenue after deducting financial expenses" for more details
See P15 "SG&A" for more details

See P16 "total operating revenue after deducting financial expenses and cost of sales" for more details
See P17 "SG&A" for more details

See P18 "total operating revenue after deducting financial expenses" for more details
See P19 "SG&A" for more details

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This page 13 will be the segment breakdown.

On the consolidated revenue side, sales increased by 5%, but as you can see, the US segment led the increase. The increase in interest income due to high interest rates and the increase in transaction volume had a positive impact. This is the highest operating revenue in our history.

The Crypto Asset business segment also saw signs of a market recovery toward the end of the fiscal year, and revenues increased due to the recording of IEO-related revenues.

The Investment business segment also recorded a valuation gain on an up-round financing of an investment, and while the previous quarter was negative due to an excess valuation loss, the current quarter and Q4 saw an increase in revenues.

On the other hand, the Japan segment saw a decline in revenue due to lower US equity-related and FX revenues.

As for profits, the US segment achieved record highs in all areas, including operating income, as shown here.

In addition, the Crypto Asset business segment would have been profitable without De-SPAC-related expenses, which will be explained later, and the investment business segment is also returning to profitability.

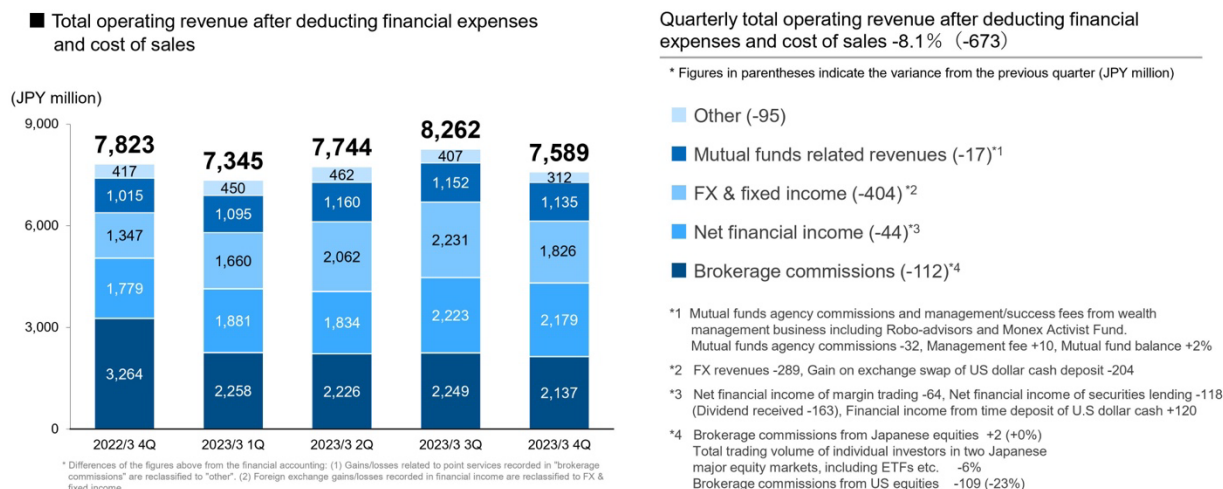
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Japan: In addition to a decline in US equity-related revenues, FX revenues decreased due to lower market volatility. Mutual fund balances steadily grew.



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Next, I would like to explain a little about the revenues and expenses of the three main segments.

First, the Japan segment.

The bottom is the commission fee. While commissions on US equities declined due to the impact of the market, commissions on Japanese equities remained almost unchanged from the previous quarter. As a result, the Monex Securities' net sales decreased by JPY0.112 billion compared to the previous quarter.

In addition, the revenue of stock lending, and then the revenue of margin trading have decreased, and the net financial income has also decreased. As for FX, revenues declined in Q4 as a reaction to the extremely high volatility in Q3 of the previous fiscal quarter.

As a result of the above, operating revenue decreased 8% from the previous quarter to JPY7.589 billion.

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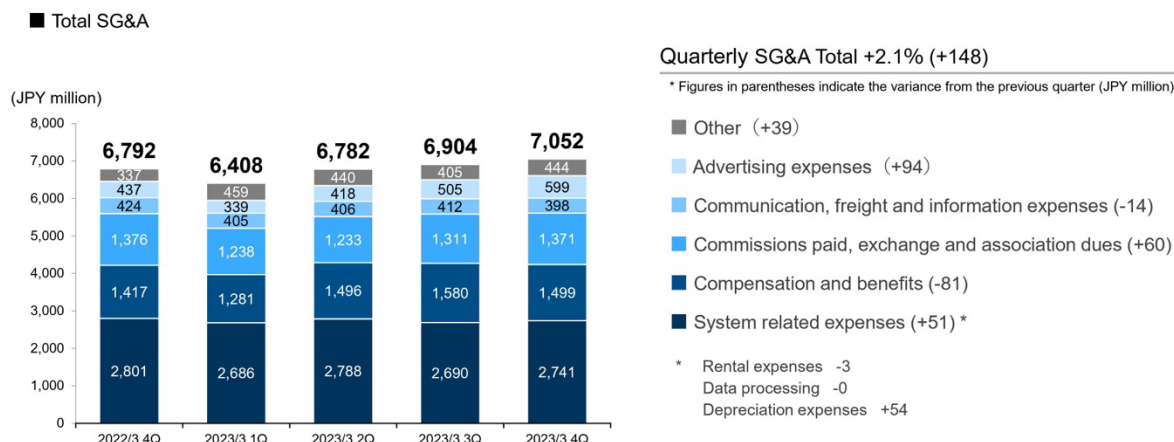
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QoQ Comparison (3 months) Analysis: SG&A

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Japan: Depreciation costs increased with the launch of US equity margin trading service in Jan. 2023.
Advertising expenses also increased with the resumption of annual large in-person seminars.



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The cost of Japan.

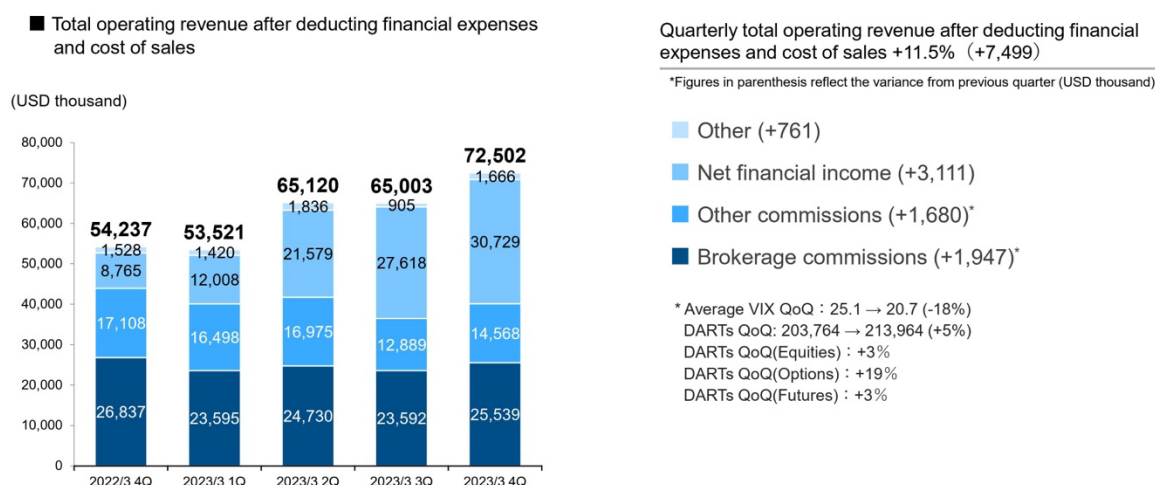
This is a 2% increase over the previous quarter, to JPY7.052 billion. Depreciation and amortization expenses have increased due to the start of margin trading of US stocks in January 2023.

In addition, advertising expenses, the second line from the top, have also increased slightly, as we resumed large-scale seminars in Q4, which had been restrained by COVID-19.

QoQ Comparison (3 months) Analysis: Operating Revenue (USD)

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US: Commissions increased due to higher trading volume, particularly for options. Net financial income also increased as US interest rates continued to climb. Total revenue in 4Q was the highest ever.



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Next is the Q4 revenue for the US segment.

As you can see, there was a large increase in revenue.

The net financial income increased due to the continued rise in US interest rates. In US dollar terms, the increase was 11% or USD3.1 million.

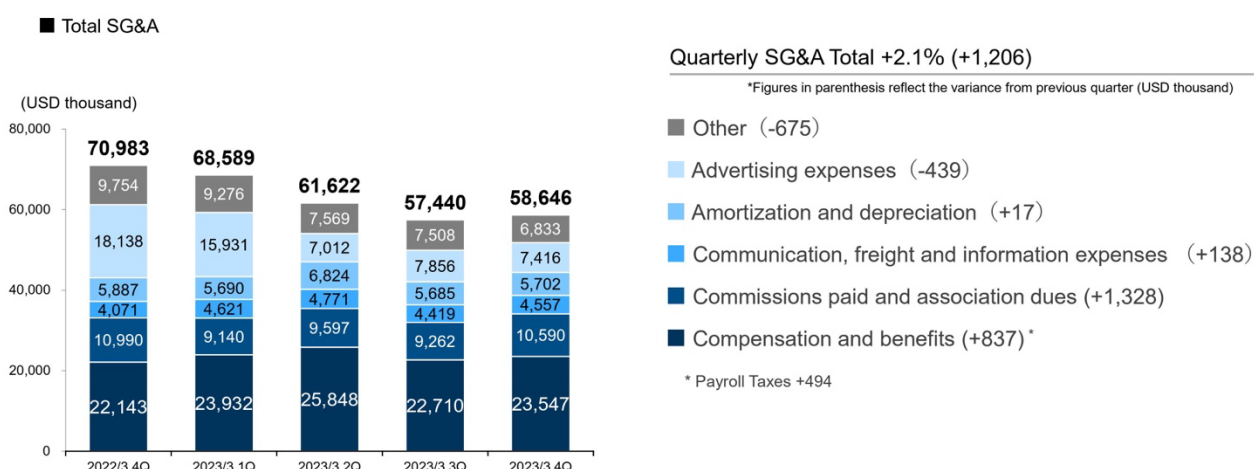
Market volatility has decreased during the period, as shown in the lower right-hand corner, while trading volume has increased in all areas, including equities, options, and futures trading. TradeStation's client, mainly active traders, continued to trade despite the decline in the VIX, resulting in an increase in both brokerage commissions and other commissions.

As a result of the above, operating revenue increased by 11.5%.

QoQ Comparison (3 months) Analysis: SG&A (USD)

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US: Controlled total SG&A to an appropriate level despite an increase of commissions paid due to higher trading volume.



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The cost of the US.

The increase in SG&A expenses was limited despite the large increase in revenue, and SG&A increased by 2.1%. Since transaction volume has increased, commissions paid have naturally increased. Personnel expenses increased, but this is due to seasonal factors. As a result, SG&A expenses increased slightly, but were kept under control at USD58.65 million, an increase of 2%.

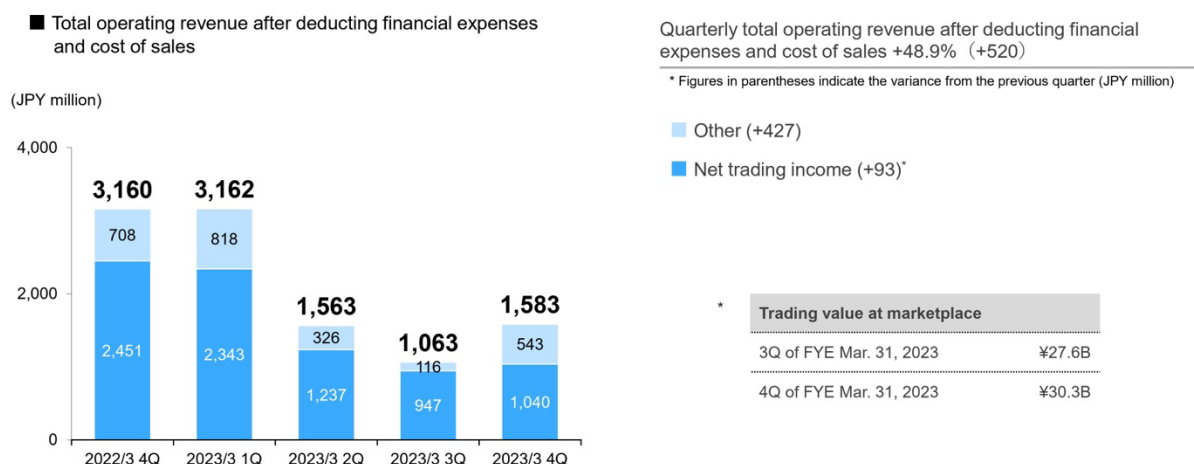
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Crypto: Trading volumes increased due to higher average crypto asset values.
The second IEO (FNCT) also contributed to the increase in revenue.



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Next, expenses for the Crypto Asset business segment.

The crypto asset market and crypto asset prices showed signs of recovery toward the end of the period, which led to an increase in trading volume, resulting in an increase in trading revenues.

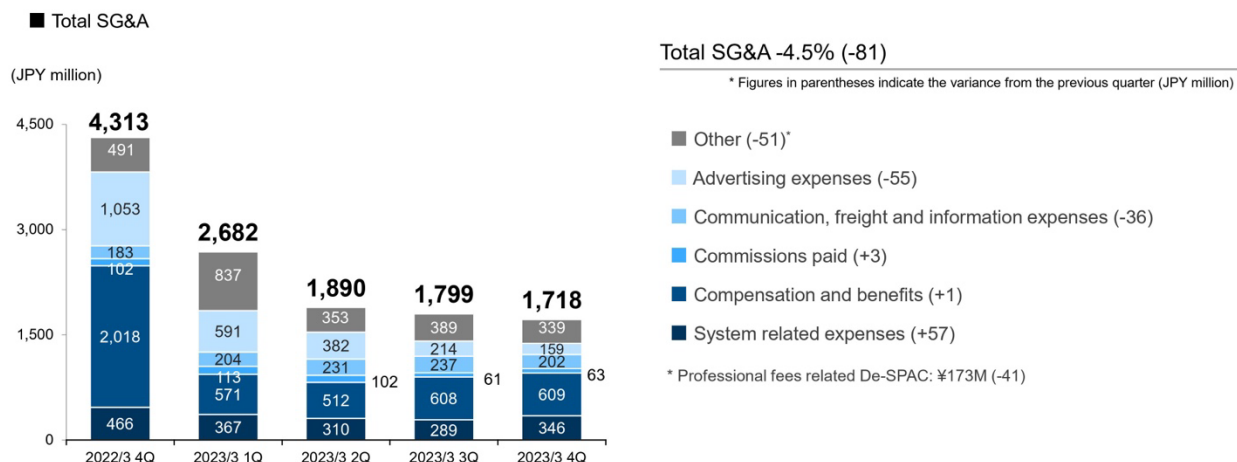
In addition, Coincheck succeeded to conduct a second IEO, resulting in an increase in other revenues. As a result, operating revenue increased 48.9% from the previous quarter to JPY1.583 billion.

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Crypto: Total SG&A expenses decreased QoQ as a result of advertising budget management in response to current market conditions.



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On the other hand, we continue to curb advertising expenses. Furthermore, we reduced advertising expenses by 26% from the previous quarter, resulting in a 4.5% decrease in overall SG&A expenses to JPY1.718 billion. This includes professional fees of JPY0.173 billion related to De-SPAC in other expenses.

In the Crypto Asset business Segment, we are keeping costs as low as possible and waiting for market conditions to recover.

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Highlights FYE Mar. 2023 (12 months)

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Stable profit generation in the Japan Segment and successful performance improvement in the US Segment after the strategy shift mitigate lower revenue in the Crypto Asset Segment due to the sluggish crypto market. Consolidated pre-tax income was **¥4.7B**.

Japan	Stable growth in products and services that generate balance-based revenues after the reduction of Japanese equity brokerage commissions in Mar. 2022. Strong FX revenues and gains on management of USD deposit contributed to achieve segment profit ^{*1} of ¥5.8B .
US	Interest income from customer cash deposits significantly increased, achieving the record operating revenue. Operating income was ¥1.3B. One-time cost was recorded in 2Q to respond to a change in strategy. Segment loss was ¥0.2B .
Crypto Asset	Challenging crypto asset market environment affected trading volume. Total SG&A was controlled reducing advertising expenses. Segment loss was ¥0.9B . (Professional fees related to De-SPAC was ¥1.1B)
Asia Pacific	Trading volume decreased due the sluggish market environment. Segment loss was ¥0.2B .
Investment	Segment profit was ¥216M due to valuation gains on several portfolio companies.

*1 Total operating revenue after deducting financial expenses and cost of sales. *2 Segment profit/loss = Pre-tax profit/loss. The same hereinafter.

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I would like to briefly explain the 12 months. As you can see on page 20, the summary, consolidated income before income taxes for the fiscal year ended March 31, 2023, was JPY4.7 billion.

In the Japan segment, the reduction of brokerage commissions for Japanese equities was implemented in March 2022, and this was a factor in the decrease in revenue. However, FX revenues increased, the asset management model is making progress, and there were revenues related to mutual funds, so segment income was JPY5.8 billion.

The US segment has been recovering significantly since the change in strategy in August last year and is now at its highest annual earnings ever. On the profit side, on the other hand, a one-time cost of approximately JPY1.5 billion associated with that strategy shift, which was recorded in other expenses, resulted in a segment loss.

In addition, the Crypto Asset business segment had a very challenging year. The segment loss was JPY0.9 billion as a result of the JPY1.1 billion in De-SPAC-related professional fees, which means that the segment would have been profitable if De-SPAC-related expenses had not been incurred.

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YoY Comparison (12 months) Consolidated Performance

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(JPY million)	FYE Mar. 2022 (Apr. 2021 – Mar. 2022)	FYE Mar. 2023 (Apr. 2022 – Mar. 2023)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses and cost of sales	83,549	73,316	-10,234	-12%	P23: Analysis of Japan segment P25: Analysis of US segment (USD) P27: Analysis of Crypto Asset segment
SG&A	68,601	68,487	-113	-0%	P24: Analysis of Japan segment P26: Analysis of US segment (USD) P28: Analysis of Crypto Asset segment
Advertisement expenses	14,121	8,489	-5,632	-40%	
The amount equivalent to operating income	14,949	4,829	-10,120	-68%	
Other income / expenses (net)	5,852	△ 160	-6,012	-	
Profit before income taxes	20,801	4,669	-16,132	-78%	
Profit attributable to owners of the Company	13,017	3,392	-9,625	-74%	
EBITDA	23,367	13,371	-9,996	-43%	

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Here are the consolidated figures.

As I mentioned, for the fiscal year ended March 31, 2023, looking at the 12-month period, operating revenue after deducting financial expenses, declined 12% to JPY73.316 billion. It was the result of a decline of the crypto asset market.

SG&A expenses, on the other hand, remained flat at JPY68.487 billion.

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YoY Comparison (12 months) Segment Performance

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(JPY million)	Japan		US		Crypto Asset		Asia Pacific		Investment	
	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3
Total operating revenue after deducting financial expenses and cost of sales	30,438	30,940	23,579	Record 34,503	28,621	7,369	1,222	1,053	465	308
SG&A	25,250	27,145	29,587	33,176	14,909	8,090	1,083	1,205	89	91
Advertisement Expenses	1,725	1,862	6,509	5,148	5,745	1,346	163	158	1	0
The amount equivalent to operating income	5,188	3,794	-6,008	1,327	13,712	-721	139	-151	376	218
Other income / expenses (net)	6,777	1,986	451	-1,554	157	-155	32	-7	0	-2
Profit before income Taxes	11,965	5,781	-5,557	-227	13,870	-876	171	-158	376	216
Profit attributable to owners of the Company	8,000	3,954	-5,024	1	9,707	-568	131	-161	227	233
EBITDA	10,294	8,508	-2,364	6,548	14,313	-238	246	-25	376	218
Note	See P23 "total operating revenue after deducting financial expenses" for more details See P24 "SG&A" for more details		See P25 "total operating revenue after deducting financial expenses and cost of sales" for more details See P26 "SG&A" for more details		See P27 "total operating revenue after deducting financial expenses" for more details See P28 "SG&A" for more details					

22

Here is a look by segment.

The US has recorded record annual revenues.

In the Crypto Asset business segment, which is in the middle, revenues declined by more than JPY20 billion, but the US segment recovered about JPY11 billion, which helped to reduce the decline in revenues.

In terms of profit, if you look at the operating income column, you will see that the US segment also improved significantly throughout the year.

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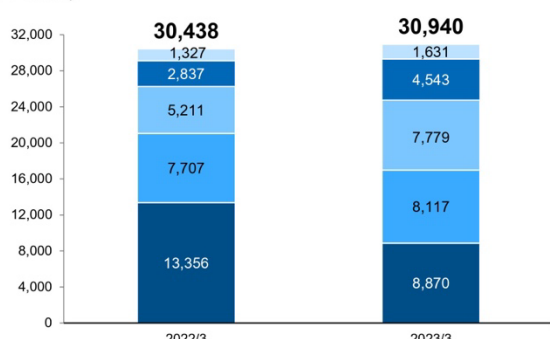
YoY Comparison (12 months) Analysis: Operating Revenue

MONEX GROUP

Japan: In addition to an increase in FX revenues and gains on management of US dollar deposits, increased revenues from account transferred from Shinsei Bank and business expansion such as IFA offset the decline in brokerage commissions due to the revision of Japanese equity cash commissions.

■ Total operating revenue after deducting financial expenses and cost of sales

(JPY million)



* Differences of the figures above from the financial accounting: (1) Gains/losses related to point services recorded in "brokerage commissions" are reclassified to "other". (2) Foreign exchange gains/losses recorded in financial income are reclassified to FX & fixed income.

Total operating revenue after deducting financial expenses and cost of sales +1.6% (+502)

* Figures in parentheses indicate the variance from the previous year (JPY million) [reflects comparison of results for 12 months ended Mar 31 YoY]

- Other (+304)
- Mutual funds related revenues (+1,706)*¹
- FX & fixed income (+2,568)*²
- Net financial income (+410)*³
- Brokerage commissions (-4,487)*⁴

*¹ Mutual funds agency commissions and management/success fees from wealth management business including Robo-advisors and Monex Activist Fund
Mutual funds agency commissions +1,438, Management fee +252

*² FX revenues +1,140, Gain on exchange swap of US dollar cash deposit +1,353

*³ Net financial income of margin trading -539, Net financial income of securities lending +250, Financial income from time deposit of U.S dollar cash +583

*⁴ Brokerage commissions from Japanese equities -3,648 (-35%)
Total trading volume of individual investors in two Japanese major equity markets, including ETFs etc. +2%
Brokerage commissions from US equities -835 (-30%)

23

Brokerage commissions have been decreasing for the year in Japan due to the full year impact of the reduction in Japanese stock commissions. As a result of strengthening other sources of revenue, overall sales and operating revenue increased slightly.

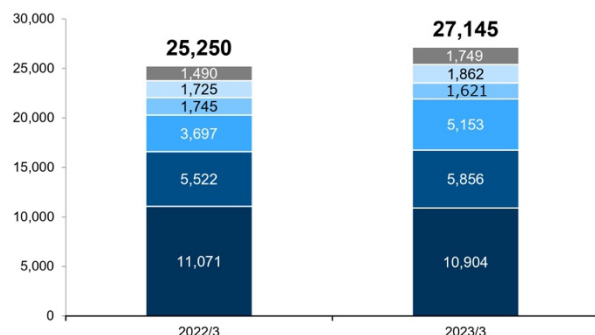
YoY Comparison (12 months) Analysis: SG&A

MONEX GROUP

Japan: Although commissions paid increased in line with revenue growth from the operation of accounts transferred from Shinsei Bank, SG&A, including system investments, was appropriately controlled.

■ Total SG&A

(JPY million)



SG&A Total +7.5% (+1,895)

* Figures in parentheses indicate the variance from the previous year (JPY million) [reflects comparison of results for 12 months ended Mar 31 YoY]

- Other (+258)
- Advertising expenses (+137)
- Communication, freight and information expenses (-124)
- Commissions paid, exchange and association dues (+1,456)*
- Compensation and benefits (+334)
- System related expenses (-166)

* Increase in commissions paid due to larger transaction via IFA/PB business and by the customers transferred from Shinsei Bank +1,199

24

Expenses increase in commissions paid, but this is due to the transfer of accounts from Shinsei Bank, and of course, revenues have increased as those accounts have come into operation. The commissions paid are commensurate with the revenues, and therefore, have increased.

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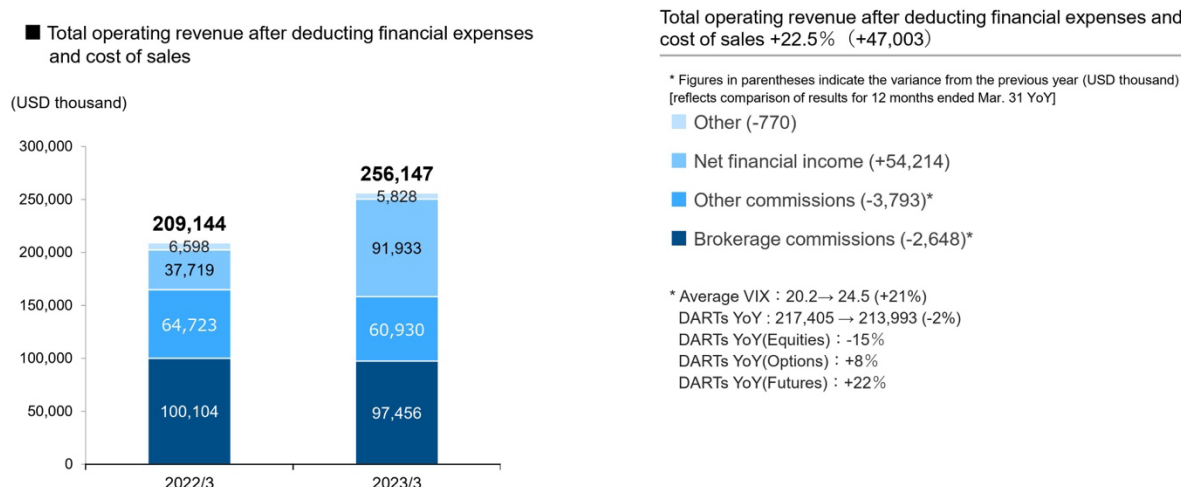
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YoY Comparison (12 months) Analysis: Operating Revenue (USD)

MONEX GROUP

US: Total revenue increased 22.5% YoY due to a significant increase in net financial income as a result of higher interest rates. Annual revenue was the highest ever.



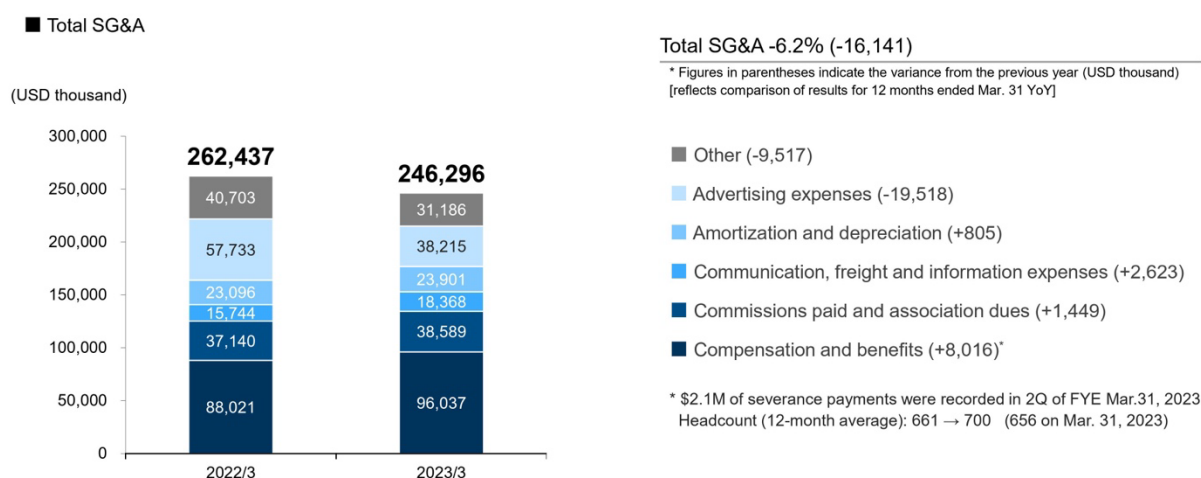
25

In the US, financial revenues grew significantly. Compared to the previous year on a US dollar basis, overall earnings, in terms of financial income, increased 2.4 times. This is the second bar graph from the top. As a result, overall operating revenue increased by 22.5% to USD256 million.

YoY Comparison (12 months) Analysis: SG&A (USD)

MONEX GROUP

US: Significantly reduced advertising expenses and professional fees as part of the shift in strategy in 2Q of FYE Mar. 2023. However, compensation and benefits increased YoY, which includes the severance payments for the reduction in force conducted in Aug 2022.



26

On the other hand, SG&A expenses have been quite well controlled. Since we reduced the number of employees in August last year, there was a one-time severance payment associated with the reduction, which led to an increase in personnel expenses, but advertising expenses were significantly reduced in line with the change in strategy.

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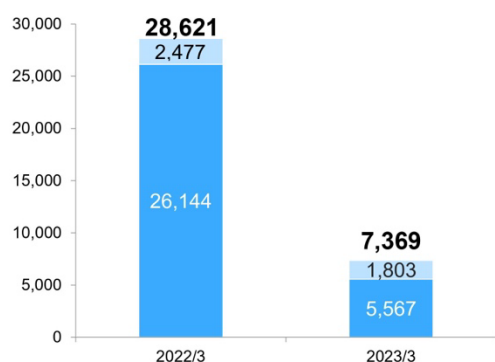
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Crypto: Decrease in net trading income due to lower trading volumes resulting from the decline in crypto asset values and market transaction volume. Maintained the customer base and the the number of units of crypto assets held by customers increased YoY.

■ Total operating revenue after deducting financial expenses and cost of sales

(JPY million)



Total operating revenue after deducting financial expenses and cost of sales -74.3% (-21,252)

* Figures in parentheses indicate the variance from the previous year (JPY million) [reflects comparison of results for 12 months ended Mar. 31 YoY]

Other (-674)

Net trading income (-20,578)*

* Trading value at marketplace	
FYE Mar. 31, 2022	¥568.4B
FYE Mar. 31, 2023	¥157.1B
The number of crypto asset units held by customers (YoY)	
BTC	+22%
ETH	+16%
XRP	+3%

27

The Crypto Asset business segment had a very difficult year, as you can see from the graph, due to the market environment. So the net trading income decreased significantly.

However, as you can see in the lower right-hand corner, the number of crypto coins held by customers was compared between the end of March 2022 and the end of March 2023, and the number of coins held increased for Bitcoin, Ethereum, Ripple, and these three coins, as well as others, at least for these three. The number of cryptocurrency holdings has increased.

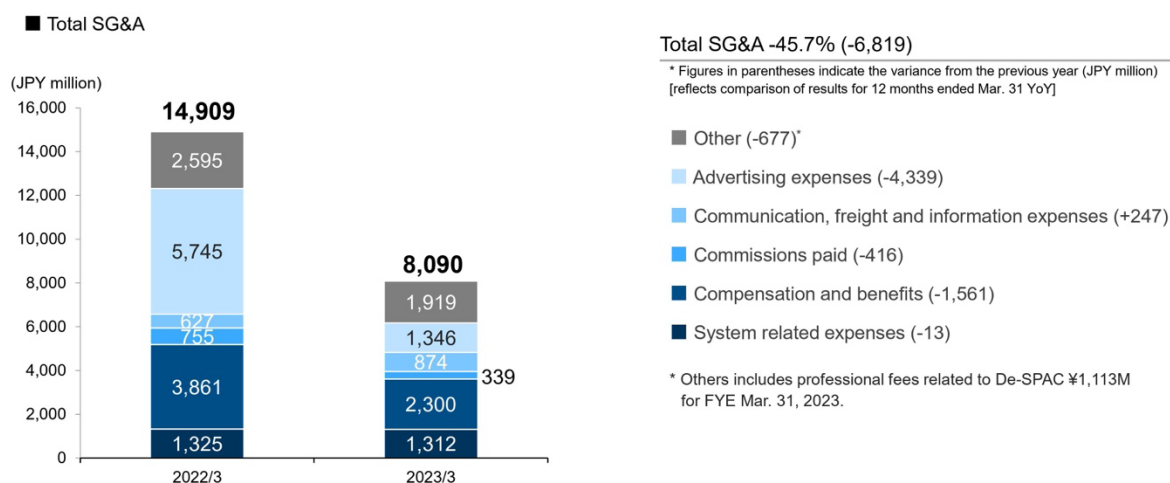
In other words, although prices have fallen and so on, our customer base, as Matsumoto will explain later, is solid, and the number of customers has not actually gone out. We are now waiting for the market to come back.

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Crypto: Advertising expenses decreased about 77% YoY, by controlling advertising budget in response to current market conditions.



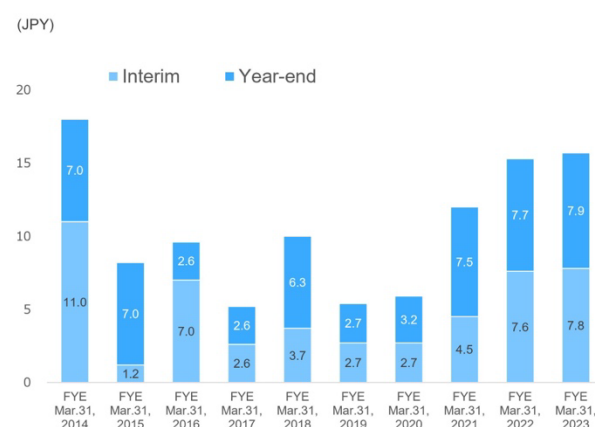
28

Costs were well controlled in line with market conditions. Particularly, advertising costs have been significantly reduced. Of the approximately JPY1.9 billion in other expenses, approximately JPY1.1 billion was for professional fees related to De-SPAC, which means that Coincheck would have remained profitable if not for these De-SPAC-related expenses.

History of Shareholders' Distribution

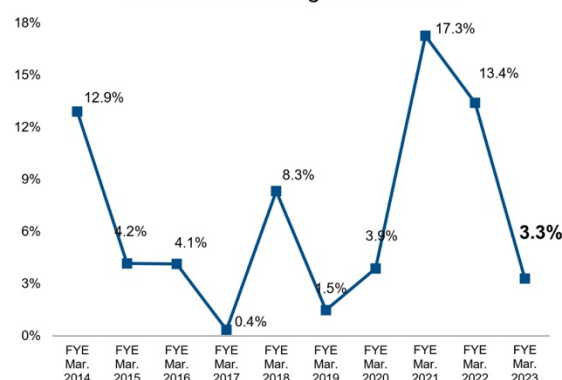
Shareholder Return Policy: Stable dividend payments and flexible buybacks of its own shares, while investing in the long-term growth.

◆ History of dividend per share



◆ Return on equity ratio

Five Years Average ROE 7.9%



29

Finally, in shareholder returns, I have a few things to report. The year-end dividend forecast is JPY7.9 per share. As Matsumoto mentioned earlier, looking at Q4, we have confirmed that the securities business in Japan and the US is firm, and EBITDA is about JPY5 billion for the three-month period. Against this backdrop, the Company has decided to increase the dividend to JPY7.9 per share.

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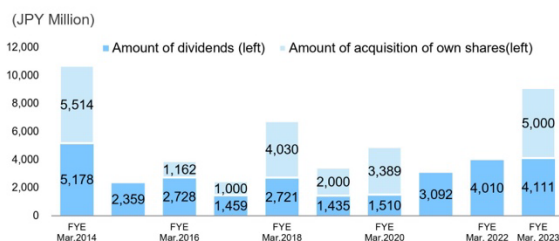
Shareholders distribution

◆ Our basic policy for shareholders distribution

To ensure shareholder return, we will consistently offer dividend of 7.5 yen or more per share semi-annually and, from time to time, buy back the Company's stocks with discretion of the management team.

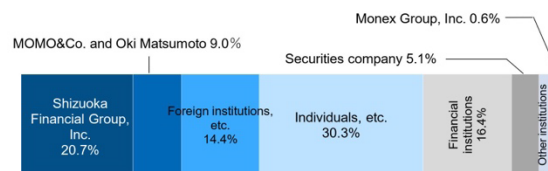
◆ History of shareholders' return

Given the business environment, the performance of its subsidiaries in the U.S. and elsewhere, and the solid financial foundation, the Company repurchased its own shares from Nov. 2022 to Feb. 2023. As a result, approximately 11 million shares (worth approx. ¥5B) were repurchased, of which 9.5 million shares were retired at the end of March.



Shareholders & indicators per share

◆ Major shareholders and shareholder breakdown (as of Mar. 31, 2023)



* The graph made by Monex based on shareholders' list as of Mar. 31, 2023. The number of outstanding shares is 257,947,100 shares.

◆ Indicators per share

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022	FYE Mar. 2023
Equity attributable to owners of the Company per share (BPS)	297.28 yen	297.70 yen	347.67 yen	391.64 yen	388.67 yen
Earnings per share attributable to owners of the Company (EPS)	4.42yen	11.59yen	55.82yen	50.00yen	12.85yen
Rate of Return on Equity (ROE)	1.5%	3.9%	17.3%	13.4%	3.3%
Dividends per share	5.4yen	5.9yen	12.0yen	15.3yen	15.7yen

30

Next, on the left side of the page, we show the share buyback as an example of shareholder return. Under our basic policy of flexibly conducting share buybacks based on management decisions, we repurchased JPY5 billion and 11 million shares from November of last year through the end of February of this year. 9.5 million shares were retired at the end of the fiscal year.

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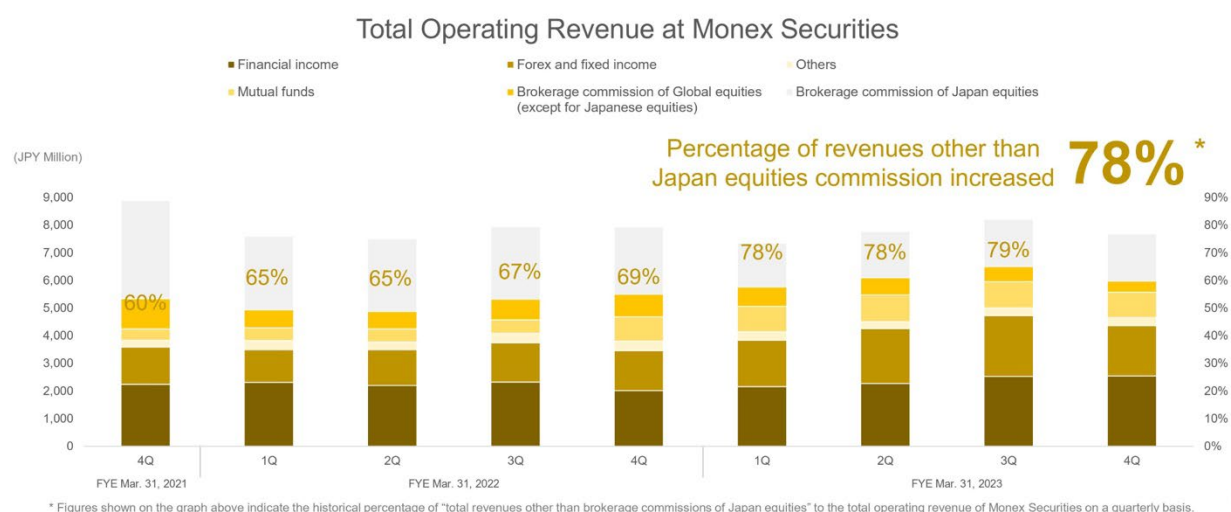
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Matsumoto: Now I would like to give a brief update on the business in each segment.

Business Update Japan Segment 1/5

MONEX GROUP

Revenue stream has become more diversified at Monex Securities due to the steady increase of revenues other than Japan equities brokerage commissions.

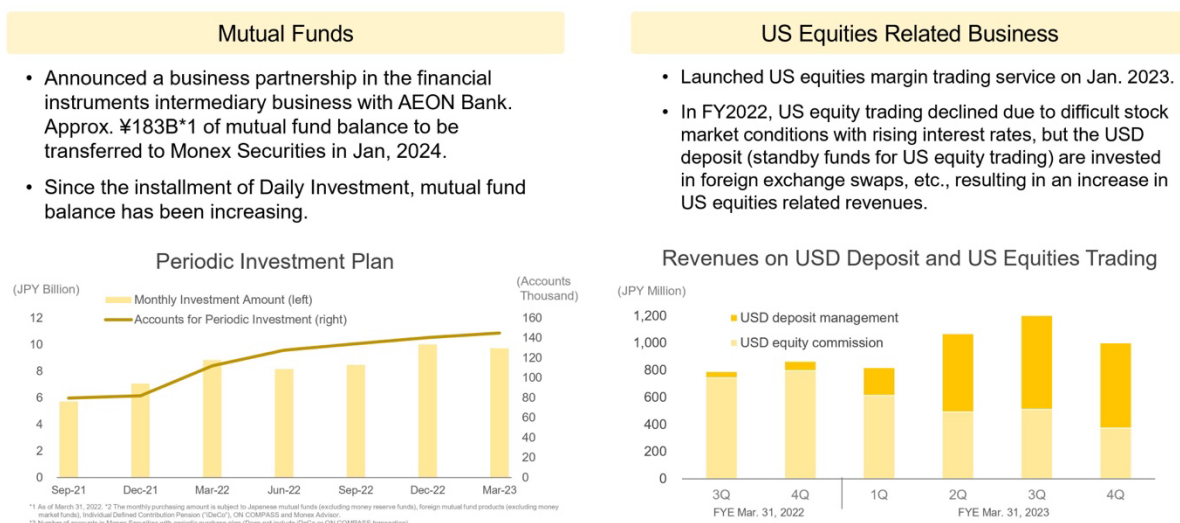


Starting on page 32 is the Japan segment. This chart shows much less reliance on Japanese stock brokerage commissions as we move forward with the asset management model.

Business Update Japan Segment 2/5

MONEX GROUP

Expanded the balance of mutual fund using periodic investment service. Gains on management of USD deposit contributes to the US equities related revenues.



The next page shows that the investment trust accumulation is progressing well and is scheduled to be transferred from AEON Bank, indicating that the investment trust business is growing steadily.

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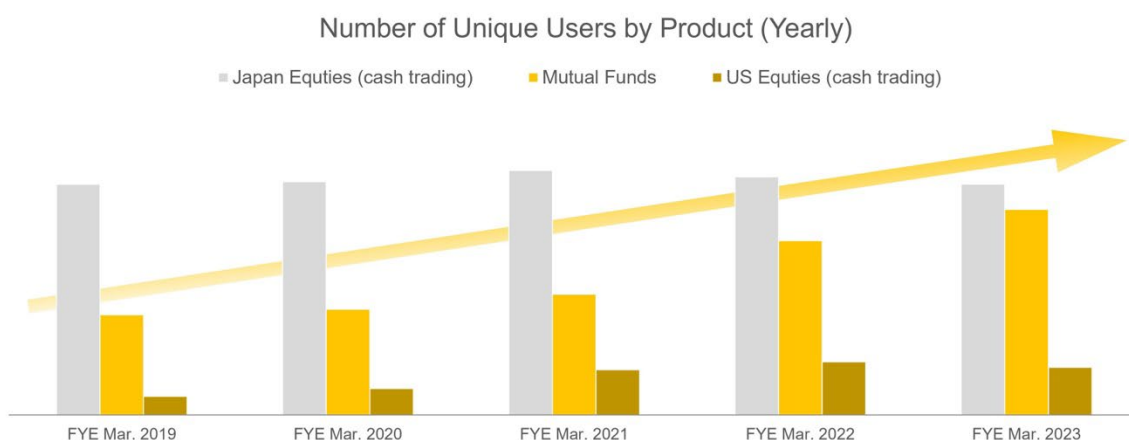
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Also, the chart on the right shows that this is the US equity business, and while brokerage commissions decreased amid a weak market, interest rates rose, and interest income increased. In other words, when interest rates are low and volatility is high, commission income is high, and when interest rates rise and volatility falls, or when stocks are weak, brokerage commissions decrease, but interest income increases. The structure of the revenue is such that it is offset in this way.

Business Update Japan Segment 3/5

MONEX GROUP

While the number of Japan equities service users are stable, the number of users trading mutual funds and US equities has steadily increased.



34

Page 34 shows the number of users trading each product within Monex.

As you can see, the number of users trading mutual funds and other instruments other than Japanese stocks has been steadily increasing. This asset management model transformation is steadily progressing in order to reduce the dependence on commissions derived from such trading.

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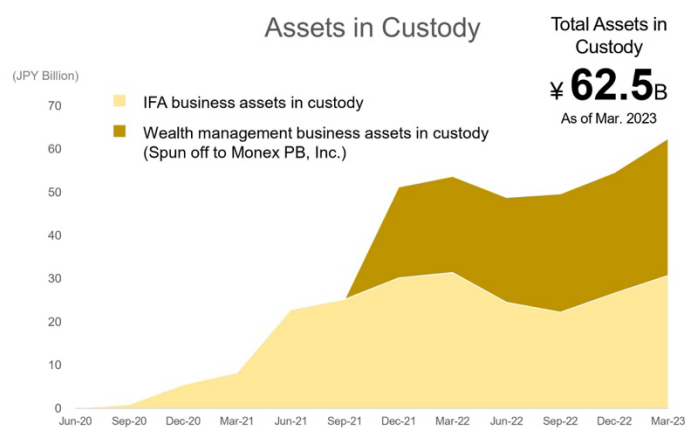
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The IFA/wealth management business achieved its assets in custody to approximately ¥63B.

Monex PB, Inc. established to stretch the wealth management business



- Monex Securities launched an IFA business in 2020 and a wealth management business in 2021. In the past three years, total assets in custody of both businesses have increased to approx. ¥63B.

- Wealth management business transferred to Monex PB, Inc. (a specialized company, MPB) in Oct 2022. MPB opened Nagoya office in Nov 2022.

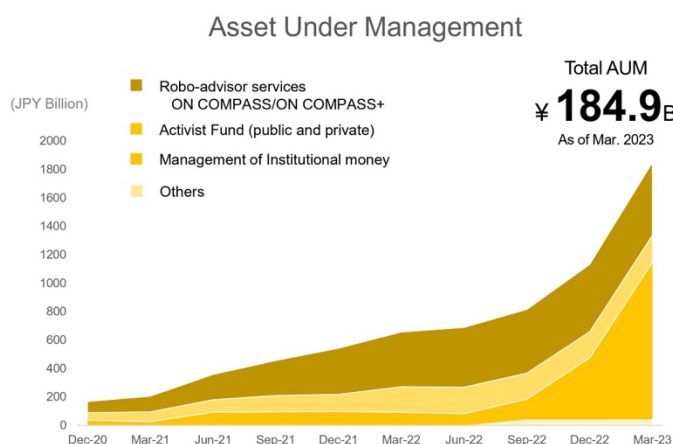
- Started collaboration with Shizuoka Bank in the area of wealth management in the past Feb. Collaboration with other regional banks in the same area to be pursued. Further evolve the asset management model with MPB and the IFA business at its core.

35

As shown in the chart, the darker color at the top indicates external IFAs and the lighter color at the bottom indicates assets under custody within our group, via Monex PB. IFA and wealth management business are increasing. Monex PB opened an office in Nagoya last November.

Our robo-advisory service awarded 1st and 2nd for fund wrap management performance in Japan.

Total AUM of Monex Asset Management exceeded ¥200B as of Apr. 27



Robo-advisor service

ON COMPASS

Ranked first in Sharpe Ratio and returns for the past three and five years in the "2022 Fund Wrap Performance Net of Expenses" report.

ON COMPASS+

ON COMPASS+, also a hybrid face-to-face investment service, also ranked second to ON COMPASS in investment performance net of expenses for the past three years in terms of sharpe ratio and return. Note that ON COMPASS+ has been in service for three years.

Management of Institutional Money

Monex Asset Management collects and manages institutional money from regional banks and others.

* Data source: Japan Financial Service Agency <https://www.fsa.go.jp/common/about/research/20230421.html> 36

Monex Asset Management has two pieces of news.

One was that its AUM was JPY184.9 billion at the end of March, as shown in this chart, and it is now over JPY200 billion. While many of the businesses within the Monex Group are generally highly volatile, the asset

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management business has extremely low volatility and is accumulating assets steadily in the form of the SaaS model.

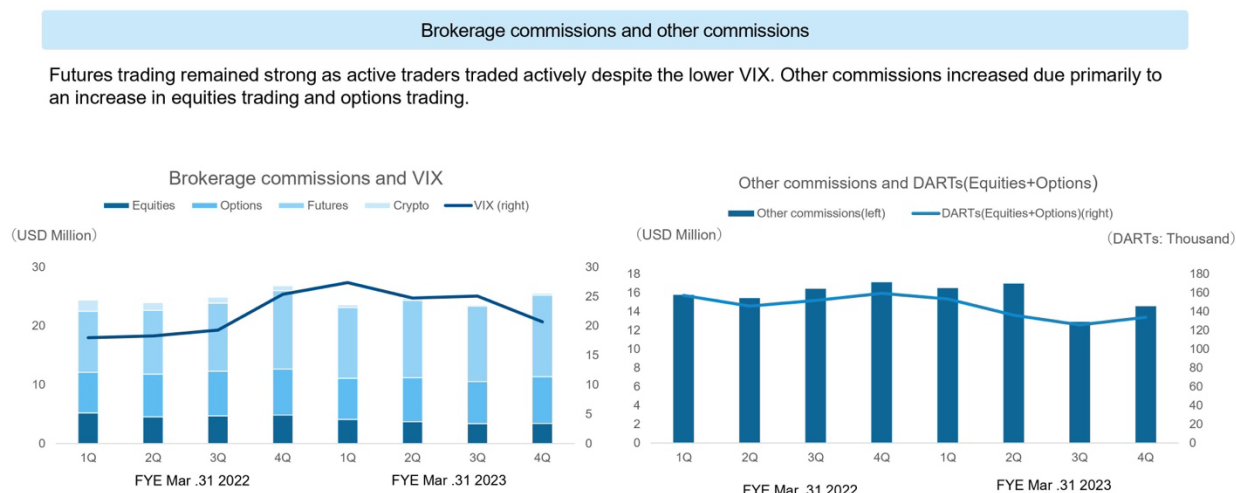
In addition, as you can see on the right, the Japan FSA announced last Friday the performance of fund wraps in Japan, as shown in the press release issued today. Looking at the performance of all fund wrap products in 2022 after expenses, ON COMPASS, a web-based wrap account and wrap management product managed by Monex Asset Management, ranked first in both Sharpe ratio and return for the past three and five years. The Sharpe ratio of our fund wrap is approximately 2 times than the second-place product.

ON COMPASS+, which is a hybrid that works with regional financial institutions. The investment performance of this fund is not yet available for five years, but only for three years, and it is ranked second in terms of both Sharpe ratio and return. The overall AUM has increased steadily due to the extremely good investment performance.

Business Update US Segment 1/4

MONEX GROUP

Brokerage commissions increased in all asset classes, despite a lower VIX.
Other commissions increased due to an increase in equities and options trading.



37

The US will be on the next page. The left-hand side shows that brokerage commissions has not changed much even though the VIX has declined, and the right-hand side shows that other commissions, such as PFOF, have also remained steady.

So, even though the market is down, the VIX is down, and so on, we can see that TradeStation is doing well in terms of brokerage commissions and other commissions.

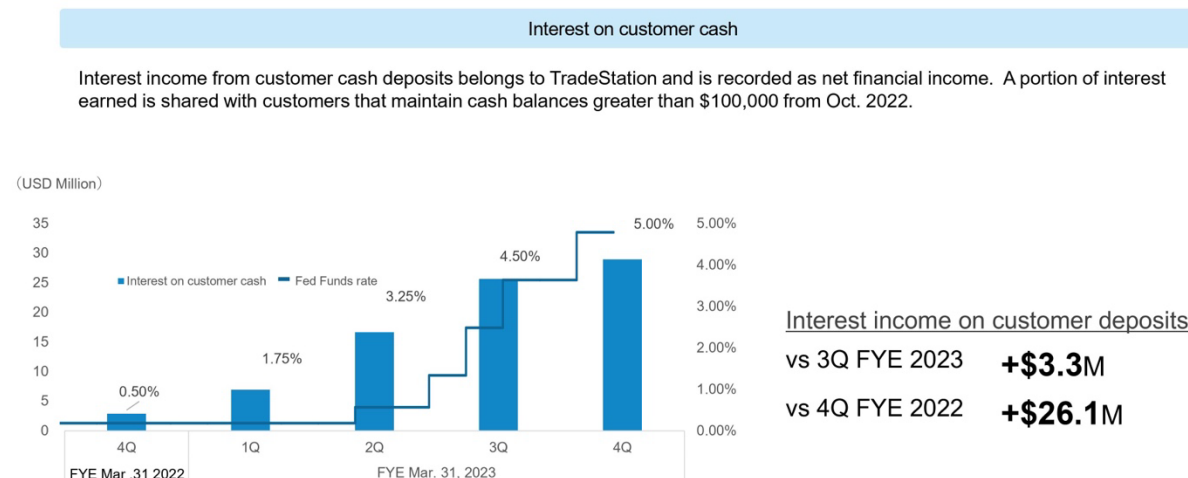
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Interest income from customer deposits increased significantly as US interest rates continued to climb.



38

Page 38 shows the status of interest income in the United States.

Interest rates have been rising in the current quarter, and as you can see here now, we are still boasting high interest income in Q4.

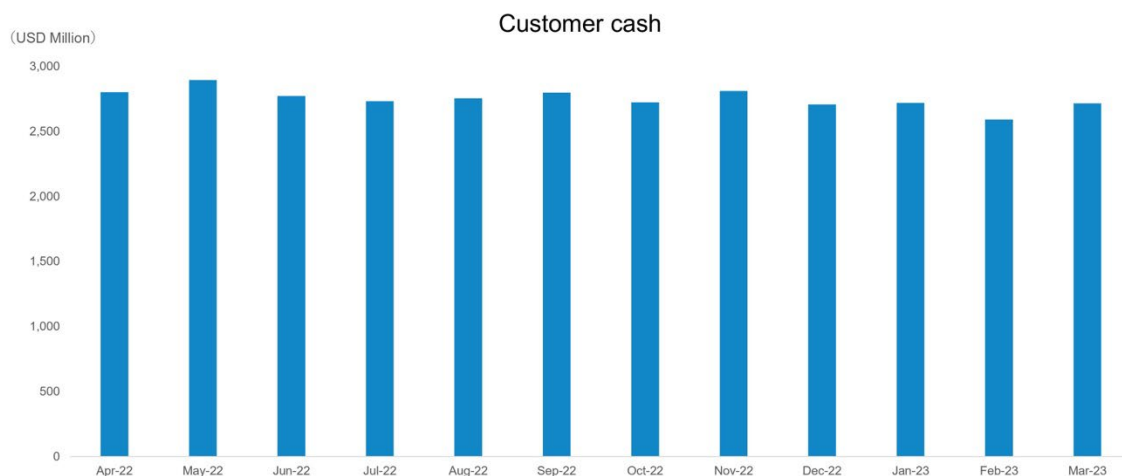
In the future, the FED may not continue to raise interest rates, but it will not suddenly lower them. In that light, interest rates have been rising in Q1, Q2, Q3, and Q4, and interest income has been increasing, and from here on out, the highest income level will last for a certain time period. We expect the US segment to generate steady interest income as well as steady trading commissions for the coming fiscal year, as shown on the previous page.

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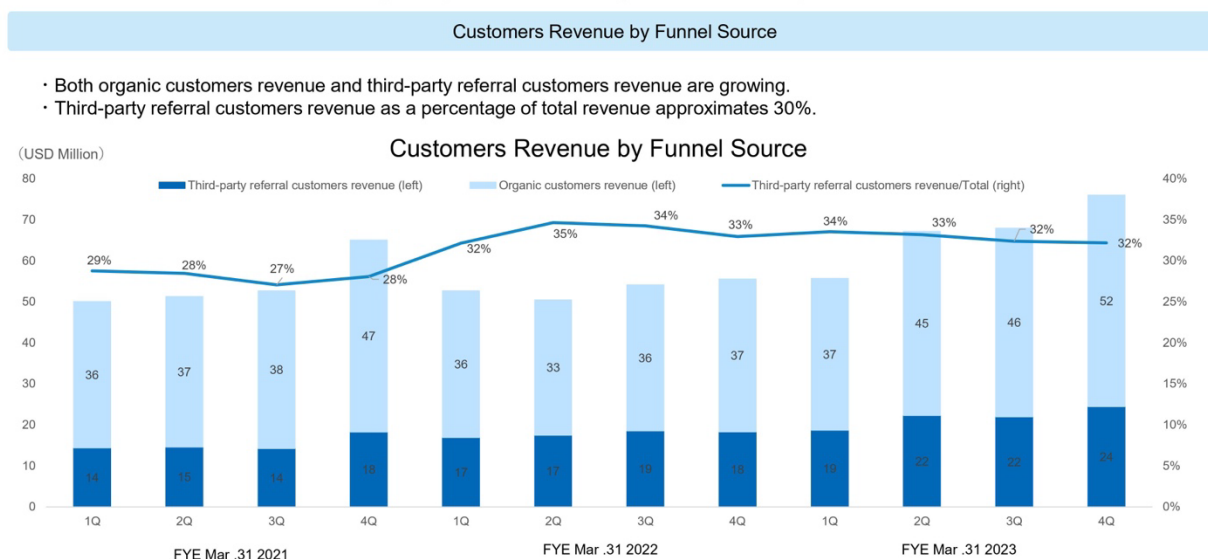
Customer cash at TradeStation remains stable even after the collapse of Silicon Valley Bank.



39

On page 39, after the Silicon Valley Bank issue, it was said that some regional banks cut their deposits in half or something like that, but as you can see here, there is no impact on assets on deposit at the TradeStation.

We capture active traders through organic marketing and third-party referral partners.



40

When we were going for the De-SPAC listing, we tried to capture a large number of general investors, but we shifted our strategy and decided to stop listing on De-SPAC and focus on the active traders, which has always been our forte.

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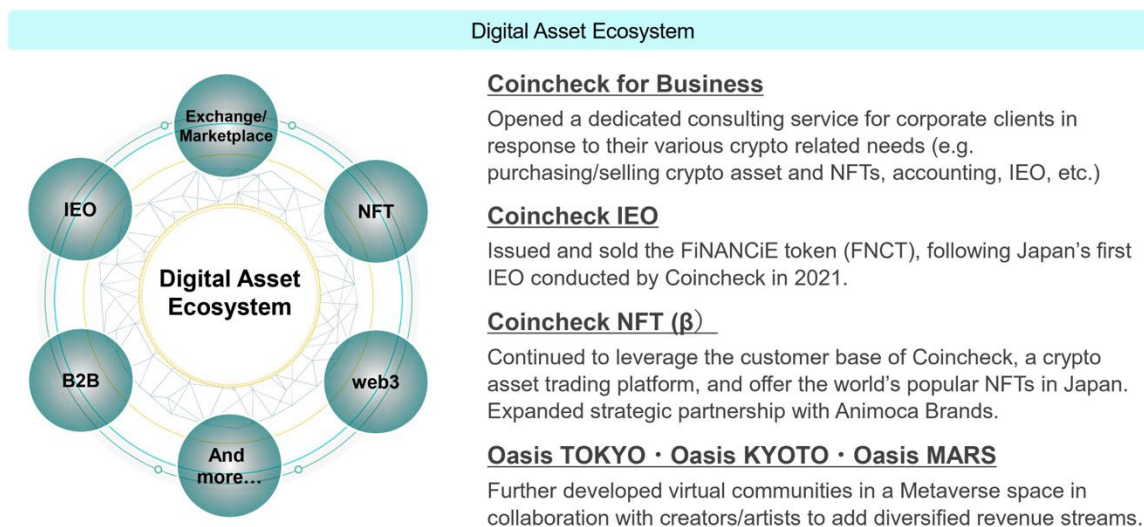
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An acquisition of traders via third parties like TradingView which links our strong API is very important. As you can see in the graph, the overall number of active traders is increasing steadily, and the inflow from third parties through the API linkage is also increasing steadily.

Business Update Crypto Asset Segment 1/6

MONEX GROUP

Creating a digital asset ecosystem to diversify earnings over the mid- to long-term.



41

This is Coincheck. Trading of virtual currencies will of course increase considerably as the market recovers, but it is quite uncertain due to the situation in the US and other factors. On the other hand, we have successfully launched our third IEO in Japan. Also, we make business in NFT or web3. It is related to metaverse and so on.

We have also started B2B services and are working to create a broader digital economic sphere that will not be limited to this single-footed approach of virtual currency trading. We also aim to increase and diversify our earnings over the medium to long term as a result.

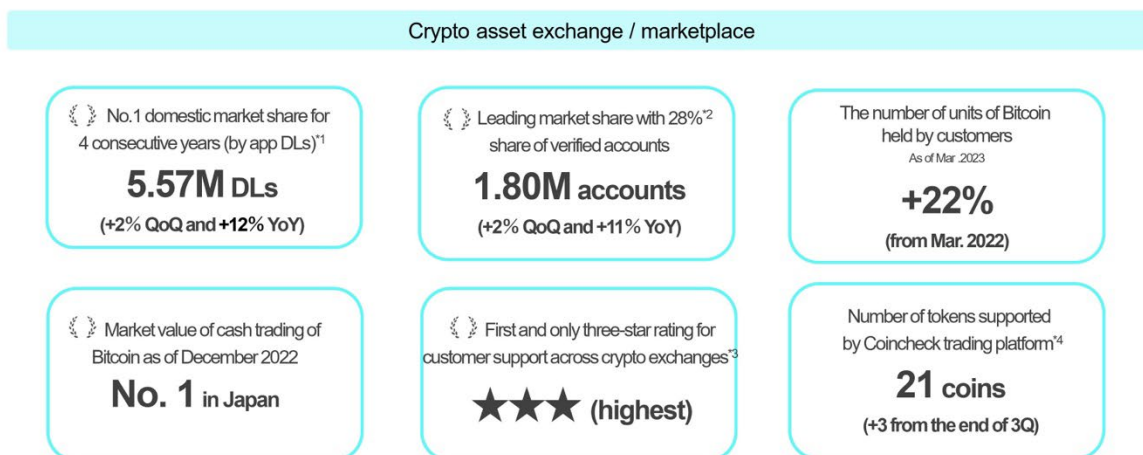
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No.1 share of app downloads for 4 consecutive years in Japan.



*1 Among Japanese crypto asset exchange apps. Term: 2019-2022. Data source: AppTweak *2 Monthly crypto asset trading status table of JVCEA. As of Nov. 30, 2022. Data source: <https://jvcea.or.jp/about/statistics/>
*3 In the "Quality Rating (Mail Contact)" of the HDI Rating Benchmark organized by HDI-Japan. *4 As of Apr.27, 2023

42

Page 42 shows the competitiveness of the Coincheck exchange model.

Coincheck continues to maintain the number one market share in Japan, and although it is difficult to say what makes us number one, we remain in the number one class.

As Seimei mentioned earlier, if you look at the upper right-hand corner, the number of bitcoins held in the store, or the number of bitcoins held by customers, has increased by 22% compared to one year ago. Moreover, as you can see on the left, the customer base is steadily growing, in other words, the customer base is getting stronger and stronger, and these customers are buying more bitcoin.

Or, if the wind blows and the price of bitcoin rises, we can see that our customer base gets stronger, and they will buy more coins. I think you can understand our expectations for the future of our business.

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Opened a dedicated consulting service for corporate clients to provide critical B2B services in response to corporates' need to establish a crypto strategy.

Coincheck for business overview



Crypto needs of corporate clients

- ① NFT, web3 and Metaverse
 - Purchasing and selling crypto assets and NFTs
 - Crypto asset custody and portfolio management
- ② Mining
 - Wallet generation and management of mining rewards
 - Conversion of mining rewards to fiat (JPY)
- ③ STO (Security Token Offering)
 - Reduction of labor and costs in granting crypto assets to investors as STO rewards.

43

On page 43, we are starting to see an increase in various needs for corporate business, including NFT, etc.

Diversifying our earnings based on the superiority of Exchange/Marketplace

Exchange/Marketplace-IEO

- Conducted 2nd IEO (FNCT)
- The amount of purchase applications for IEO of FNCT exceeded its fundraising target of 1.1 billion yen in just 60 minutes. The IEO ultimately created demand of +20 billion yen, ~19x the target.



NFT/Metaverse

- Launched metaverse × NFT community "OASIS" based on the concept of 2035 near-future cities.
- Plan to issue and sell original NFTs "OASIS COMMUNITY PASS NFT (OCP)" with community access rights as a utility in May 2023.
- Forming a web3 community as a frontrunner to create a token economic zone.



44

The IEO's book building amount is approximately JPY20 billion compared to the financing amount of approximately JPY1 billion, and the bit cover was approximately 20 times as large. We believe that this is an extremely promising new method of fundraising in Japan.

We recently published a book centered on our metaverse project such as Oasis TOKYO, Oasis KYOTO, etc. When you go to a bookstore, you can find them not in the asset management section, but in the academic section. We are working on building a community for this kind of thing.

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Coincheck Group (CCG)*¹ is proceeding with listing procedures.

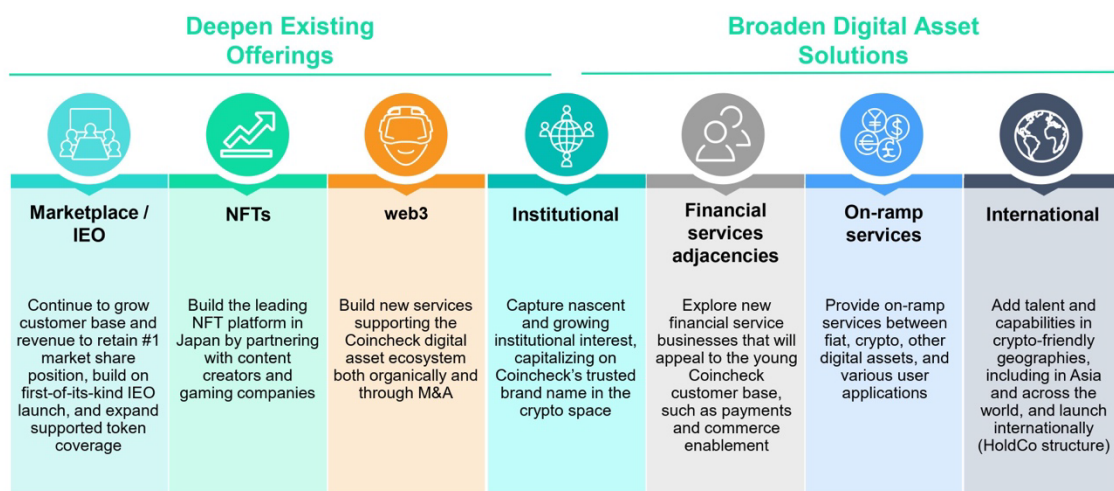
We plan to be listed on Nasdaq to secure global talent and business opportunities

- After the proposed business combination with Nasdaq-listed SPAC, Thunder Bridge Capital Partners IV, Inc. (THCP), CCG will be a public company listed on the Nasdaq exchange in the U.S. (Termination date of Business Combination Agreement*² is Jul. 2, 2023)
- Working together with THCP, CCG aims to become a public company on the U.S. Nasdaq to gain exposure to global investors and utilize Nasdaq-listed shares as global and effective currency to recruit global talent and acquire companies, thereby further expanding its crypto asset business.

*¹ Coincheck Group will be the holding company for Coincheck, Inc.
 *² Business Combination Agreement : https://www.monexgroup.jp/en/news_release/irnews/auto_20220309503075/pdfFile.pdf

The project to merge the Coincheck Group created in the Netherlands with a SPAC, which is listed on NASDAQ in the US, and to list it on De-SPAC is still in progress. We are in communication with the SEC and are continuing to work on the listing of the Coincheck Group on the US NASDAQ.

Coincheck has identified numerous large growth opportunities that can be pursued organically and accelerated through M&A and partnerships.



Page 46, this is a page that has been here before. Content to be developed by the Coincheck Group in the future.

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The Social Impact Investment Fund, managed by our affiliate, completed its first offering with a total of ¥3.1B under management, with multiple investments from the Tokyo Metropolitan Government, etc.

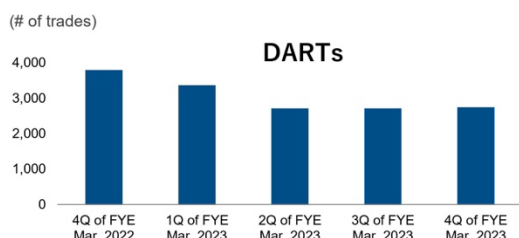
Asia Pacific Segment

Monex Securities Australia Pty Ltd

Closed the business in view of business profitability. Notified the customers on plans to transfer their accounts in early April.

Monex Boom Securities (H.K.) Limited

- Accounts with balance is 23K (YoY +4%).
- DARTs : 2,752 (YoY -28%)



Investment Segment

Social Impact Fund (2023)

In Sep. 2022, Monex Ventures was selected as an operator of the "Social Impact Investment Fund" under the Tokyo Metropolitan Government's "Global Financial City: Tokyo" Vision 2.0 in recognition of its multiple EXIT records and proactive support of invested companies.

- 1st offering closed with a cumulative ¥3.1B investment from Tokyo Metropolitan Government, Monex Group, Inc. and Meiji Yasuda Life Insurance Company.
- Targets the total investment amount of ¥10B.

AFRICA Fintech Fund (2023-2024)

Plans to launch an investment fund for Fintech startups in Africa in 2023-24. Plans to start working with local VCs to select investment targets in Kenya, South Africa, Nigeria, Egypt, etc.

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As for the Asia-Pacific region, we have already started to close the Australian business since it is unlikely to grow profitably.

In addition, the right side is the investment segment, and as an operating company of the Social Impact Investment Fund, which was selected by the Tokyo Metropolitan Government, we will nurture venture companies.

Promote new businesses based on a corporate philosophy that aims to optimize an individual's lifetime balance sheet.

STEAM / Bilingual Education Business

Viling, Inc.

STEAM Education Business

STEMON

161 School 2,745 Students

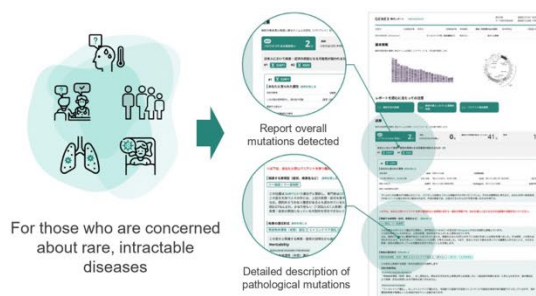
Viling, Inc. operates classrooms to offer STEAM educations.

Selan Inc.

Selan Inc. (joined the group in Nov 2022) runs *Omukae* (pick up) Sister service, a home English tutoring service by bilingual tutors.

Genome Platform Business

Genex, Inc. began whole-genome molecular testing service since Dec. 22, 2022, which aimed at people or their loved ones who are concerned about rare, intractable diseases.

GENEX's Whole-Genome Test Report

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In line with our corporate philosophy of aiming for the best lifetime balance sheet for individuals, our education business and genome platform business are still small, but they are steadily growing.

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Enrich diversity and human capital investment to achieve sustainable management.

Ranked 10th among Japanese companies in Gender Equality Score by Equileap, a Dutch NGO

Gender Equality Index adopted by GPIF

- GPIF recently adopted “Morningstar Japan ex-REIT Gender Diversity Tilt Index”, in which Monex Group ranked 10th Japanese gender equal company.
- Further, Monex Group is the only company selected in TOP10 from the financial sector.
- Up until today, Monex Group is selected by the five ESG indices out of the six used by GPIF.

New Corporate Values*

- In line with the revision of the Corporate Philosophy, the Corporate Values for all officers and employees of Monex Group and its subsidiaries has been revised.
- Following the announcement of revised Code of Conduct and the Human Rights Policy, Core Values will be communicated to all officers and employees to ensure their understanding.
- Revised Human Resource Development Policy and Environmental Policy for the Japan Segment** in line with the revision of the Core Values.

* https://www.monexgroup.jp/jp/company/corporate_philosophy/core_values.html
 ** Monex Group and Monex, Inc.

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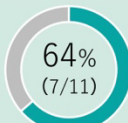
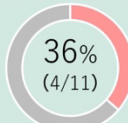
Last but not least, ESG initiatives. We are included in five of the six ESG indices used by the GPIF. Particularly, we are included in the Gender Diversity Index, and our company is ranked in the top 10 among Japanese companies in the Gender Equality Score by Equileap, which is the basis of the Gender Diversity Index. We are the only Japanese company in the top 10 of the Gender Equality Score among financial companies such as banks, securities, and insurance companies.

Further promoted diversity of the Board of Directors. Introduced claw-back provisions in executive compensation.

1. Ratio of female candidates for the Board (10 reappointment / 1 newly appointment)

Ms. Sachiko Kuno was newly appointed to the board. Ms. Kuno's outstanding insight as a manager and innovator, her knowledge of technology, and her global experience will be added to the Company's Board of Directors in an effort to further strengthen the Company's management capabilities. We aim to enhance the supervisory function of the Board of Directors by having nearly two-thirds of the Board of Directors be outside directors from this fiscal year onward.

2. Introduction of claw-back clauses in the executive compensation system to strengthen the prevention of fraud by management executives

Executive Officers and Board Members	Outside Director	Female Director	Claw-back Clause
<p>4 people</p>  <p>Chairman* CEO* Executive Officer</p>	<p>64% (7/11)</p> 	<p>36% (4/11)</p> 	<p>Approved by the Compensation Committee on Apr. 24, 2023</p>

* After the Annual Shareholders Meeting to be held on June 24, 2024

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As for governance, we are reappointing all existing 10 board members in order to emphasize continuity amidst the change of CEO, etc. On the other hand, we have nominated one new independent outside director, Yuko

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Kuno, who will be joining us. As a result, the ratio of outside directors is 64% and the ratio of female directors is 36%.

The Compensation Committee also recently passed a resolution regarding claw-backs for RS, restricted stock, and performance-linked bonuses, which will be paid after the upcoming Annual General Meeting.

This is all for now, and I would like to take questions from the audience.

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Question & Answer

Matsumoto [Q]: So first, we have four questions from Mr. Hara of SMBC Nikko Securities. **Number one, financial income from US client assets, looks somewhat milder than the increase in the FF rate. Is this affected by the customer return of interest income?**

Seimei [A]: The client cash has remained largely unchanged, so I think this is caused by the fixation of our investment. We have fixed some of the investments in the past, and we have been spreading them out over with a duration of about two years.

Matsumoto [A]: Second, what is the plan of cost management policies for the US and crypto?

Cryptocurrencies are completely market-driven. When the market is clearly good, you should put in a certain amount of money to open an account, and during the winter, not much trading will occur.

I think the US will basically follow the same pattern. However, since we have refocused on the active trader segment, we do not have a policy of trying to attract general customers through general advertising, etc. In any case, even if the market environment changes, I do not think that the US will suddenly accelerate its marketing activities. So, I think we can manage the costs well.

Number three, I think crypto asset is still recovering, but can we expect a De-SPAC listing even in a loss-making situation?

As I mentioned earlier, if we exclude professional fees, we are in the black. In any case, we believe that the price in this business is not based on how much money we have made in the past, but rather on what kind of business we can develop in the future to make a profit.

Of course, crypto-winters and such will have an impact on the Coincheck Group's stock price when it goes public, but since we are originally pricing for the future, not the past, I think the impact will be relatively limited. We believe that even if we are in the red, we will be able to go public without any problems, and looking at our current situation, we believe that we are close to returning to profitability once again.

Fourth question, AUM of activist funds and ON COMPASS (robo-advisor service), does not appear to be increasing as much as expected, and the transformation of the asset management model does not appear to be progressing as originally planned. Why is that?

As you know, sales of mutual funds to individuals in Japan have been very sluggish nationwide. In such a time, I admit the growth of these individual ON COMPASS and activist funds is a bit poor.

Another thing about activist funds is that the fund is right around the high-water mark, so it has been our experience that individuals tend to take profit or sell off once they get to the high-water mark. Once we get through that point, I think we will be able to grow again, but we are currently in the process of getting through that point, and I think there is a slight curve in some areas, but overall, the transformation of the asset management model is progressing well. We are seeing an increasing number of savings trusts and the like.

Here are questions from Mr. Okada of UBS Securities. **What is your view of the current status of the US business and PFOF regulations? Also, what are your thoughts on the potential earnings impact on the TradeStation?**

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Considering the current situation in the US, even if some regulations or laws were to change, it would take three years. There have been reform proposals from the SEC on PFOF for the past years. It looks like all gone. The situation is that it has come up again one more time.

We expect that it will take a long time to complete the process, which will include public opinions and various public comments, as well as discussions involving the Democrats and Republican parties and the House of Representatives, so it is not surprising that it will take some time.

In this context, we are not yet sure what direction we will take, and even if we do, we are not sure if the opposite will happen to PFOF, because the payment-for-order flow has the advantage of providing services to individual investors at extremely low fees in US.

So, the SEC's idea of simply eliminating PFOF is an extremely one-eyed picture, and I am sure it will come up in future public comments and discussions in the House of Representatives about it. I don't think the PFOF regulation will probably go forward, but even if it does, it will take years, so I think we have time to make sure we are ready for it.

Another question from Mr. Okada. Give us some insight on the expense forecast of Japan business for the new fiscal year. Particularly, the forecast for advertising and depreciation expenses.

Seimei [A]: Of course, advertising costs are variable, so we can control them to some extent, but other than that, personnel costs, depreciation, and system-related costs are basically fixed costs. We do not anticipate any significant increase in fixed costs. On the other hand, if we are asked if there is room for major reductions in fixed costs, I do not think there is that much room for reduction.

In addition, as for this profit, if we look at the last fiscal year, for example, while interest rates were on the rise, the stock market was in a very difficult market, both in Japan and in the US. On the other hand, FX and foreign exchange markets moved very much during such phases, so FX revenues increased, and the US dollar investment income from the standby fund for US stock trading increased. We found out last year that even if something was not working, something else could cover it. In general, I do not think that everything will go wrong because of a swing in one direction.

However, with regard to expenses, advertising costs can be controlled, and on the other hand, it would not make much sense from a long-term perspective if too much control is used to prevent new accounts from being taken. We think it is a balance in that area.

Matsumoto [A]: Are there any other questions? If you have any questions, please add them.

It is from Mr. Hara. While the VIX is falling in the US, options are doing particularly well, but what is contributing? Would something like ODTE become better?

As for the options business, one thing that happened a few years ago was that Schwab bought Options House and TD Ameritrade bought Thinkorswim. Giant has acquired a strong place in options.

But then Giant acquired them, and Thinkorswim and Options House specialized in options, so they were doing something very geeky but very pleasing to options traders, but after they were acquired by a major company, that kind of passion or enthusiasm seems to have disappeared. So, comparatively, as the service there deteriorated, customers came to the TradeStation, and so on.

In the case of TradeStation, we have excellent analytical tools for such customers, so we have been able to provide them with such tools, and the options are doing well.

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The ultra-short-term options (ODTE) are certainly a great option, as we have a large client in the TradeStation. Large clients are very professionally accustomed to such trading, so they also use ultra-short-term options.

But not only that, the point is that we offer products and services that are necessary for those who trade options, and I think we can say that options are doing well as a result because other companies have been somewhat relatively unable to catch up.

Seimei [A]: Also, in terms of correlation with VIX, options are not that high. I still think that the VIX is highly correlated with futures and stocks, so I think that options trading is being maintained regardless of the VIX so much, and that options trading is also increasing at places via third parties.

Matsumoto [Q]: Also, from Mr. Hara. **Please tell us about your perception of the competitive environment with your peers in Japan and the US crypto, respectively. Let's start with Japan.**

Seimei [A]: In Japan, if you look at the number of accounts, I think this is probably in comparison with SBI and Rakuten, but as I have said before, we are behind. But we strive for differentiating ourselves not by low commissions, but by the added value of our services, such as the unique tools we provide.

We also have an in-house brokerage system, so I think that a tie-up with AEON Bank, for example, would be unique to us. With the new NISA starting in 2024, the shift from savings to investment is being encouraged in earnest. We would like to work with such banks to provide services to customers other than those who are already interested in investing.

Matsumoto [A]: As I mentioned earlier about the US, we are again focusing on a completely different domain from Schwab and TD Ameritrade. Customers of options are also flowing in from them, and that is why the option business is doing so well, although there are other areas of inflow besides the services they provide.

TradeStation can acquire customers and transaction through third party players via API, including optional alphas and such. So, our strategy now is to create a space firmly in a different direction from ordinarily kind of trade with Schwab, TD Ameritrade. We believe that Interactive Brokers, for example, would still be a competitor.

In this way, we have taken a step back from the red ocean of ordinary investors.

In the case of Interactive Brokers, they are much larger in scale, but TradeStation has excellent front-end analytical tools, so we will compete with them in this area.

So, as far as the US is concerned, we believe that we are fighting in a very focused field. So, we have reduced the number of competitors, compared to the strategy of two years ago. This is a form of returning to a place where there is less competition.

Cryptocurrencies have few competitors in Japan, but overseas, Japan is very much an El Dorado, with clear regulations. It is not that there are no regulations, there are regulations, but the content of what is there is clear. Many wonder what is going on in the US. In this context, I think it is very advantageous to do business in Japan from a global perspective.

The competitive environment in Japan is almost an oligopoly, with only a few or three companies competing in the Japanese crypto and virtual currency trading business.

What is unique to Coincheck is that Coincheck has been involved in two of the three IEOs that have been conducted in Japan. We do IEOs, metaverse and started corporate businesses, etc. Such initiatives are not common among other competitors, and we would like to firmly differentiate ourselves in such areas.

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Question from an anonymous source. You explained that the size of Crypto's advertising budget is determined by market conditions. Under what circumstances would you expand the marketing budget again?

When stocks get busy, the volume doubles or triples, even at Monex's OTC. With Coincheck, when it gets busy, it's like 10-20 times or something within just a week or two. If we come to believe that this will continue, we will spend marketing budget on it.

Therefore, once the security and CBDC issues are resolved in the US, and the crypto asset market returns to some degree of activity in the medium term, we will make a solid marketing investment.

We have no intention of giving up our number one position in Japan, so we will not spend money during the winter season, but as things improve, we will invest in advertising to maintain our number one position.

Question from the same person. I believe that the crypto market conditions have improved in the QoQ, but I see that the trading profit and loss of the crypto business is flat in the QoQ. Tell us the background.

Seimei [A]: The market or Bitcoin price is recovering toward the end of March, so if you look at page 18 of the financial results presentation, for example, on the lower right of the QoQ page, you will see that the trading value on the sales side has not fully recovered as much as the Bitcoin price, so there is a slight delay in the market recovery.

Matsumoto [A]: Originally, in both equity and crypto, Japanese individual investors are slower to react than American individual investors. Both with equity and crypto. This time, the crypto in particular was slow to respond, because it came a little late, about March.

Seimei [A]: Yes, the price of bitcoin came back around the end of March, and if you look at the quarter, it hasn't jumped that far to trading value.

Matsumoto [M]: Do you have any other questions? If you have any additional questions, please contact our IR department and we will be happy to answer them.

As I said from the beginning, the resurgence of P&L in the US has been very significant, and good performance can be expected in the US in the future. The combined EBITDA of the securities business in Japan and the US is at just under JPY20 billion per year, and this is expected to remain stable. The asset management model is progressing well, with Monex Asset Management's AUM increasing steadily, and the performance results have been very good.

In addition to that, Coincheck is still working on a NASDAQ listing and works as a call option to grow significantly depending on market conditions. That is how we think of our business portfolio.

So please contact me if you have any further questions. Thank you very much for joining us today.

Seimei [M]: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*

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3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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