



MONEX GROUP

Monex Group, Inc.

Financial Announcement for 1Q of the FYE Mar 2024 - Analyst Meeting

July 28, 2023

Event Summary

[Company Name]	Monex Group, Inc.	
[Company ID]	8698-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Announcement for 1Q of the FYE Mar 2024 - Analyst Meeting	
[Fiscal Period]	FY2024 Q1	
[Date]	July 28, 2023	
[Number of Pages]	30	
[Time]	18:00 – 18:44 (Total: 44 minutes, Presentation: 27 minutes, Q&A: 17 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Oki Matsumoto	Chairman of the Board & Representative Executive Officer & Chairman
	Yuko Seimei	Member of the Board, Representative Executive Officer, Chief Executive Officer
[Analyst Names]*	Takayuki Hara	SMBC Nikko Securities
	Mia Nagasaka	Morgan Stanley MUFG Securities
	Taiki Okada	UBS Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Matsumoto: Hello, everyone. Today, we will be explaining Monex Group, Inc.'s financial results for Q1 of FY2023.

Seimei will explain the entire deck, but first let me give a brief overview of the result. The US and Japan segment have been steadily increasing their profits in a good balance, and EBITDA is also steadily increasing. Japan is doing the best in terms of revenue and profit growth, and we can see that the asset gathering modeling is well underway.

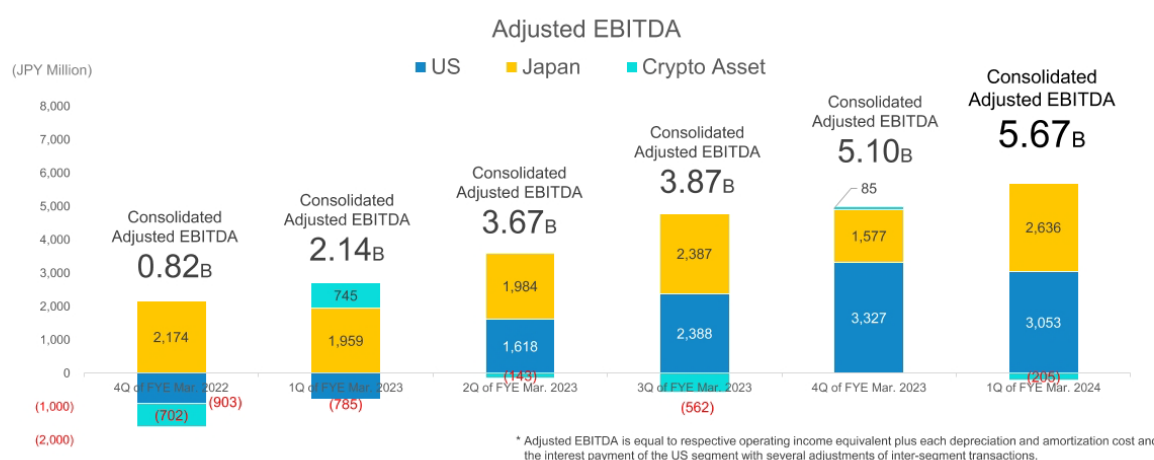
Therefore, we believe that the global business diversification and the steady progress of the asset gathering model in Japan have resulted in a very good overall financial result.

Now, Seimei will provide you with more detailed information, and then we will both answer your questions.

Consolidated and Segment Adjusted EBITDA

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Adjusted EBITDA* on a consolidated basis continues to grow driven by growth in the Japan segment on the back of active Japanese equities market, strong performance in the U.S. segment, and cost controls in the Crypto Asset segment.



Seimei: I am Seimei from the Monex Group. I would like to explain in accordance with the material.

First of all, I would like to explain the transition of EBITDA. As Matsumoto has just explained, I believe we were able to generate very strong EBITDA. I look back on Q1 as a very good one, with consolidated EBITDA of JPY5.67 billion. As you can see from the graph, there has been a steady increase in growth.

In the US segment, we changed our strategy in Q2 of FY2022, and achieved an adjusted EBITDA of JPY3.67 billion. Compared to this, EBITDA increased by 55% in this quarter.

The reason for this is that the asset gathering model that we have been promoting in the Japan segment is showing results, and the Japanese stock market was very active in Q1, so the Japanese stock commissions were also on top of the asset gathering model. This was in the form of a significant increase in profit.

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Also, the US segment, please refer to the blue graph. You can see here that we are maintaining the figures. There are two factors: the stable investment income of client cash due to the high interest rate environment, and the fact that active traders, who are TradeStation's target clients, have continued to trade even in the face of declining volatility.

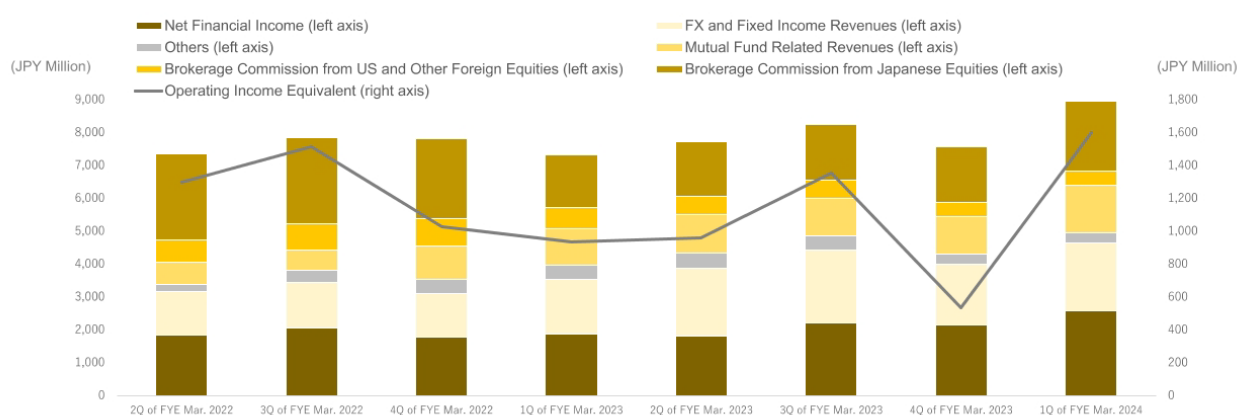
And in the Crypto Asset segment, we have continued to control costs well, resulting in a consolidated EBITDA of JPY5.7 billion. In Japan and the US alone, we have already generated JPY22 billion in EBITDA on an annual basis for this fiscal year, and with the crypto business and the current slight recovery in the market, we see this as an upside to our strong financial results.

Business Performance of the Japan Segment

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The steady growth in the revenue streams linked to the balance of respective assets in custody and the higher commissions from Japanese equities driven by the brisk market transactions contributed to a large increase in revenues and income.

Quarterly Revenue and Profit of the Japan Segment



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Individually, here are the results for Japan, the US, and Crypto Asset, and we will start with Japan.

The line graph shows operating income. The asset gathering model has been growing steadily, and the addition of Japanese stock commissions has resulted in an increase in both revenue and profit.

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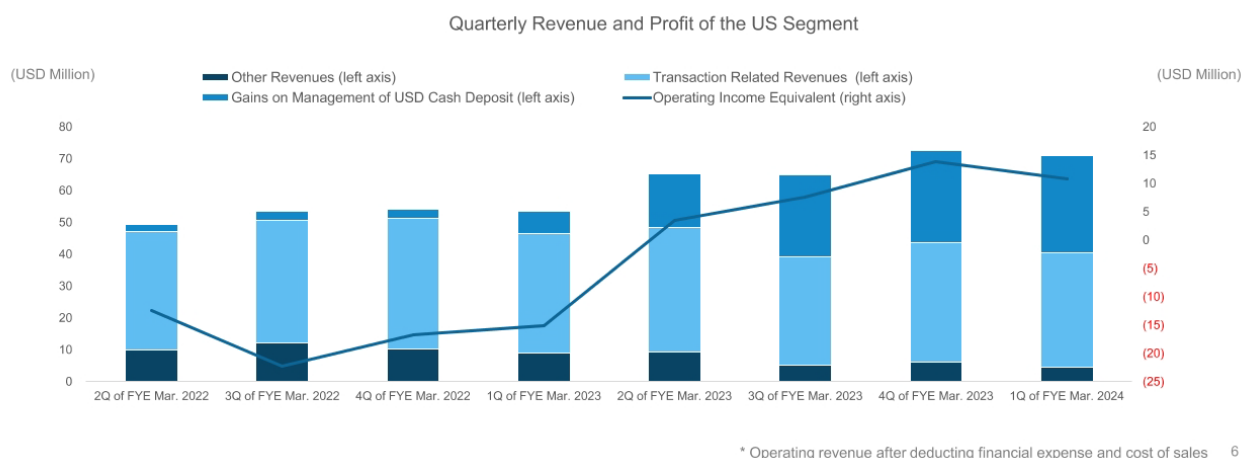
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Business Performance of the US Segment

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Operating revenue* remained strong due to the steady trading from active traders, who are the main focus of TradeStation, and the favorable gains on management of cash deposits driven by higher rates.

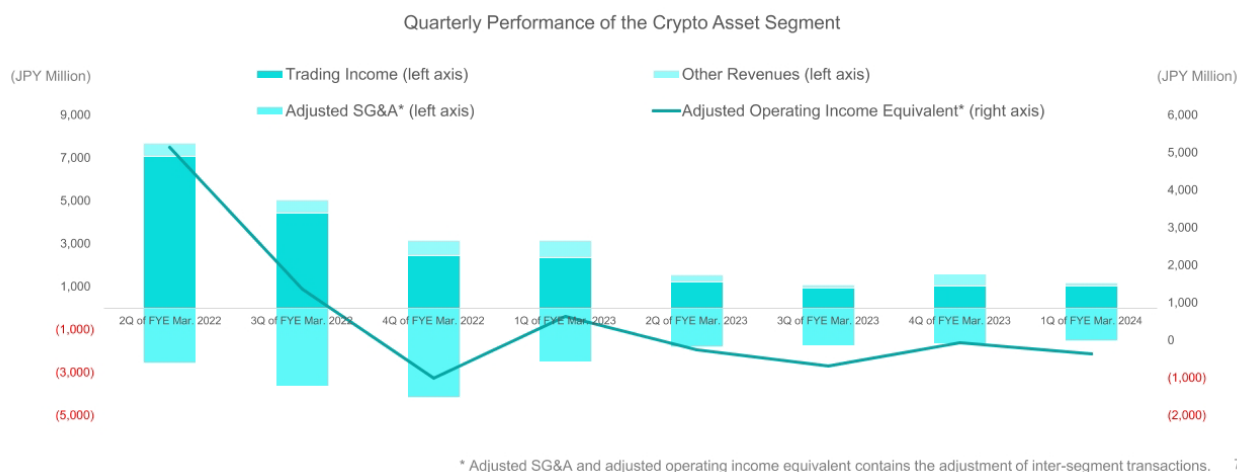


America, on the other hand, we were able to maintain the profit. The graph shows that we have been able to maintain both revenues and profits at a steady level. This is the investment income from US dollar deposits. Since we are in a high-interest-rate environment, the income is stable. As you can see in the pale blue area, trading-related revenues were also mostly maintained in Q1, so revenues were maintained, and operating income was also mostly maintained.

Business Performance of the Crypto Asset Segment

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Revenue declined QoQ as the IEO revenue in Q4 came off and the crypto asset market remained subdued, but the management continues to control SG&A appropriately. The crypto asset market is currently recovering and the management expects improvement of profit going forward.



Next is about the Crypto Asset segment. Revenue declined as we conducted and had revenue from IEO projects in the previous quarter. Trading income was almost flat compared to the previous quarter. In such an environment, the management team is continuously controlling costs appropriately.

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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^{*1,2}. Customer cash in US dollars at Japan Segment was approx. \$0.7B, while that of US Segment was \$2.5B as of June. 30, 2023.

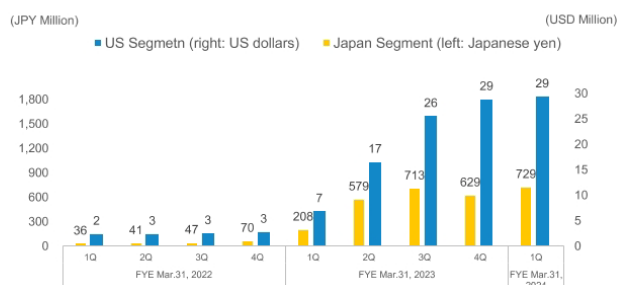
US Segment

- Achieved 50:50 ratio between the floating-rate and fixed-rate investment of client cash deposits by the end of June. By optimizing its portfolio, TradeStation aims for stable cash generation in the long term whether interest rates remain high or start to decrease.
- Further details on P 16, 37

Japan Segment

- Continued to earn interest income from investment of customer cash deposits through bank deposits and swap transactions.
- Further details on P 14

Gains from management of customer cash in US dollars in each segment



	4Q FYE Mar. 31, 2023	1Q FYE Mar. 31, 2024
Gains on customer USD cash		
US Segment	\$28.9M	\$29.5M
Japan Segment	¥629.0M	¥729.4M

^{*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.

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I would like to explain a little about the impact of interest rates.

As informed, Monex Securities and TradeStation manage the US dollar deposits from our customers, and the profits from the management of these deposits belong to us.

As shown here, the deposits from customers, which are the source of funds for this investment, have remained stable, with approximately USD700 million in the Japan segment and USD2.5 billion in the US segment as of the end of June. Also, in Q1, interest rates have risen a bit, and we have been able to maintain a solid financial balance as shown in the graph. Rather, it is increasing. The figures have increased slightly.

In the US segment, as will be explained later, we have increased the ratio of fixed rate investment of the portfolio in order to ensure stable earnings even if interest rates start to fall in the future. We are aiming to maintain the fixed interest rate at approximately 50% by the end of June, which is approximately the same as our target.

Therefore, when interest rates fall in the future, we expect to continue to generate stable income in a manner that allows us to maintain net financial income.

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Strategy Overview of Three Major Segments of Monex Group

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Each of Monex Securities, TradeStation, and Coincheck has its own solid enterprise value and strategy. Monex Group will continue to strive to make those values evident and secure the sustainable growth of its enterprise value by pursuing those strategies.



Strengthening business foundation by pursuing the asset gathering model

Increase in balance-based revenue by expansion of mutual funds, etc.



Growth strategy focused on active customers

Increase in customer life time value, and increase of net financial income driven by rising rates



Global expansion strategy

Planning NASDAQ listing with De-SPAC transaction

* The presentation of the projected value (Sum of the parts) of Monex Group is suspended in light of the environment surrounding the Company. 9

Each group's business policy remains the same, but Monex, TradeStation, and Coincheck are now working to increase their enterprise value based on their respective strategies.

The next area we are strengthening is the asset management business, and as I will explain later, the balance of assets managed by Monex is growing steadily.

QoQ Comparison (3 months) Consolidated Performance

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(JPY million)	FYE Mar. 2023 4Q (Jan. 2023– Mar. 2023)	FYE Mar. 2024 1Q (Apr. 2023– Jun. 2023)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses and cost of sales	19,033	20,203	+1,170	+6%	P14: Analysis of Japan segment P16: Analysis of US segment (USD) P18: Analysis of Crypto Asset segment
SG&A	16,603	17,315	+712	+4%	P15: Analysis of Japan segment P17: Analysis of US segment (USD) P19: Analysis of Crypto Asset segment
Advertisement expenses	1,760	1,617	-143	-8%	
The amount equivalent to operating income	2,430	2,888	+458	+19%	
Other income / expenses (net)	-220	-36	+184	-	
Quarterly profit before income taxes	2,211	2,852	+642	+29%	
Quarterly profit attributable to owners of the Company	1,458	2,414	+956	+66%	
EBITDA	5,101	5,669	+568	+11%	

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If I may explain the figures a little, here is the consolidated PL.

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As a comparison with the previous quarter, revenues increased 6% to JPY20,203 million. Income before income taxes was JPY2.8 billion, up 29% from the previous quarter. Profit for the quarter attributable to owners of the parent company increased by JPY2.4 billion, or 66%.

QoQ Comparison (3 months) Segment Performance

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(JPY million)	Japan		US		Crypto Asset		Asia Pacific		Investment	
	2023/3 4Q	2024/3 1Q	2023/3 4Q	2024/3 1Q	2023/3 4Q	2024/3 1Q	2023/3 4Q	2024/3 1Q	2023/3 4Q	2024/3 1Q
Total operating revenue after deducting financial expenses and cost of sales	7,589	8,976	9,675	9,796	1,583	1,178	248	227	209	211
SG&A	7,052	7,374	7,806	8,306	1,718	1,592	292	263	20	26
Advertisement Expenses	599	480	984	974	159	148	23	17	-	3
The amount equivalent to operating income	537	1,602	1,869	1,491	-136	-414	-43	-36	189	186
Other income / expenses (net)	-132	172	-7	-117	-16	18	13	-9	-2	5
Quarterly profit before income Taxes	405	1,774	1,862	1,374	-152	-396	-30	-45	187	191
Quarterly profit attributable to owners of the Company	256	1,288	1,242	1,361	-53	-272	-31	-43	104	125
EBITDA	1,577	2,636	3,327	3,053	85	-205	-13	-4	189	186
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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Here are details by segment on page 13.

The increase in revenue was driven by the Japan segment. The US also performed well, QoQ. As for Crypto Asset segment, as I mentioned, there were no IEOs this time, which resulted in a decrease in both revenue and profit.

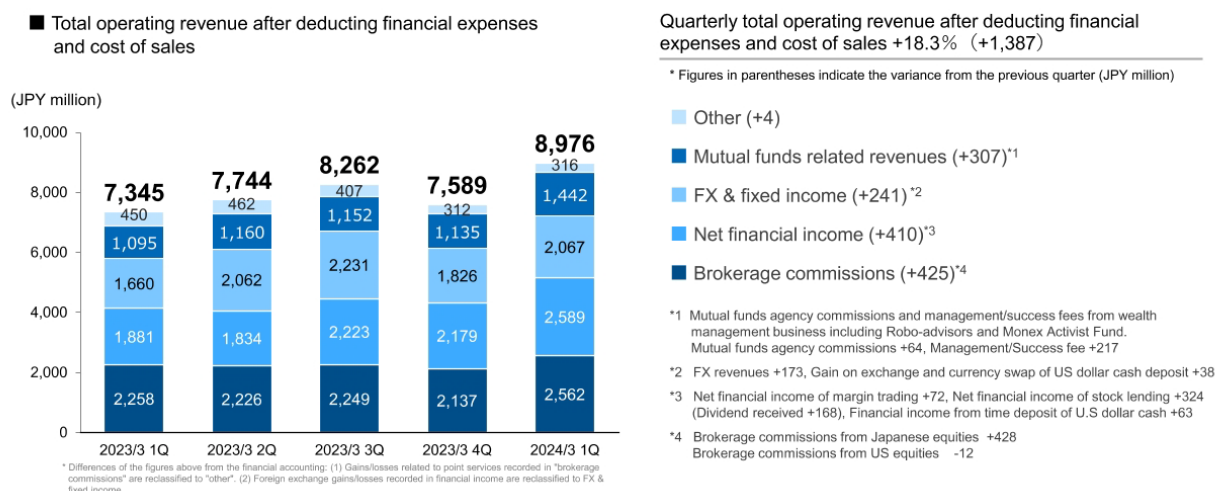
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Japan: Total revenue materially increased. Trading volume of Japanese equities has been spiked, resulting in an increase in brokerage commissions. Growth in stock lending business and success fees derived from the favorable performance of Monex Activist Fund.



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Let's look at the major three segments of revenues and expenses for a moment, starting with Japan. Please refer to page 14.

In Q1, all product services grew. Brokerage commissions have also increased driven by Japanese stock commissions.

There is the net financial income, the second row from the bottom. Net financial income has also increased due to higher revenue from stock lending, margin interest, and investment gains of US dollar deposits. FX revenues also increased, and above all, mutual fund-related revenues increased by about JPY300 million QoQ.

Of course, the mutual fund balance has increased, so there is an agency fee for that, but there is also a success fee for the so-called Monex Activist Fund, which was also quite large.

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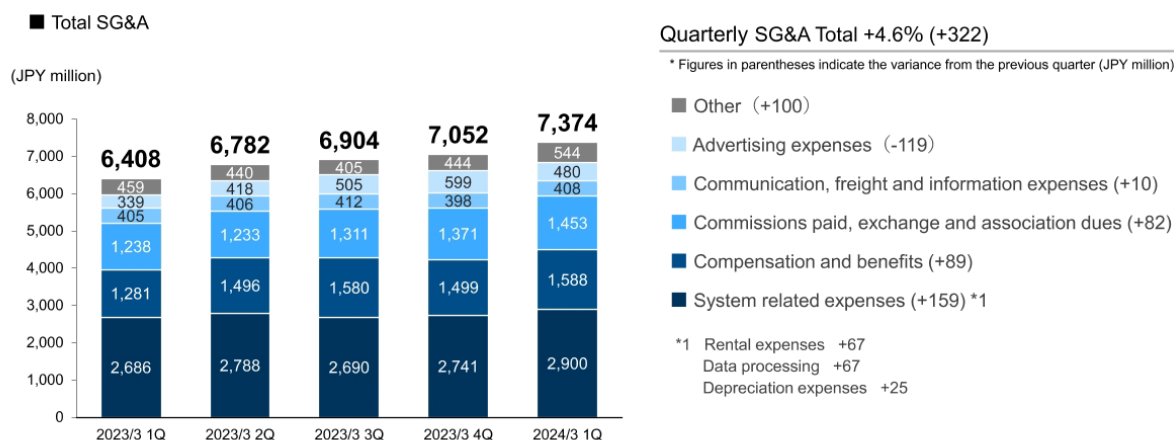
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QoQ Comparison (3 months) Analysis: SG&A

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Japan: Larger transaction volume drove higher commissions paid and favorable business performance caused an increase in bonuses. System related expenses increased due to the several ongoing projects.



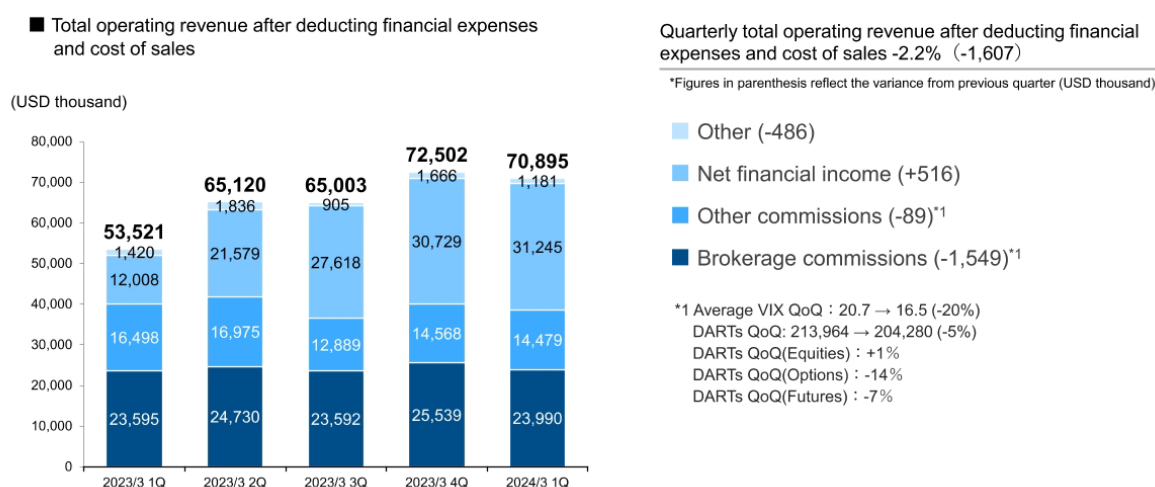
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On the other hand, costs in Japan have been relatively well controlled. Of course, transaction-related expenses have increased due to the increase in transactions, but the increase in SG&A expenses was limited to 4.6%.

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

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US: Total revenue in 1Q was at nearly the same level in 4Q. Commissions decreased due to lower trading volume. Net financial income increased as US interest rates continued to climb.



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Next, let me talk about the US segment. From the revenue side, the VIX has fallen by about 20% compared to the previous quarter. Under such an environment, trading volume in the market is expected to decline, there was a slight decline in trading volume in TradeStation. Trades of Equities in TradeStation increased compared to the previous quarter.

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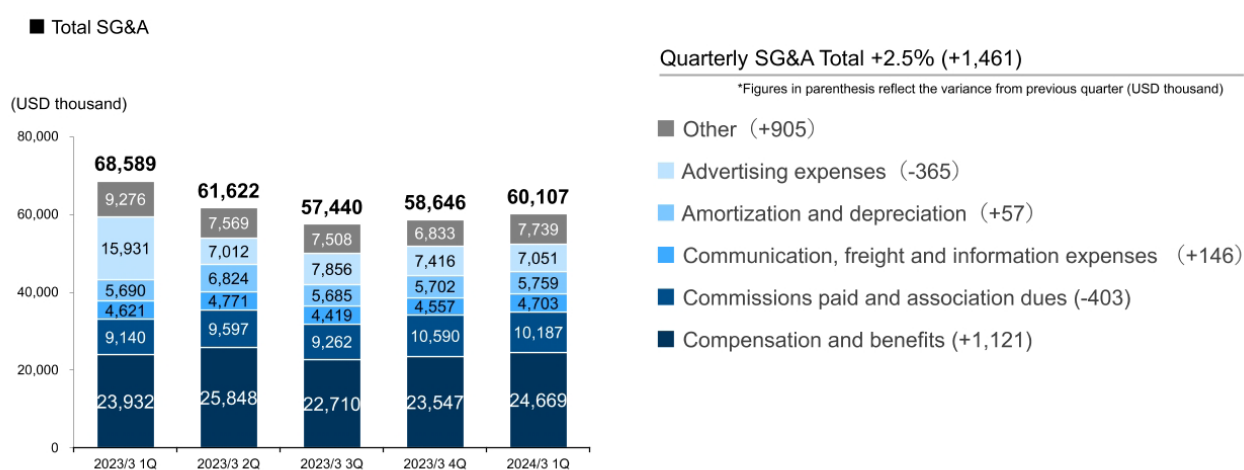
This means that the number of active traders, who TradeStation focuses on and who trade in any kind of market, is increasing and that the customer base is steadily growing. As a result, other commissions and brokerage commissions were nearly the same level in the previous quarter despite the decline in the VIX.

On the other hand, net financial income continued to increase. This is mainly because of investment of customers' US dollar deposits, which has increased as interest rates have risen.

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

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US: The increase in compensation and benefits was primarily driven by annual merit increases and higher long-term incentive expense associated with higher non-executive grants.



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As for expenses in the US segment, personnel expenses increased compared to the previous quarter. This increase came from annual merit increase and long-term incentive expense. we believe that we have a good control over the other expenses.

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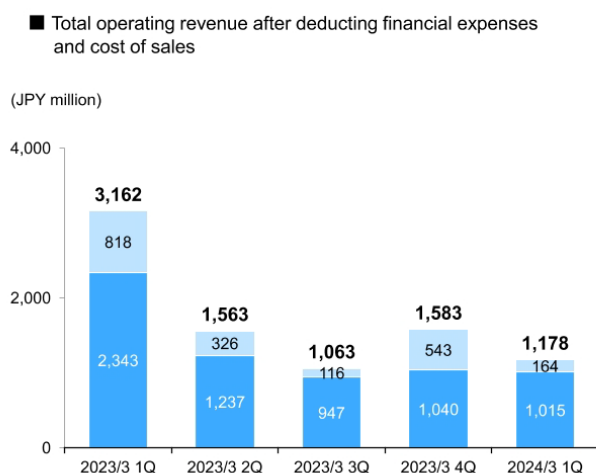
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Crypto: Signs of a market recovery despite flat trading volumes.

Revenue decreased as IEO related revenue was included in revenue in the previous quarter.



Quarterly total operating revenue after deducting financial expenses and cost of sales -25.5% (-404)

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

■ Other (-379)

■ Net trading income (-25)*1

*1

Trading value at marketplace	
4Q of FYE Mar. 31, 2023	¥30.3B
1Q of FYE Mar. 31, 2024	¥30.2B

Bitcoin Price	
As of the end of 4Q of FYE Mar. 31, 2023	¥3.7M
As of the end of 1Q of FYE Mar. 31, 2024	¥4.4M

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In the Crypto Asset segment, the bottom right-hand corner shows the trading value and bitcoin price in comparison with the previous quarter.

Although the market itself is on the road to recovery, customers have yet to return to trading. Trading value at marketplace was nearly the same with the previous quarter, so net trading income was almost flat from the previous quarter.

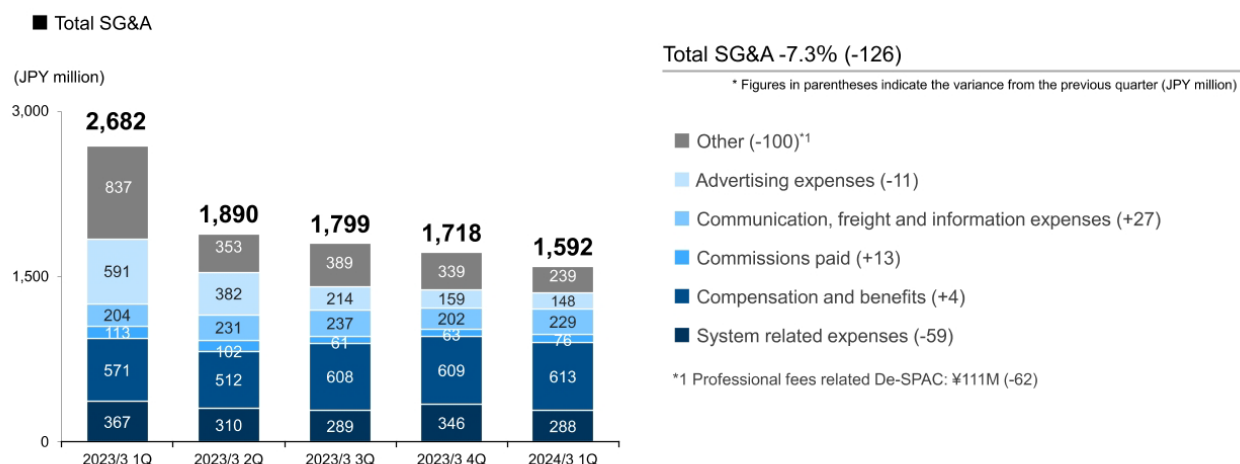
On the other hand, other revenue decreased because there were no IEO projects in this quarter, whereas IEO related revenue was included in the previous quarter.

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



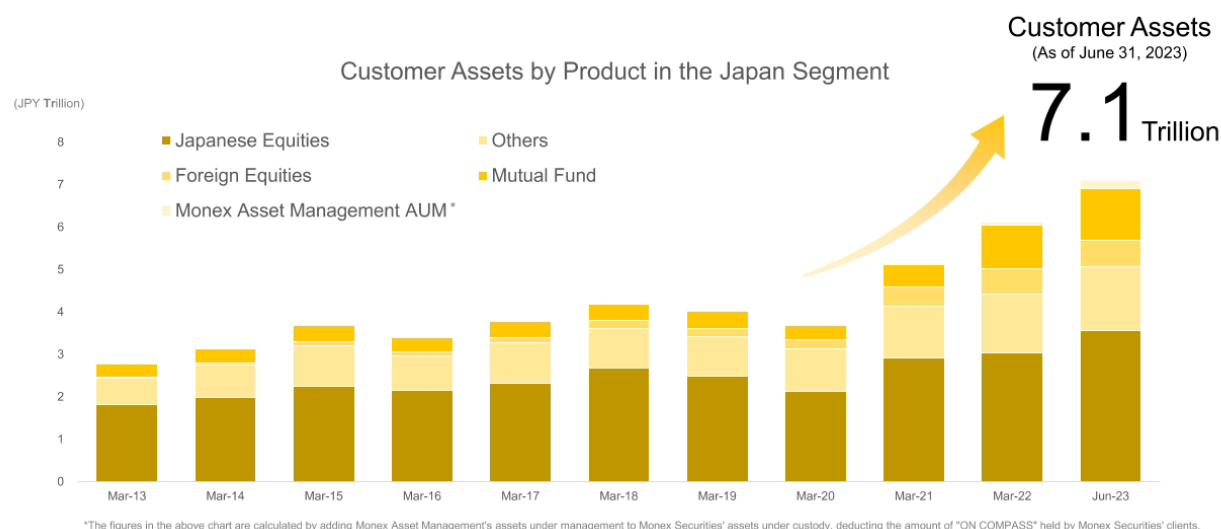
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As for expenses of Crypto Asset segment, here we continue to control costs appropriately, especially advertising expenses. We have been holding low costs for a long time, but we are simultaneously preparing for the time when crypto market recovers.

Let me skip the YoY comparison, and I would like to give you a brief business update from here.

Business Update Japan Segment 1/5

Customer assets* have continued to grow since the announcement of the asset gathering model, exceeding 7 trillion yen as of June 2023.



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First of all, in Japan, we have been working on the asset gathering model for about 3 years, and we have been presenting it starting in the fall of 2019. What we have done is to provide services that contribute to the growth of our clients' asset. At the same time, we are trying to strengthen our product services, which

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generate not transaction volume based, but balance-based revenues. So we are trying to strengthen our mutual fund services, US stocks, which enable users to have access to global asset diversification. We have also been enhancing our mutual fund services, such as savings services and time diversification. Moreover, we are aiming to increase the assets under custody.

As a result, the graph below shows the assets under management of Monex, as well as the balance of Monex Asset Management, which is included in the Japan segment. The balance of assets under management of Monex Asset Management, which is part of the Japan segment, and AUM are added together. The balance in the Japan segment currently exceeds JPY7 trillion.

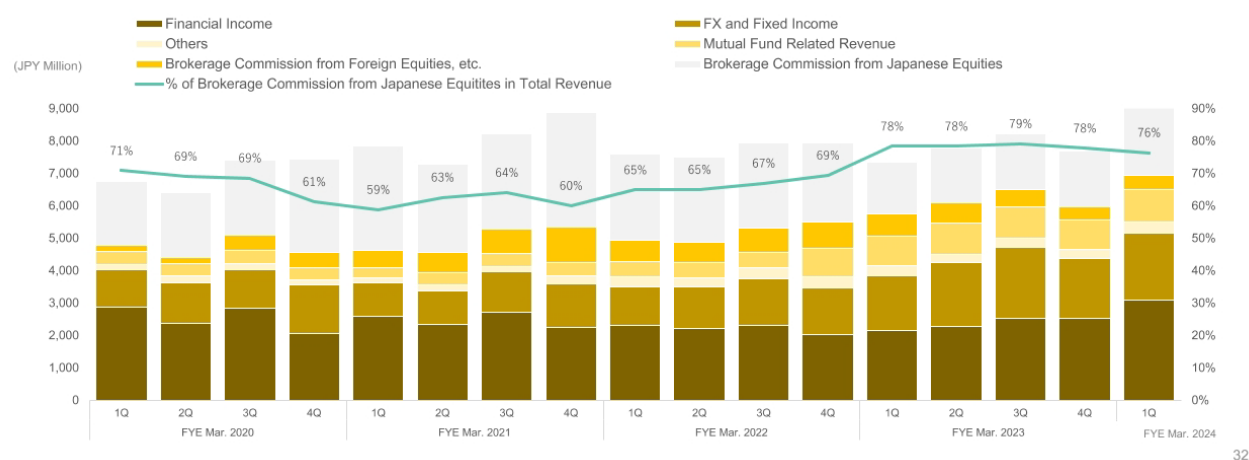
We announced the asset gathering model in the fall of 2019, so at that time we actually had about JPY4 trillion in assets under custody. In a little over three years from that point, it has reached over JPY3 trillion in positive growth. As you can see, of course, the market value of Japanese equities has increased, but the balance of other foreign equities and, above all, mutual fund balance has also increased considerably, reaching JPY7 trillion.

Business Update Japan Segment 2/5

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

Total Operating Revenue at Monex Securities



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As a result, the structure of earnings has been steadily changing. The orange or gray color represents commissions on Japanese stocks, and the bar graph in orange shows steady growth in non-Japanese stock commissions and financial income.

As we have already announced, last year, in March 2022, we significantly lowered fees for Japanese equities, but other fees and revenues have been growing, resulting in an increase in overall revenues, and in the long run, the dependence on fees for Japanese equities has decreased considerably. I believe that we are making steady progress with the asset gathering model.

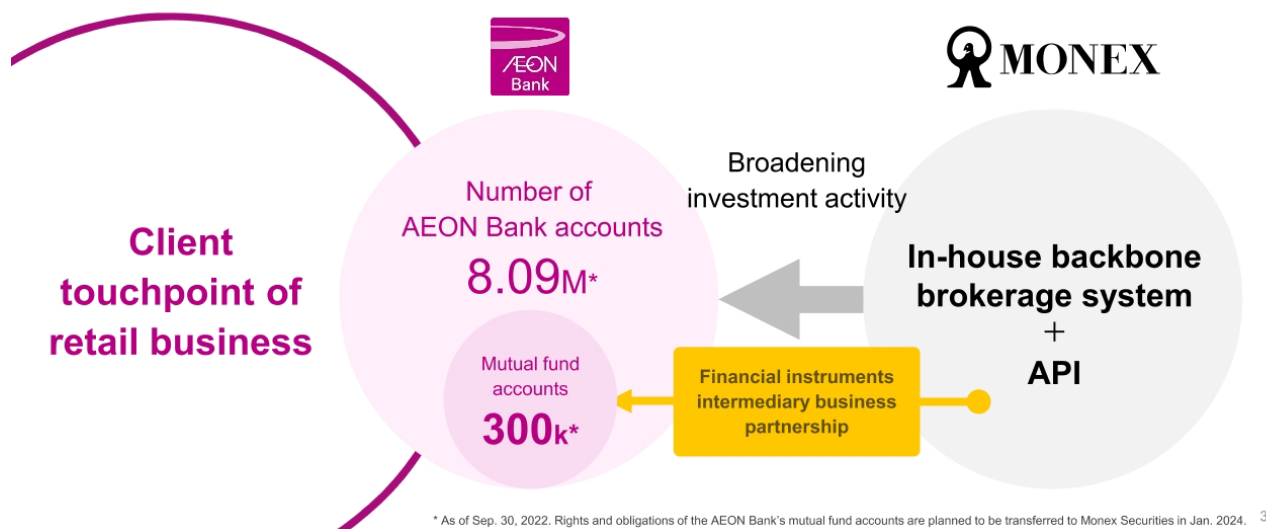
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Financial instrument intermediary business partnership between Monex Securities and AEON Bank is in progress toward the transfer of accounts and mutual fund balances in January 2024.



In April 2024, AEON Bank's mutual fund accounts and balances will be transferred. This project is progressing well.

The new NISA will start in January 2024, but there are many AEON Bank customers who have not yet started asset building. We are also considering an initiative to encourage such people to start asset building, starting from savings to investment, in cooperation with AEON Bank, so we believe that our services can be provided in a wide range of areas through AEON Bank.

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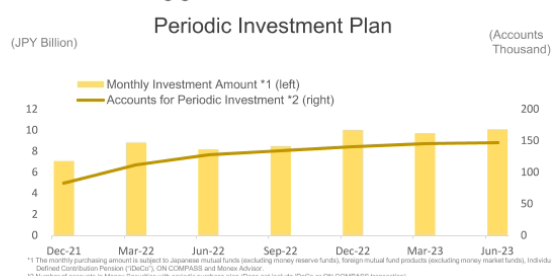
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Expanded the balance of mutual fund using periodic investment service.

IFA (Independent Financial Advisors) and wealth management business is steadily growing.

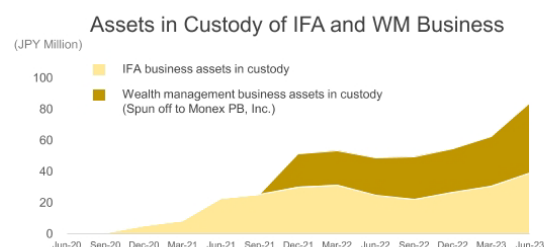
Mutual Funds

- The number of accounts holding mutual fund balances increased by 105% compared to the time when the start of asset gathering model was announced (Mar. 2020), and mutual fund balances also increased by approximately 210% over the same period.
- Daily Investment Plan and Credit Card Periodic Investment Plan are driving growth in mutual fund balance.



IFA / Wealth Management (WM)

- Launched an IFA business in 2020 and a wealth management business in 2021. Total assets in custody of both businesses have increased to approx. ¥84B.
- Started collaboration with Shizuoka Bank in the area of wealth managt. Further evolve the asset gathering model with IFA / wemenealth management business.



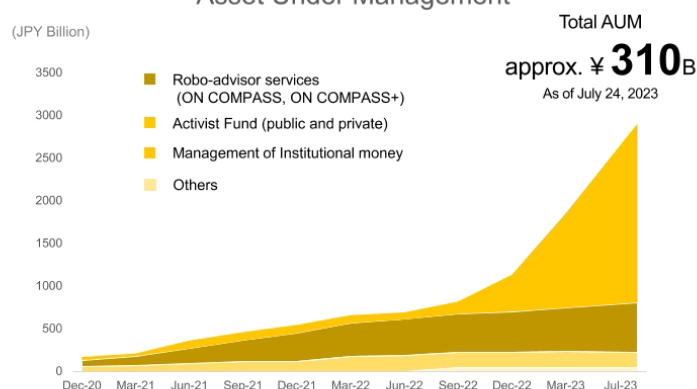
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The next page, page 34, shows that we have been providing mutual fund services and wealth management and IFA business for the past three years, and the balance is steadily increasing. With JPY84.2 billion over three years, assets under custody in the IFA and wealth management businesses have grown so far. We are now working with Shizuoka Bank and others.

Asset under management (AUM) of Monex Asset Management exceeded ¥300B.

Robo-advisor service "ON COMPASS+" to become available under the new NISA program from 2024

Asset Under Management



Robo-advisor services

ON COMPASS 1

Ranked No.1 in Sharpe Ratio and returns for the past three and five years in the "2022 Fund Wrap Performance Net of Expenses" report*.

ON COMPASS+ 2

ON COMPASS+, a hybrid face-to-face investment service, ranked No.2 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. Robo-advisor service "ON COMPASS+" to become available under the NISA program from 2024

Management of Institutional Money

Monex Asset Management collects and manages institutional money from regional banks and other institutional investors. Rapid growth in AUM of private mutual fund balance.

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

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Finally, the last of our Japan segment is Monex Asset Management.

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As of July 24, AUM had grown to approximately JPY310 billion. Compared to a year ago, we have accumulated over JPY200 billion. The largest factor contributing to the JPY200 billion accumulation is the investment for institutional investors and business corporations, as shown in the lower right-hand corner.

Robo-advertising services, ON COMPASS, and ON COMPASS+, although a bit small in this graph, have been steadily growing. We have been ranked first and second in the investment performance published by the Japan Financial Services Agency, and our AUM has been steadily increasing as a result of these evaluations.

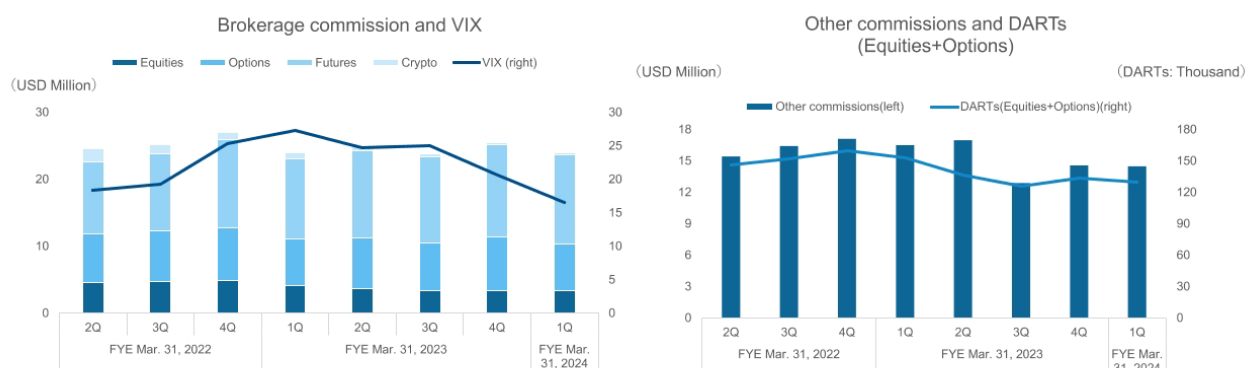
Business Update US Segment 1/4

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Trading from active customers remained steady despite lower VIX and rising interest rates.

Brokerage commissions and other commissions

Brokerage commissions decreased due to a decrease in futures trading and options trading. Other commissions remains stable as the decline in option contracts traded was offset by an increase in the number of equities shares traded.



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Next will be about the US segment. Here are the commissions first.

As for the trends of brokerage commissions and other incoming commissions, the VIX and market volatility dropped significantly in Q1, but we were able to maintain a relatively high volume of transactions, so we were able to maintain transactions despite the drop in the VIX. The volume of other commissions received, which depends on the volume of stocks and options, has also remained almost the same.

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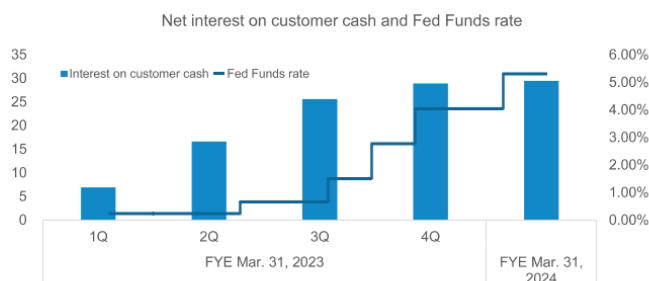
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Net interest income from customer deposits increased as US interest rates continued to climb.

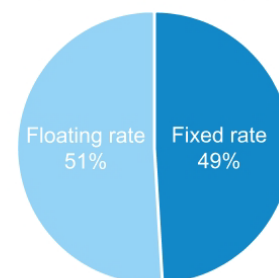
Interest on customer cash

Interest income from customer cash deposits belongs to TradeStation and is recorded as net financial income. About 50% of customer cash invested at fixed rates to prepare for potential decline in US interest rates in the future.

(USD Million)



The percentage of floating rate • fixed rate on investment of customer cash (As of the end of June 2023)



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Next is net interest income.

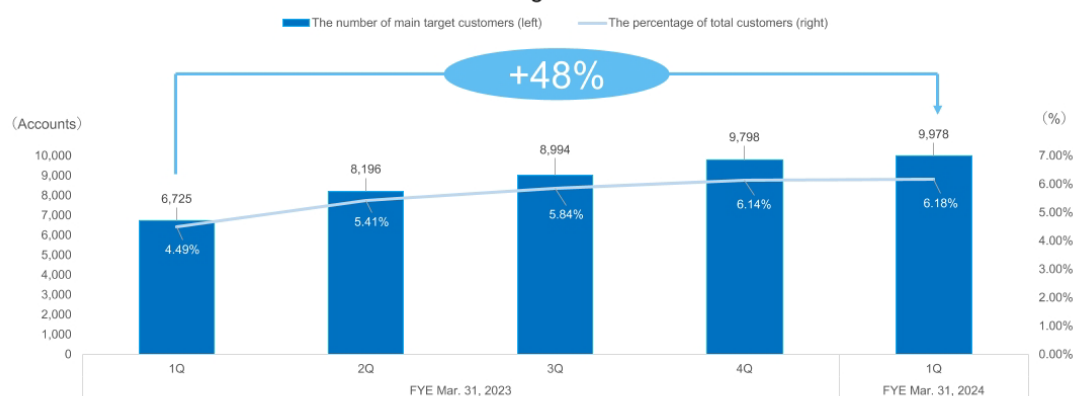
As I mentioned at the beginning, as you can see in the pie chart on the right, the ratio of fixed rate and floating interest rate on investment of customer cash has reached about 50%. The growth in the net interest income depends on the amount of customer cash, and you may ask why the growth in the net financial income is not as much as the growth in the interest rate. One of the reasons for this is that some of the customer cash is invested in fixed rate.

The number of main target customers* of TradeStation is steadily growing.

The number of main target customers and its percentage of total customers

Continuing to increase the main target customers by growing them by 48% from the same quarter previous year

Main target customers



* Sophisticated and Active Subscribers (SAS) (FYE Mar. 31, 2023)

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Next, the TradeStation defined its main target customers as high-value customers. We are also implementing new marketing initiatives to attract these high-value customers, and our main target customers defined by TradeStation are steadily growing.

Although more than 6% of our current customers are our main target customers, the number of customers we define as our main target customers has increased by 48% compared to Q1 previous fiscal year.

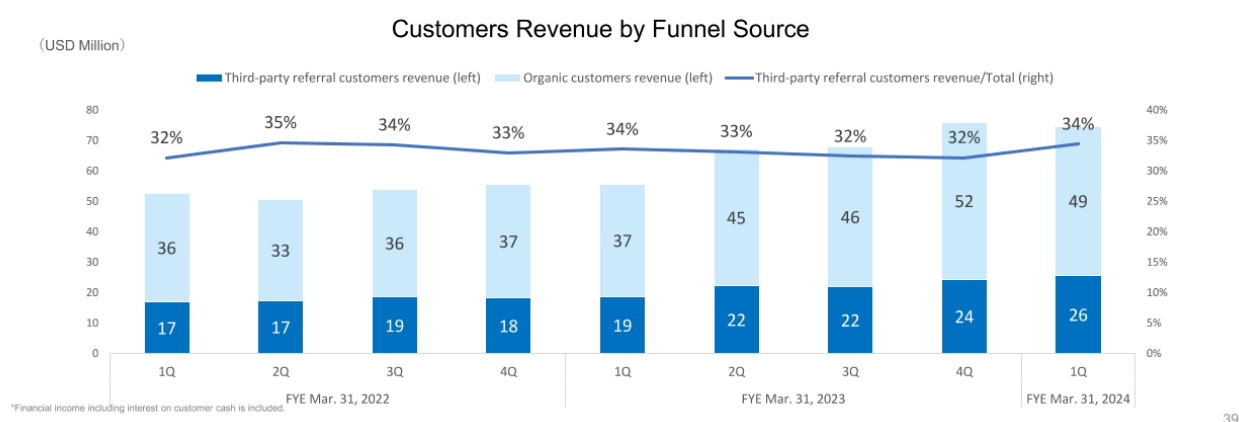
Business Update US Segment 4/4

MONEX GROUP

TradeStation captures active traders through organic marketing and third-party referral partners.

Customers Revenue* by Funnel Source

- Both organic customers revenue and third-party referral customers revenue are growing.
- Third-party referral customers revenue as a percentage of total revenue approximates 34%.



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One of the new marketing initiatives that we are working on is collaboration with third parties.

TradeStation is opening our API to FinTech companies and non-financial companies and accepting account openings of active traders and transactions from them. Third-party referral customers revenue is about 34% of our total revenue.

Of course, we are also promoting organic growth and organic customer acquisition, but we are also working on API collaboration in this way.

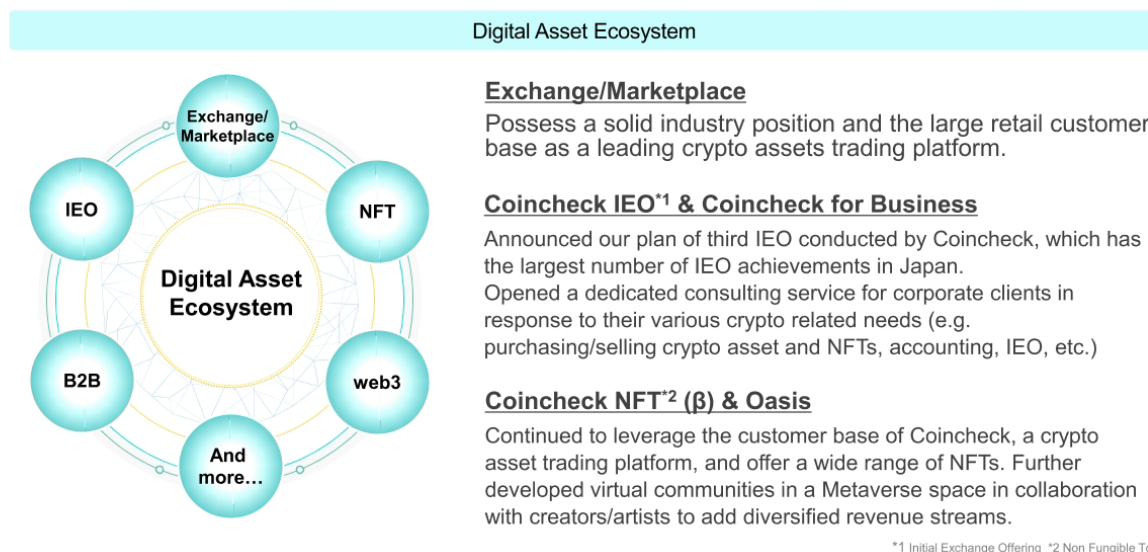
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Expanding institutional business by leveraging the strong retail customer base of exchange/marketplace

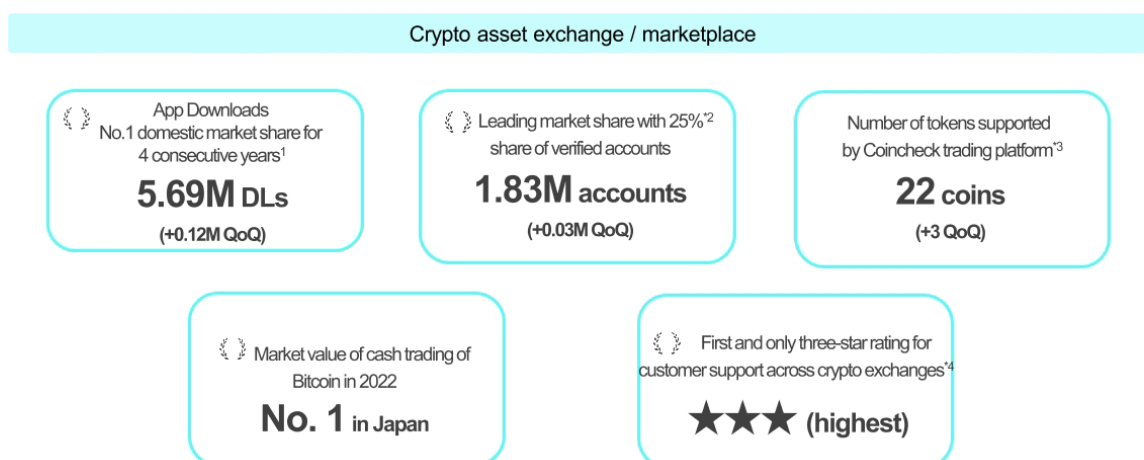


Next, here is the Crypto Asset segment.

Coincheck is proud to be the leading crypto assets trading platform in Japan. I think we have the largest customer base here, but we are expanding institutional business including IEOs to meet the various needs of the corporate clients by leveraging our exchange/marketplace business.

We are also involved in NFT and web3 services, and are expanding other businesses with the foundation of exchange / marketplace.

Coincheck is Japan's premier and trusted crypto assets trading platform.



*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 As of July.28, 2023 *4 In the "Quality Rating (Mail Contact)" of the HDI Rating Benchmark organized by HDI-Japan.

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We believe that we are a leading company in terms of download share, number of accounts, and market value of cash trading of Bitcoin.

Business Update Crypto Asset Segment 3/5

MONEX GROUP

Diversifying our earnings based on the large retail customer base as a crypto asset trading platform.

Coincheck Initial Exchange Offering (IEO)

Coincheck is a leading player in the Japanese IEO market, completing the largest number of IEOs

1st IEO - PLT



Achieved 1st IEO in Japan

2nd IEO - FNCT



The 2nd IEO ultimately created demand of +20 billion yen, ~19x the target of 1.1 billion yen.

3rd IEO (scheduled)



- Coincheck and COLOPL Group's Brilliantcrypto entered into an agreement for an IEO
- Aiming to collaborate to create a new gaming experience and GameFi blockchain gaming markets

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One of our focuses by which we are trying to diversify our earnings is IEOs. Coincheck has completed the largest number of IEOs in Japan. Perhaps there were three IEOs in Japan so far, but Coincheck has completed two of them. The first case in Japan was also conducted by Coincheck.

Recently we announced the third IEO. We have signed an agreement with COLOPL Group's Brilliantcrypto for an IEO, and are now starting to work on creating a new experience that combines games and finance, as well as creating a market for GameFi and blockchain games.

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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. (Extended*² the termination date of Business Combination Agreement*³ to Jul. 2, 2024 following the approval at the special meeting of stockholders of THCP.)
- 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 Extension of the termination date of Business Combination Agreement : https://www.monexgroup.jp/en/news_release/news/auto_20230623509260/pdfFile.pdf

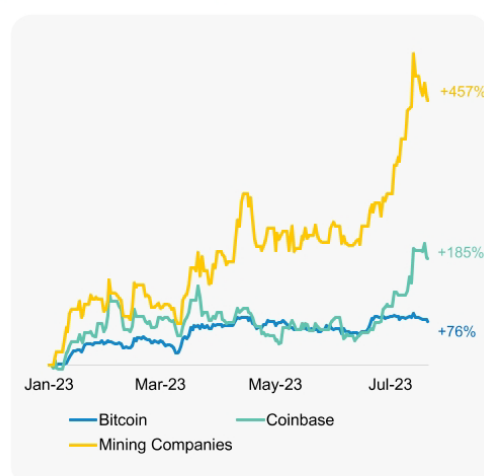
*³ Business Combination Agreement : https://www.monexgroup.jp/en/news_release/news/auto_20220309503075/pdfFile.pdf

Then, this is the status of listing of the Coincheck Group on NASDAQ. We continue to make progress here.

The SPAC term, which was effective until July 2, 2023, has been extended for one year to July 2, 2024, and we are continuing to work with Thunder Bridge Capital Partners. I can't give you the details, but we are communicating with SEC.

The crypto asset industry has seen notable recovery in 2023

2023 YTD price movement*¹



*¹ As of July 20, 2023

*² Reflects the market cap-weighted average of Cipher Mining, Marathon Digital, Riot Blockchain, and Iris Energy; Source: FactSet

Recent developments in the crypto sector

- Bitcoin ETF application by major asset manager (BlackRock, Fidelity, Invesco, etc.) – June 2023
- The case of Ripple Labs vs SEC over XRP cryptocurrency progressed – July 2023
- US Senators (Lummis, Gillibrand) revamp US crypto bill which strengthens consumer protection – July 2023
- Crypto exchange EDX backed by Citadel Securities, Fidelity, Schwab starts operations – June 2023

I believe that the crypto asset industry is on the road to recovery amidst all these recent developments, and I believe that this can be seen in some of the news and figures.

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The graph on the left shows the price of bitcoin, the share price of Coinbase, and the share prices of mining companies. The price has been rising dramatically since around the beginning of 2023.

As you can see on the right side, there has been a lot of positive news in the crypto industry, such as BlackRock, one of the world's largest asset management companies, applying for a bitcoin ETF, and the Ripple lawsuit. I believe that the crypto asset industry is showing signs of gradual recovery after a long period of winter.

Business Update Asia Pacific and Investment Segment

MONEX GROUP

The Social Impact Investment Fund received additional funding with a total of ¥3.7B under management. The fund has officially started its investment phase.

Asia Pacific Segment	Investment Segment
<p>Monex Boom Securities (H.K.) Limited</p> <ul style="list-style-type: none"> One of Asia's earliest online securities firms, providing equities and futures trading services to clients primarily in Asia. Hong Kong government is now building the framework of laws and regulations to become a center of Web3 domain in Asia. Monex Boom Securities is exploring business opportunities related to crypto assets by leveraging its securities license. <p>Monex Securities Australia Pty Ltd</p> <p>The business to be closed in view of business profitability. Completed the transfer of customers accounts.</p>	<p>Social Impact Investment Fund (2023)</p> <p>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.</p> <ul style="list-style-type: none"> A cumulative ¥3.7B investment, with additional offerings from companies including SCSK. Targets the total investment amount of ¥10B, seeking additional LP investors. <p>AFRICA Fintech Fund (2023-2024)</p> <p>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.</p>




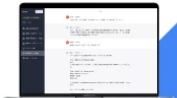
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This is the Social Impact Fund, which has increased its investment amount a little and has actually started operations.

Business Initiatives on AI

MONEX GROUP

Explore the opportunities surrounding AI at each group company to improve business efficiency

Initiatives in each segment	Business related to generative AI
<p> MONEX Monex Securities</p> <p>Established the AI Service Promotion Office in July, aiming to design and provide new customer experience and service in response to the development of AI technology.</p> <p> TradeStation TradeStation</p> <p>Working with outside consultants to start development of AI based products.</p>	<p>Crafter Co. Ltd. launched a service, CREW, that provides institutional players with a safe access to a generative AI, ChatGPT.</p> <ul style="list-style-type: none"> Monex Securities has begun in-house use of CREW, and some local municipalities are now conducting demonstration tests of using the product. Consider implementing CREW at other group companies (Coincheck and TradeStation) <p> Crew</p> 

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Then there is generative AI, which is a hot topic everywhere you go these days. We are also working on some business possibilities using AI.

We have a subsidiary, Crafter, which was originally involved in “chatbot” and other services, and has developed CREW, a tool that enables safe use of ChatGPT in business. Monex has also started to use AI internally on a trial basis, and we are also working to introduce AI within the Group in such a way that it can be used by local governments outside of the Group, while also demonstrating group synergies.

Business Update ESG and Sustainability

MONEX GROUP

Promote sustainability management by enhancing ESG disclosures

Selected as a component of FTSE Blossom Japan Index

Added to ESG Index adopted by GPIF*

- Newly selected as a component of FTSE Blossom Japan Index, a certified ESG measurement, that an issuer can utilize for an stewardship activity.
- FTSE Russell ESG score improved from 2.4 to 3.3 contributed by the revision of Code of Conduct and Human Rights Policy.
- So far, Monex Group has been selected to five ESG indices out of six used by GPIF.

* Government Pension Investment Fund

New disclosure on the Securities Report

- Disclosed the concept and status of initiatives regarding sustainability information
- Set and disclosed Human Resource Development policy and Internal Environment Improvement Policy.
- Disclosed human capital data for the group companies
 - Female Management Ratio (24%)
 - % of employees taking childcare leave (77%)
 - Gender pay-gap (Male 100 / Female 83)

* Monex Group, Monex Securities, Coincheck and TradeStation Group

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We are also strengthening ESG and various other disclosures.

This is the end of our presentation. To be summarized, the Japan and the US segments are also growing solidly and firmly. We are seeing some positive signs in the crypto area, and we would like to continue to grow as the crypto asset business comes on board as an upside.

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Question & Answer

Seimei [M]: We will move on to questions.

Matsumoto [M]: Let me start with three questions from Mr. Hara of SMBC Nikko.

Hara [Q]: Crypto looks like a favorable market environment since June, but there doesn't seem to be much new investor inflow compared to previous years. The Ripple trial and the district court ruling have led to a sudden recovery in the altcoin market, but has this trend been monetized in Coincheck?

Matsumoto [A]: The Ripple trial was in July, so the market for altcoins, especially Ripple, improved considerably in July, and Coincheck's earnings have increased considerably. I can't go into more detail about this because it is still undisclosed, but we have been able to monetize it well.

The fact that there appears to be not much inflow of new investors is actually similar in Japan and the US. I think the crypto market is getting better, but activity is not coming back as much.

I think the crypto-spring is coming closer. Say, it's "February". It is closer to spring than midwinter, but it is still cold. Yet it seems like spring is just around the corner. The overall market price is recovering and the legal framework is coming into shape. Although many things are happening, such as BlackRock's launch of the BTC ETF, I believe that retail customer activity is lagging behind and will gradually warm up and recover.

Hara [Q]: The second question is about system-related costs in the Japan segment. For Japan, you mentioned that system-related expenses increased, but could you be more specific?

Seimei [A]: There are so many different projects on this, with varying time frames.

For example, the biggest project we are currently running is a partnership with AEON Bank. This will start in January 2024, and there is also the new NISA to deal with, as well as various other improvements being made at the same time, so there are various time frames.

The most recent one is that we launched the US equity margin trading in January 2023 and the mobile version of it in May or June 2023.

In order to control depreciation cost, we have the annual system-investment budget; how much it costs, when it get capitalized and when the depreciation begin. There are also foreign exchange and dollar payments. So we control those factors in the form of expenses and the system-investment budget.

Hara [Q]: Next, how much is the amount of Credit Suisse AT1 bonds sold?

Seimei [A]: Sorry about this one. We are not able to disclose information about this. However, we are not looking at large amounts of money.

Matsumoto [M]: Next, I have four questions from Ms. Nagasaka of Morgan Stanley MUFG Securities.

Nagasaka [Q]: The first question is, what is the outlook for the investment ratio between fixed and floating interest rates for deposits from US customers?

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Matsumoto [A]: I think the basic policy will be about fifty-fifty, but of course it may change depending on the future economic situation and the yield curve, but for the time being, we are thinking of keeping it at a fifty-fifty level.

Nagasaka [Q]: What is the status of expanding corporate-related business in Coincheck, and what is the potential scale of your earnings in the medium term?

Matsumoto [A]: We receive and recognize various demands from corporates. We have a lot of potential IEO projects in the pipeline, and we are working on various other projects together. The size of the medium-term revenue from corporate may not be as much as from crypto asset trading especially when the market blow massively. So there is might not be a huge growth. This is like underwriting an IPO and acting as a lead manager at a securities company. It is not done all at once. But we need to execute the deal with limited resources. If it were the exchange business, most part of the executions is done by a system. If the market trend comes, we can make money all at once with the system operation, but in the case of IEO, this is not the case, and we have to accumulate a solid amount of money by allocating certain amount of recourse. In the medium term, however, I believe that it is possible to achieve a revenue scale of a few billion yen, a level that can easily be reached on an annual basis.

Nagasaka [Q]: The asset gathering model has been further promoted and assets under custody have expanded to exceed JPY7 trillion. Is there a medium-term goal?

Seimei [A]: We are at JPY7 trillion now, so I am thinking JPY10 trillion. At the time of JPY4 trillion, we announced asset gathering model, and it reached JPY7 trillion in three years. The current figure of JPY7 trillion includes the mutual fund balance of Monex Asset Management, but if we take into account the growth of this balance, we hope to reach JPY10 trillion in a shorter period of time.

Nagasaka [Q]: In terms of the wealth management business, I would like to know what the strengths and challenges are and how the collaboration with Shizuoka Bank is going so far.

Seimei [A]: In the wealth management business, we provide both IFA services and wealth management through our subsidiary Monex PB, which is a sister company of Monex.

Monex PB has a rich team of members, and its strength lies in its ability to supply and procure products, such as foreign mutual funds and bonds, and to introduce and manage them. We have an ability to combine members who have been in this business for a long time with Monex, Inc.'s infrastructure, including such systems.

As for the cooperation with Shizuoka Bank, it was announced a little while ago, but we are finally getting the various parts in place, and we are going to start full-scale work this summer, including joint visits, so I think results will be coming soon. We will do our best to report such results as soon as possible.

Next is from Mr. Okada of UBS Securities.

Okada [Q]: You said that the US stock market is booming at the moment. In regard to the strategy of TradeStation, is there room to reconsider an expansion strategy to broaden the target and focus on customer acquisition in the future?

Seimei [A]: TradeStation changed its strategy a year ago to focus on active traders, and for now, we still want to maintain this strategy to focus on active traders and high value customers. We are also looking at profitability per client, so I think the balance is in how much marketing we can use to get valuable clients. We have very good tools that are used by active traders in futures and options trading, so we would like to

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leverage these tools. There is room for expansion, but at this point, we would like to increase profitability with a firm awareness of the bottom line.

Okada [Q]: You said that the share of individual transaction value continues to expand for Monex, Inc. What made you successful compared to major competing securities?

Seimei [A]: Originally, Monex had a good reputation for its tools and information, but the commissions were a bit high compared to other online securities. For this reason, there were some customers who traded elsewhere after looking at Monex. Now that we have lowered the commissions significantly in March 2022, there is almost no difference anymore, so we are seeing an increase in the number of such customers who find it easy to use the service and use it, and also customers who first came in to trade mutual funds, are also trading stocks. I believe that the share of trading value is now expanding due to the increase in such customers. Originally, we had very few margin trading customers compared to other companies. Many of our customers used to focus on cash transactions, but we now offer competitive margin transactions service. Our analysis suggests that the number of customers who are aware of our ease of use and low commissions is gradually increasing.

Matsumoto [M]: One question from Mr. Hara.

Hara [Q]: SBI has announced that they are eliminating commissions. What does Monex do?

Seimei [A]: In the past, commissions were quite high at Monex. So, if customers were originally very conscious of commissions, they would have already used other companies. Those customers are still with us after all. Even if our peer introduces zero-commission, I don't think our existing customers will go elsewhere.

We need care new account openings instead. The new NISA will start in 2024, and how to attract new customers is a very important issue. There are some customers who start with Japanese equities, but there are also customers who start their asset building with mutual funds. We do not charge sales commissions for mutual funds, and we also offer a variety of services, so I think it would be a bit different to immediately follow the zero commission trend. Of course, we'll see how it goes and consider it.

Hara [Q]: One more question about crypto IEOs. What is the strength and strategy of Coincheck? And let me know if there is any bottleneck of expanding the business.

Matsumoto [A]: Coincheck has a very strong advantage over IEOs. The advantage is that Coincheck has been involved in two of the three Japanese IEOs to date, and because Coincheck is part of the Monex Group, there is a sense of security for transactions with its corporate clients, such as COLOPL, and other corporate clients. To answer the bottleneck of the business, the answer is that we are actually reinforcing the resources for this business. We are working to shorten the period of time between the partnership and the actual IEO. This is a good business and one in which we have an advantage, so we will strengthen it.

Do you have any other questions? If you look at the table on page four, you will see that consolidated EBITDA is growing in a very steady way. In Japan, we will continue to develop the asset gathering model. In the US, the business strategy is firmly in place to focus on active traders. The CAGR for the consolidated EBITDA would be 50% or something. Growth is very important for the value of the stock. I hope you can see that there is also this solid and stable growth. In addition, crypto, I feel that spring is already around the corner, and since we are also firmly controlling costs, we have a good upside option here. That is how we have set up our overall business portfolio, and we hope that you will see it that way.

If you have any additional questions, please contact IR. Thank you very much for joining us today.

Seimei [M]: Thank you very much.

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