

# MONEX GROUP

## Announcement Regarding Issuance of New Shares Through Third-Party Allotment

TOKYO, November 4, 2021 - Monex Group, Inc. (“Company”) hereby announces that it resolved at its Board of Directors’ meeting held on November 4, 2021 to issue new shares (“New Shares”) through a third-party allotment (“Third Party-Allotment”) to Galaxy Digital LP (“Expected Subscriber”).

### 1. Outline of Offering

(1) Date of payment	December 7, 2021
(2) Number of new shares issued	8,448,500 shares of common stock
(3) Issue price	JPY 651 per share
(4) Amount to be raised	JPY 5,499,973,500
(5) Method of offering or allotment (expected subscriber)	Third-party allotment to Galaxy Digital LP
(6) Other	The above items are subject to the securities registration statement taking effect under the Financial Instruments and Exchange Act of Japan.

### 2. Purpose and Reason for Offering

As stated in our press release “TradeStation Group to become public on the NYSE through a De-SPAC with Quantum FinTech Acquisition Corporation” dated November 4, 2021, the Company’s wholly owned US subsidiary, TradeStation Group, Inc. (“TSG”) will procure growth capital to implement active capital investments for the improvement of services, and substantial marketing activities. In order to effectively and directly procure the relevant growth capital, TSG is currently aiming to be listed on the New York Stock Exchange (“NYSE”) by way of business combination with the special purpose acquisition company (“SPAC”) listed on the NYSE (“De-SPAC Listing”).

The establishment of the method for procuring TSG’s increasing growth capital through the US capital market, which is the largest market in the world, will enable the Company to implement flexible capital policies that support the future growth of the Company Group as a whole, and will contribute to the enhancement of the Company’s sustainable corporate value on a medium to long-term basis. Additionally, further growth of TSG will be promoted through the reinforcement of corporate governance discipline by accepting external capital from the US capital market, the increase of recognition by the listing on the local market, and the procurement and engagement of human resources through the use of stocks and other related incentives. For the purpose of De-SPAC Listing, TSG, its wholly owned subsidiary (“Merger Sub”) and SPAC will conduct a reverse triangular merger (“Merger”), with SPAC being the surviving corporation and Merger Sub being the merged corporation. As a result of the Merger, the Merger Sub will merge into and with SPAC, and SPAC will be the wholly owned subsidiary of TSG. Meanwhile, SPAC shareholders will receive TSG shares in consideration of the Merger. The Merger will be effective around from January to June 2022. In connection with the Merger, TSG is scheduled to be listed for trading on the NYSE.

Prior to the Merger, SPAC plans to receive financing from PIPE (Private Investment in Public Equity) Investors. In the meantime, Galaxy Digital Group (“Galaxy”, and will refer to the entire group including the Expected Subscriber), which is one of the world’s leading crypto-asset-related companies engaged in asset management

and trading businesses of crypto-assets, has shown an interest in De-SPAC Listing, and it decided to participate in PIPE Investment in SPAC. Moreover, Galaxy offered not only to support TSG's growth through PIPE Investment at the time of De-SPAC Listing, but also to seek more opportunities for crypto-asset businesses and global business expansion through investments in the Company Group. While conducting online securities-related businesses worldwide, and also engaging in crypto-asset businesses through its subsidiary and prominent crypto-asset exchange business entity, Coincheck, Inc., the Company Group is promoting the expansion of global crypto-asset business and the creation of digital economic zones. In the midst of such efforts, the Company determined that Galaxy, equipped with such global crypto-asset business platform, is its best partner, and that the partnership will lead to the enhancement of the Company's corporate value. Thus, the Company decided to execute the Third-Party Allotment.

### 3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to be Raised

#### (1) Amount of proceeds to be raised

Aggregate amount to be paid	Approximate cost of issuance	Approximate net amount
JPY 5,499,973,500	JPY 24,000,000	JPY 5,475,973,500

(Note) 1. The approximate cost of issuance are broken down into attorney's fees, costs for preparation of securities registration statement, costs related to corporate registry and other costs.

2. Consumption taxes and other taxes are not included in the approximate cost of issuance.

#### (2) Use of proceeds to be raised

The use of the approximate net amount of the Third-Party Allotment worth JPY 5,475,973,500 is as follows. Until the time of allotment for the use described below, the approximate net amount of proceeds will be duly managed in the Company's bank account.

Use of proceeds	Amount	Scheduled timing of expenditure of proceeds to be raised
Investments in SPAC	JPY 5,476 million	From January 2022 to June 2022

(Note) As stated above, TSG aims for De-SPAC Listing, and the proceeds to be raised through the Third-Party Allotment will be used as investments in SPAC as "PIPE (Private Investment in Public Equity) Investment in SPAC," which is part of the process of De-SPAC Listing; provided, however, that if De-SPAC Listing is not conducted due to any changes in the external environment or other reasons, the relevant proceeds will be used as TSG's growth capital which is the purpose of De-SPAC Listing. The term "PIPE Investment" refers to subscription of private offering of listed companies by institutional investors and other parties.

### 4. Rationale for the Use of Proceeds to be Raised

The Company considers that the use of proceeds raised through the Third-Party Allotment for the purpose described in "3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to be Raised - (2) Use of proceeds to be raised" will contribute to the establishment of the future growth platform of TSG that will drive to enhance the medium to long-term corporate value of the Company. Therefore, the Company believes that the issue of the New Shares will contribute to the enhancement of the shareholders' value, and is reasonable.

## 5. Rationale of Issue Terms and Conditions, etc.

### (1) Calculation base for the issue price and their specific details

Based on discussions and negotiations with the Expected Subscriber, the issue price for the Third-Party Allotment is JPY 651, which is equivalent to the simple average of the closing prices of ordinary transactions of the Company common stock traded on the First Section of the Tokyo Stock Exchange (TSE) (“TSE Closing Prices”) over the most recent three (3) months until the business day immediately preceding the date of resolution of the Board of Directors (i.e. November 4, 2021) (from August 3, 2021 to November 2, 2021) concerning the Third-Party Allotment (rounded off to the nearest yen). The average of the closing prices of the Company common stock over the most recent three (3) months was used to calculate the above issue price is due to the reasons described below. Specifically, during the negotiations with the Expected Subscriber regarding the purpose, significance and terms and conditions of the Third-Party Allotment, the Expected Subscriber’s purpose of the shareholding of the New Shares, and the lock-up period after the subscription of the New Shares, it was agreed that due to the Company common stock’s high historical volatilities and its high value compared to TOPIX index weekly levered beta (Note 1), adopting the equalized average share price of a certain period rather than using a specific one point of time as the calculation basis would eliminate extraordinary elements such as effects of temporary share price fluctuation, and is more objective and reasonable as the calculation base after making adjustments to interests between the purpose of financing and the share price reduction risk borne by the existing shareholders and the Expected Subscriber. Besides, while the Company common stock’s share price fluctuation was highly connected with the fluctuation of crypto-asset prices because the Company engages in crypto-asset exchange business through its subsidiary Coincheck, Inc., since such connection and the volatility of the Company common stock’s share price were deemed to be relatively subdued over the most recent three (3) months, the Company determined that the most recent three (3)-month period is an appropriate period to evaluate the Company’s share price compared to the most recent one (1)-month (from October 3, 2021 to November 2, 2021) or six (6)-month period (from May 3, 2021 to November 2, 2021). In the end, this was agreed with the Expected Subscriber. The relevant issue price complies with the Japan Securities Dealers Association (JSDA)’s “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” and the Company believes that it does not constitute a particularly favorable issue price.

(Note 1) The historical volatility of the Company common stock over the most recent twelve (12) months until the business day immediately preceding the date of resolution of the Board of Directors concerning the Third-Party Allotment is 71.00%, and the historical volatility of index of TOPIX is 15.84%. The value compared to TOPIX index weekly levered beta during the same period was 1.98. The historical volatility for the most recent three (3) months is 54.79% (TOPIX: 16.02%), and the historical volatility over the most recent six (6) months is 55.85% (TOPIX: 16.38%), both of which are higher than the historical volatilities of TOPIX index. Accordingly, the Company common stock’s volatility is higher than the volatility index of TOPIX.

The relevant amount to be paid is a 12.62% discount (rounded off to the nearest second decimal; the same applies to the calculation of the discount rate) over JPY 745, which is the TSE Closing Price on the business day immediately preceding the date of resolution of the Board of Directors concerning the Third-Party Allotment, is a 7.66% discount over JPY 705, which is the simple average of the TSE Closing Prices over the most recent one (1) month until the business day immediately preceding the date of resolution of the Board of Directors concerning the Third-Party Allotment (rounded off to the nearest yen; the same applies to the calculation of the simple average), and is a 7.79 % discount over JPY 706, which is the simple average of the TSE Closing Prices over the most recent six(6) months.

Furthermore, an opinion was obtained from the audit committee of the Company (of which three (3) members are outside directors) to the effect that the amount to be paid for the Third-Party Allotment does not constitute a

particularly favorable price to the Expected Subscriber and is lawful, since the relevant amount is based on the market price that reflects the objective value of the Company common stock and is calculated in compliance with the JSDA's "Rules Concerning Handling of Allotment of New Shares to Third Party, Etc."

(2) Reasons of rationality of number of shares to be issued and extent of share dilution

The number of shares to be allotted to the Expected Subscriber through the Third-Party Allotment is 8,448,500 shares, which constitutes 3.26% of all issued and outstanding shares of the Company prior to the Third-Party Allotment (258,998,600 shares) (as of September 30, 2021) or 3.28% of 2,577,875 total voting rights (except treasury stocks) as of September 30, 2021, so the equity is expected to be diluted thereby. However, the Company has determined that the number of shares to be issued and the extent of share dilution by the Third-Party Allotment are reasonable since the Third-Party Allotment will enhance the medium to long-term corporate value of the Company Group and will ultimately increase the profits of the existing shareholders.

6. Reasons of Selection of Expected Subscriber and Other Related Matters

(1) Outline of Expected Subscriber

Name		Galaxy Digital LP
Address		Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Governing law for establishment etc.		Exempted Limited Partnership formed under the laws of Cayman Island
Date of establishment		November 30, 2017
Amount of investment		Not disclosed. Partner's Capital of Galaxy Digital Holdings LP, the sole limited partner of Galaxy Digital, is approximately US \$ 1.5 billion as of the end of June 2021.
Purpose of formation		To purchase, hold, dispose of, or otherwise deal with investments for its own account, and to engage or participate in any other lawful investment or related activities in which exempted limited partnerships formed in the Cayman Islands may engage or participate
Major investor and investment ratio		Galaxy Digital Holdings LP 100%
Name and contact of representative of principal office in Japan		Not applicable
Matters concerning contact person in Japan (agent in Japan)	Name	Monex, Inc.
	Address	ARK Mori Building 25F 1-12-32, Akasaka, Minato-ku, Tokyo
	Title and name of representative	Title: Representative director and President Name: Yuko Seimei
	Business	Securities business and accompanying business
	Stated capital	JPY 12,200 million
Relationship between the listed company and the agent in Japan		A wholly-owned subsidiary of the Company
Matters concerning general partner	Name	Galaxy Digital GP LLC
	Address	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
	Name and contact of representative of principal office in Japan	Not applicable
	Title and name of representative	Title: Manager, Name: Galaxy Digital Holdings LP (General Partner: Galaxy Digital Holdings GP LLC) ("GDHLP")
	Purpose of Formation	To conduct the businesses of Galaxy Digital LP as the General Partner of Galaxy Digital LP
	Amount of investment or stated capital	USD 1 (as of September 30, 2021)
	Major investor and investment ratio	Galaxy Digital Holdings LP: 100%
Relationship between the listed company and the relevant fund	Relationship between the listed company and the relevant fund	Not applicable
	Relationship between the listed company and general partner	Not applicable

(Note 1) Galaxy Digital GP LLC (limited liability company of the Cayman Islands) ("GDGP"), which is the General Partner of the Expected Subscriber, is a wholly owned subsidiary of GDHLP (limited partnership of the Cayman Islands), and GDHLP holds all limited partnership interests in the Expected Subscriber. More than 90% of the partnership interests of GDHLP are held by: GDH Intermediate LLC,

a US blocker company\* which is a wholly owned subsidiary of a listed company of Toronto Stock Exchange named Galaxy Digital Holdings Ltd. (“GDH”); and Galaxy Group Investments LLC, an asset management firm of Mr. Michael Novogratz, who is the founder and CEO of Galaxy (\*blocker company refers to intermediate entity between the parent company and pass-through entity for the purpose of obtaining tax benefits). Pursuant to the “Global Code of Conduct” (as amended on July 30, 2018) of GDH, which is the listed company, GDH, Galaxy Digital Holdings GP LLC (General Partner of GDHLP, and a wholly owned subsidiary of Galaxy Group Investments LLC), all subsidiaries of GDH, and all officers and employees thereof are required to comply with the relevant Global Code of Conduct. The Global Code of Conduct requires, among others, ethical and proper behavior, protection and appropriate use of company assets, and compliance with laws and regulations and various rules (including any rules of the listed stock exchanges). The Company also conducted interviews with the General Counsel and Chief Compliance Officer of the Expected Subscriber, GDHLP, GDGP, and GDH, and confirmed that: pursuant to the above Global Code of Conduct, the Code of Ethics and Business Conduct applicable to all officers, employees and partners of the Expected Subscriber and all of its subsidiaries was established; illegal conducts and non-ethical conducts are prohibited under such Code; all employees are required to confirm their compliance with the abovementioned Code four times a year; and the Expected Subscriber, its General Partner and major investor have no relations with anti-social forces. Furthermore, the Company also requested a third party institution called LexisNexis Risk Solutions Inc. (located in Georgia, USA) via the Company’s US subsidiary named TradeStation Securities, Inc. that deals with Galaxy companies, to investigate whether or not any of the major officers of Galaxy (including all persons authorized to sign on behalf of the Expected Subscriber) are persons subject to any sanctions, persons conducting anti-social activities, persons with criminal records or persons subject to adverse media. As a result, the Company received a report that none of the relevant officers falls under such categories of persons. Moreover, the Expected Subscriber has represented and warranted under the share subscription agreement to be entered into with the Company that the Expected Subscriber, its General Partner and affiliates, and major officers and employees thereof are not anti-social forces. Based on the above, the Company filed a confirmation letter to the TSE to the effect that the Expected Subscriber is unrelated to any anti-social forces.

(Note 2) Monex, Inc. will be appointed as the agent of Galaxy Digital LP in Japan from Date of payment.

(Note 3) Regarding the reason why the Expected Subscriber does not consent to disclosure the Amount of investment, Galaxy Digital Holdings LP has disclosed information as a public entity, but Galaxy Digital LP, which is the Expected Subscriber, is private entity with the public entity as the only limited partner. Therefore, that information is extremely confidential.

## (2) Reasons for selecting subscriber

As stated in “2. Purpose and Reason for Offering” above, while TSG is currently aiming for De-SPAC Listing, Galaxy has shown an interest in De-SPAC Listing, and it decided to participate in PIPE Investment in SPAC. Moreover, Galaxy offered to seek more opportunities for crypto-asset businesses and global business expansion through investments in the Company Group. The Company Group is promoting the expansion of global crypto-asset business and the creation of digital economic zones. In the midst of such efforts, the Company determined that Galaxy, equipped with such global crypto-asset business platform, is its best partner, and that the partnership will lead to the enhancement of the Company’s corporate value. Thus, the Company decided to execute the Third-Party Allotment.

## (3) Shareholding policy of the expected subscriber

The Company has obtained an oral confirmation from the Expected Subscriber that the shares issued as a result of the Third-Party Allotment are intended to be held on a medium to long-term basis and the Expected Subscriber is prohibited from transferring such shares to any person for six months after the date of payment unless it transfers them to its controlled affiliates (being bound by this transfer restriction) or obtains the prior written consent of the Company.

The Company plans to obtain a written pledge from the Expected Subscriber agreeing that: if the Expected Subscriber transfers all or any part of the shares issued as a result of the Third-Party Allotment less than two (2) years from the date of payment, it will notify the details thereof to the Company in writing; the Company will report details of such notification to the TSE; and the details of such notification will be made available for public inspection.

(4) Confirmation of existence of financial assets for payment by expected subscriber

As the funding source of the Expected Subscriber, the Company received the audited financial statements of GDHLP, which is the owner of all partnership interests in the Expected Subscriber, and the Expected Subscriber's bank account balance documents as of September 30, 2021. After reviewing the amounts of cash inflows and outflows stated in the Expected Subscriber's financial statements and the amount of balance of the Expected Subscriber's bank account, the Company confirmed that the Expected Subscriber has sufficient funds to make the relevant payment for the Third-Party Allotment.

7. Changes in major shareholders and percentage of voting rights held

Before the Third-Party Allotment (September 30, 2021)		After the Third-Party Allotment	
The Shizuoka Bank, Ltd..	20.11%	The Shizuoka Bank, Ltd.	19.47%
The Master Trust Bank of Japan, Ltd. (trust account)	7.87%	The Master Trust Bank of Japan, Ltd. (trust account)	7.62%
MOMO & Co.	6.69%	MOMO & Co.	6.48%
Galaxy Digital LP	—	Galaxy Digital LP	3.17%
UBS AG LONDON ASIA EQUITIES	3.24%	UBS AG LONDON ASIA EQUITIES	3.14%
Oki Matsumoto	2.94%	Oki Matsumoto	2.84%
Custody Bank of Japan, Ltd. (trust account)	2.49%	Custody Bank of Japan, Ltd. (trust account)	2.41%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	2.39%	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	2.32%
Recruit Holdings Co., Ltd.	2.22%	Recruit Holdings Co., Ltd.	2.15%
Kyoko Kudo	1.34%	Kyoko Kudo	1.30%

**(Note)** The percentage of voting rights held before the third-party allotment is based on the total number of voting rights as of September 30, 2021, and the percentage of voting rights held after the third-party allotment is calculated by adding the total number of new shares (8,448,500 shares) to the total number of voting rights as of September 30, 2021. The "percentage of voting rights held" is rounded to the nearest hundredth of a percent.

8. Prospects

The Third-Party Allotment will have no material impact on the earnings forecast of the current fiscal year of

the Company.

#### 9. Matters Concerning Procedures Under the Code of Corporate Conduct

The Company is not required to receive any opinions of independent third parties nor to confirm the intent of its shareholders as prescribed in Rule 432 of the Securities Listing Regulations of the TSE for the issuance of the New Shares because (i) the dilution rate is less than 25%, and (ii) there is no accompanying change in controlling shareholders.

#### 10. Operating results and equity finance for the past three years

##### (1) Results for the past three years (consolidated)

For the fiscal years ended March 31

	2019	2020	2021
Operating revenue	52,175	53,226	77,905
Profit before income taxes	1,790	4,131	21,296
Profit attributable to Owners of the Company	1,181	3,011	14,354
Earnings per share attributable to owners of the Company :			
Basic earnings per share (yen)	4.42	11.59	55.82
Dividends per share (yen)	5.40	5.90	12.00
Equity attributable to owners of the Company (yen)	297.28	297.70	347.67

(Millions of Yen / Except as noted.)

##### (2) The numbers of shares authorized and issued (September 30, 2021)

	Number of shares	Ratio to the number of shares issued
Numbers of shares issued	258,998,600	100%
Exercise price at present Number of potential shares at current exercise price	—	—

##### (3) Recent stock price trends

###### ① past three years

For the fiscal years ended March 31

	2019	2020	2021
Open price	343	386	174
High price	735	423	1,175
Low price	333	147	169
closing price	383	171	934

(yen)

###### ② past six months

	2021 May	June	July	August	September	October
Open price	858	829	744	688	595	575
High price	931	856	771	727	660	820
Low price	725	705	633	566	546	571
closing price	816	748	684	587	585	738

(yen)

③ Stock price on the business day prior to the date of resolution of the issuance

	November 2, 2021
Open price	771
High price	772
Low price	742
closing price	745

(yen)

(4) Equity financing in the past three years

Not applicable.

11. Terms and Conditions of Issuance

(1) Number of New Shares to be issued	8,448,500 shares of common stock
(2) Issue price	JPY 651 per share
(3) Amount of proceeds to be raised	JPY 5,499,973,500
(4) Amount incorporated into stated capital	JPY 325.5 per share
(5) Aggregate amount incorporated into stated capital	JPY 2,749,986,750
(6) Method of offering or allotment	Third-party allotment
(7) Expected subscriber	Galaxy Digital LP
(8) Subscription date	December 7, 2021
(9) Date of payment	December 7, 2021
(10) Other	The above items are subject to the securities registration statement taking effect under the Financial Instruments and Exchange Act of Japan.

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