



MONEX GROUP

Monex Group, Inc.

Q3 Financial Results Briefing for the Fiscal Year Ending March 2021

January 29, 2021

Event Summary

[Company Name]	Monex Group, Inc.	
[Company ID]	8698-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q3 Financial Results Briefing for the Fiscal Year Ending March 2021	
[Fiscal Period]	FY2020 Q3	
[Date]	January 29, 2021	
[Number of Pages]	46	
[Time]	15:00 – 15:56 (Total: 56 minutes, Presentation: 37 minutes, Q&A: 19 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Oki Matsumoto	Representative Director and Chief Executive Officer, Chairman, Member of the Board
	Yuko Seimei	Representative Executive Officer, Chief Operating Officer, Chief Financial Officer
[Analyst Names]*	Takayuki Hara	SMBC Nikko Securities Inc.

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

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Presentation

Matsumoto: I would like to explain the Financial Results of Monex Group for the third quarter of the fiscal year ending March 2021.

Generally speaking, the market environment is very strong for both Japanese and US stocks, and crypto assets. Simply stated, there was a rise in both Japanese stocks and US stocks as well as some crypto assets while currencies were fully printed with super-monetary easing measures, and as a result of an increase in trading, I think the overall business performance was favorable.

Against the backdrop of such monetary easing, our business has been very good. We have TradeStation for US equities and Coincheck for crypto assets, so we are doing business firmly in favorable areas and our business performance, as a whole, was boosted with a good balance.

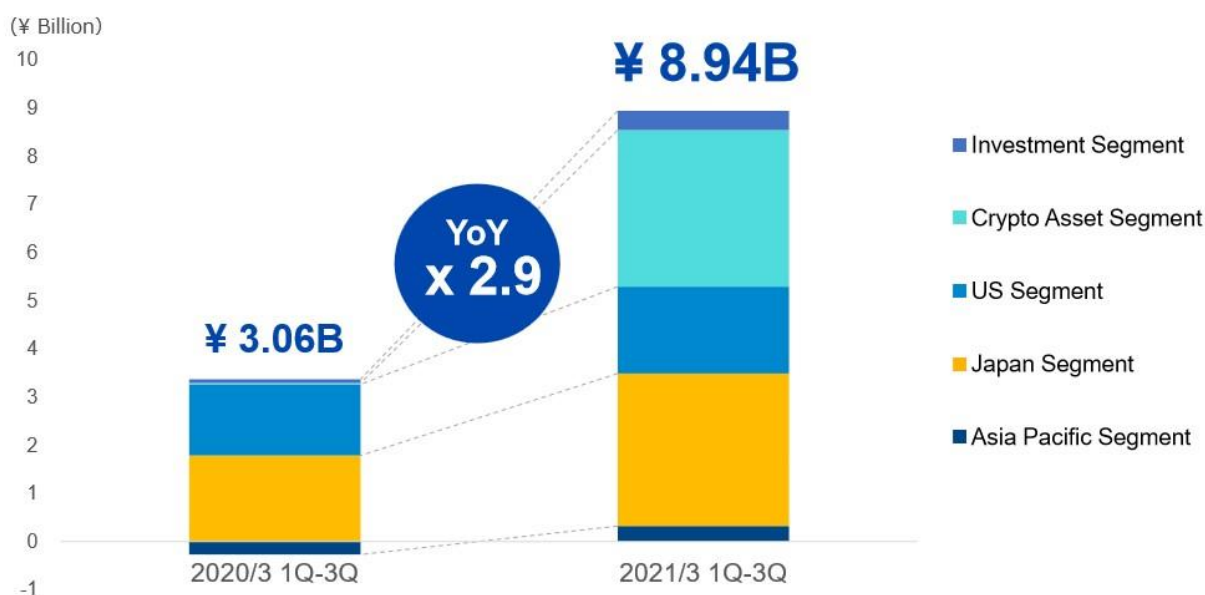
In addition, we have actively promoted such initiatives as ESG, which have added some depth, and I think the overall content was very good.

I will explain them in order.

Business Overview 1/5



All segments grew from last fiscal year. Crypto Asset Segment boosted revenues and consolidated pre-tax profits increased significantly.



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First, the period from April to December.

Looking at the April-December period of the previous fiscal year and the same period of the current fiscal year, pre-tax profit tripled to JPY8.94 billion. It grew significantly.

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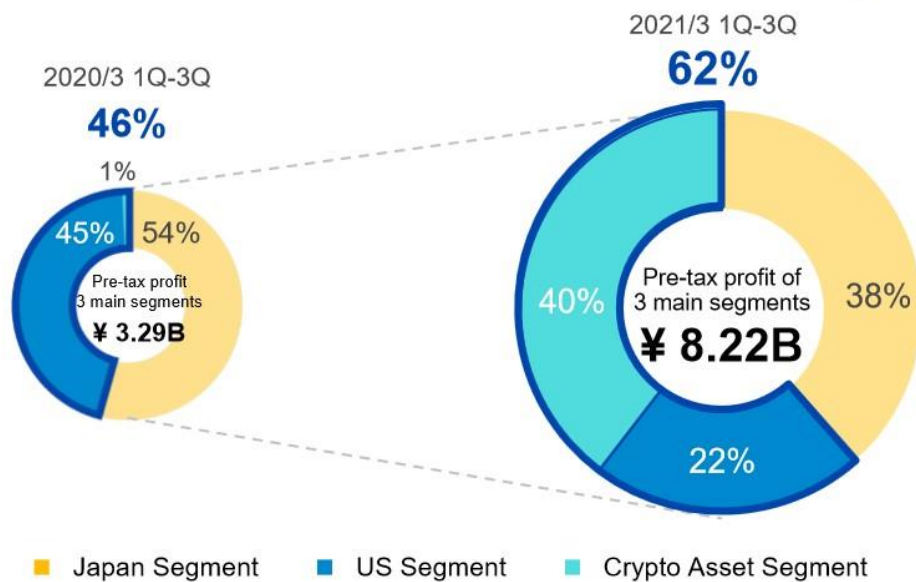
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The group's business portfolio has expanded, and the contribution of profits from segments other than Japan has increased.

Pre-tax profit from US & Crypto Asset segment in the three main segments **46%→62%**



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Looking at the breakdown, in the chart of the three segments, Japan, the US and Crypto in particular, overall profits tripled and were diversified significantly, with the percentage of the US and Crypto Segments rising from 46% to 62%.

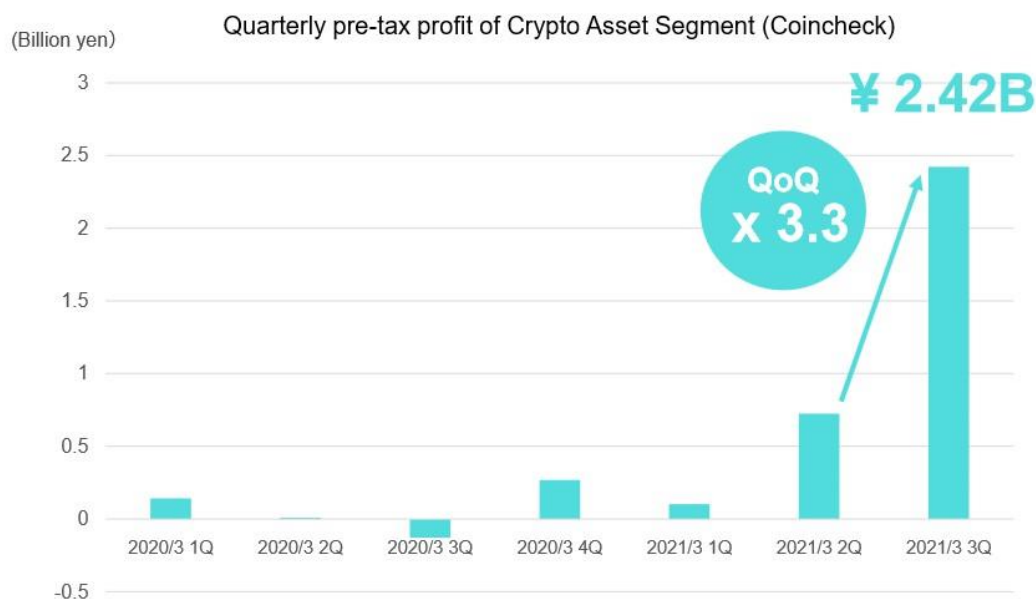
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Segment profit of Crypto Asset rose sharply driven by a highly active crypto asset market.



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Comparing the second and the third quarters, the biggest jump was in the Crypto Business, Coincheck.

Pre-tax profit tripled to JPY2.42 billion from the second quarter to the third quarter of the current fiscal year.

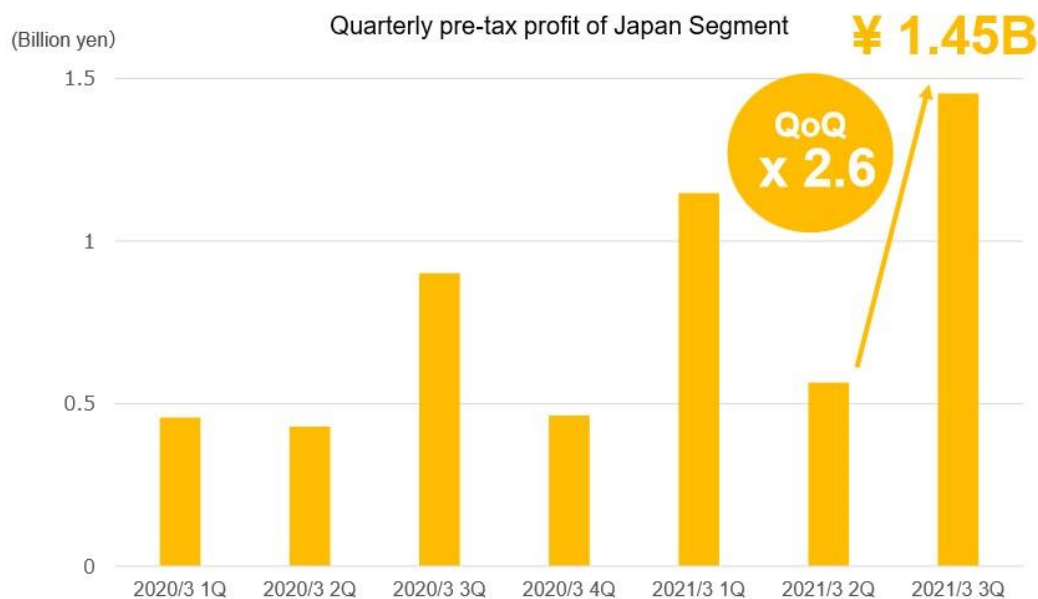
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Segment profit of Japan increased significantly driven by an active Japanese stock market and strong U.S. equity trading.



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Meanwhile, the Japan Segment saw a 2.6-fold increase from the second quarter to the third quarter.

While Coincheck grew considerably, profits at Monex Securities also grew at a similar same rate of growth, resulting in a profit of JPY1.45 billion.

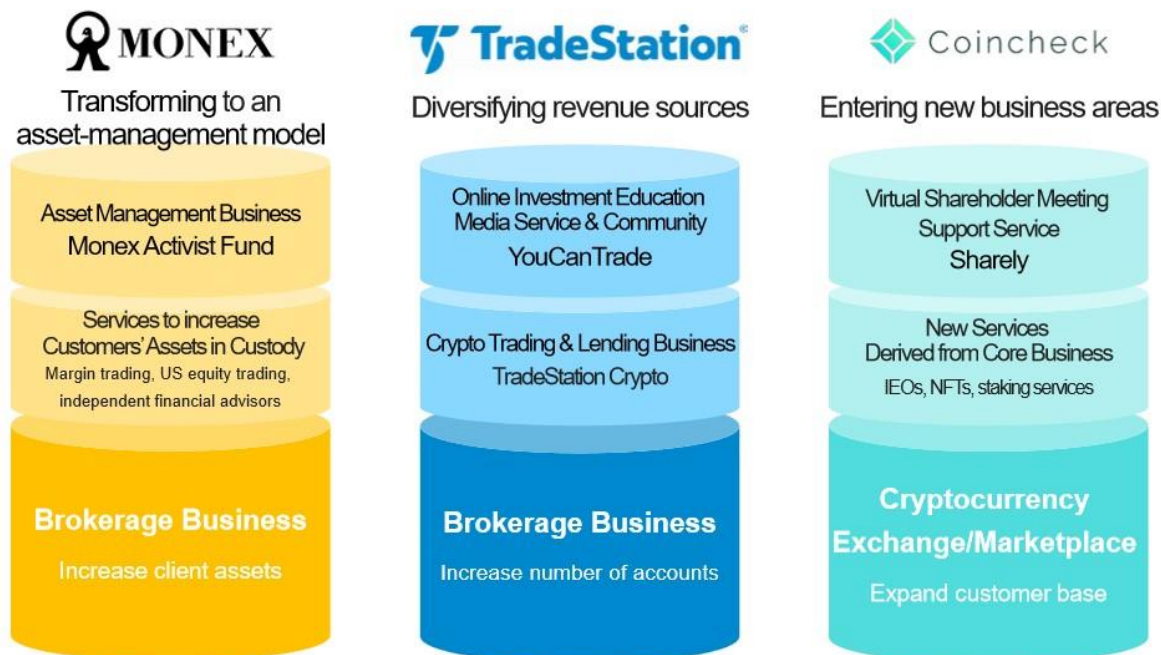
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Transforming our business model while leveraging our existing core businesses.



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As shown in the chart on page eight, the main businesses in Japan, the US, and Crypto are engaged in brokerage, crypto assets, and marketplace services as we have previously explained.

On top of this, we are working on conversion into asset-management model, diversification of income sources, and adding new businesses such as support for virtual shareholders' meetings and Non-Fungible Token.

In addition to firmly managing and expanding the core businesses on the bottom, we have been adding new businesses in these three main segments, and this has been materializing.

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Japan and Crypto Asset segments made great progress, with consolidated pre-tax profit of **¥ 4.79B**. Consolidated EBITDA* reached **¥ 7.0B**, the highest since 2014/3 1Q.

Japan

The steady growth of our competitive US equity services and the Japanese stock market provided a tailwind. Segment profit was **¥ 1.45B**.

US

The introduction of commission-free plans coupled with COVID-19 related lifestyle changes elevated trading interest, generating strong account and trading volume growth. Business transformation is on track, driving segment profit of **¥ 0.68B**.

Crypto Asset

Segment profit was **¥ 2.42B**, a record high since Coincheck became a part of Monex Group, due to an active crypto asset market backed by monetary easing as well as continued cost control.

Asia Pacific

Trading volume of Boom Securities based in Hong Kong continued to be high due to Chinese economic recovery and growth of US equity trading. Segment profit was **¥ 0.11B**.

Investment

MV1 Fund achieved the sale of its holding share and recorded a realized gain of approx. ¥ 0.1B for the first time since its establishment in Jan. 2019. Segment profit, including other valuation gains, was **¥ 0.13B**.

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

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This is on page nine.

As the highlights of the past three months, pre-tax profit for the three months of October to December was JPY4.79 billion, and the amount equivalent to operating income was JPY5 billion.

EBITDA was JPY7 billion in the past three months. Therefore, we are currently advancing at a run rate of just under JPY30 billion in EBITDA per year.

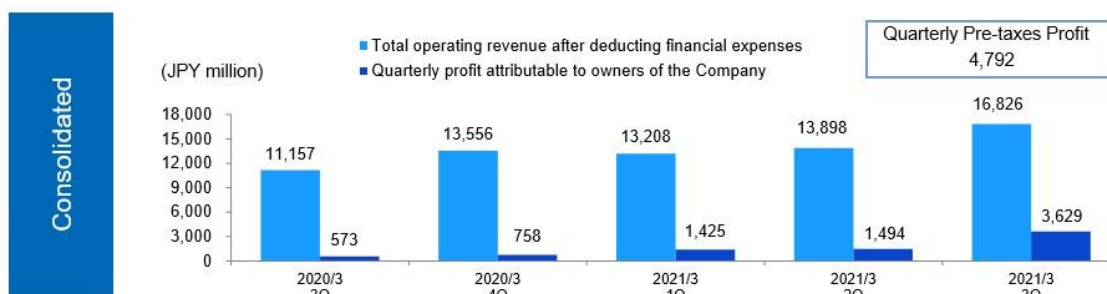
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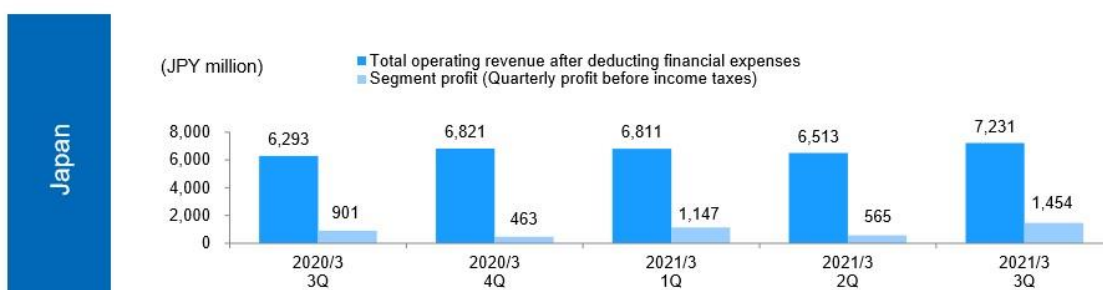
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◆ Total operating revenue after deducting financial expenses and quarterly profit attributable to owners of the Company

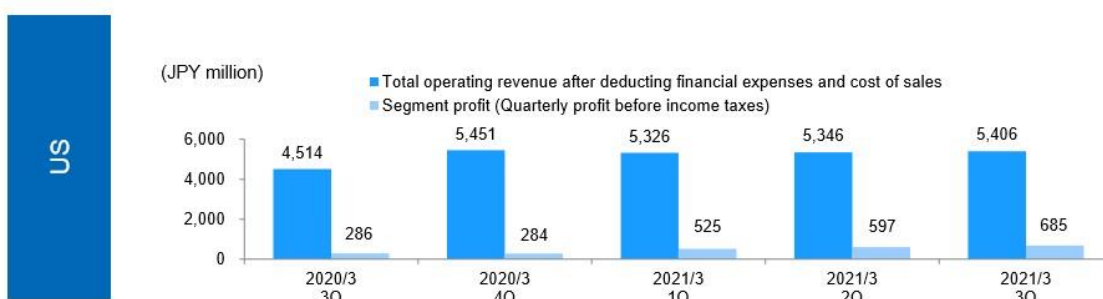


◆ Total operating revenue after deducting financial expenses and Segment profit

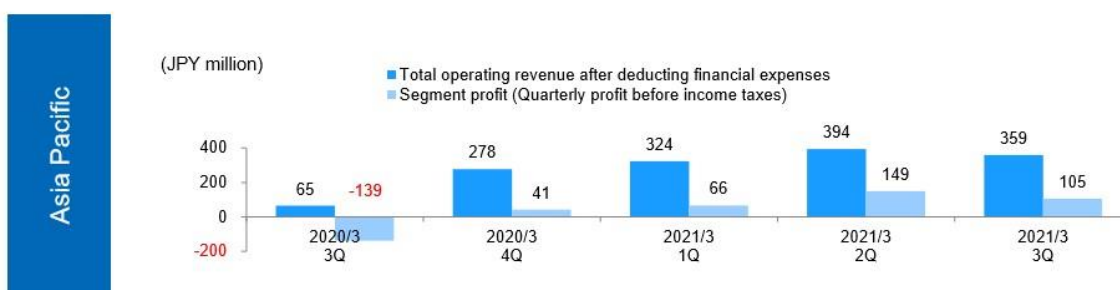


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◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit



◆ Total operating revenue after deducting financial expenses and Segment profit



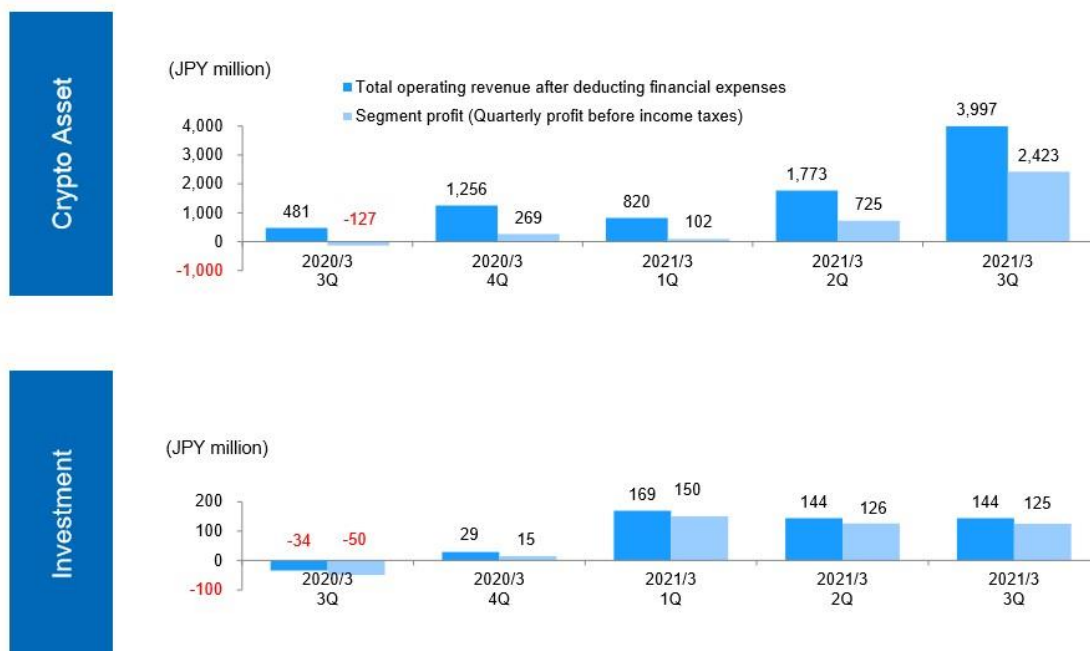
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◆ Total operating revenue after deducting financial expenses and Segment profit



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The breakdown is as listed, and I think that Japan and Crypto were generally close to what I explained.

The US market is experiencing substantial increases in the number of accounts, despite the elimination of commissions and interest rates, and the volume of transactions is increasing. As a result, the US market is making solid profits despite the headwinds of the zero commissions plus the elimination of interest rates.

Coincheck's quarterly profit of JPY2.42 billion is the highest since it joined the Group.

Next, COO and CFO Seimei will explain the details of the figures a little more.

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(JPY million)	FYE Mar. 2020 3Q (Apr. 2019– Dec. 2019)	FYE Mar. 2021 3Q (Apr. 2020– Dec. 2020)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	34,434	43,932	9,498	28%	P16: Analysis of Japan segment P18: Analysis of US segment (USD) P20: Analysis of Crypto Asset segment
SG&A	31,383	34,676	3,293	10%	P17: Analysis of Japan segment P19: Analysis of US segment (USD) P21: Analysis of Crypto Asset segment
The amount equivalent to operating income	3,051	9,257	6,205	203%	
Other income / expenses (net)	13	-313	-326		Breakdown in DATA BOOK P19: - Consolidated financial results (Other income and other expenses)
Quarterly profit before income Taxes	3,064	8,944	5,880	192%	
Quarterly profit attributable to owners of the Company	2,252	6,548	4,295	191%	
EBITDA	9,098	15,355	6,257	69%	

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Seimei: I am Seimei, Representative Executive Officer, COO, and CFO of Monex Group.

I would like to explain our consolidated financial results.

First, let me explain the Company's cumulative nine-month results for the fiscal year under review.

Operating revenues after deducting financial expenses for the third quarter were JPY43.932 billion, an increase of 28% YoY. As Matsumoto mentioned earlier, the market for crypto assets was very active regarding our Crypto Asset Business. In addition, another factor was that against the backdrop of the strong stock markets, commissions received in the three segments of Japan, the US and Asia-Pacific increased.

Meanwhile, SG&A expenses increased 10% YoY to JPY34.676 billion, as the increase in expenses was contained compared to the growth in operating revenues. As a result, quarterly profit before income taxes increased 192% YoY to JPY8.944 billion. Quarterly profit attributable to owners of the Company increased 191% YoY to JPY6.548 billion.

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YoY Comparison (9 months) Segment Performance



	Japan		US		Asia Pacific		Crypto Asset		Investment	
(JPY million)	2020/3 3Q	2021/3 3Q	2020/3 3Q	2021/3 3Q	2020/3 3Q	2021/3 3Q	2020/3 3Q	2021/3 3Q	2020/3 3Q	2021/3 3Q
Total operating revenue after deducting financial expenses and cost of sales	17,521	20,555	14,435	16,078	357	1,076	2,556	6,589	119	457
SG&A	15,808	17,636	12,926	14,273	645	796	2,515	3,124	40	55
The amount equivalent to operating income	1,713	2,919	1,509	1,805	-288	280	41	3,465	79	402
Other income / expenses (net)	75	247	-29	2	17	41	-17	-215	-0	-0
Quarterly profit before income taxes	1,788	3,166	1,480	1,807	-272	321	24	3,251	79	402
Quarterly profit attributable to owners of the Company	1,247	2,090	1,251	1,335	-240	261	-18	2,673	47	193
EBITDA	5,404	6,857	3,870	3,887	-199	367	438	3,736	79	402
Note	See P16 "total operating revenue after deducting financial expenses" for more details See P17 "SG&A" for more details		See P18 "total operating revenue after deducting financial expenses and cost of sales" for more details See P19 "SG&A" for more details				See P20 "total operating revenue after deducting financial expenses" for more details See P21 "SG&A" for more details			

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The breakdown by segment is listed on page 15.

Compared to the same period of the previous fiscal year, both income and profits increased in all segments.

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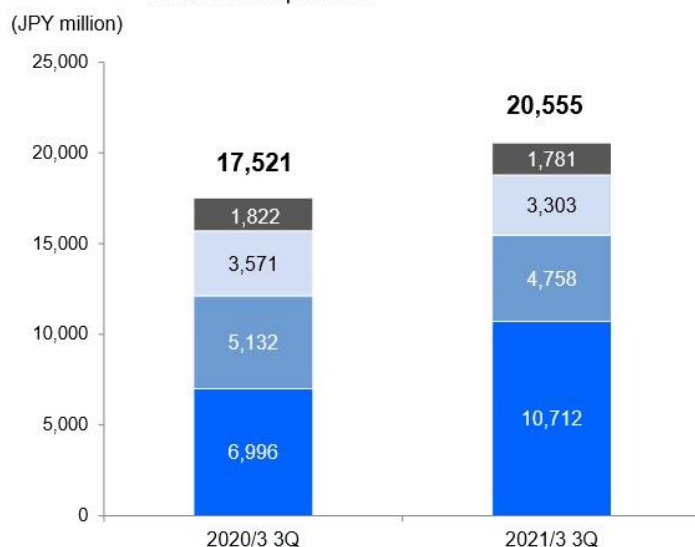
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Japan : Brokerage commissions increased by 53% YoY due to higher Monex's market share for Japan equities, the growth of the U.S. equity business and favorable market condition.

■ Total operating revenue after deducting financial expenses



Total operating revenue after deducting financial expenses +17.3% (+3,034)

* Figures in parentheses indicate the variance from the previous year (JPY million) [these are comparison of numbers for 9 months YoY]

- Others (-41)
- FX & fixed income (-267)
- Net financial income (-373) *1
- Brokerage commissions (+3,715) *2

*1 Net financial income of margin trading +223 (+7%)
 Margin balance of Monex Securities (Avg.) +8%
 Net securities lending income -509 (-26%)

*2 Total trading volume of individual investors in two Japanese major equity markets, incl ETFs etc. +47%
 Market share of Monex trading volume 5.19% → 5.27% (+8bpt)
 Market share of Monex cash trading 6.74% → 6.78% (+4bpt)
 Market share of Monex margin trading 4.42% → 4.50% (+8bpt)
 Brokerage commissions from US equity 451 → 1,690 (+275%)

16

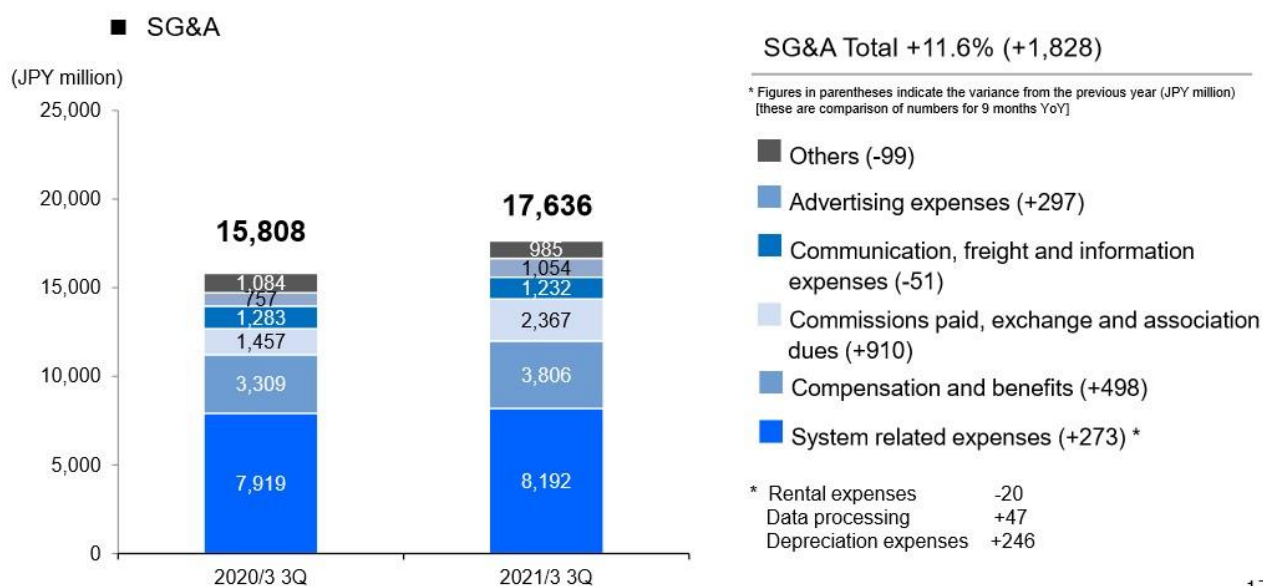
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Japan : Limited overall increase in SG&A to the increase in revenues, even though variable expenses increased due to higher trading volume, and compensation and benefits increased due to launching new businesses.



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In the Japan Segment, revenues increased 17% YoY, due to significant growth in brokerage commissions on the back of growth in the trading share of Japanese equities and strong performance in US equities.

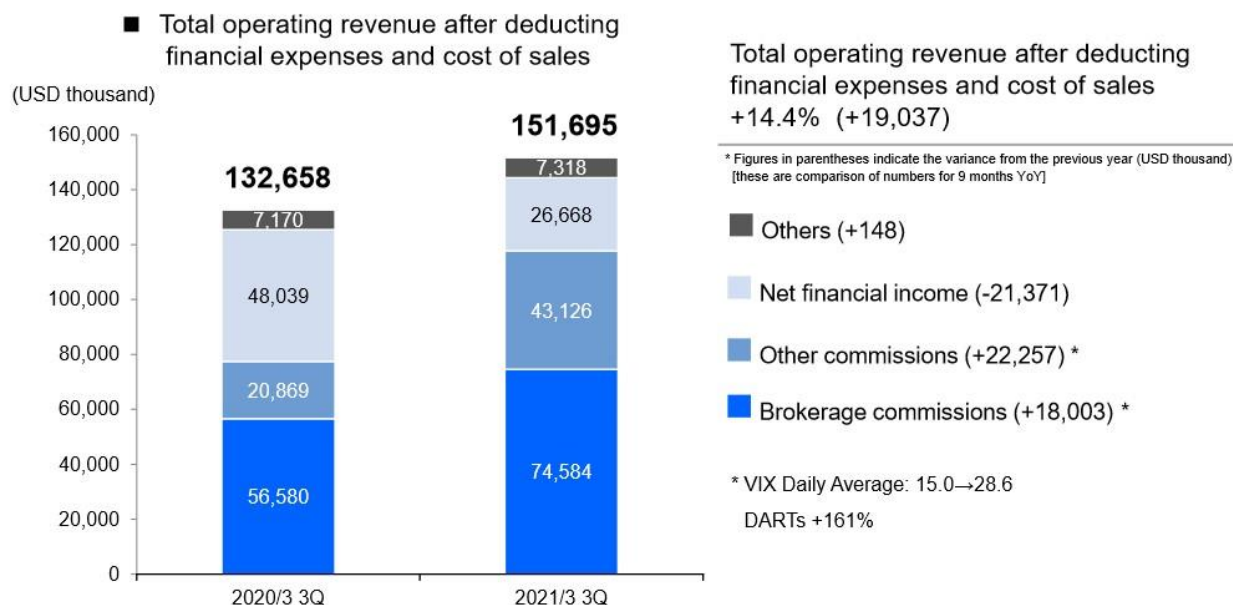
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US : Commission-free plans, account growth and higher volatility (VIX) generated a significant increase in trading volume resulting in higher brokerage and other commissions.



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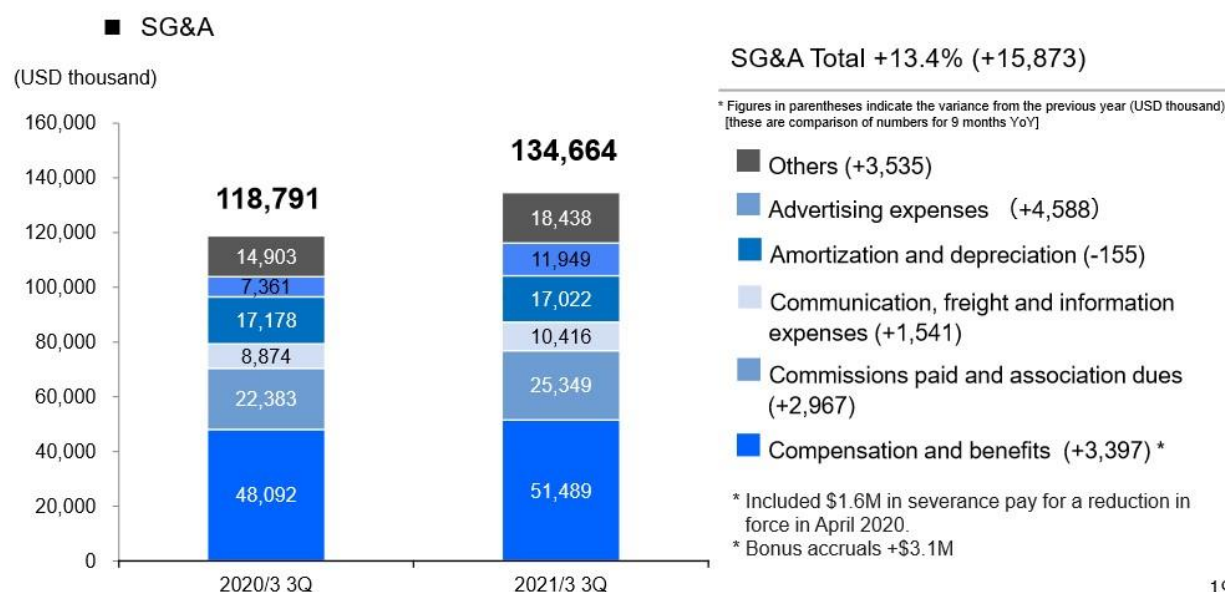
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US : Advertising expenses increased to support the growth of new business such as TradeStation Crypto and YouCanTrade. Larger trading volume drove higher commissions paid and association dues.



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In the US Segment, net financial income declined by almost half YoY due to the impact of a decline in interest rates, but brokerage commissions and other commissions received grew significantly against the backdrop of a brisk stock market, resulting in an overall increase in revenue of 11.4%.

The Asia-Pacific Segment also saw YoY increases in both revenues and profit, due to the very brisk stock market in Hong Kong.

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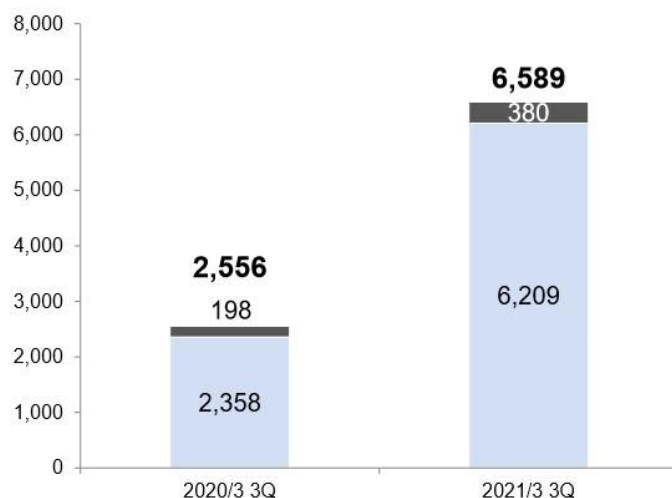
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Crypto : Trading volume, especially for Altcoins, at Coincheck increased significantly due to the booming crypto asset market, which led to a 163% increase in net trading income.

■ Total operating revenue after deducting financial expenses

(JPY million)



Total operating revenue after deducting financial expenses
+157.8% (+4,033)

* Figures in parentheses indicate the variance from the previous year (JPY million)
[these are comparison of numbers for 9 months YoY]

■ Others (+183)

■ Net trading income (+3,850) *

* Trading volume in cash trading of Bitcoin in Japan (excluding DMM Bitcoin)

Total transaction Apr.-Dec., 2019 ¥8,768.7B

Total transaction Apr.-Dec., 2020 ¥10,432.1B
(+19%)

Source: Bitcoin Website in Japanese

"Monthly market volume in Japan"

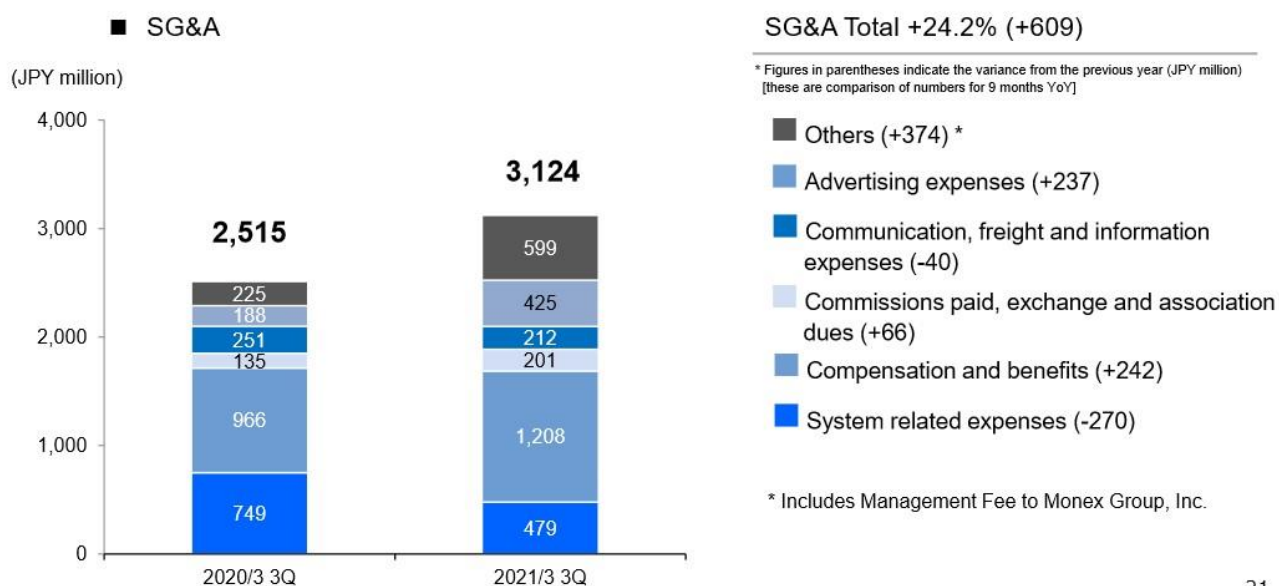
(URL <https://jpbitcoin.com/market/volume>)

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Crypto : The increase in total expenses associated with the rise in market and revenues is limited due to the low variable cost ratio.



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In the Crypto Asset Business Segment, both sales and profits increased significantly, as a result of a significant increase in the transaction volume of Bitcoin and altcoins. In this Crypto Asset Business, the percentage of variable costs in the costs is small, and the operating margin is very high.

Finally, in the Investment Business Segment, we recorded a pre-tax quarterly profit of approximately JPY400 million due to the valuation gain of the investees and the recording of a gain on sale in the third quarter.

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(JPY million)

	2Q FYE Mar. 2021 (Jul. 2020- Sep. 2020)	3Q FYE Mar. 2021 (Oct. 2020- Dec. 2020)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	13,898	16,826	2,929	21%	P24: Analysis of Japan segment P26: Analysis of US segment (USD) P28: Analysis of Crypto Asset segment
SG&A	11,587	11,825	238	2%	P25: Analysis of Japan segment P27: Analysis of US segment (USD) P29: Analysis of Crypto Asset segment
The amount equivalent to operating income	2,311	5,002	2,691	116%	
Other income / expenses (net)	-150	-210	-60		Breakdown in DATA BOOK P19: - Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	2,161	4,792	2,631	122%	
Quarterly profit attributable to owners of the Company	1,494	3,629	2,135	143%	
EBITDA	4,377	7,009	2,632	60%	

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Now, on page 22 and beyond, I will explain the figures for this quarter in comparison with the previous quarter.

As shown in the quarterly figures, operating revenues after deducting financial expenses increased 21% from the previous quarter to JPY16.826 billion, and quarterly profit attributable to owners of the Company increased 143% to JPY3.629 billion. In addition, the quarterly EBITDA was JPY7.009 billion.

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QoQ Comparison (3 months) Segment Performance



	Japan		US		Asia Pacific		Crypto Asset		Investment	
(JPY million)	2021/3 2Q	2021/3 3Q	2021/3 2Q	2021/3 3Q	2021/3 2Q	2021/3 3Q	2021/3 2Q	2021/3 3Q	2021/3 2Q	2021/3 3Q
Total operating revenue after deducting financial expenses and cost of sales	6,513	7,231	5,346	5,406	394	359	1,773	3,997	144	144
SG&A	5,867	5,992	4,749	4,734	272	261	1,059	1,348	18	19
The amount equivalent to operating income	646	1,239	597	672	122	98	714	2,648	126	126
Other income / expenses (net)	-81	215	0	12	27	7	12	-225	0	-0
Quarterly profit before income taxes	565	1,454	597	685	149	105	725	2,423	126	125
Quarterly profit attributable to owners of the Company	335	1,007	408	498	125	85	578	1,984	49	55
EBITDA	1,997	2,533	1,275	1,362	151	127	807	2,733	126	126
Note	See P24 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P25 "SG&A" for more details.		See P26 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P27 "SG&A" for more details.				See P28 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P29 "SG&A" for more details.			

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Page 23 shows the quarterly breakdown by segment.

Compared on a pre-tax profit basis, the Japan, US, and Crypto Asset Business Segments saw increases in both income and profits compared with the previous quarter.

Although income and profits of the Asia-Pacific Segment declined from the previous quarter, all segments were profitable for the fourth consecutive quarter.

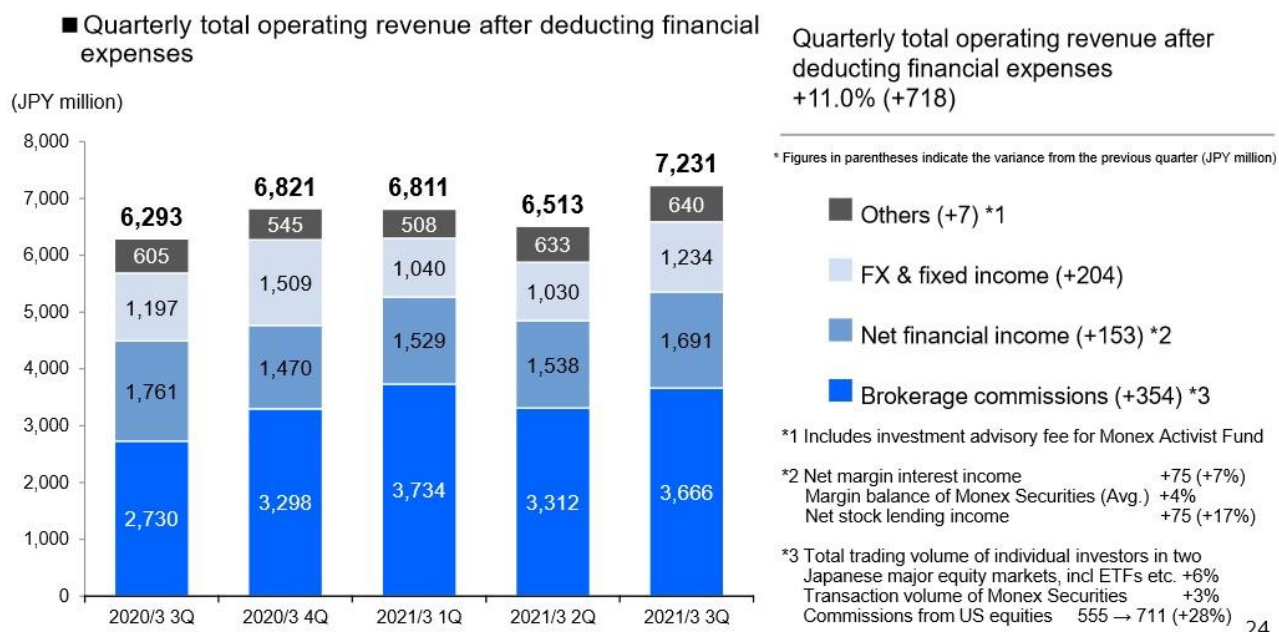
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Japan : Commissions from Japanese and U.S. equities grew in line with the buoyant stock markets of each country. U.S. equities accounted for 19% of total brokerage commissions this quarter.



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I would like to look at the main segments in more detail.

First of all, this is the Japan Segment.

As shown on page 24, operating revenues in the Japan Segment increased 11% from the previous quarter to JPY7.231 billion. The increase in revenues was mainly attributable to an increase in trading value of individual investors in the Japanese stock market and a 10.7% increase in brokerage commissions, due to significant growth in US stock trading. US equity commissions accounted for a record 19% of brokerage commissions.

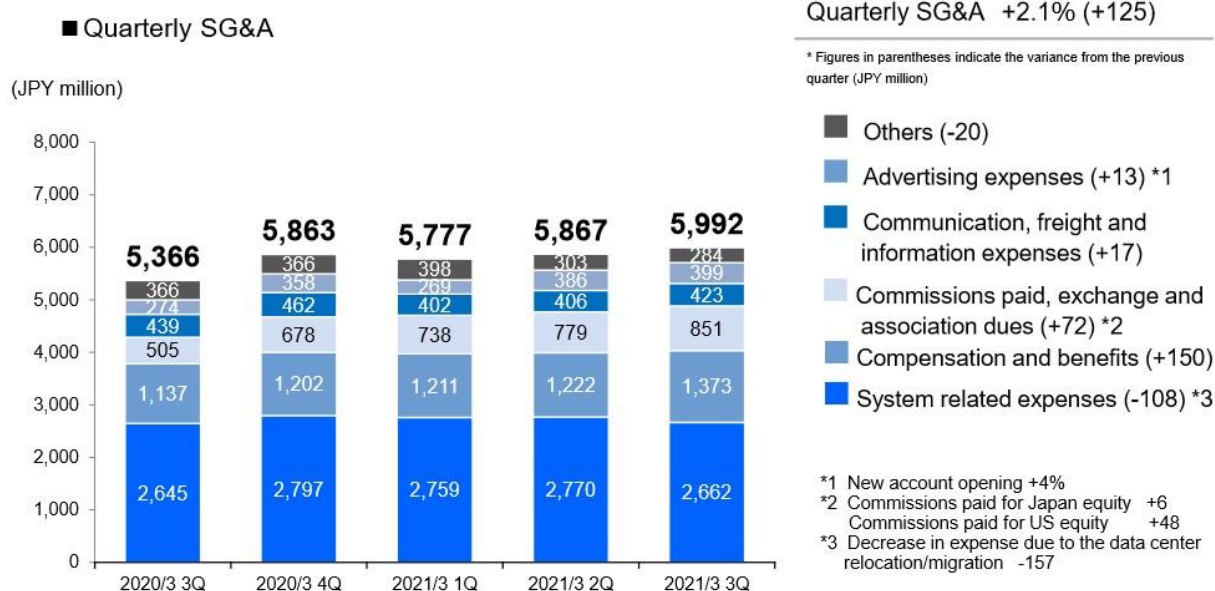
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Japan : System related expenses decreased due to the migration of the data center.
 Variable expenses increased as a result of higher trading volume.



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The expenses increased 2.1% from the previous quarter to JPY5.992 billion.

Variable costs increased, due to the active stock market, but system-related costs declined, due to the integration of data centers as part of Monex Securities' move toward building in-house systems, and the efforts for improving the cost structure are ongoing.

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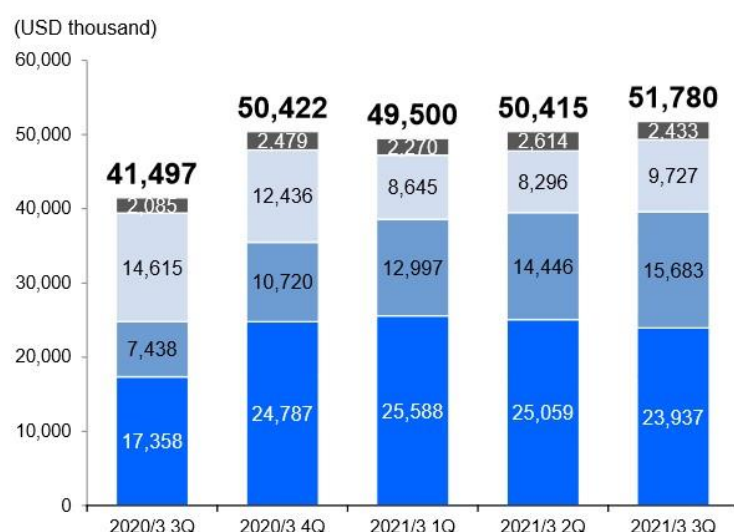
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US : Net financial income increased by 17% due to revenue growth from securities lending and crypto lending. Other commissions increased from higher trading volume of equities and options through commission-free plans.

■ Quarterly total operating revenue after deducting financial expenses and cost of sales



Quarterly total operating revenue after deducting financial expenses and cost of sales +2.7% (+1,365)

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

- Others (-181)
- Net financial income (+1,431)
- Other commissions (+1,237) *1
- Brokerage commissions (-1,122) *1

*1 VIX Daily Average: 25.8→25.6
DARTs +9%

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Next is the US Segment.

The US Segment is stated in US dollars.

Operating revenues increased 2.7% to USD51.78 million compared to the prior quarter. Although brokerage commissions declined due to a decrease in futures transactions, other commissions increased due to an increase in the number of accounts and transaction volumes resulting from the commission-free plan, as well as an increase in income from payment for order flow due to these factors. Consequently, the decrease in brokerage commissions was offset by other commissions received.

In addition, although interest rates remain very low, stock lending, crypto-asset lending, and these businesses have performed well, resulting in a 17% increase in net financial income. As a result, overall revenues increased.

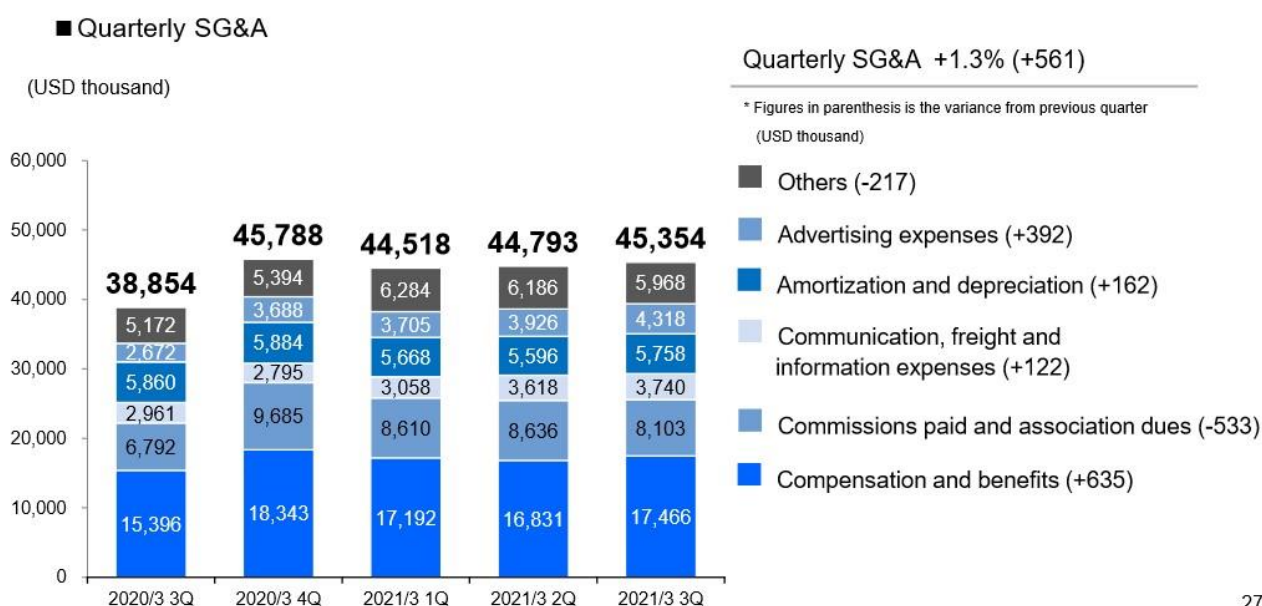
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US : Total expenses remained flat QoQ, although marketing and personnel costs of new businesses increased slightly to support growth in new business for diversification of revenue sources.



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The expenses in the US Segment increased 1.3% to USD45.354 million. To diversify our revenue sources, we are currently working to strengthen new businesses in the US Segment.

The main factor behind this increase was an increase in advertising and personnel expenses associated with this segment.

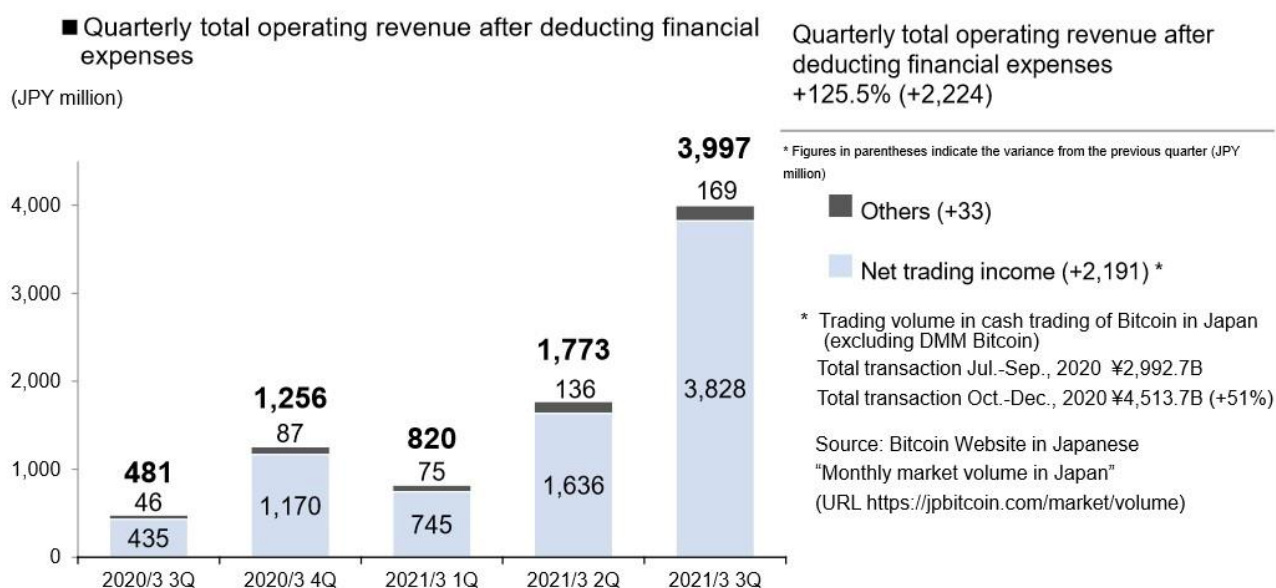
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Crypto : Highest quarterly revenue since joining Monex Group. Trading revenue increased by 2.3 times QoQ due to a significant increase in trading volume at Coincheck marketplaces, accompanied by booming market activity.



28

Lastly, this is the Crypto Asset Business Segment.

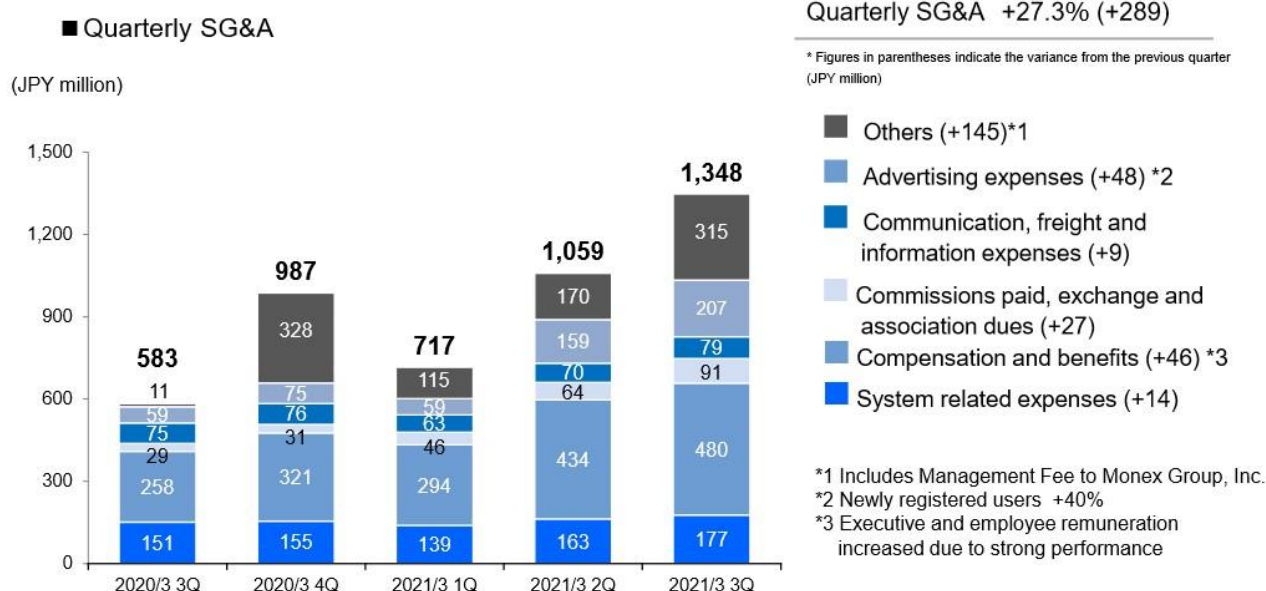
As shown on page 28, operating revenues were JPY3.997 billion, an increase of 125.5% or JPY2.224 billion from the previous quarter. The entire crypto asset market, including the crypto asset called altcoins, is extremely active. As a result, trading income increased JPY2.191 billion due to a significant increase in the volume of transactions at Coincheck.

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Crypto : Increase in SG&A is less sensitive to the booming market than that of revenues, as the percentage of variable cost is low.



29

Finally, in the Crypto Asset Business, the percentage of variable costs in costs is very low in the Crypto Asset Business Segment. As a result, costs in the Crypto Asset Business Segment only increased JPY289 million or 27.3% QoQ to a total of JPY1.348 billion. The increase in variable costs was mainly due to an increase in advertising expenses associated with a very large increase in new accounts and an increase in performance-linked bonuses against the backdrop of strong performance.

In this quarter, operating revenues grew significantly, but the increase in expenses was limited, resulting in a substantial increase in profits.

This concludes a description of the consolidated results.

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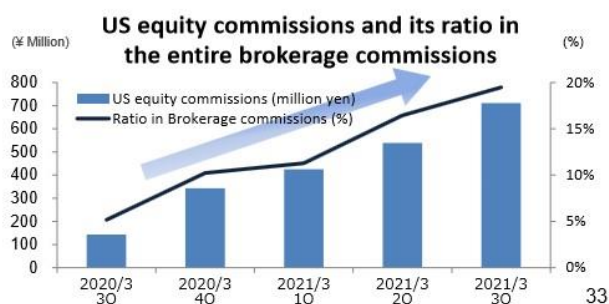
Aiming to shift to the asset-management model, expand revenues other than Japanese brokerage commissions, starting with US stocks.

Asset-Management Model

- Develop services that will contribute to an increase in customer assets to pursue the "asset management model," a new revenue structure associated with such service line-up.
- Focus on providing investment opportunities of US equities, with an aim to provide customers with access to globally diversified portfolio.
- Promote mutual fund and stock lending services to support customers' long-term asset formation.
- Lowered commissions on Japanese stock trades; one-day flat rate for cash/margin trading and per-trade commissions for margin trading. Competitive fee table is one of the most important parts for our asset-management model transformation.
- Invest in the development of trading tools and prepare for launching investment education service.
- To strengthen asset management capabilities within the group, centered on Monex Activist Fund, develop measures to increase client assets.

US equity trading

- Cooperating with TradeStation, Monex Securities can offer outstanding US equity services to retail investors such as speedy response to customers requests for new features and symbol addition, commissions table of the lowest levels in the industry, off-hour trading, and multiple ways of orders including stop-price orders.
- US equity revenue ratio in total brokerage commissions is increasing and reached 19% this quarter. Number of transactions and active accounts increased more than five times YoY.



Matsumoto: Now, I would like to talk about the details of our businesses.

First of all, as for the Japan Segment from page 33, I think that while working on the asset-management model, the US stock has been quite active, as you know very well.

As shown in the graph at the bottom right, the ratio of US-stock commissions to brokerage commissions at Monex Securities has grown to approximately 20%. Currently, the ratio is steadily increasing in January.

We certainly carry the largest variety of stocks, and we are quick to be able to handle them immediately after an IPO. We also respond flexibly to customer demands, and we can use all pre-markets, regular markets, and post-markets. Our commissions are also cheaper, so we provide overwhelming services.

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Transforming business into asset management model, and expanding new initiatives.

Mutual Fund

- Daily installment service became widely spread and the monthly accumulation amount reached to ¥ 4B, which drove growth of the entire mutual fund balance.



New Platform Business

- Shinsei Bank Group and Monex entered into a Basic Agreement on a Comprehensive Business Alliance in the Financial Instruments Intermediary Business. Monex will manage the account of mutual funds /bonds for Shinsei Bank Group's customers in order to further increase the assets of the customers. Monex has developed its own systems in-house, which can be used/developed flexibly in order to expand the partner companies to take on the back-office systems.

Securities Lending

- Enabled margin account holders to use their collateral stocks for securities lending last Nov. The balance of securities lending grew steadily to approximately ¥ 280 B at the end of December, an increase of ¥ 16.2 B QoQ.

Investment Education Courses

- Preparing investment education business as a service to help increase client assets. A fee-based courses to propose a globally diversified portfolio will be announced soon.

IFA – Independent Financial Advisor

- Under the concept of "Premium IFA," Monex entered into contracts with seven IFAs. Added to the advantageous bond business, aims to gather assets in Japanese and U.S. equities.

ferci

- After COVID-19, # of posts increased due to stay-home lifestyles, expanding Monex's reach to new customer segments such as those in the 20-30s or without any investment experience.

34

This is on page 34.

Investment trusts have grown from around JPY2 billion a month a year ago to around JPY4 billion. There is a comprehensive partnership with Shinsei Bank and Shinsei Securities that we announced, and we have named it as a new platform business. It can also be called a bank-securities cooperation, with a concept in which Shinsei Bank and Shinsei Securities use the securities-transaction systems of Monex Securities and the functions for adding back-office and compliance mechanism and new product services.

The image is to handle the systems, plus back-office portion, just like Nomura Research Institute, or something called Daiwa Securities Plus Daiwa Securities Business. We use this system because we have made the systems in-house.

Other companies are doing similar things, but for example, because the systems are handled by NRI, and such a subcontract system—subcontracting only the back offices do not make a lot of business. Because it is taken by NRI.

I think that it may be possible to take on the customers of the Bank, but because we are internalizing the system, we are able to do business like a system company, and we do not have to go directly to take the customers of the bank.

From our perspective, we are able to make them use the most of our existing systems and mechanisms. From the Bank's perspective, it is like allocating the costs that had been placed on NRI or the like to us. In addition, for example, Shinsei can directly use our products and services that Shinsei are not providing to the customers, or those that will be added later, if they want to provide the customers with these. This can be the so-called win-win relationship.

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In the normal form, banks and others have to rely on system companies for development every time they add new products and services, and they will have to do a variety of things, but I think that this will greatly reduce that portion.

We are now able proceed with such offers, so we would like to pursue horizontal development for other regional banks or those that are known as platformers.

We also have the Investment Education Business on the right, offering fee-based services such as the US TradeStation and YouCanTrade. We have been inspired by these, or we have absorbed a lot, and we plan to proceed further with the fee-based Investment Education Business.

Total AUM by Monex Asset Management reached **¥ 16.8 B** (as of Dec 31, 2020).

In addition to its mainstay discretionary investment management, also manages the publicly offered fund, Monex Activist Fund, with an investment advice* from Japan Catalyst.

Also expanding asset management for institutional investors.

ON COMPASS+, ON COMPASS

Monex Activist Fund

AUM was ¥ 7.8 B on Dec 2020

For the face-to-face "ONCOMPASS+", two new sales partners were added, bringing the total to four. We will continue to expand our sales channels in the future.

- Akatsuki Securities (Jan 2019)
- Okachi Securities (Oct 2019)
- Shizuoka TM Securities (Oct 2020)
- Hokuyo Securities (Jan 2021)

AUM was ¥ 5.4 B on Dec 2020**

- Oki Matsumoto, Chairman of Japan Catalyst, continues to engage with top management, outside directors/board members of listed companies, central government officials, and institutional investors.
- The "2nd Activist Forum" is scheduled to be held in Feb to promote active engagement by individual investors with listed companies.
- Won the 2020 Nikkei Superior Products and Services Awards Nikkei Veritas Award.
- Started marketing for institutional investors.

* The target of advice is Monex Activist Fund.

** Total asset under management including both publicly and privately offered Monex Activist Fund.

Monex Asset Management is doing well, and adding Monex Activist Fund, the total amount of assets under management is JPY16.8 billion.

The Monex Activist Fund was JPY5.4 billion as at the end of December, and the speed of the increase has still been a little slower than the initial target, but I have taken the lead in actually engaging the business owners and key personnel in the central government. I feel that the content of actual operations has been fairly high and firmly established, as well as methodologies and other aspects.

Actual engagement is also being actively conducted, and the results are emerging. Companies are taking action. I would like to speak specifically when we are able to speak fully about it. As the results are coming out, we will produce results and by explaining them to the beneficiaries, we will gain their attention. Though we started slow, I am convinced that we will be able to expand in the future. We have begun marketing to institutional investors as well.

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Client assets increased to \$9.3B. Customer base expanded steadily.

Account Additions & Client Assets

A strong increase in active accounts and total client assets was driven by commission-free plans, API integrations, high market activity and elevated levels of interest in trading the markets.

As of Dec. 31, 2019 vs. As of Dec. 31, 2020

Total Client Assets
\$9,259M +55%

Total Active Accounts
131K* +36%

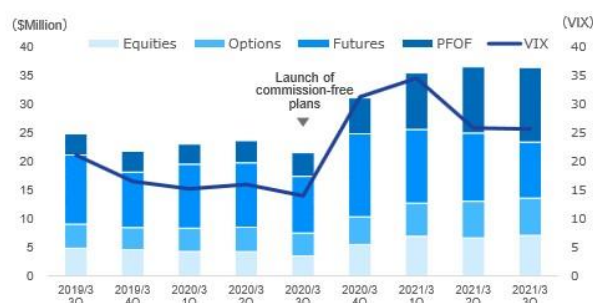
* Includes active crypto accounts beginning December 1, 2020.



Brokerage Commissions & Fees

- TradeStation Securities Rated “**#1 Platform Technology**” in the StockBrokers.com’s 2021 Online Broker Review for the 9th consecutive year.
- Customer trading volumes remained elevated in 3Q, despite volatility dropping after the presidential election. As a result, our commissions revenue* was **\$36M** in 3Q.

* Brokerage commissions of Equities, Options, Futures, and PFOF revenue.



36

This is the US.

In the US, the amount of assets in custody at TradeStation was around JPY200 billion or JPY300 billion at the time of acquisition, but the amount of assets in custody increased to about JPY1 trillion. In addition, as shown in this frame, we are benefiting from the market, and we are seeing a 55% YoY increase in assets in custody and a 36% YoY increase in the number of active accounts. Through API integration, our customer base is expanding extremely steadily.

Regarding commission income, although zero commissions were introduced, the volatility is high, the customer base is expanding, and trading is active due to working from home. Also, as I mentioned earlier, stock prices are rising amid the super-ultra-monetary easing. As a result, stock investment has attracted much attention, and transactions are extremely active. As shown in the graph below, commission income is steadily increasing.

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Added to the steady growth in the existing brokerage business, TradeStation strives for new business initiatives for revenue diversification.

API Partners

- TradeStation continues to experience demand for partner integrations via our API solutions. This quarter the number of partners increased by **20 (+57%)**, and TradeStation is currently integrated with **55 partners** (as of December 31, 2020).

TradeStation Crypto (TCI)

- TCI growth was spurred by enthusiasm in Crypto markets, our API integrations and increased marketing. TCI Rated **"#1 Crypto Technology"** in StockBrokers.com's 2021 Online Broker Review.
- Crypto Earn, a service that offers interest income on customers' crypto deposits, also performed strongly.

TCI Revenue* in Q3: **\$1,934K (+87% QoQ)**

* Crypto Lending Revenue (net) and Crypto trading revenue

Net Financial Income

- Net financial income in 3Q increased by **17% QoQ** due to revenue growth from securities lending.
- TradeStation continues to focus on client asset accumulation initiatives in preparation for improved interest rates. Net interest income in 3Q was **\$4.6M (+5% QoQ)**.

YouCanTrade (YCT)

- The YouCanTrade education community continues to grow due to ongoing marketing efforts, pricing adjustments, and participation from TradeStation clients.
- In Q3, the community reached more than **16K** members (**+25% QoQ**).

37

On page 37, this is also the US Segment.

API integration has been made with 55 partners, and it is increasing steadily with the addition of 20 companies in the current fiscal year.

The Crypto Business, which is a Virtual Currency Business under TradeStation in the US, finally began API integration and has earned about USD2 million in the past three months of the fourth quarter. YouCanTrade members are also steadily increasing.

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Coincheck's core business, cryptocurrency exchanges, has been ranked as the number one app DL in Japan for two consecutive years.

Leading Company among Japanese Cryptocurrency Exchanges

No. 1 app DLs*¹ among domestic crypto exchanges

- # of app downloads **3.26M (+20%)** *²
- # of ID confirmed accounts **1.04M (+13%)** *²
- # of cryptocurrencies available **15** coins *³

As the crypto asset market is booming and crypto assets are attracting attention, we started airing TV commercials on January 14, 2021 to encourage more people to experience investing in crypto assets.

Coincheck's share in # of ID confirmed accounts among 25 domestic exchanges



*¹ Included: cryptocurrency exchange app Term: Jan. 2020 to Dec. 2020 Source: App Annie

*² Dec. 2019 vs Dec. 2020 *³ As of Jan. 29, 2021

*⁴ This data is based on JVCEA's disclosure as of Nov. 2020

38

From page 38, this is the Crypto Asset Business, Coincheck.

In general, there are many ways of counting in Japan, but it is almost the largest trader. Which one is bigger, Coincheck or bitFlyer, depends on the indicators, but we have a very large customer base, as shown here.

TV commercials also started on January 14.

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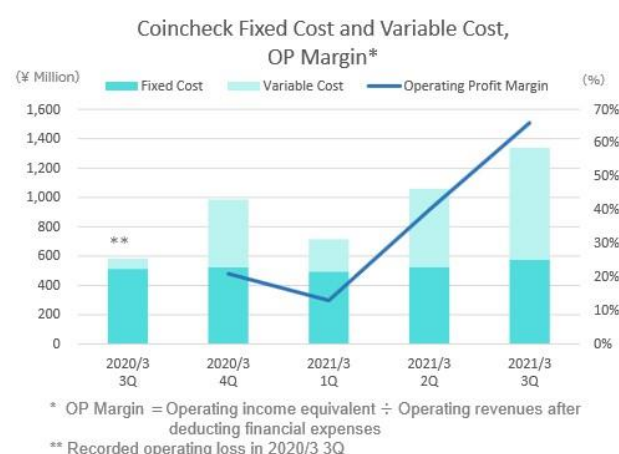
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Coincheck aims to stabilize earnings by continuing to control fixed costs and develop new businesses.

Fixed Cost Containment

Coincheck has built a revenue structure that allows it to increase profits significantly when the market is booming and to remain profitable even when the market is sluggish. The operating profit margin for 3Q was approx. **66%**.



Virtual Shareholder Meeting Support Service

- With marketing support from the group companies, Coincheck has reached over 500 companies for hearing operational needs of virtual shareholder meeting support services.
- Began linking services with "giftee for Business" provided by Gifty Inc. Supporting souvenirs at virtual shareholder meetings, enabling better service provisions.

NFT Marketplace

- NFT business is expected to expand our customer base to a new user segment, utilizing the technologies cultivated in our exchange businesses.
- Preparing to launch a service for exchanging NFTs, digital assets on the blockchain, by the end of FY2020. Started collaboration with five game titles that allow trading of items, etc. as NFTs.

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On page 39, as explained by Seimei, we have firmly controlled fixed costs. Therefore, if the top line with extremely high leverage increases, the margin will rise quickly. Even in terms of the three-month average, the operating income margin for the third quarter is 66%.

Other than that, as shown on the right, there are virtual shareholder meeting support services and Non-Fungible Token. Bitcoins are all Bitcoins, but they differ from one another, such as a game token, a game icon, a game item, for example.

There is trading for these, and the necessary technology is the same blockchain and other technologies as those for operating virtual currency marketplaces. The law is outside the Act on Financial Settlements, and there is not yet a vendor who is decisively the top on this Non-Fungible Token trading platform worldwide, such as Binance for virtual currencies. We are trying to firmly take this position with Coincheck.

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Coincheck achieved a cumulative net profit of ¥ 434 M after joining Monex Group. Based on the earn-out clause, recorded a loss of ¥ 217 M on the fair value of contingent consideration in 3Q FYE March 2021.

Turned profitable on a cumulative basis

Coincheck turned profitable for its cumulative net profit since 1Q FYE March 2019, achieving cumulative net income of ¥ 434 M as of 3Q FYE March 2021. Based on the Earn-out Clause, the fair value of the contingent consideration was estimated to be ¥ 217 M and the amount was recorded as "Other financial expenses" in 3Q. The term of the earn-out provision expires by the end of this fiscal year, and the full amount of Coincheck profit will contribute to Monex Group's profit from the next fiscal year starting April 2021.



Overview of the Earn-out Clause

Monex Group will return up to half of its cumulative net income from the FYE March 2019 to FYE March 2021, after deducting the amount associated with certain business risks, to former shareholders.

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This is page 40.

You may remember, but at the time of the acquisition three years ago, we entered into an earnout agreement with the former shareholders. If the cumulative net profit or loss for the three-year period from three years ago to the end of March of this year is positive, some can be deducted, but basically half will be paid to the former shareholders.

Coincheck had a large loss in two fiscal years ago, a loss in the last fiscal year and is turning profitable in the current fiscal year. As a result, the three-year cumulative result of Coincheck has become positive in this third quarter, so it follows that the half of that amount, JPY220 million, which is shown above, has been accumulated to be paid in spring. This is in the form of a reserve that is set aside to pay the former shareholders in spring. Earnings are strong in the fourth quarter, and earnings will be handed over to former shareholders in accordance with the rules, half after deduction, if any.

However, this is until the end of the fourth quarter, until the end of this fiscal year, and from April 1, all gains will be attributed to Monex Group, with 99% or 100% basically, while Coincheck was not actually 100% subsidiary.

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Consistent favorable performance in each Asia Pacific segment company.

Monex Boom Securities & Monex Securities Australia

Economic recovery in the Hong Kong market, an active IPO market and the popularity of US equities resulted in consistent growth in trading volume.

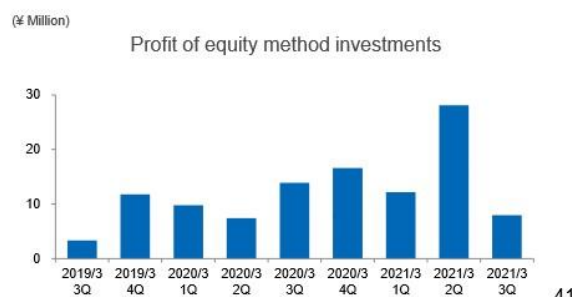


Cherry Technology Co., Ltd (China)

Providing technology and knowledge of the online brokerage business through a joint venture in PRC. Account opening slows as market pauses after novel coronavirus recovery. Profit of equity method investments was ¥8M.

2020/3 1-3Q vs 2021/3 1-3Q

Profit of equity method investments
¥48M +55%



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The Asia-Pacific region has been strong, as written here, because the Chinese economy is recovering well.

US equities accounts for 51%, and I think the increase in interest in US equities by individual investors around the world, as well as in Japan, has been prominent.

Our group has TradeStation in the US, so in this sense this is very encouraging, and we can provide better services than other companies in various ways, so it has been favorable.

Our joint venture in Mainland China, Cherry, though it is not very large, has continued to make a profit.






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¥ 0.13B of segment profit in 3Q due to valuation gains on investments and the first EXIT of an invested company in MV1.

Details of MV1 Fund		First fund investee to achieve EXIT
Features	Active support for startups in product development and growth stages	MV1, as a largest VC to Tollea Cats, provided active hands-on support, e.g. facilitating the modification of the business model, which succeeded in creating exit opportunities and generated returns from selling all of its shares. This exit generated a realized gain of ¥0.1B for Monex. Combined with the valuation gains from other investment, total segment profit was ¥0.13B in 3Q.
Investment Size	2.65 billion yen (Founded in Jan. 2019)	
Investment Record	Invested in 56 start-ups with advanced and innovative services (As of Dec. 31, 2020)	
Recent Investment Record of MV1		EXIT Case <ul style="list-style-type: none"> Name of Company: Tollea Cats IRR: 206%
VR	Elderly Care	
B2B SaaS		
		
Audio Content	Gaming	
		

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This is about Monex Ventures.

As Seimei also mentioned, we have attained EXIT well, and originally, we invested in this using MV1, and previously using our balance sheet, so all of the results, such as IRR, are good. With this MV1 receiving money from outside, we have attained a solid investment performance.

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Positioned this year to kick off full-scale of ESG initiatives. The executive officers themselves are promoting ESG initiatives as part of business promotion. Launched new initiatives in environmental and social issues.

ESG Initiatives

The Monex Group's ESG Approach

- Embracing our business principles and working toward raising corporate value sustainably by addressing ESG issues related to our medium-to-long term business areas.

Materiality Matrix

- Prioritized ESG topics based on our group challenges and social issues.



Officers take charge of each materiality

- Based on the idea that important items to be addressed in the core business should be resolved within the scope of the executive officers' jurisdiction, each executive officer is responsible for promoting each category, setting targets and promoting them. Regular reports are also made to the Board of Directors.

Extensive focus on social & environment

- Implemented initiatives related to the environment and diversity, equity and inclusion (DEI). (Refer to the following pages.)

43

Page 43 and beyond are about ESG.

It is said that 2021 is the first year of ESG in Japan, and we have also enhanced our ESG initiatives in the past six months.

As shown at the bottom right, we have been working hard on DEI -- Diversity, Equity, and Inclusion -- or as is described above that, we have been working on ESG through the appointment of an executive officer in charge of each theme.

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Develop sustainable finance solutions as one of its core businesses.

Established a Sustainable Finance Dept. to launch an ESG fund

Monex to offer sustainable finance

Japanese government stated its determination to achieve carbon neutrality with virtually zero greenhouse gas by 2050 in G20 Riyadh Summit in Nov 2020. Monex Group has decided to mobilize its resources to confront these issues and contribute to social issues through advanced sustainable finance.

As a responsible listed company, Monex Group is committed to providing smart sustainable finance solutions that support both social needs and rapidly growing investor needs, and to contribute further to leading "Solutions for the Earth" through innovation.

Plans to launch an ESG fund with a transparent reporting system

With a launch target at March 2021, Monex Climate Impact Fund focuses on global renewable energy solutions and also invests in green tech startups. The fund is specialized with a transparent and tamper-proof reporting of the environmental impact of each portfolio asset, leveraging advances in blockchain, AI and other state-of-the-art technologies.

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In addition to promoting ESG as a social organization, as shown on page 44, we announced a few days ago that we would like to promote ESG among our Securities and core businesses. We created a Sustainable Finance Department within Monex Security and entered the ESG Financial Business in earnest.

As for sourcing, we hired five people, mainly from Credit Agricole, five experienced professionals. We will build sound sustainable finance such as renewable energy, ESG finance, and impact funds.

We will sell the impact fund that we create to Japanese institutional investors. However, institutional investors do not know how much they really contribute to improving the environment when they buy green bonds or impact funds. As others also say greenwashing, I often hear doubts as to if they really make any contributions.

To cope with this, for example, if a wind power plant is built in Europe, its state should be steadily monitored with a sensor installed there, and we intend to provide a dramatically better reporting that allows Japanese institutional investors to check the reporting on PCs.

In order to prevent tampering, we are bringing professionals together to carry out thorough sourcing and development, using blockchain and the like. At the same time, we are using our FinTech expertise in blockchain and other technologies to dramatically improve reporting and provide real-time reports that show that they are really contributing. Although we are a late entrant to the business itself, we will work hard to present good content.

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Achieving diversity, equity and inclusion, and promoting the activities of diverse human resources.

Equity of Gender

Equal evaluation of gender

Relatively high equality of gender pay is realized in Japan segment.

Average Gender Pay	Female	Male
Non-Management	89%	100%
Management	98%	100%

Note: Calculated using July 2020-June 2021 salaries and the number of employees at the end of July 2020.

Basic Survey on Wage Structure (Ministry of Health, Labour and Welfare), 2019; Female: 74% / Male: 100

- Attracting a diverse workforce through a gender-neutral wage system to achieve "Diversity, Equity & Inclusion."

Monex signed Disability Inclusion

- Signed a commitment to join "The Valuable 500", a global movement to promote disability inclusion established at the World Economic Forum Annual Meeting (Davos) .
- To continue to design the future of finance, Monex considers DEI, including people with disabilities, as a source of creativity and promotes initiatives that allow diverse human resources to work with mutual respect.
- Signed this commitment as our thoughts resonated with one of the SDGs goal to leave no one behind
- Board discussed this initiative as an important ESG topic.

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Regarding DEI, as shown on the left, the figure for gender pay at Monex Group and Monex Securities is 0.89 or 0.98 for women in non-management positions and in management positions, respectively, probably quite high among Japanese companies.

In addition, there is an initiative to promote the active participation of people with disabilities, called The Valuable 500 initiative from the Davos Forum. It focuses on how to provide services to customers with disabilities and how to hire people with disabilities. We have signed up to this initiative and will work hard accordingly.

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Monex Group and two listed companies are now shareholders of a healthcare tech company, GENEX.

Innovation Support for a Social Impact

Overview

Genex plans to establish a blockchain-enabled data platform capable of accumulating healthcare-related big data, which can be applied for drug development and healthcare-related services, helping to create a sustainable healthy society.

Genex aims to create a new ecosystem using a data platform in which the revenue of the project is returned to the data providers as compensation. Through the third-party allotment of new shares, we have welcomed Kaken Pharmaceutical as a new shareholder, Sugi Pharmacy, which is already a shareholder and a leading company in the healthcare and drug discovery industries, and Monex, which has expertise in blockchain technology. Now hiring CFO.

Blockchain-related initiative in the group: Cheeese



An app that allows users to earn bitcoins by reading the news or answering surveys. Added a number of partner stores to the "shopping" feature that allows users to earn bitcoins by going through Cheeese before shopping online. Promoting the expansion of the crypto asset base.

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Today, we released a press release, about Genex, using blockchain to gather whole genome information rather than SNPs of patients with intractable diseases, and then blockchain is used for the management of the information as a data set and hand it to pharmaceutical companies. The pharmaceutical companies will then produce new drugs and the returns from the new drugs they have created are returned to the patients with intractable diseases who originally generated the data.

The situation worldwide is that intractable patients are not able to receive treatment unless subsidized by the government, without the national support. However, by providing their own very valuable data, there will be return, and they will be able to use their own data to fund themselves for their treatment.

This is also relevant to ESGs, and it also uses our technological advantage. We had been working on such a business and we were able to obtain the investment of Kaken Pharmaceutical, and together with Sugi Pharmacy, the three listed companies on the First Section of the Tokyo Stock Exchange are supporting the progress of this business. We are also in the process of recruiting the CFO.

I think that the environment has been good for the Group as a whole, as I mentioned at the beginning of this report such as the super-ultra-monetary easing. Not just that, however, we have entered solid business domains such as the US and crypto. Based on our global vision and our vision on the second founding of the company, I believe that we are entering proper business domains, putting a sail there, and the wind has been blowing into it, for the company to move forward.

Our growth in operating income is much larger than those of competitors such as Matsui and SBI that is much larger in scale, on a nine months to nine months basis or on a three months to three months basis, though we do not have competitors in the same businesses in a strict sense. I believe that it has been good overall. In addition, we have decided to work hard on ESG.

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The results were very good. I believe that they provided hope and a firm outlook for the future as well.

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Question & Answer

Matsumoto: We have received questions from chat, so we would like to answer them in order.

First of all, from Mr. Hara of SMBC Nikko Securities, what is the background of the partnership with Shinsei Bank and the impact on profits? Also, whether we can expect similar partnerships in the future as well.

The background of the partnership is that we have an internalized system, so we want the system to be used, as is the case of NRI and NKSOL, for example. It costs a lot for the banks to pay to the system companies, and every time they add something, it is very expensive and troublesome. Amid these challenges on both sides, we started discussing naturally from about a year ago.

As for the impact on profits, due in part to customers of specific accounts, as stated in the release, the actual start of the business is planned for January 1 next year, so I do not think there will be any particular impact on income until then.

As announced, we are talking about the size of JPY500 billion in assets in custody, and since Monex Securities has JPY4.7 trillion assets under custody, so it is about 10% in size.

But, of course, we are not doing business on the front, but we are doing business on the back, like a system company. So, the profit margins obviously will not be the same as those of assets in custody that Monex Securities normally holds. If that were not the case, Shinsei would not make a profit. So, I hope you can imagine it within such a framework. We are not trying to keep it secret, but I do not know exactly because there are still some areas to be negotiated.

Regarding your question as to whether similar partnerships can be expected in the future, I think that this package can be offered to other regional financial institutions as well as regional banks, regional banks plus subsidiary securities companies, or platformers who use the new intermediary rules, so I think it is possible to expand horizontally.

Then, profit margins will rise rapidly, and we would like to expand earnings by further horizontal expansion, while Shinsei is to be separately understood in the framework I mentioned earlier.

Another thing is that our business is also highly volatile, and we have a fluctuation in earnings. However, since system-related business has very low volatility, I think it has the effect of lowering the volatility of our overall earnings and profits.

Also from Mr. Hara. About Coincheck. What is the breakdown of revenues divided into Bitcoins and altcoins?

This is quite different from month to month and also depending on the market. Assuming that Bitcoins account for roughly one-fourth and altcoins about three-fourths, I think it is roughly right.

We are resuming TV commercials, and regarding the status of customer acquisition and our approach to future costs, as the status of customer acquisition, customers come depending rather on the market price. It is not necessarily that TV commercials attract customers, but rather a boom.

However, commercials are very important for branding, and while commercials do not necessarily attract customers, we use the commercial for them to remember our name, and when there is boom, they will come to us, not competitors. This is how it is used, so it is quite indirect.

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The acquisition status is naturally very good, and I think that many financial institutions are in the same situation due to COVID-19 in which, accounts cannot be opened while at home because there are some identification and other documents, so due to these limitations, the applications for account opening have exceeded the capacity for opening accounts.

However, this has just been enhanced, and though I do not remember it clearly, I forgot whether it is as of today, next week, or in the near future, but it is in line with the capacity. The capacity is now or is becoming in line with the account opening applications.

Future costs. Our costs are characterized by very strong management of fixed costs. Please see page 39. This dark blue represents the fixed cost, and this seldom moves. The rest is variable costs, [Inaudible] is a very leveraged form. We are committed to continuing this approach.

We do not want to raise fixed costs because the business or the market is still immature, and we do not know when it suddenly becomes quiet. However, we intend to use the variable cost portion in various forms such as for commercials sometimes. Although the scope of our business is increasing so fixed costs also increase, we would like to have a cautious view.

Also from Mr. Hara. About Monex Securities. Fixed costs are declining in relation to data centers. Please tell us about the outlook for future costs.

Seimei: Depreciation costs will decrease, without development.

Matsumoto: I am sorry, I asked Seimei just now. There was a cutover, I think four years ago, to the in-house one. After that, without making additional investments, depreciation will gradually decrease, and fixed costs will decrease.

However, because there was a period of time to stop introducing new services in order to switch to the new system for a while, and after the transition to the new system, they were created in a hurry, so after switching into the new system, the initial investment increased a little and depreciation expenses did not decrease.

However, since that period has passed, it is finally the time to begin to fall, and it will continue for two to three years.

Seimei: That is right. In the future, we looked at around 30 to 35.

Matsumoto: How much is it now?

Seimei: About 50.

Matsumoto: The depreciation cost of JPY5 billion now will drop to JPY3 billion or so, while it rides on the direction of development going forward. We are making steady progress toward the decreases in depreciation expenses and fixed costs, as a result of internalization.

I have answered all of the questions we have received. Are there any other questions?

Mr. or Ms. Yoneya of Eastbay. About Coincheck. Please tell us your viewpoint of the amount of advertising expenses for 4Q and the next fiscal year.

This is really dependent on earnings. I do not think of making a large budget in advance. But the earnings are indeed subject to fluctuation, and their upward movement can be great too.

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If you can imagine by means of induction from the comparison between 2Q and 3Q, and the increase within 3Q gradually in October, November, December, it is probably possible to guess the situation of December to some extent. Considering the situation at that time and the world condition of the virtual currency market in January, at least for the first half of the month, I think the image can be estimated in general.

In this way, when income and profits increase significantly, we use commercials to strengthen our name recognition through branding, and this is in the form of advertising expenses. Therefore, if the income increases much, the idea is to use it to a certain extent, so there is no viewpoint about advertising expenses and so on. We would like to use it only in relation to earnings.

Also from Mr. or Ms. Yoneya, about Coincheck. I think that the volume of trading in January has been above December according to external data. Could you tell us about how it is trending?

There is a graph for 2Q and 3Q on page 39. There are fixed costs and variable costs. For 2Q and 3Q, of course, there are six months in fact. Assuming the volume of transactions from external data, variable costs are naturally incurred in a way linked to the volume of transactions to a certain extent, such as server usage fees.

This suggests a rough model of fixed costs, variable costs relative to the volume of trading, and a rough average spread can also be understood by counting backward historical revenues and trading volumes. In addition, I mentioned about 25%:75% for Bitcoins and others, so if we calculate backward from them, I think that the model can perhaps be built backward to determine what kind of profit a certain volume suggests, without taking into consideration TV commercials and so on.

Of course, this cannot be said to be correct, but as you can see in this graph in general, if you look at 1Q, 2Q, and 3Q, if you look at this graph, 4Q could be largely imagined by the combination with external data.

Do you have any other questions? I have received another from Mr. or Ms. Yoneya. At the time of acquisition, the results for FY2018 ending in March were disclosed, and have there been any changes in the profitability from that time? If the profit structure has changed.

I think that is changing. Our involvement has strengthened the structure and stopped using what we do not use. So, the wasteful cost has been lowered, but the necessary mechanisms have been created, so I think there have been some changes.

Therefore, it would be able to compare it too directly. However, as I just mentioned, when we calculate backward from 25:75 for Bitcoins and others and the fixed costs, variable costs, the volume of trading from external data for 1Q, 2Q, 3Q, and other factors, I think it is generally possible to imagine the profit structure.

Is that all? We still have a few minutes.

I think it has been very good. So, even without turning to the examples of the US, the value of Coincheck can be imagined from what has been just asked in the questions, I believe you can understand what kind of cash flow and what kind of value it has.

In addition, as my feeling, the value of TradeStation seems not to be well recognized, but TradeStation also has assets in custody of JPY1 trillion. The value of TradeStation is that, while there have been some favorable market trends, assets and accounts are growing very steadily and making profits.

I think that the value of Monex is easy for you to see, from the value of the combination of the above, EBITDA of JPY7 billion in three months of the third quarter, and so on.

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We received another question from Mr. or Ms. Yoneya. I think that at the time of the acquisition of Coincheck, you commented on the IPO of Coincheck in the future, too. What do you think at this moment?

As you said, in April, three years ago, when we held a big press conference, as people from the FSA and others were watching, I clearly said that we would like to think about IPO in the future for Coincheck. The business of Coincheck is like that of a bank. Incidentally, I think that the idea was correct because the US is moving in the direction that crypto asset businesses can be done by banks or, to do the business, bank licenses or the like should be obtained.

For this business, bank-likeness, at least in terms of capital, is desirable, so permanent capital should be obtained, and external checks should be sought, so the listing format should be suitable. So, in front of the national authorities, I clearly talked about the aim to list Coincheck in the future. I have not changed the idea that such capital should be made, and therefore, there has been no change in that policy at this time.

Well, it is about the time. I believe the results were very good. As I just mentioned, if you take a close look at the details, I think there is quite a lot of value, so I would appreciate it if you could thoroughly analyze them.

We would also like you to answer our questionnaire, and if you have any additional questions, please call us and let us know.

Thank you very much for today.

[END]

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1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
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