



MONEX GROUP

Monex Group, Inc.

Financial Announcement for 3Q of the FYE Mar 2023 - Analyst Meeting

January 30, 2023

Event Summary

[Company Name]	Monex Group, Inc.	
[Company ID]	8698-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Announcement for 3Q of the FYE Mar 2023 - Analyst Meeting	
[Fiscal Period]	FY2022 Q3	
[Date]	January 30, 2023	
[Number of Pages]	34	
[Time]	18:00 – 18:52 (Total: 52 minutes, Presentation: 35 minutes, Q&A: 17 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Oki Matsumoto	President, Representative Executive Officer and Chief Executive Officer
	Yuko Seimei	Representative Executive Officer, Co-Chief Executive Officer & Chief Financial Officer
[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: This is the Monex Group's earnings announcement for Q3 of the fiscal year ending March 31, 2023. It will be presented by me, Matsumoto.

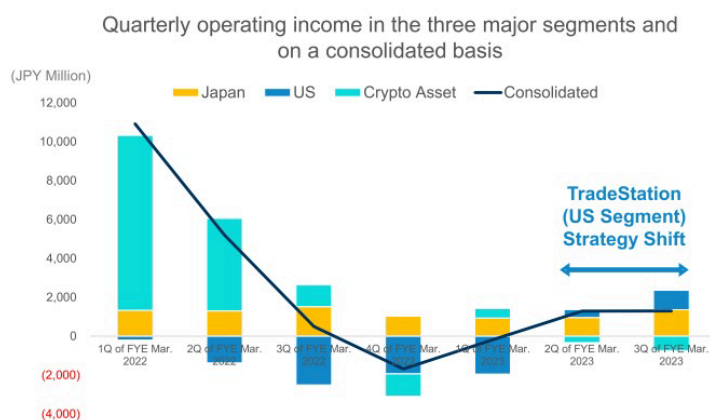
Seimei: And me, Seimei.

Matsumoto: Let's begin. First, I will give an overview of the results, then Seimei will explain the results, then finally, I will talk a little about our business and other things.

Quarterly Operating Income (Three Major Segments)

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Operating income in the US Segment (TradeStation) has improved significantly since the strategy change in August 2022. Going forward, in addition to the steady earnings of the Japan and US Segment, the Crypto Asset Segment has profit upside potential when the crypto asset market recovers.



Three Major Segments

Japan Segment

Steady profit.

US Segment

Improved profitability due to the cost reduction and the higher financial income driven by the interest rate hike.

Crypto Asset Segment

Lower transaction volume resulting from the unfavorable market condition.

Generating steady profits from the Japan and US brokerage business, larger profits will be expected when the crypto asset market recovers.

First of all, if you look at page four, you will see the operating income of the three main segments by quarter.

As a result of TradeStation's strategy to attract many customers among a wide range of people ahead of its De-SPAC listing, the company's spending increased and its deficit did, too. Last summer, we changed our strategy and refocused on active customers, which had always been our forte. As the U.S. interest rate rises, as you can see, this dark blue line, which once went into the red, is now solidly in the black and growing further.

In the yellow box, the Japan segment, the transition to the asset management model is steadily progressing, and profit is increasing steadily.

In contrast, Coincheck, this light green box, had a large jump, but its large profit has now dropped, and it is now in the red.

In addition to stable profit generation of the Japan segment, the US segment has been growing significantly due to a change in strategy and a tailwind from interest rates. Also Coincheck, which is shown here as Crypto Asset, will contribute to the earnings further due to other factors such as a decrease in the number of competitors. And globally, going forward, Coincheck has an opportunity for significant growth in the area of

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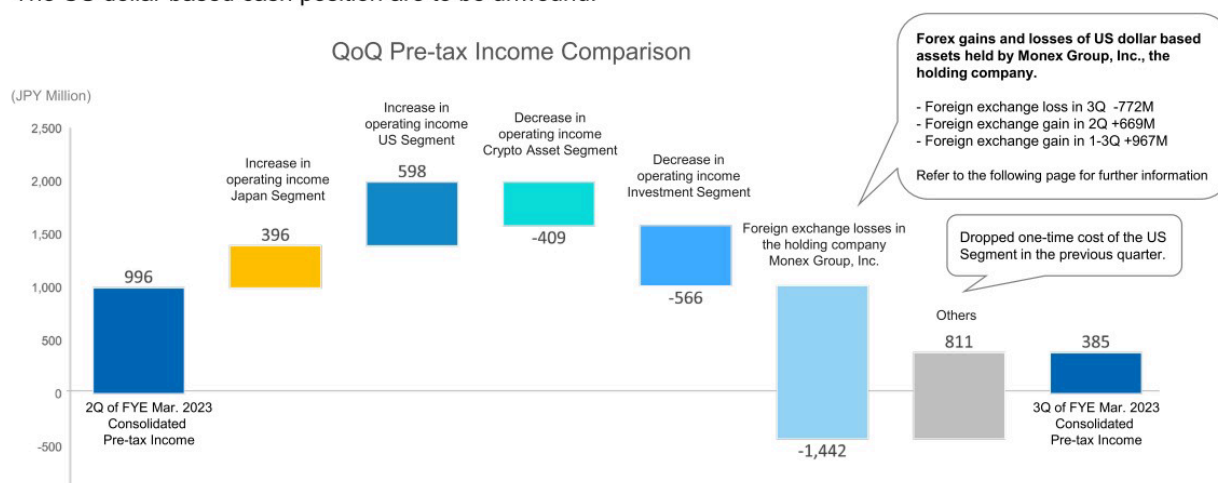
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blockchain, web3, and crypto assets. I would say that the overall portfolio looks like it has those call options on it.

Consolidated Pre-tax Income (3Q vs 2Q of FYE Mar. 31, 2023)

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Increased operating income of the online brokerage businesses in Japan and US driven by higher interest rate and favorable forex market. The US dollar cash position held by the holding company Monex Group resulted in a quarterly loss due to the JPY appreciation but the cumulative gain has been recorded for 1-3Q of FYE Mar 2023. The US dollar based cash position are to be unwound.



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Page five is a waterfall chart of pre-tax income.

Compared to the previous quarter, the Japan segment and the US segment, which will be explained in detail by Seimei later, increased their profit by about JPY400 million and JPY600 million, respectively.

As for Coincheck, the market has quieted down due to FTX and things like that, or because the price of crypto assets has dropped. BTC price has been picking up since January, but the top line has still dropped and is in the red.

There has been a revaluation in the Investment Business segment, and the foreign exchange loss of the holding company Monex Group was recorded for the past three months. As a result, non-operating expenses were higher than in the previous quarter, resulting in a consolidated pre-tax income of JPY385 million for Q3.

Without this foreign exchange loss, there would have been solid growth in the Japan and US segments, with a slight deficit in the Crypto Asset segment.

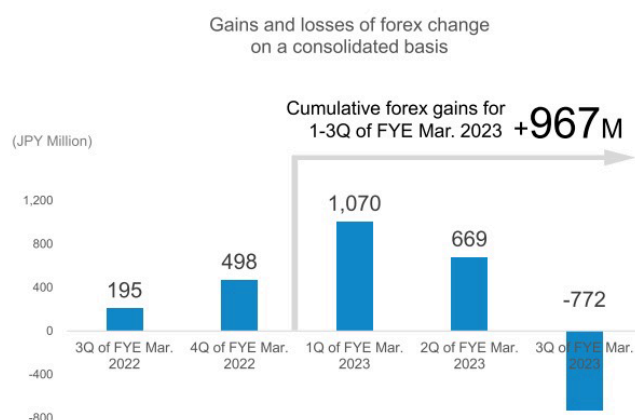
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Although foreign exchange gains and losses fluctuated significantly during this fiscal year due to the exchange rate movement, the impact of future exchange rate will be minimized by unwinding the US dollar position.



Up to 3Q of FYE Mar. 2023

- Monex Group (holding company) saved external borrowing to minimize interest payments by using the US dollar obtained from the sales of assets under management and dividends for inter-group fund lending.

- Foreign exchange gains of 967 million yen were recorded in the 1-3Q of FY2023 as a result of exchange rate fluctuations as the yen continued to depreciate during the period of rising US interest rates.

4Q of FYE Mar. 2023 and after

- Based on the outlook for US interest rate and foreign exchange rates, progress is being made on plans to unwind US dollar position to minimize the impact of gains and losses due to forex rate fluctuation.

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This is the forex rate section, on page six.

Traditionally, the Monex Group as a whole has not very often held foreign exchange positions that affect the P&L.

We have a large unrealized foreign exchange gain in OCI (Other Comprehensive Income), and although we have generally not taken a foreign exchange position in the normal way that show up on P&L, about a year ago, in relation to our US business, we took a US dollar position in Monex Group that affects the P&L.

After that, US interest rates rose and the dollar strengthened, so the open US dollar position generated foreign exchange gains. But as we had a US dollar demand within our group, if we eliminated this foreign exchange position, we had to conversely borrow dollars from outside. We took into account all of these factors in our open currency positions, but the large appreciation of the yen in Q3 resulted in a foreign exchange loss for the quarter.

Looking at the nine-month total, the company continues to have a cumulative of foreign exchange gain of nearly JPY1 billion. However, as future dollar-yen currency movements are rather difficult to predict, and since it is not our core business to take such risks, we have already started to close this foreign exchange position.

It is already scheduled, and since we operate globally, there are inevitably a few such positions, but the basic rule is that there will be no more open currency positions in the near future.

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Financial interest impact

Gains from management of customer cash in US dollars at Monex Securities and TradeStation belongs to the Monex Group. Higher US interest rate resulted in an increase in gains in each segment.

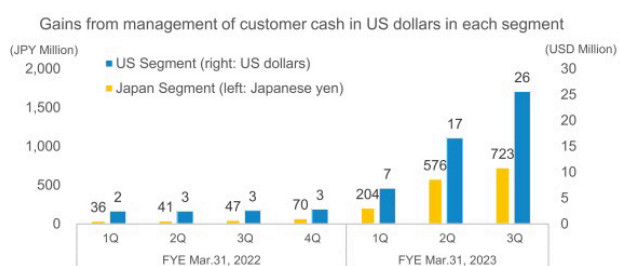
Customer cash of US dollars
in the Japan Segment^{*1}

Approx. **\$0.7B**

Customer cash of US dollars
in the US Segment^{*1}

Approx. **\$2.8B**

^{*1} As of Dec 31, 2022. 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 (P17)" in the US Segment, and in "Net financial income (P15)" and "Net trading income (P15: FX(fixed income))" in the Japan Segment.

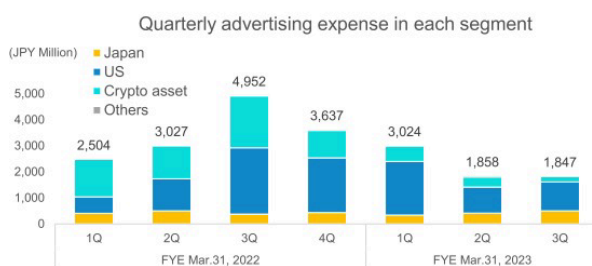
Advertising expenses

The US Segment curbed advertising expenses due to a change in strategy. The Crypto Asset Segment also made significant reductions in line with the market environment, while being conscious of maintaining the customer base.

Advertising expense 3Q of FYE Mar., 2022 → 3Q of FYE Mar., 2023

US **¥2,548M → ¥1,103M**
(\$23M → \$8M)

Crypto Asset **¥1,992M → ¥214M**



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As you can see here on page seven, in Q3 alone, the impact of interest rate was very significant in the Japan segment and the US segment. In the Japan segment, the effect was more than JPY700 million. The US segment earned USD26 million and this interest income has been a tailwind for our entire group.

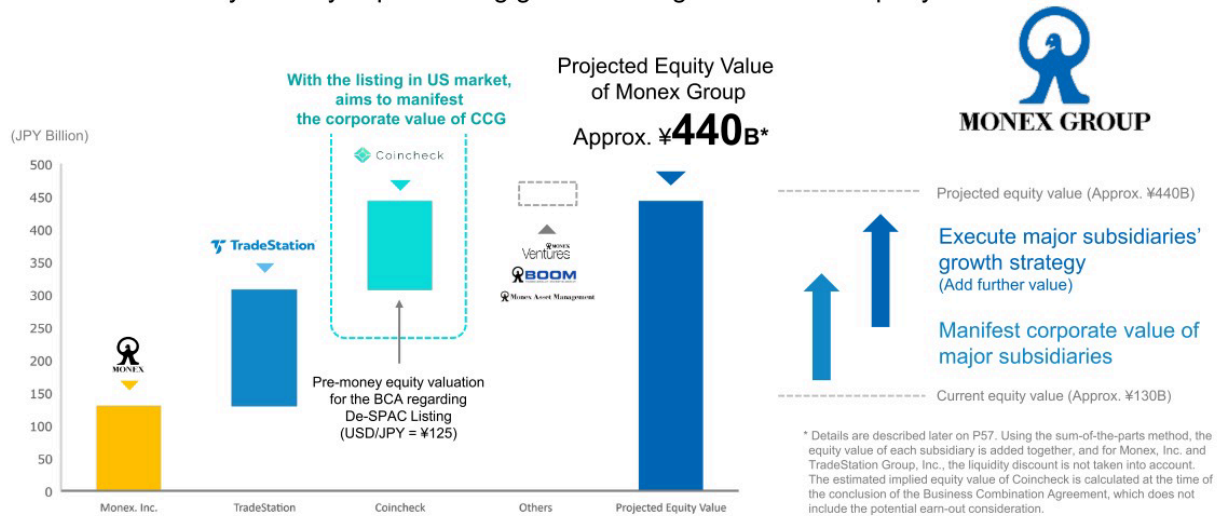
While there is positive news like this, as you can see on the right hand side, we are also trying to control costs, such as by significantly reducing advertising expenses in line with the change in strategy in the US. In the case of Coincheck, we are also dynamically reducing advertising costs in response to market conditions.

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Aim to realize the Group's projected equity value by manifesting the potential value of major subsidiaries and by steadily implementing growth strategies at each company.



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Page eight calculates the Company's projected equity value in Sum-Of-The-Parts methods.

Monex, Inc. and TradeStation are calculated with comparable companies based on their respective profit or revenue. For Coincheck, the value was calculated based on the Business Combination Agreement for listing as a De-SPAC, which was signed last March, using the exchange rate at that time.

Since this is an M&A agreement, I have written the figures as they are here, and if you add them all up, the total is JPY440 billion, which is a large deviation from the current market capitalization of our group. We would like to bring our current market capitalization close to this projected market cap by firmly actualizing the value of our group companies and implementing a solid growth strategy.

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Monex Group conducts adequate risk management on the group-wide crypto asset related businesses.

- Management of Position/Exposure
Almost no crypto-related proprietary position for sales gain purposes in each subsidiary.
- Appropriate Risk Monitoring
Monitors and manages risk volume on a daily basis based on market condition and counter party risks. Terminated the crypto lending business before the risk emerged.
- Segregation of Customer Assets and Wallet Management
Segregates legal tender at a trust bank and stores crypto assets exceeding a certain amount in so-called “cold wallets.”
- Strong Governance Structure
Each subsidiary adheres to its own risk management and the integrated risk control of the group.

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Page nine is about crypto risk control. Since the FTX incident last November, many companies have lost money in various ways due to FTX or associated companies filing chapter 11 and things like that.

In our group, we have a solid risk management system, as shown here. We have also taken such measures as closing our crypto lending business ahead of time. The FTX incident affected various companies in a chain reaction, but the Group has not been directly affected by any of these incidents.

Of course, the low market transactions of crypto assets affected the transaction volume of our group companies, but there has been no balance sheet incident or damage of any kind. We have been firmly managing risk.

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Announced a plan of changes in management structure* after the Shareholders Meeting to be held in June 2023.

- The following change of management and executive structure is planned to occur after the 19th Ordinary Shareholders Meeting.
 - **Oki Matsumoto** :
President, Representative Executive Officer and CEO
»» Chairman and Representative Executive Officer
 - **Yuko Seimei** :
Representative Executive Officer, Co-CEO and CFO
»» President, Representative Executive Officer and CEO
- New management and executive structure enables Monex Group to enhance its corporate value in a sustainable manner over the long term.

* To be approved by the board after the 19th Ordinary Meeting of Shareholders scheduled to be held in June 2023.

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Page 10 is about the management structure that we announced at the beginning of this month, on January 4.

Currently, Seimei and I both have representation rights, with the titles of CEO and Co-CEO, but promptly after the end of the AGM, I will be Chairman and Representative Executive Officer. Seimei will be the President, Representative Executive Officer and CEO.

I have been running this group since the founding of Monex, Inc. 24 years ago. We are a B2C company, and the average age of our potential customers rose not one year each year, but only about 0.3 years per year, because it is the average age of the Japanese population. I age one year every year, and at the time of the founding of the Company, my age was minus five years from the center of the potential customer base, and now I am plus 11 years. For Seimei, it is about minus three years.

We hire many new graduates, which means our core employee age doesn't change much. Also, as we are a B2C company, with customers as our most important stakeholder, we thought it would be better to have a younger CEO who can make day-to-day decisions and manage the Company. However, I will remain firmly involved in what the board decides.

This is something that we have been discussing on the board of the Monex Group for more than 10 years now. Four years ago, Seimei became President and CEO of Monex, Inc., three years ago COO of Monex Group, two years ago COO and CFO, and one year ago Co-CEO and CFO. We have decided to divide our roles and responsibilities in this way to manage the Monex Group in the future.

Now, Seimei will explain our results.

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The Japan Segment generates stable profit and the US Segment improved profitability, offsetting the decline of profit in the Crypto Asset Segment. Consolidated pre-tax income in 3Q was **¥385M**.

Japan	Operating income was ¥1.4B due to brisk forex market and growing gains from management of customer cash in US dollars. Segment profit* was ¥561M , as the US dollar based assets held by the holding company, Monex Group, Inc., recorded the forex loss of ¥772M.
US	Successfully improved profitability since the strategy change in the previous quarter. One-off cost as a result of the strategy change in 2Q is dropped, resulting in segment profit of ¥1.0B (QoQ +¥2.1B) .
Crypto Asset	Challenging crypto asset market environment continuously affected trading volume and segment loss was ¥748M .
Asia Pacific	Due to the sluggish market environment, segment loss was ¥71M .
Investment	Segment loss was ¥338M primarily due to valuation losses of portfolio companies.

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

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Seimei: I would like to present our financial results for Q3 of the fiscal year ending March 2023.

First, please see the highlights on page 12.

During the quarter, there was an increase in investment income from US dollar deposits in the Japan and US segments due to higher US interest rates. There was also an increase in FX income in the Japan segment due to brisk FX business. Although these contributed to consolidated revenue, the crypto asset market continued to be weak. In addition, as Matsumoto explained, the Japan segment recorded a foreign exchange loss of JPY0.8 billion. Based on these factors, consolidated pretax income for the quarter was JPY0.4 billion.

By segment, Japan is stable. In the US, we have achieved a significant improvement in profit as a result of a change in strategy. Segment income was up JPY2.1 billion compared with the previous quarter, with segment income of JPY1 billion for this quarter.

The Crypto Asset segment posted a loss due to the sluggish market. The Asia-Pacific segment also suffered a loss due to the impact from the market.

For the investment segment, there was a loss due to write-offs from several investments due to the down-round procurements. I will explain the investment segment a little later.

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QoQ Comparison (3 months) Consolidated Performance

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(JPY million)	FYE Mar. 2023 2Q (Jul. 2022– Sep. 2022)	FYE Mar. 2023 3Q (Oct. 2022– Dec. 2022)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses and cost of sales	18,513	18,072	-441	-2%	P15: Analysis of Japan segment P17: Analysis of US segment (USD) P19: Analysis of Crypto Asset segment
SG&A	17,226	16,775	-452	-3%	P16: Analysis of Japan segment P18: Analysis of US segment (USD) P20: Analysis of Crypto Asset segment
Advertisement expenses	1,858	1,847	-10	-1%	
The amount equivalent to operating income	1,286	1,297	+11	1%	
Other income / expenses (net)	-291	-912	-621	-	
Quarterly profit before income taxes	996	385	-611	-61%	
Quarterly profit attributable to owners of the Company	295	687	+393	133%	
EBITDA*	3,525	3,413	-112	-3%	

* EBITDA = The amount equivalent to operating income + depreciation and amortization cost + interest expense of US segment (the same hereinafter).

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Next, on page 13, is the P&L situation compared with the previous quarter.

First, total operating revenue after financial revenue expenses and cost of sales for the quarter were JPY18,072 million, down 2% from the previous quarter. Although the Crypto Asset segment was severely impacted by the market, it declined only slightly, by 2%.

SG&A expenses decreased 3% QoQ to JPY16,775 million due to cost controls in each segment. As a result, pre-tax income declined 61% to JPY385 million. EBITDA decreased 3% from the previous quarter to JPY3,413 million.

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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 2Q	2023/3 3Q	2023/3 2Q	2023/3 3Q	2023/3 2Q	2023/3 3Q	2023/3 2Q	2023/3 3Q	2023/3 2Q	2023/3 3Q
Total operating revenue after deducting financial expenses and cost of sales	7,744	8,262	8,912	8,998	1,563	1,063	263	255	248	-314
SG&A	6,782	6,904	8,508	7,996	1,890	1,799	320	294	21	24
Advertisement Expenses	418	505	1,002	1,103	382	214	62	30	-	0
The amount equivalent to operating income	962	1,358	404	1,002	-328	-737	-56	-39	227	-339
Other income / expenses (net)	1,356	-798	-1,505	-18	-63	-12	1	-32	-0	1
Quarterly profit before income Taxes	2,318	561	-1,101	984	-391	-748	-56	-71	227	-338
Quarterly profit attributable to owners of the Company	1,572	400	-1,162	1,176	-207	-576	-54	-66	148	-244
EBITDA	2,124	2,530	1,618	2,388	-220	-615	-21	-7	227	-339
Note	See P15 "total operating revenue after deducting financial expenses" for more details See P16 "SG&A" for more details		See P17 "total operating revenue after deducting financial expenses and cost of sales" for more details See P18 "SG&A" for more details		See P19 "total operating revenue after deducting financial expenses" for more details See P20 "SG&A" for more details					

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By segment, operating revenue in Japan and the US increased.

On the other hand, due to market conditions, the Crypto Asset segment did not increase its revenue.

Revenue in the Investment segment fell. The investment activities shown here in the segment are mainly those of Monex Ventures, and this segment is revalued to market value every quarter, as we have adopted IFRS.

For example, if the invested company execute an up-round procurement, it will result in a valuation gain. Due to recent circumstances, we have always revalued assets on a quarterly basis in the form of lower valuations when it comes to down-round procurement.

Therefore, we have about 100 companies in which we have investments, and we review the valuations of all of them on a quarterly basis. Combining valuation gains and losses on various companies, in this quarter, losses were big, resulting in an operating loss of JPY311 million.

Each investment is made in an amount that is not too large, in order to diversify the risk, and the results are constantly revalued in the event of an up- or down- round procurement.

As for profit, as seen in operating income, the Japan and the US segments increased profit. In particular, profit in the US segment is growing. The shift in strategy has been successful. The other income and expenses for the Japan segment shows a negative figure of JPY798 million, which is the foreign exchange loss, as I explained earlier.

The Monex Group's US dollar-denominated positions have incurred foreign exchange losses due to the appreciation of the yen in Q3 of this fiscal year.

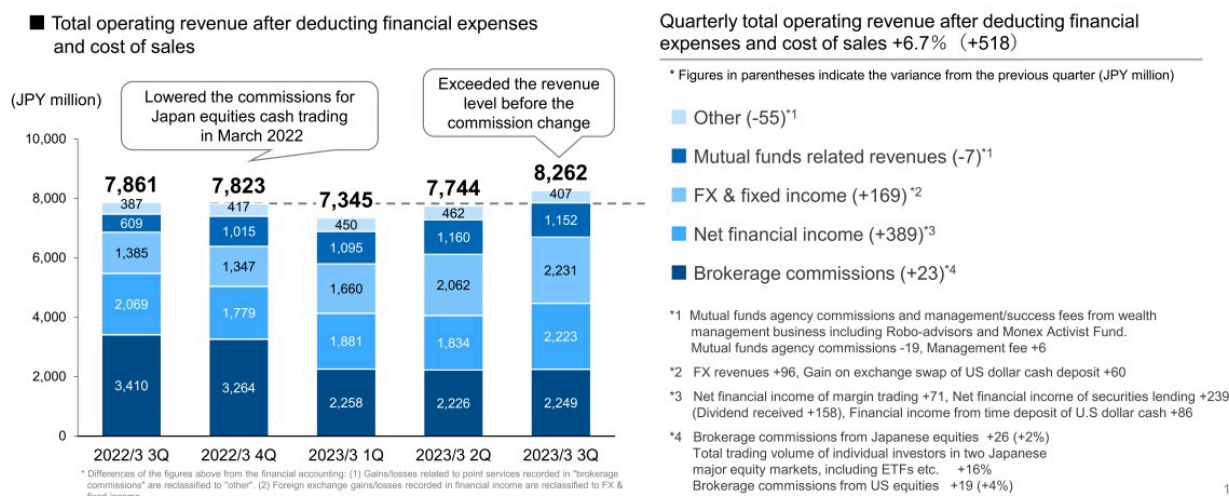
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Japan: **Total revenue exceeded the level before the revision of the commissions table** for Japanese equities cash trading, due to strong FX revenues from the volatile market and an increase in gains on management of the customers' US dollar deposits driven by higher interest rate.



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I would now like to take a closer look at revenue and expenses for each of the three main segments. First, let's look at revenue for the Japan segment.

As you can see at the bottom of the graph here, brokerage commissions, on both Japanese and US equities, remained almost unchanged from the previous quarter. On the other hand, for net financial income, shown in the second row from the bottom, there is an increase of JPY389 million from the previous quarter, which is due to the increase in interest rates in the United States.

In addition, FX and bond-related revenues increased by JPY169 million. This was mainly due to brisk FX revenues. Based on these factors, overall operating revenues increased approximately 7% QoQ to JPY8,262 million.

The dotted line here shows the revenue before the fee structure for Japanese equities was significantly reduced in March 2022. As a result of the promotion of the asset management model, looking at total earnings for this quarter, brokerage commissions decreased significantly due to the reduction in Japanese stock commissions, but other earnings increased, resulting in total earnings exceeding the level before the commission rate reduction.

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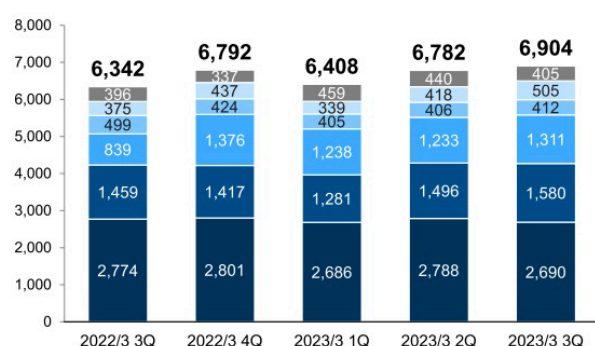
QoQ Comparison (3 months) Analysis: SG&A

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Japan: Although some expenses increased due to growth in new businesses such as financial instrument intermediary business and the periodic investment of mutual fund with credit card, overall SG&A were appropriately controlled.

■ SG&A

(JPY million)



Quarterly SG&A Total +1.8% (+121)

* Figures in parentheses indicate the variance from the previous quarter (JPY million)

- Other (-35)
- Advertising expenses (+87)
- Communication, freight and information expenses (+6)
- Commissions paid, exchange and association dues (+78)
- Compensation and benefits (+84)
- System related expenses (-99) *

* Rental expenses -74
Data processing -34
Depreciation expenses +10

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We believe that costs are generally well controlled overall. They were JPY6,904 million, up 2% from the previous quarter. Advertising expenses increased due to the promotion of a point-earning service.

In addition, the intermediary business for financial products has been growing, including a collaboration with Shinsei Bank and IFA, or private bank business, and commissions paid have increased as a result. We believe these are the result of progress in our growth strategy.

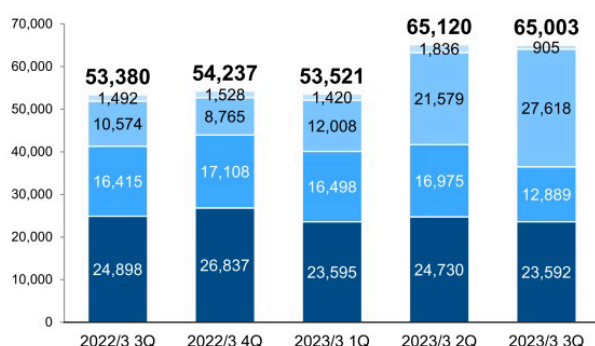
QoQ Comparison (3 months) Analysis: Operating Revenue (USD)

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US: Net financial income increased driven by higher US interest rates, offset by lower brokerage commissions and other commissions due primarily to unfavorable equities trading. Total revenue in 3Q was flat QoQ.

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

(USD thousand)



Quarterly total operating revenue after deducting financial expenses and cost of sales -0.2% (-117)

* Figures in parenthesis reflect the variance from previous quarter (USD thousand)

- Other (-931)
- Net financial income (+6,038)
- Other commissions (-4,086)*
- Brokerage commissions (-1,138)*

* Average VIX QoQ : 24.7 → 25.1 (+2%)
DARTs QoQ: 210,879 → 203,764 (-3%)
DARTs QoQ(Equities) : -8%
DARTs QoQ(Options) : -7%
DARTs QoQ(Futures) : +5%

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Next, let's look at revenue in the US segment.

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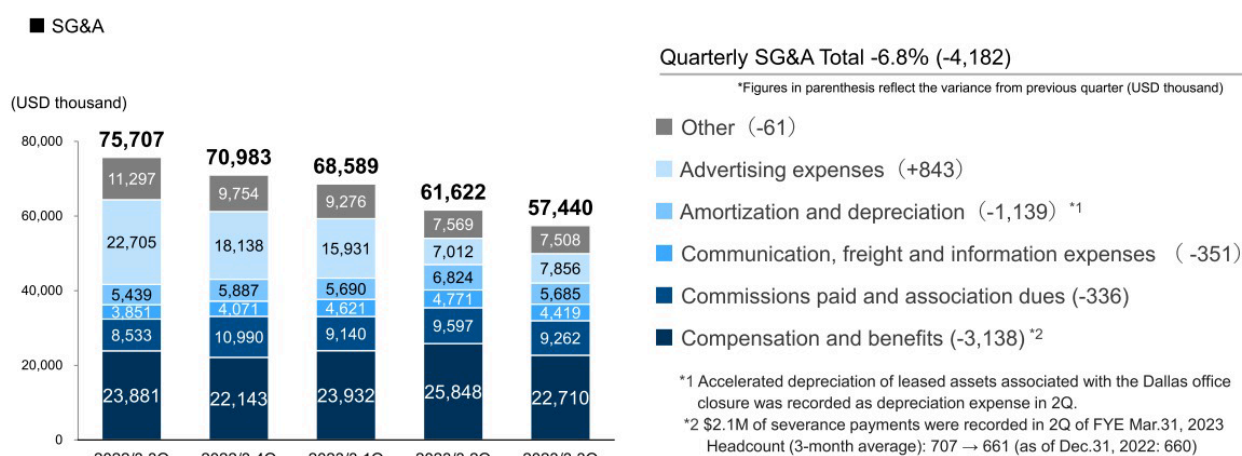
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With the rise in US interest rates, the financial account balance, shown in the second row from the top, increased by 28% in US dollar terms. On the other hand, brokerage commissions and other commissions received decreased due to a decline in equity and options trading due to weak market conditions, although volatility and VIX increased. As a result, overall operating revenue was almost unchanged from the previous quarter at USD65 million.

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

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US: Optimize total SG&A to focus on profitability. One-off cost such as severance payments responding to the strategy change disappeared.



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Next is costs in the US.

Regarding SG&A expenses for the US segment, in August of the previous quarter, the company reduced staff numbers. This is due to a change in strategy. The severance payment associated with the headcount reduction was recorded in the previous quarter, but since it was no longer recorded in the current quarter, overall SG&A expenses fell to USD57.44 million, down approximately 7% from the previous quarter.

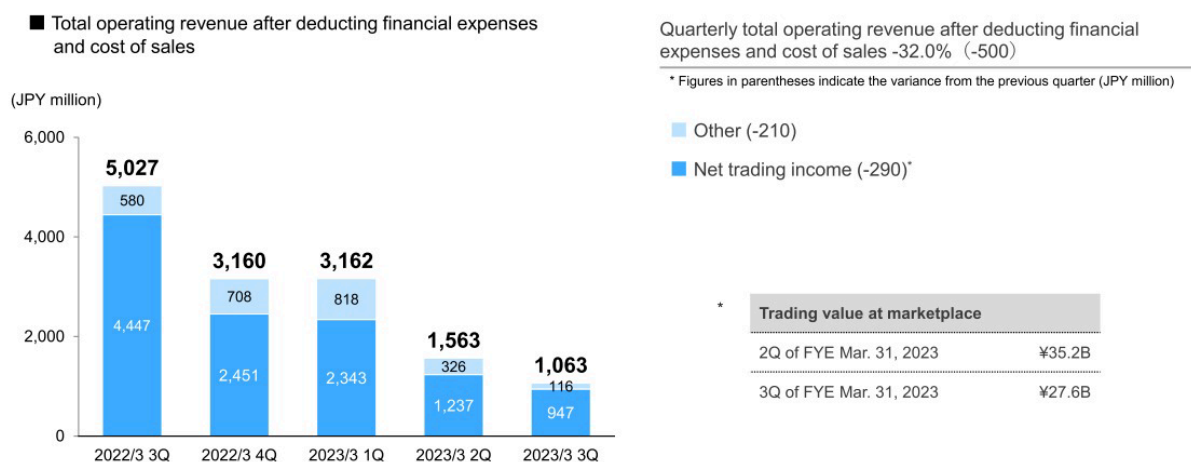
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Crypto: Total revenue decrease driven by a reduction in net trading income as trading volumes were meaningfully impacted by broader crypto market decline.



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Finally, we have the Crypto Asset business segment.

As the crypto asset market remained sluggish and prices were declining, both transaction volume and transaction value declined, resulting in a decrease in trading income.

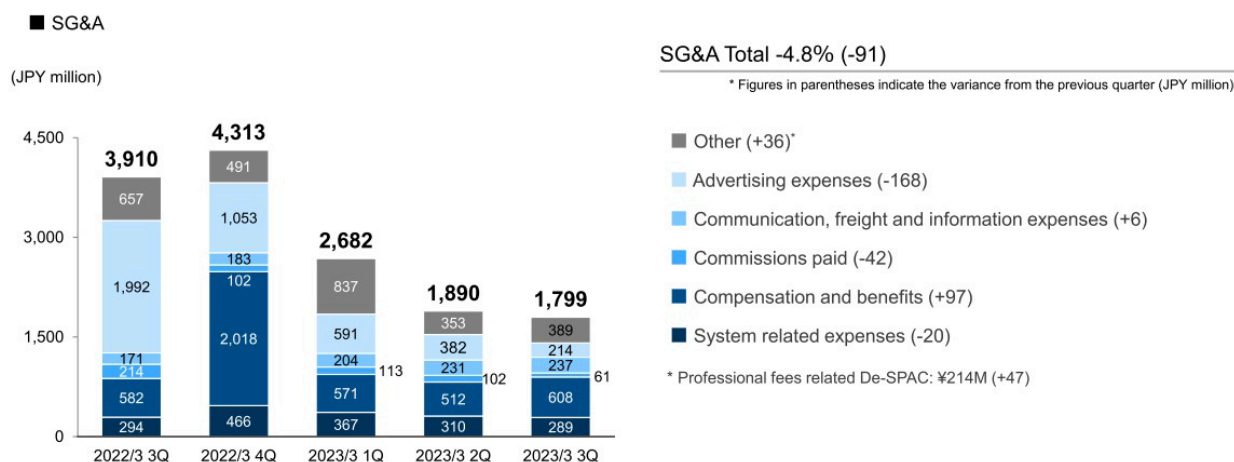
Because the NFT market was also weak, other revenue also declined. As a result, operating revenue fell 32% from the previous quarter to JPY1,063 million.

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



20

Advertising expenses in the Crypto Asset business segment, in line with the difficult market conditions, were further reduced by 44% from the previous quarter. As a result, SG&A expenses decreased 4.8% to JPY1,799 million.

In addition, professional fees related to the De-SPAC listing were JPY214 million in the quarter under review and are recorded under the other section shown at the top here.

In the Crypto Asset business segment, we are working to keep costs as low as possible and to establish a system that allows us to operate with low fixed costs. However, the recent decline in earnings has had a significant impact, resulting in an operating loss, as in the previous quarter.

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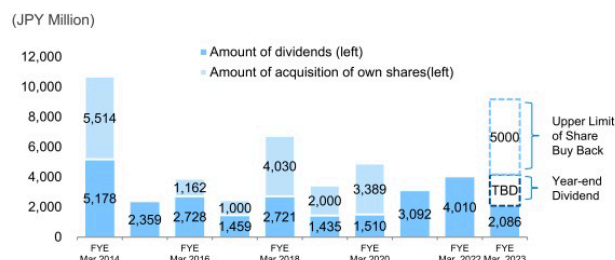
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Shareholders distribution

◆ Our basic policy for shareholders distribution

As for the progress of share buyback, 2.70 billion yen (6.3 million shares) were repurchased as of December 31, 2022. Please refer to our press release for the progress for Jan 2023 and after.



Our principle is to increase our corporate value in a sustainable way through balancing our investments in growth areas and enhancements to our operating base, in aggressive yet proper manners, with return of profits to our shareholders. 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. The Company will aim to pursue enhanced total shareholder return*.

* Total shareholder return = (total capital gain + total dividends paid) / invested amount

Shareholders & indicators per share

◆ Major shareholders and shareholder breakdown (as of Sep. 30, 2022)



* The graph made by Monex based on shareholders' list as of Sep. 30, 2022. The number of outstanding shares is 267,447,100 shares as of Sep. 30, 2022.

*Shizuoka Bank Ltd. transformed it to a holding company structure on Oct. 3, 2022, and our shares were transferred to the newly established Shizuoka Financial Group, Inc. on the same date.

◆ Indicators per share

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022	3Q 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	397.93 yen
Earnings per share attributable to owners of the Company (EPS)	4.42yen	11.59yen	55.82yen	50.00yen	9.35yen*
Rate of Return on Equity (ROE)	1.5%	3.9%	17.3%	13.4%	2.4%*
Dividends per share	5.4yen	5.9yen	12.0yen	15.3yen	7.8yen

* EPS and ROE for 3Q FYE Mar. 2023 show annualized figures obtained by multiplying 4/3 to actual figures for the quarter

29

Lastly, please see page 29.

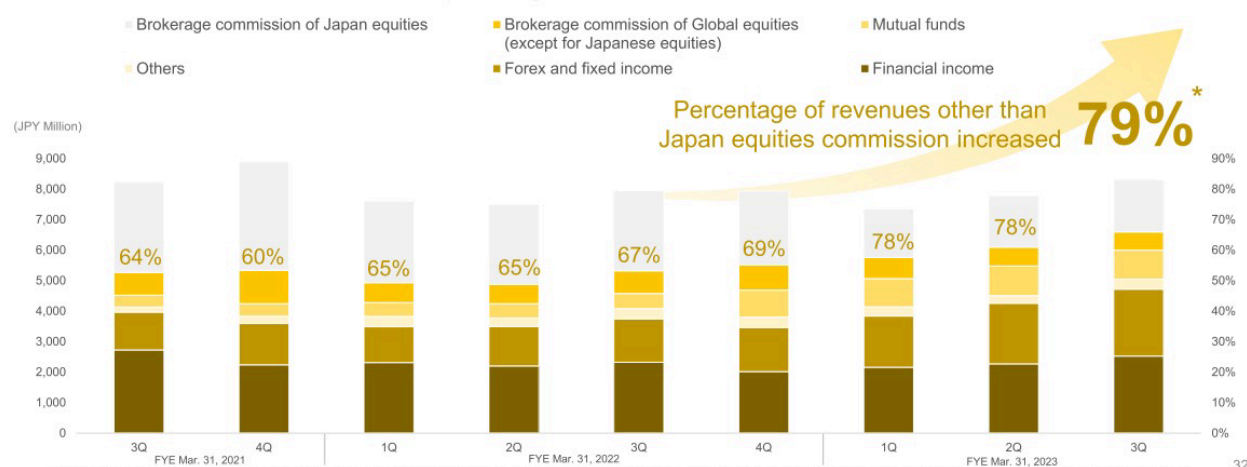
The Company has been proceeding with share buybacks since last November. As of the end of December, we had repurchased 6.3 million shares, equivalent to JPY2.7 billion. The limit is either 12.5 million shares or JPY5 billion. We will continue to disclose progress through press releases.

That ends my explanation.

Business Update Japan Segment 1/5

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

Total Operating Revenue at Monex Securities



* Figures shown on the graph above indicate the historical percentage of "total revenues other than brokerage commissions of Japan equities" to the total operating revenue of Monex Securities on a quarterly basis.

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Matsumoto: Now, I will talk a little bit about our business.

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With the progress of the Japan asset management model, the reliance on Japanese equity brokerage commissions has steadily decreased to about 20%, and the rest is growing steadily.

Business Update Japan Segment 2/5

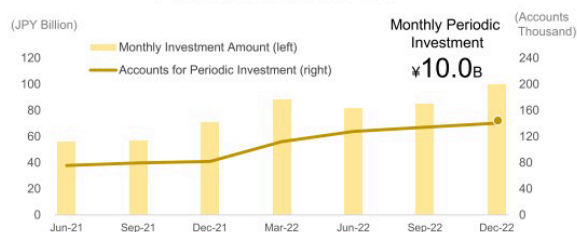
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Expanded periodic investment service for mutual fund. Increased US Equities related revenues due to an increase in gains on management of USD deposit driven by higher interest rate.

Mutual Funds

- Announced a business partnership in the financial instruments intermediary business with AEON Bank. Approx. ¥183B^{*1} of mutual fund balance to be transferred to Monex Securities in Jan, 2024.
- Monthly investment amount for mutual fund exceeded ¥10B. Since the installment of Daily Investment Plan in Jan 2020, mutual fund balance has been increasing.

Periodic Investment Plan



^{*1} As of March 31, 2022. ^{*2} The monthly purchasing amount is subject to Japanese mutual funds (excluding money reserve funds), foreign mutual fund products (excluding money market funds), Individual Defined Contribution Pension (IDeCo), ON COMPASS and Monex Advisor.

^{*3} Number of accounts in Monex Securities with periodic purchase plan (Does not include DeCo or ON COMPASS transactions).

US Equities Related Business

- Wide range of stocks handled, prompt addition of stocks, extended-hours trading, and wide range of ordering functions. Launched US equities margin trading service on January 23, 2023.
- US dollar cash deposits are invested in foreign exchange swaps, etc.

Revenues on USD Deposit and US Equities Trading



33

As shown on the lower left of page 33, mutual funds are also very important in promoting the asset management model, and their monthly amount of periodic purchase exceeded JPY10 billion as they steadily increase.

Also, as shown on the right, interest rates generated more income than the US equities business did, as trading volume decreased amid the current market.

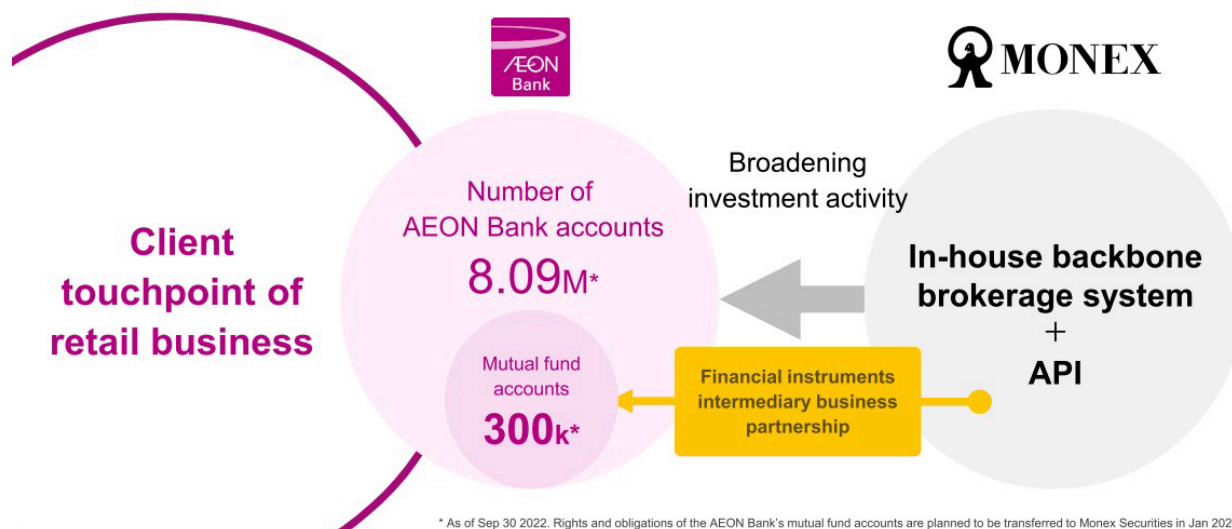
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Pushing for a shift from saving and consuming to investment utilizing the financial instrument intermediary business partnership between Monex Securities and AEON Bank.



Also, about two weeks ago, we announced a partnership with AEON Bank.

As you can see here, its mutual fund holding accounts number 300,000 accounts, and there are 8.09 million AEON Bank accounts. In addition, as a retailer, AEON has a huge number of customers, and the cooperation between our group and the AEON group will help them move from savings to investment. We will also function to expand the asset-building class, a move that the government is promoting. This is one of the major initiatives promoting our asset management model.

As of September last year, we have transferred about JPY180 billion in assets under custody.

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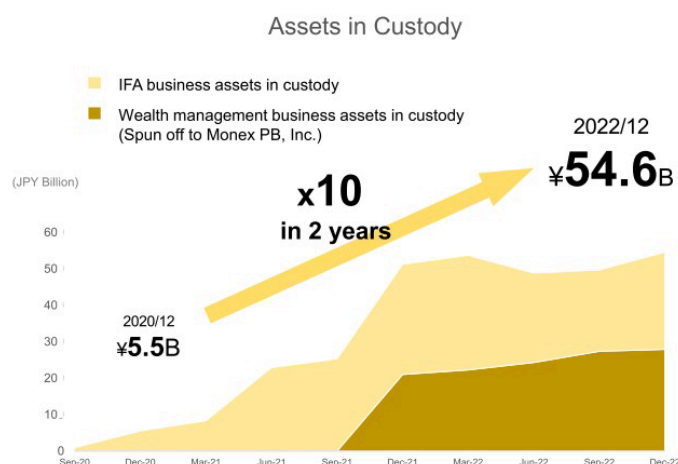
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The IFA/wealth management business exceeded its assets in custody to approximately ¥55B.

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 two years, total assets in custody of both businesses have increased to approx. ¥55B.
- Wealth management business transferred to Monex PB, Inc. (a specialized company, MPB) in Oct 2022. MPB opened Nagoya office in Nov 2022.
- Will start collaboration with Shizuoka Bank in the area of wealth management. 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.

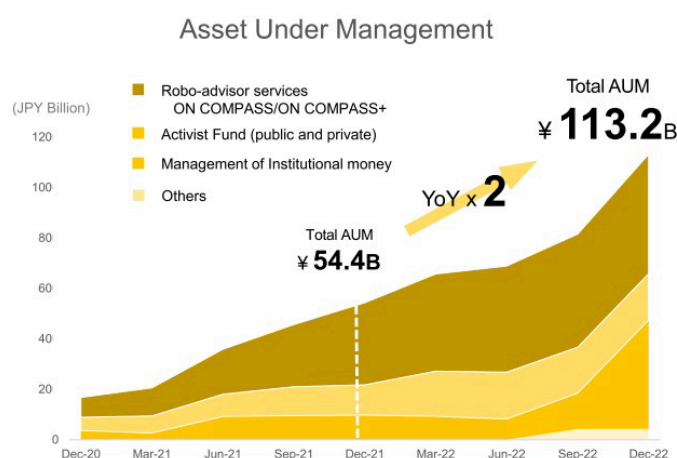
35

Page 35 refers to the IFA, or wealth management, business.

This is Monex Private Bank for high-net-worth individuals. It had been a private bank division of Monex, Inc., but was spun off as a separate company. Business for this affluent and semi-affluent segment is also growing steadily, as can be seen in the graph.

Asset management business accelerates its growth, exceeding its AUM to ¥110B.

Total AUM managed by Monex Asset Management almost doubled YoY



Robo-advisor service AUM

¥ 47.3B (YoY x 1.5)

A discretionary investment management service (robo-advisor) that employs a goal-based approach. Steadily expanded AUM through B2B2C strategy, including strengthening partnership with financial institutions including Shizuoka Bank.

Management of Institutional Money AUM

¥ 43.2B (YoY x 3.4)

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

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Monex Asset Management, Inc. has also been steadily accumulating assets and has more than doubled its YoY growth. Business for financial institutions, especially regional banks, has been growing significantly.

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The collaboration with AEON, the growth of IFA and wealth management, and the growth of Monex Asset Management, all of these are the result of solid progress and effort in promoting the asset management model.

Business Update US Segment 1/3

MONEX GROUP

While higher VIX resulted in strong futures trading, other commissions declined due to lower equities transaction as a result of downward trend of the market.

Commission revenue and VIX

Futures trading remained strong as the market volatility led to the favorable transaction volume by active traders. Other commissions decreased due primarily to a decrease in equities trading. Options trading remained steady, although down slightly QoQ.



37

In the US, the VIX was relatively high, and stock prices have fallen. As a result, Futures are doing well, but Equities transaction have fallen slightly.

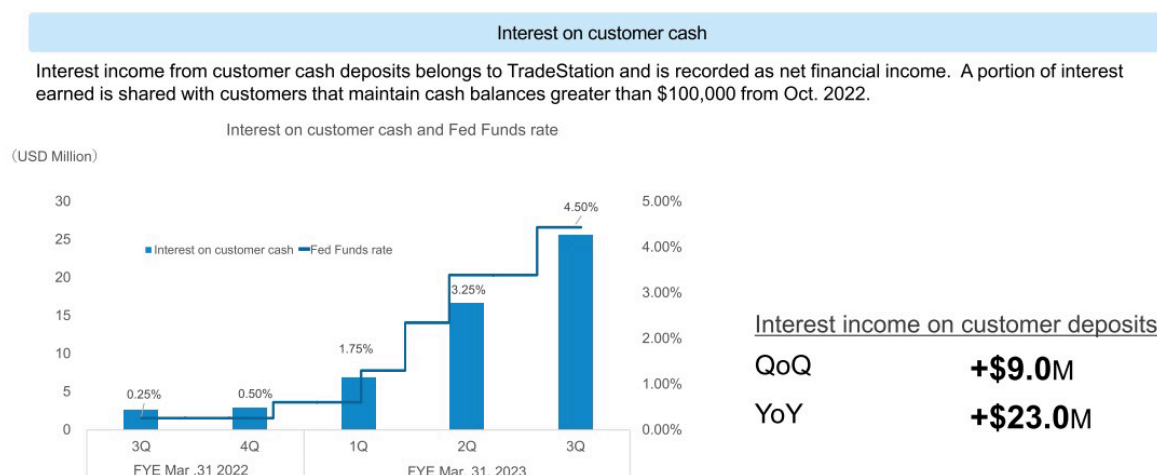
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Interest income from customer deposits increased significantly as US interest rates rose.



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However, as you can see on page 38, interest income has increased significantly on the back of rising interest rates. It has increased by USD9 million QoQ. And USD23M YoY (vs 3Q FYE March 2022).

Since the strategy change from expanding the customer base up until 1Q, TradeStation is now focused on the new strategy to offer satisfactory products and services for active and sophisticated traders which will improve the customer loyalty and transaction volume, resulting in a higher LTV (Life Time Value) and profitability.

Strategy

TradeStation looks to increase profitability over the mid and long-term via a focused strategy:

- ☐ Sales and Marketing strategy targeting highly active and sophisticated traders and investors
- ☐ Develop a high-touch, world class customer experience
- ☐ Leverage and expand on TradeStation's deep and powerful trading and analysis tools
- ☐ Provide access to innovative, third-party, trading and analysis solutions utilizing our robust API technology

Strategic Differentiators

- 1 REPUTATION
- 2 MULTI ASSET CLASS OFFERING
- 3 ANALYTICS / CUSTOMIZATION
- 4 EXECUTION QUALITY
- 5 COMPETITIVE PRICING
- 6 CUSTOMER SERVICE
- 7 EDUCATION

39

The business model of focusing on active traders is similar to that in FX, where the unit price per customer is high but the account doesn't stay with us long. The ultimate opposite of this is the bank-like model, where the unit price per customer is low, but the customer remains with us long term.

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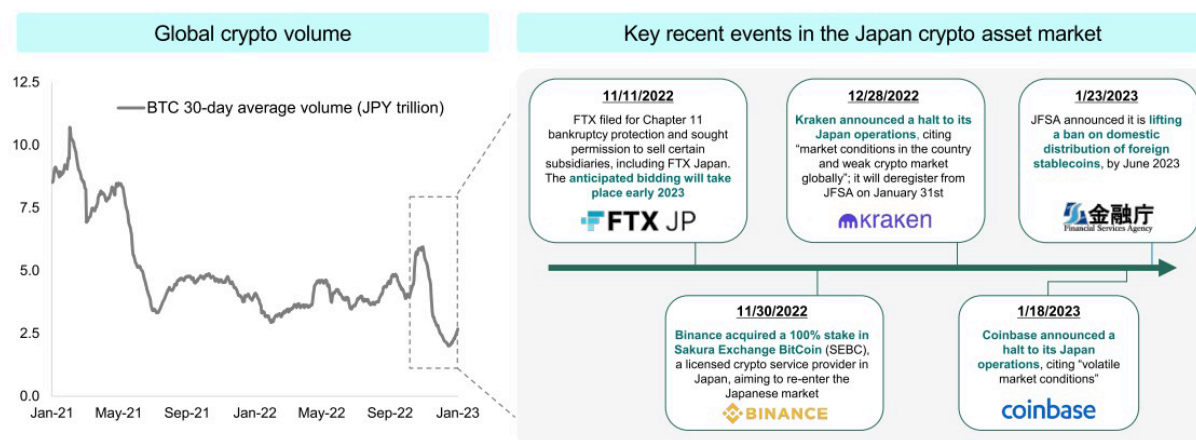
At TradeStation, we are catering to active traders, which is our specialty, and by providing a great active trading experience and risk management tools, etc., that is second to none, our clients will stay with us longer. And they can continue to trade without losing money. The attrition rate will be low.

By promoting the active trading and long-lasting engagement with us, TradeStation aims to increase the lifetime value of our clients.

Business Update Crypto Asset Segment 1/5

MONEX GROUP

The crypto asset sector continues to be impacted by the macroeconomic environment and challenges in certain segments of the crypto market; however, Coincheck remains very well-positioned as a leader in product offering, regulatory compliance, and trust.



Source: CoinMarketCap; News articles; FactSet
Note: Volume figures in USD converted to JPY based on exchange rate of 129.61 as of 1/26/2023

40

Next is the crypto asset business.

First of all, the left-hand side shows the trading volume of bitcoin, and it has dropped significantly due to the FTX incident and other issues. Naturally, this has resulted in a significant drop in transaction volume at Coincheck as well.

But, on the other hand, as you can see on the right, all the foreign companies, like FTX, Kraken, and Coinbase, are pulling out of Japan. Binance, however, is trying to re-enter the market, but basically, foreign companies are leaving.

Meanwhile, the Financial Services Agency is going to lift the ban on the domestic distribution of stable coins, and as you know, the Liberal Democratic Party and others are playing a central role in the Digital Agency, and while regulators around the world are now balking at web3, Japan may be the only developed country that is promoting web3, stable coins, crypto assets, etc. That is the situation.

Some people may pull out when the market quietens for a while. Especially since the industry is a single product and most of the crypto vendors are only doing crypto, if the crypto business becomes a little less vibrant, they may not be able to continue with their business due to decreased revenue, or they may decide to close up shop or quit the business itself.

We are a group, so we can continue to invest if there is investment potential, and as I have explained here, foreign capital is withdrawing from the market, especially in Japan. On the other hand, the FSA and the

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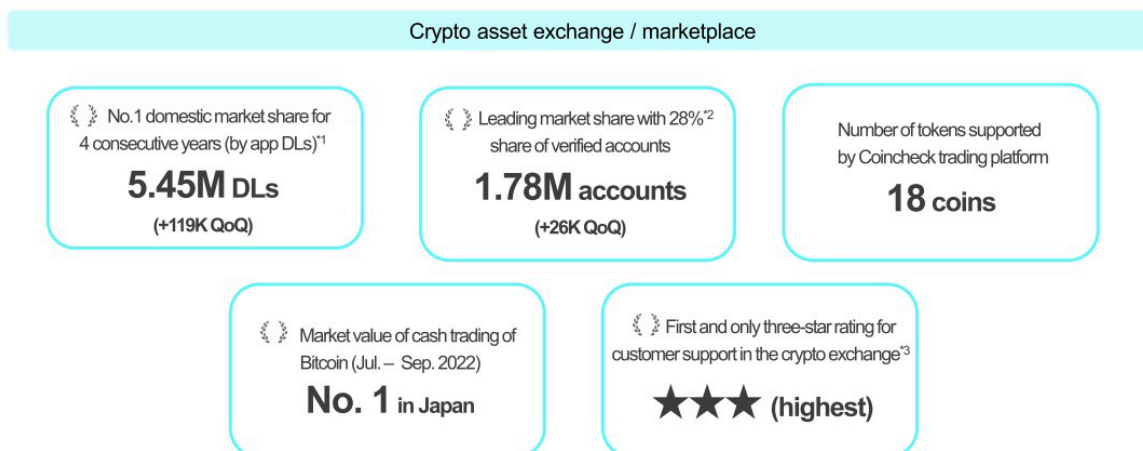
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government are promoting crypto assets and web3, so we would like to make a solid investment and earn a return on our investment.

Business Update Crypto Asset Segment 2/5

MONEX GROUP

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.

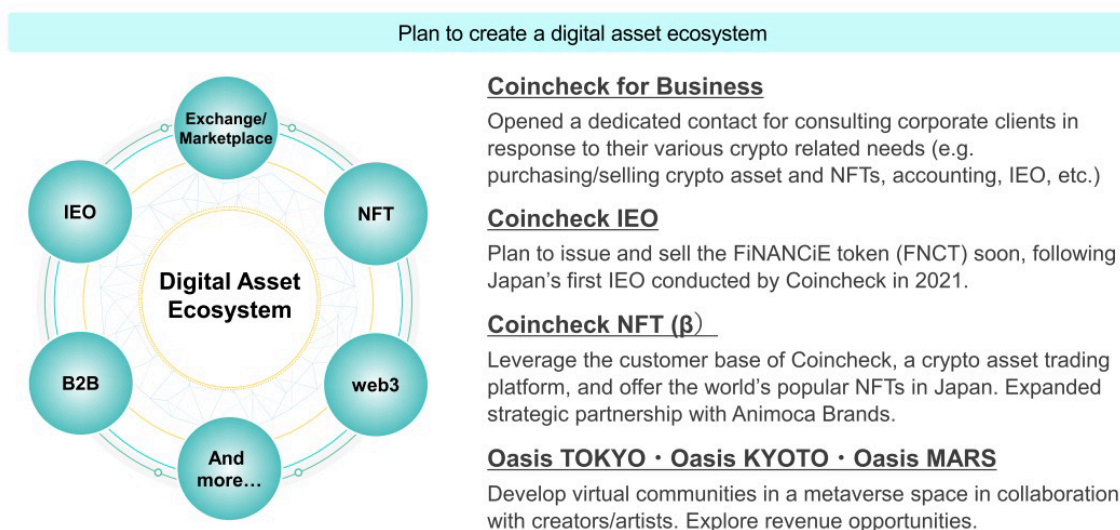
41

Page 41 provides information on what the situation is.

Business Update Crypto Asset Segment 3/5

MONEX GROUP

Plan to create a digital asset ecosystem to diversify its earnings over the mid to long term.



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Page 42 shows what we are doing. The exchange/marketplace heading shown at the top of the illustration has been Coincheck until now.

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In addition, we have received many questions about NFTs, IEOs, and how to start investing in crypto assets within corporations, how the accounting should be done, and how NFTs can be used. We are starting a corporate service that will provide solid answers to these questions.

As well as web3 and Metaverse, we are developing our business in a wide range of areas, including the development of the Oasis series of metaverse spaces, and blockchain, not just in virtual currency trading. We are building a business that can keep costs down as we expand and can move ahead in a big way when a tailwind blows.

Business Update Crypto Asset Segment 4/5

MONEX GROUP

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

Aiming 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/rnews/auto_20220309503075/pdfFile.pdf

Page 43 shows the Nasdaq listing plan for Coincheck using De-SPAC.

The Coincheck Group, a Dutch corporation created on top of Coincheck, is proceeding with a NASDAQ listing by merging with THCP, which is listed on the NASDAQ in the US.

This initiative is progressing steadily. You may be surprised to hear about this in the light of FTX, but so far we are making steady progress. Since Coincheck is a company that can generate considerable profit, rather than looking at fundraising, since web3 and crypto assets will be a global business we would like to expand the Coincheck Group globally.

In such a case, when buying businesses and hiring human resources, stocks listed on the NASDAQ in the US are powerful as both acquisition and hiring currency, and we are pursuing this plan in order to achieve that.

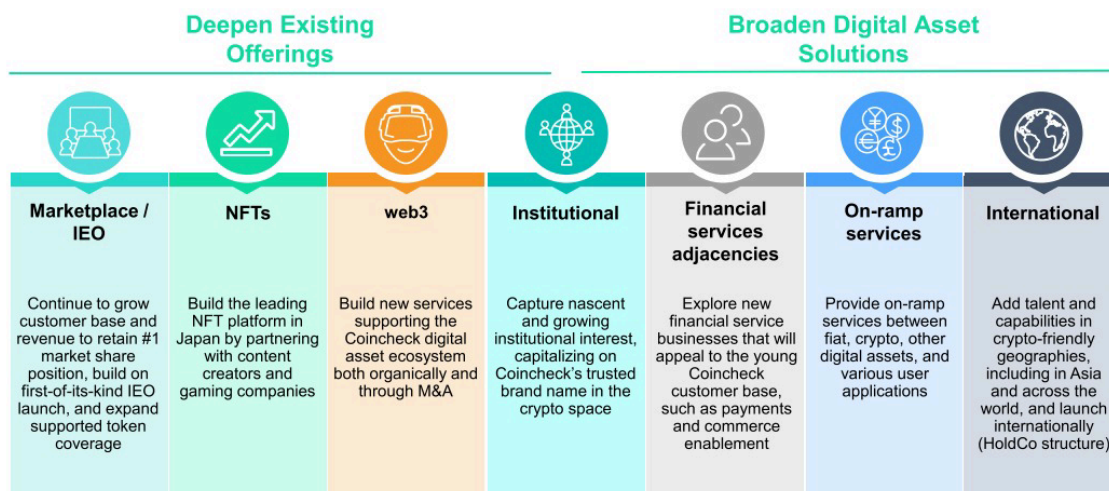
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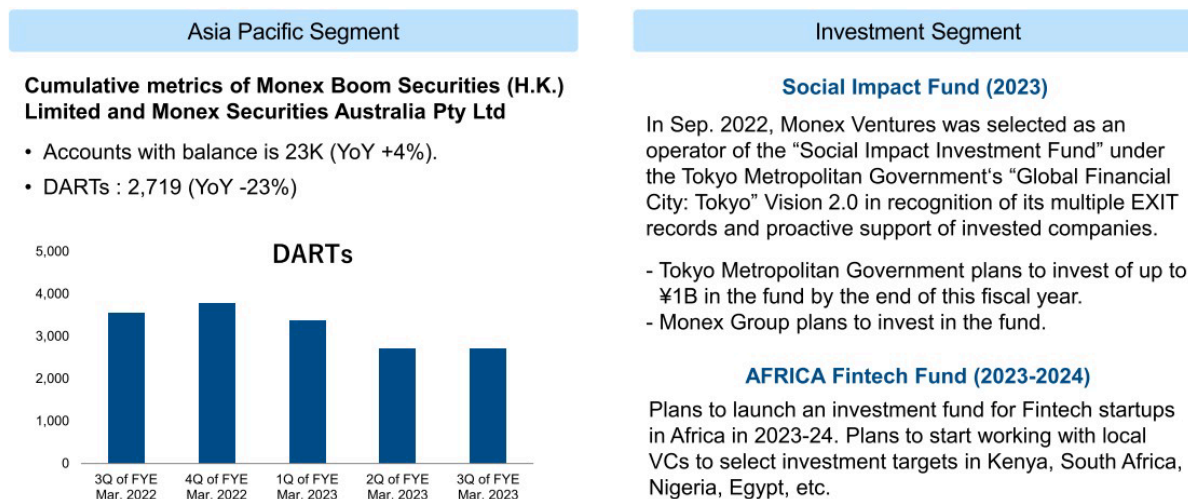
Coincheck has identified numerous large growth opportunities that can be pursued organically and accelerated through M&A and partnerships.



44

Page 44 gives a brief description of what we are actually going to do in concrete terms. We have been showing you this for some time.

In the Investment Segment, Monex Ventures was selected as an operator of the Social Impact Investment Fund promoted by Tokyo Metropolitan Government.



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There is not much to tell you about the Asia Pacific segment, and regarding the investment segment, Seimei has just told you about the write-downs incurred.

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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



152 School, 2,911 Students

Viling, Inc. operates classrooms to offer STEAM educations.

Selan Inc.

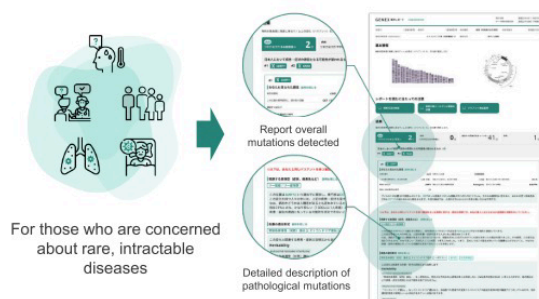


Selan Inc. (joined the group in Nov 2022) runs *Omukae* (pick up) Sister service, a home English tutoring service by bilingual tutors.

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



46

Please go to page 46. In April 2021, two years ago, we announced our corporate mission statement, which is not only about finance, but about aiming to optimize each person's lifetime balance sheet. Within this, STEAM education and bilingual education, etc., is important. We also believe that it is important to support patients with intractable diseases, so we are developing educational and genome platform projects while keeping costs under control.

Promote sustainability management and continuously strengthen systems to address ESG issues.

Steadily promote initiatives in key areas of materiality

Promote DEI at group companies

Establishment of "Well-Being Office" at Coincheck

- Fostering a corporate culture that embraces diversity and maximizing the value of human resources

Received various awards related to DEI (including LGBTQ+)

- Monex Group, Inc. & Monex, Inc.: PRIDE Index 2022 Silver
- Coincheck: 9th White Company Award "Diversity & Inclusion Category"



Revised key rules and policies & Add disclosure of human capital / innovation

Revisions on the key rules and policies

- Code of Conduct incorporates anti-corruption structure
- Human Rights Policy incorporates further consideration of human rights into our core business
- Environmental Policy commits to reduce GHG emissions

New disclosure of human capital

- In addition to the number of Group employees, newly disclosed the ratio of female employees, percentage of female management, etc.

New disclosure of innovation (to be disclosed)

- Four unique features of the innovation by Monex Group (foresight, risk-taking, value enhancement, and corporate culture) to illustrate the commitment of further growth towards the ever changing future.

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Also, as for DEI, a wellbeing room has been created within Coincheck and it has received various awards. The entire group is taking this seriously, and the scoring by the evaluation company has improved considerably, making us probably either the best or second best in the industry. We are in a good place.

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We are also implementing various forms of sustainability management, including human rights regulations, not only in words but also firmly putting it into practice within the Group.

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Question & Answer

Matsumoto [Q]: That was a rough explanation, and it has run five minutes longer than scheduled. We have 25 minutes left, and I would like to use it to answer your questions. Please feel free to ask questions via the chat board.

First is Mr. Hara of SMBC Nikko Securities, who has asked us three questions.

This is question one. **Regarding the sensitivity of PL to changes in interest rates in Japan, I assume that the market is expecting a change in monetary policy, but what is the expected impact on margin transactions, etc.?**

Seimei [A]: Actually, regarding margin transactions, in the past their interest rates have not fallen in tandem with a drop in interest rates. This is true not just for our company, but for other companies as well. On the other hand, some of the procurement side has not changed that much. Of course, this could change depending on the future situation, but for the moment, there is nothing that can be assumed.

Matsumoto [A]: It doesn't affect us much. I think it's a bit of a plus. The market interest rate has little to do with it because it is basically a matter of spread. But the interest rate on general credit will probably go up a little because the interest rate on loan stock will go up for the amount of money that can be procured at a lower price due to reduced availability of loan stock or other reasons.

Seimei [A]: The other thing is that in our case, most of our customers' deposits are MRFs. Since MRFs are currently negative, we are bearing the cost of the negative MRFs, but if this area rises, I think it will have a positive effect and costs will come down.

Matsumoto [A]: This is the second question. **Regarding losses in the investment business, you mention write-downs of down-round procurement in several investments, but is this a phenomenon that will continue to occur to some extent in the future due to the declining variation in the world? What is the overall exposure of your company on an equity basis?**

On an overall equity basis, it is just over JPY6 billion. However, the original book value was JPY3.5 billion, or something like that, so there is a valuation gain on it. I don't know because it is a market price, but we did a revaluation at the end of December, and looking at the world as a whole, bitcoin and other currencies have been rising since January, and the situation appears to be slightly risk on, although of course I don't know what the future holds.

But there may be some assets that are not down-rounded and that we don't see valuation loss on, but basically they are solid, generally marked-to-market, and from here it depends on the market, but since they are venture company-backed stocks, they are not susceptible to everything. We don't perceive that there is that much risk.

This is question number three. **The question is what areas Matsumoto-san and Seimei-san will each focus their management efforts on under the new structure.**

I'm sure Seimei will also comment on this, but as I mentioned earlier, after the annual shareholders' meeting, Seimei will be the CEO and I will be the executive chairman. Looking at examples of foreign firms, a CEO and an executive chairman generally have a division of roles. But I think the image is of operating on two wheels.

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However, in addition to my duties as Executive Chairman of the Board, I will also be working as the Executive Officer in charge of engagement operations, the expansion of the asset management business, and the globalization of Coincheck. So, in addition to the positions of Executive Chairman, I will be working hard on these two areas as the Executive Officer in charge. I am currently doing that, also.

Do you have anything to add?

Seimei [A]: No, nothing in particular, but I have been President of Monex, Inc. since 2019 and Co-CEO of the group since last April. So in that sense I don't think there will be any big changes. Before I became president of Monex, I had the impression that Matsumoto would draw up a vision and I would execute the vision, and that I would think of strategies based on the vision and execute them. However, since about four years ago, we have been working together to create a business, and I think this is an extension of that.

Matsumoto [A]: This may be a bit of an advertisement, but among the companies listed on the TSE Prime Section and the former TSE First Section, there is probably no other company in Japan that has a woman as a career CEO, as opposed to a founder or a founding family member. I can't look up all of the 2,000 companies, but as far as I can find, that's how it seems.

Conversely, I feel that Japan is very far behind in this regard, but that is the way things are progressing.

We have received two questions from UBS Securities' Mr. Okada.

Question number one is, following Monex' lead, a competing securities company plans to implement no brokerage commissions on domestic stocks in H1 of FY2023. What are your thoughts on future commission strategies? Are conditions for further fee reductions being created by the declining reliance on Japanese stock commissions?

Seimei [A]: I believe that we will announce our future commission strategy when we have decided it.

Regarding the second question, this is not the first time that commissions have been reduced in this way. Zero commissions emerged in the US in 2019, and now Japan, too, is moving in that direction. That is one of the reasons why we have been trying to promote the asset management model, and since the high dependence on fees for Japanese stocks was an issue, we have been trying to lower that relatively.

In this sense, other revenues are growing steadily, as expected, and our dependence on Japanese stock commissions is decreasing, so I believe that we have a wider range of options and strategies to consider in the future.

We have our in-house brokerage system, and we believe that we offer superior service, as well as a commission strategy. We would like to continue to consider how to combine these elements to provide added value, and how to receive fees for that added value.

Matsumoto [A]: This is also from Okada-san. **This is question two. It is about using funds for share buybacks. Could you please explain again the background of the share buyback last November? What is your order of priorities for the use of the funds in the future?**

Especially regarding the second part, it might be better to hear from Seimei.

As of last November, there was a phase in which our stock price and others were sold off quite a bit because of the FTX problem and other things. As we have clearly explained today, there is no FTX-related damage to our group, except for that which has subdued the market.

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We know that our situation is sound and healthy, but in the market, everything was being sold together because of the FTX incident and other factors, and we thought that our shares were too cheap. So, we announced a share buyback at that time to send a management message, and we are currently implementing it.

Regarding use of funds, we have historically done very well with investments, including acquisitions in new businesses. We consider the balance between investments in new businesses, additional investments in existing businesses, and returns to shareholders. The decision is based on a variety of moving pieces, depending on the investment opportunity at that point in time and the stock price. So, it's not necessarily easy to set priorities, as it depends on the situation.

Seimei [A]: That's exactly right. We are still seeking growth. Last time, this past November, we decided to buy our own company's stock to take advantage of other future growth opportunities and our own company's growth.

These markets, for example, crypto, were also very confused. Although it is said that we are in a winter period, I believe that this kind of timing also offers business opportunities. We are a company that has grown through M&A, but we are not limited to M&A. We also have the opportunity to consider new businesses, so in that sense, we will consider various options and make decisions with ROE in mind each time.

Matsumoto [M]: Does anyone have any questions? No? It seems that there are none.

So, let's give a final word.

Seimei [M]: A final word.

Matsumoto [M]: A summary.

Seimei [M]: Here is a summary. As I have been saying for some time now, Japan is stable, and I believe that we were able to show this in our figures for Q3. In the US, we have announced that we would change our strategy and raise our figures, and operating income has increased significantly.

We are hoping that the crypto market will recover a little more, but since this is a market, it is difficult to predict what will happen. I would like to continue to do what we need to do and increase our corporate value by combining these efforts. Thank you.

Matsumoto [A]: We have received another question from Mr. Hara. **What are your future plans for cost management in the US and crypto.**

So, the US is looking great right now. We have been able to generate a substantial profit. I think there are a lot of different interest rate prospects, but I think the fed fund rate, or short-term interest rates, will still go up. So, we have a good tailwind.

In this context, for our company, considering that the US was in the red two years ago or so, the basic concept of cost management in the US is to firmly control costs and make a lot of profit.

As for crypto, we are in the red right now, and the loss means that the cost is the same as making an investment. Rather than cost management, the issue is whether we will get return worth what are we paying in deficit now, that investment amount? I believe that we have to think differently about crypto than we do about ordinary cost management: is the investment amount commensurate with future return?

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Therefore, we are now carefully examining, or rather calculating, how much opportunity we, Coincheck and the Coincheck Group, have for profit opportunities and their expected value, while looking at the global situation and the situation in Japan, etc. If the investment amount is not smaller than the current value of that, it is meaningless. That is the mindset with which are managing the business.

So, it is a little bit different from the way cost management is done in the US or Japan segment. For crypto, it is an investment. We are trying to manage the investment based on the concept of whether the investment will be well worth it.

There are no more questions, and I don't particularly have anything further to say in summary. I have told you everything.

I think the portfolio as a whole is quite balanced. The US segment is now greatly expanding, Japan is steadily making progress in creating a stable and important asset management model, and crypto has upside.

We have good balance in our business portfolio, a solid management structure, as I explained today, and we have prepared and implemented a management structure that can permanently respond to a new environment, as well as sustainable management to support these efforts, such as in the area of human capital. The Group and the Company as a whole have been in business for 24 years, so we are not a venture or anything, but I think we have become quite well-balanced and solid.

We intend to further manage the Company so that it is a well-balanced, risk-return investment in the eyes of investors and shareholders.

If you have additional questions, please contact IR and we will answer them.

Thank you very much for your time today.

Seimei [M]: Thank you very much.

[END]

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