

# Financial Results for the Fiscal Year Ended March 31, 2024 (FY 2024/3) - Excerpt

## TRADERS HOLDINGS CO., LTD.

Securities Code: 8704

Apr.30, 2024

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



JPX-NIKKEI Mid Small



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# 100 billion yen in assets under custody achieved!



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# Highlights of FY 2024/3



# FY 2024/3 Executive Summary

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The annual increase in assets under custody reached a record high of 20.6 billion yen, reflecting the further expansion of the customer base, and operating revenue reached 10.1 billion yen. Operating income was 4.4 billion yen, and operating revenue, operating income, and net income **all reached record highs**.

	FY 2023/3	FY 2024/3	YoY
<b>Operating revenue</b>	<b>9,194</b> Millions of yen	<b>10,103</b> Millions of yen	<b>+ 9.9%</b>
<b>Operating income</b>	<b>3,742</b> Millions of yen	<b>4,412</b> Millions of yen	<b>+ 17.9%</b>

# Topics for FY 2024/3

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## Operating revenue

**10.1** Billions of yen

YoY

+ **9.9** %

- ✓ Although the volatility of foreign exchange rates decreased compared to FY 2023/3, trading volume expanded due to a significant increase in assets under custody, which was attributable to the contribution of "LIGHT FX"s unique service strategy centered on the "LIGHT pair".

## Operating income margin

**43.7** %

YoY

+ **3.0** %

- ✓ (1) Complete in-house production of systems, (2) Specialization in over-the-counter derivatives, (3) Focus on fixed costs, (4) Continue to maintain a high operating income margin by expanding the Company's strengths such as thorough cost management.
- ✓ Reduced advertising costs by changing advertising agencies.

## Corporate tax rate

**23.5** %

YoY

+ **12.2** %

\* Total income taxes as a percentage of income before income taxes

- ✓ A gradual increase in the corporate tax burden ratio due to a gradual decrease in the amount of past tax loss carryforwards for which deferred tax assets are not recognized, which are applied to taxable income in each fiscal year.
- ✓ The effective corporate tax rate is expected to approach the statutory effective tax rate (over 30%), which will lower the net income ratio.

## Assets under custody

**101** Billions of yen

Compared with  
the end of FY 2023/3

+ **20.6** Billions of yen

[As of the end of March 2024]

- ✓ Achieved the target of 100 billion yen for assets under custody in the medium-term management plan by recovering the decline caused by realized losses by customers due to sudden market changes in the 3Q through marketing measures in the 4Q.

# Summary of FY 2024/3

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In the 4Q of FY 2023/3, the Company significantly changed its advertising strategy, terminated outsourcing related to marketing, and changed its advertising agency. As a result, the Company shifted to a system in which planning, implementation, and optimal budget allocation are carried out within the Company. As a result, the Company achieved results in the fiscal year under review.

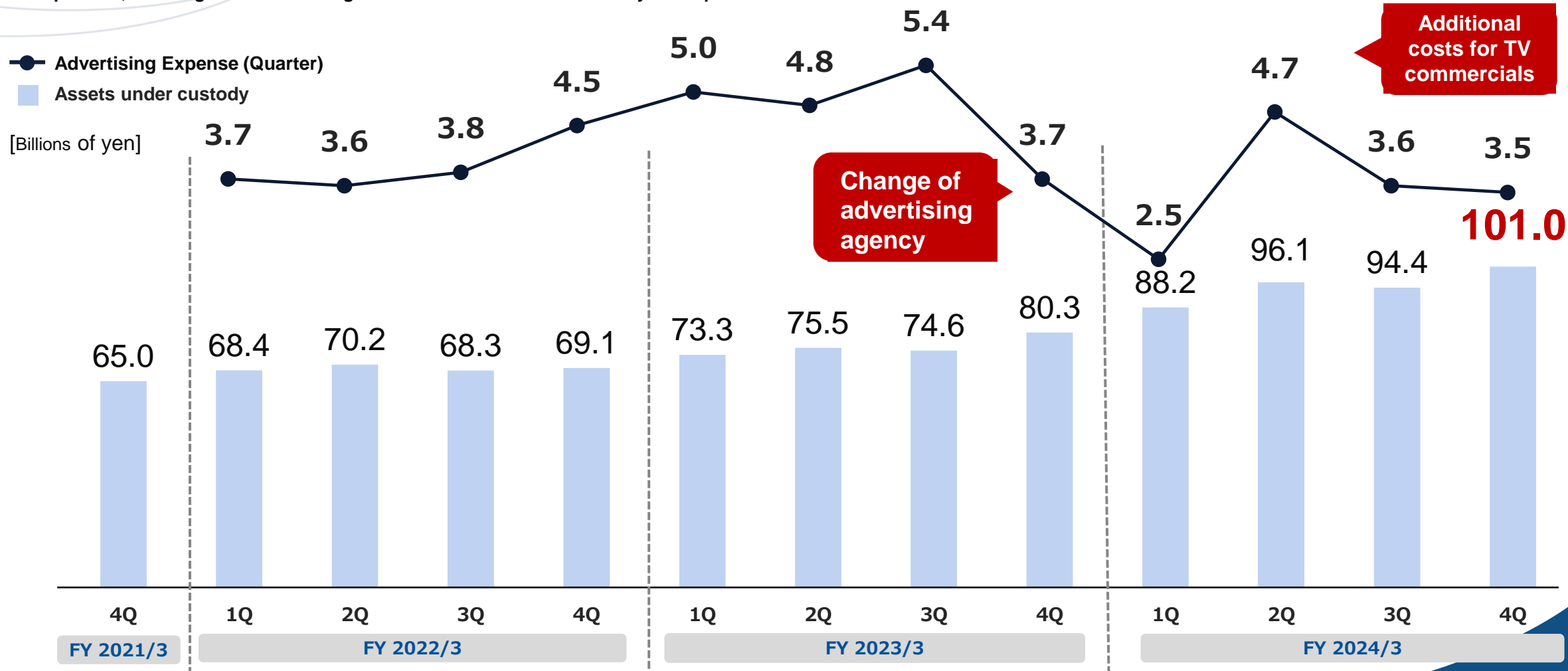
- ✓ By reviewing and improving marketing measures and optimizing budget allocation, we were able to maximize the effects of the new plan release of “LIGHT FX”. As a result, FX assets under custody increased by a record 20.6 billion yen.
- ✓ Although overall market volatility was on a downward trend compared to the previous FY 2023/3, reflecting the strong increase in assets under custody, operating revenue increased by approximately 10% year-on-year, reaching a record high of 10.1 billion yen.
- ✓ Advertising expenses decreased by 440 million yen y-o-y due to a significant improvement in efficiency following the termination of outsourced marketing.

As a result of the simultaneous effects of improved customer attraction and cost reductions,

**achieved record revenue and profit growth.**

# Assets Under Custody and Advertising Expenses

- ✓ Advertising expenses declined over the period due to a change in advertising strategy in the 4Q of FY 2023/3 which led to a change in advertising agencies and the termination of outsourcing and a review of budget allocations for advertising expenses.
- ✓ The company started business with several new advertising agencies, strengthened its planning capabilities, increased campaign budgets, and improved the efficiency of new account acquisition, resulting in an increased growth rate of assets under custody in the period under review.





# Quarterly Comparison of Consolidated Operating Results

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In the 4Q of FY 2024/3 under review, operating income decreased due to an increase in personnel expenses resulting from the posting of a provision for bonuses in preparation for the payment of performance bonuses, in addition to a decrease in operating revenue due to lower volatility.

[Millions of yen]	FY 2023/3				FY 2024/3				4Q o 4Q comparison
	1Q (Apr. to June)	2Q (July to Sep.)	3Q (Oct. to Dec.)	4Q (Jan. to Mar.)	1Q (Apr. to June)	2Q (July to Sep.)	3Q (Oct. to Dec.)	4Q (Jan. to Mar.)	
Operating revenue	2,397	2,021	2,317	2,458	2,840	1,773	3,216	2,273	(7.5)%
Operating income [Profit margin]	1,108 [46.2%]	676 [33.5%]	952 [41.1%]	1,004 [40.9%]	1,593 [56.1%]	269 [15.2%]	1,905 [59.2%]	644 [28.3%]	(35.9)%
Ordinary income [Profit margin]	1,102 [46.0%]	670 [33.2%]	957 [41.3%]	1,000 [40.7%]	1,582 [55.7%]	263 [14.9%]	1,907 [59.3%]	636 [28.0%]	(36.4)%
Quarterly net income [Profit margin]	951 [39.7%]	540 [26.7%]	727 [31.4%]	998 [40.6%]	1,312 [46.2%]	193 [10.9%]	1,372 [42.7%]	456 [20.1%]	(54.3)%

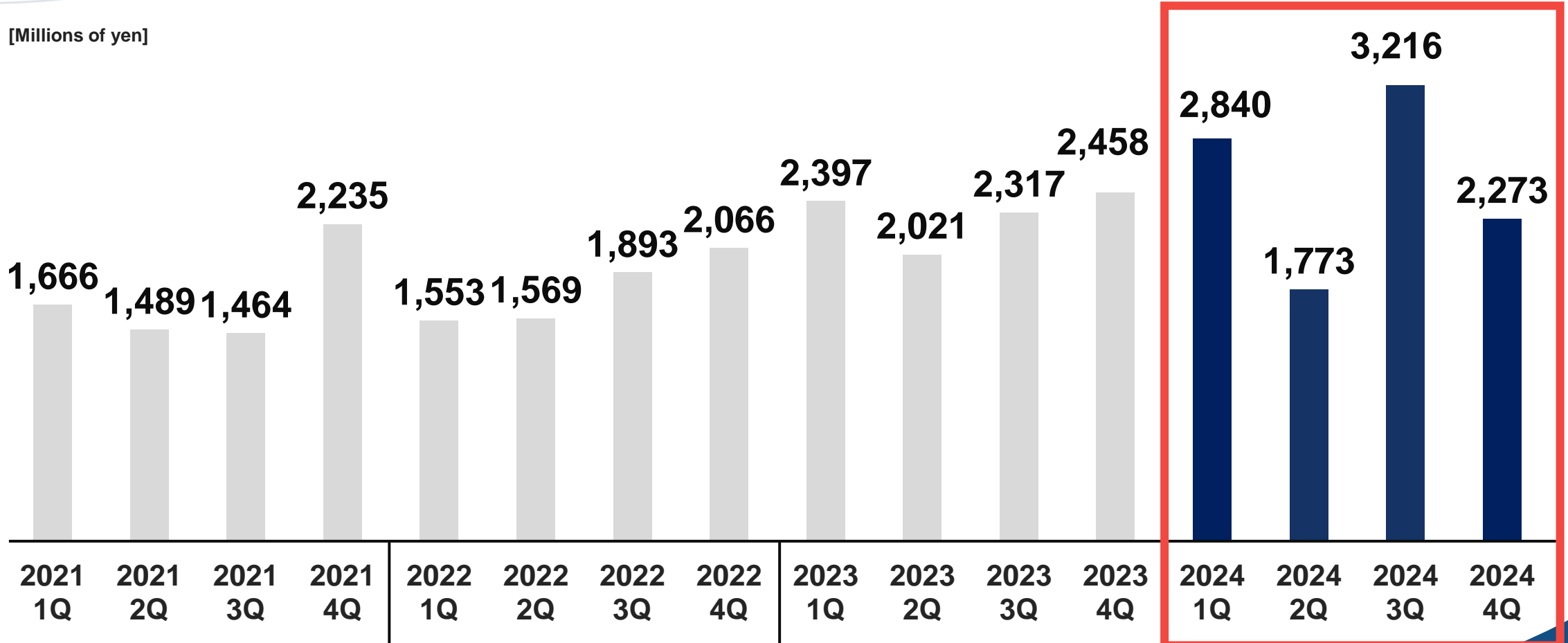
# Business Results [Operating revenue]

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- ✓ Operating revenues in the current period were more affected by the increase and decrease in transaction volume than before due to the expansion of the client base, and quarterly operating revenues fluctuated more widely than in the previous period.
- ✓ For the full year, the company achieved record revenues, reflecting the expansion of its customer base.

[Millions of yen]



# SG&A expenses

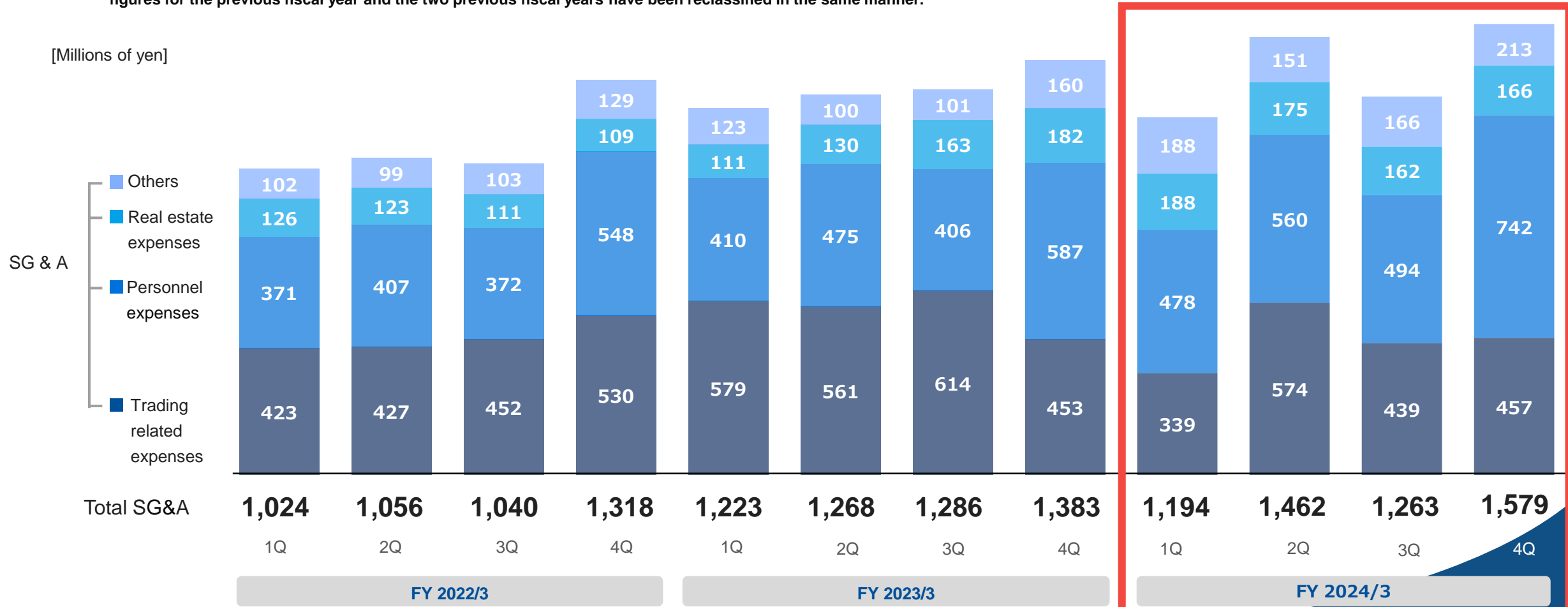
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- ✓ Personnel expenses in 4Q were higher than in other quarters due to the provision for bonuses, and personnel expenses increased by 395 million yen YOY\*.
- ✓ As a result of the change in advertising agencies implemented in the previous FY, transaction-related expenses (including advertising expenses) decreased by approximately 400 million yen, despite the effective implementation of marketing measures.

\* Effective from the current fiscal year, certain personnel and other expenses that were included in "Cost of Sales" are now included in "Selling, General and Administrative Expenses." Therefore, the figures for the previous fiscal year and the two previous fiscal years have been reclassified in the same manner.

[Millions of yen]

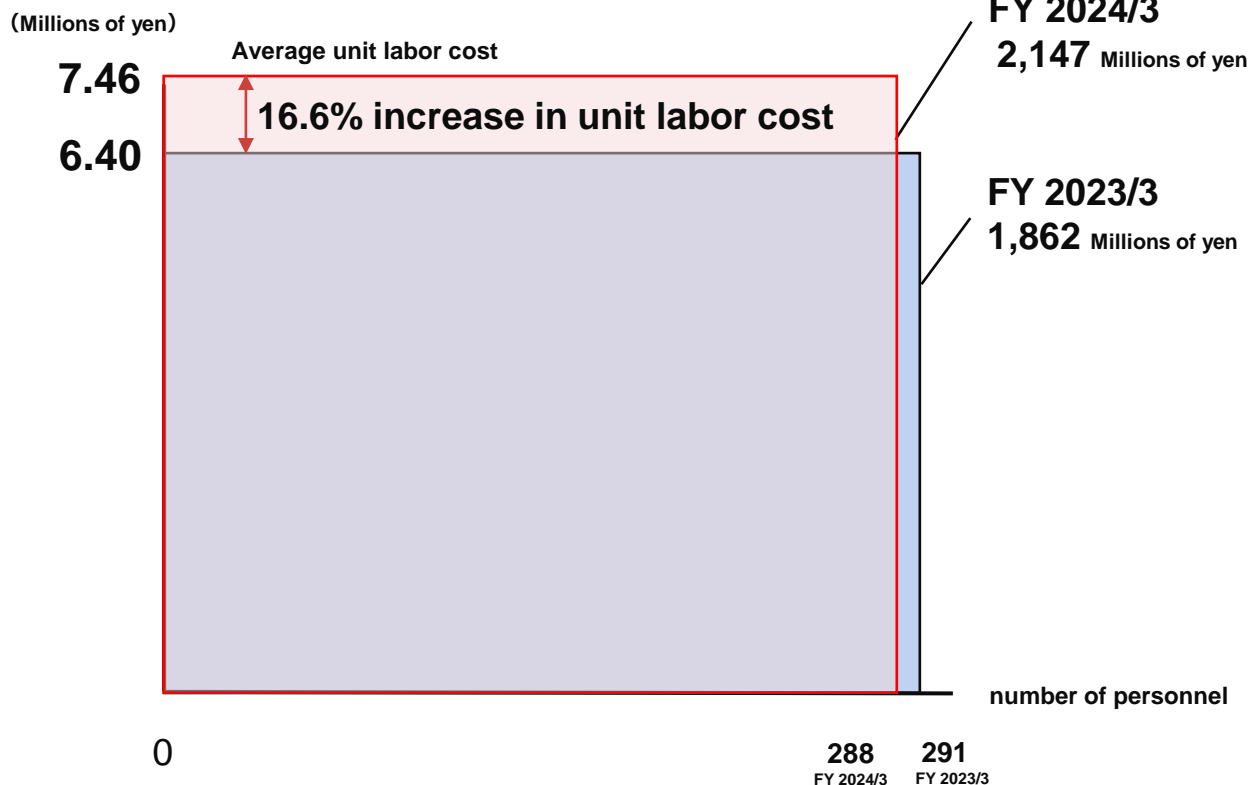


# Pursue Both High Wages and High ROE

- ✓ To achieve sustainable growth in the future, we aim to be a company that attracts excellent human resources from outside the company and where employees are highly motivated to work for a long time, pursuing both wage increases (salary and bonus level increases) and high ROE as the result of such increases.
- ✓ Maintain high ROE and achieve sustainable growth by generating high earnings with high wages.

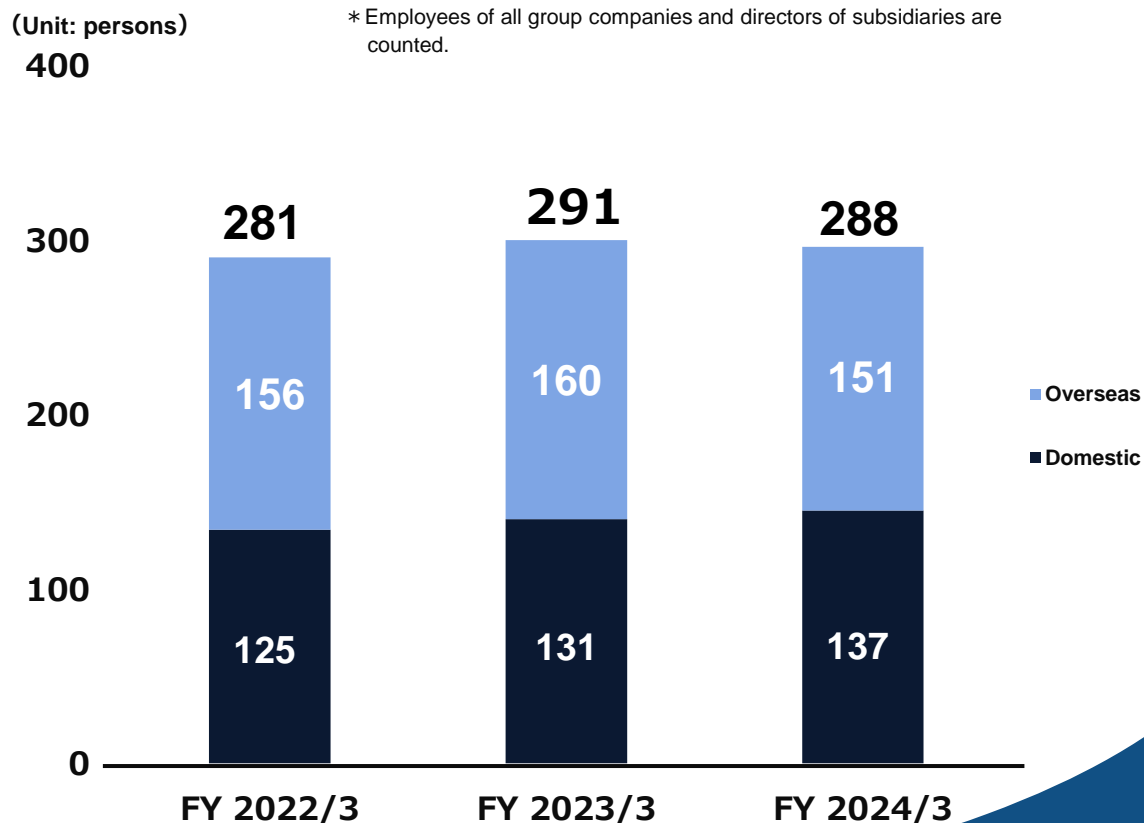
## Personnel expenses: YoY \*

\* The above personnel expenses include those of cost of sales and selling, general and administrative expenses, and exclude those of the Company's directors and corporate auditors.



## Number of Group Personnel \*

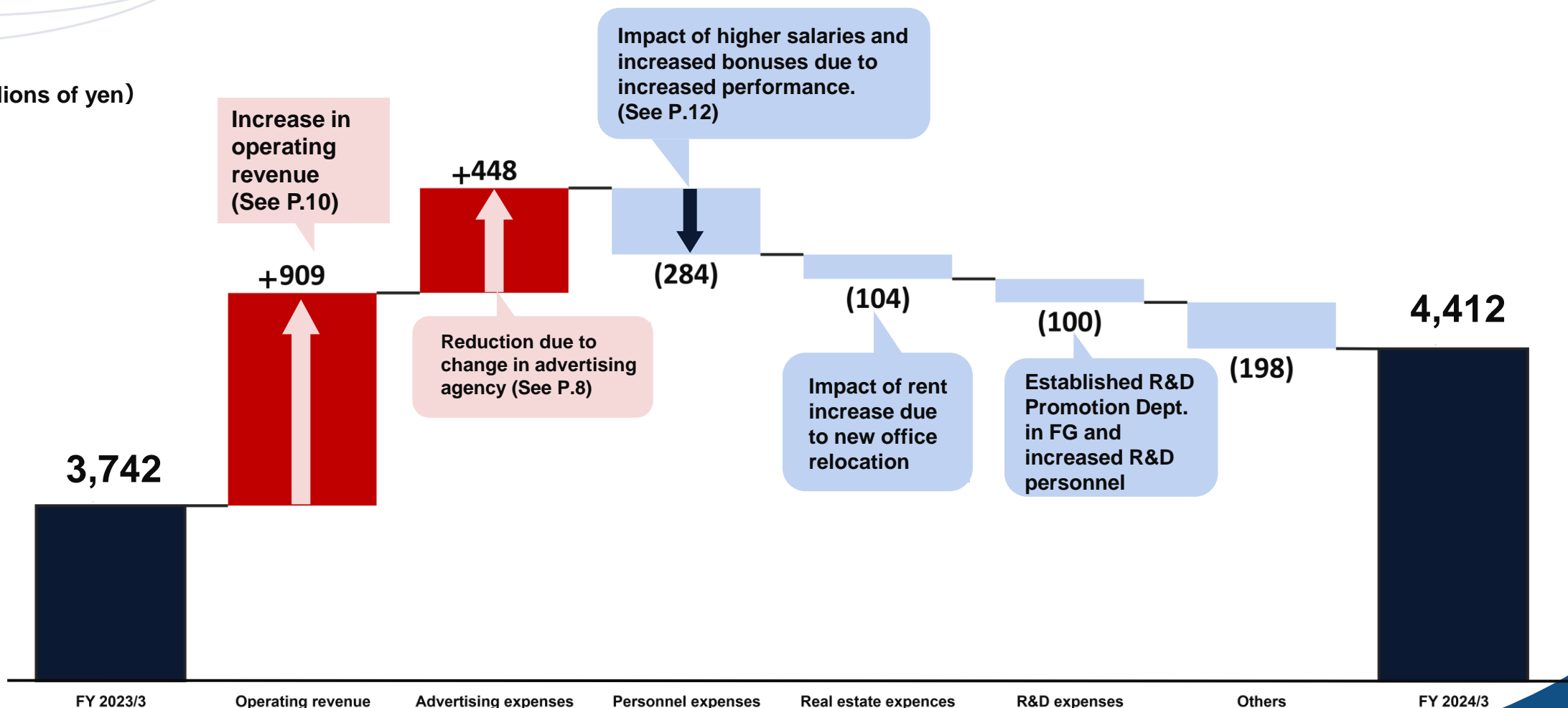
\* Employees of all group companies and directors of subsidiaries are counted.



# Analysis of YoY Changes in Operating Income 金融を、もっと面白く。



(Millions of yen)





# Trends in Assets Under Custody

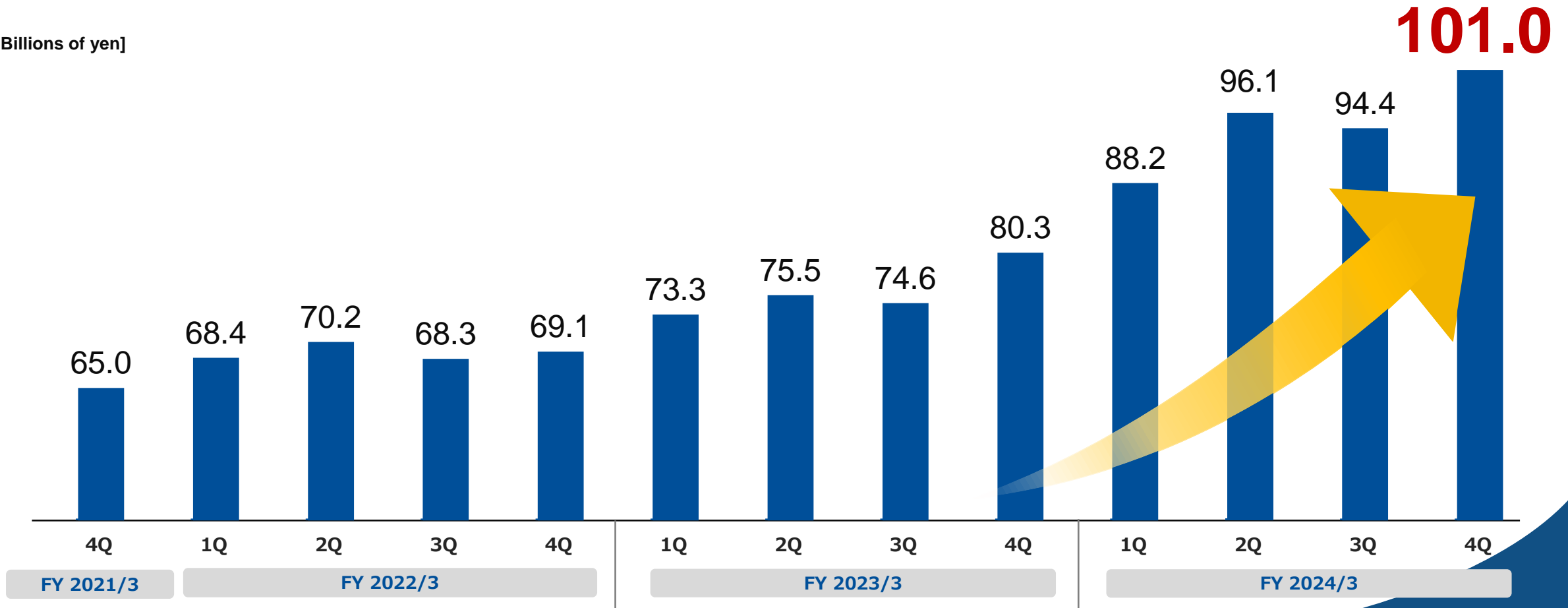
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As of the end of FY 2024/3, **assets under custody amounted to 101 billion yen, achieving the medium-term management plan target.**

Assets under custody increased by 20.6 billion yen in the ended of FY 2024/3, setting a new record for the company.

[Billions of yen]

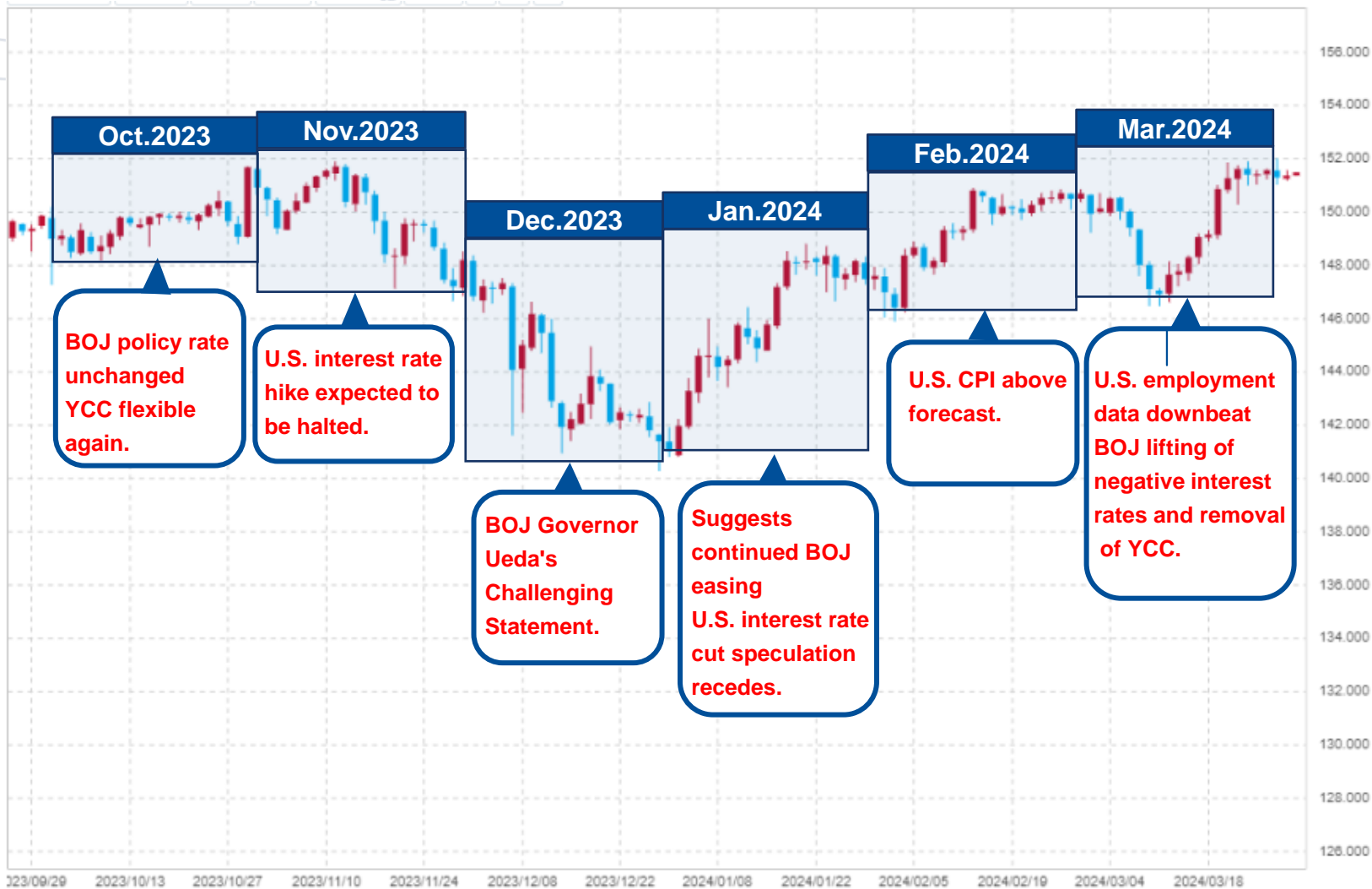


# Market Review for the FY 2024/3 ( i )

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USD/JPY ( Daily chart )



## Market Overview

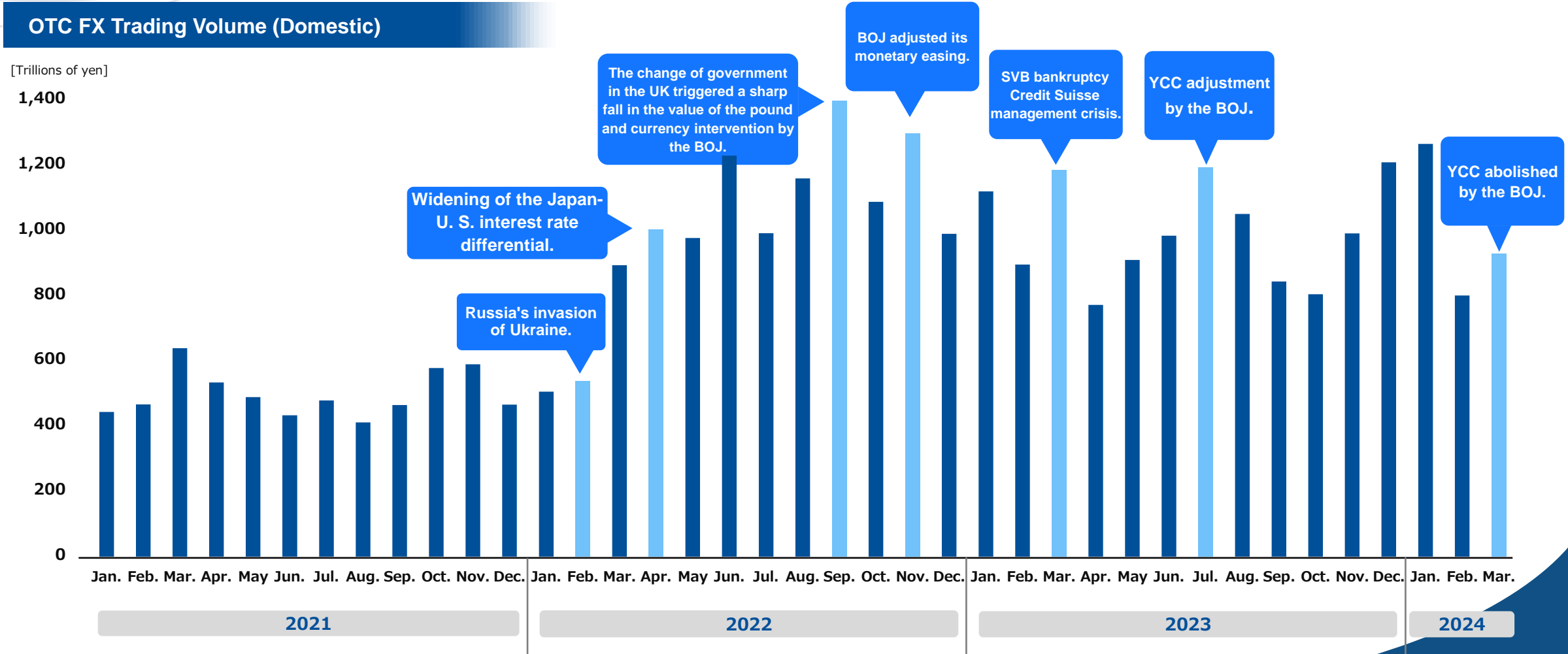
In the 4Q, the Noto Peninsula earthquake that occurred in January 2024 caused a retreat in the BOJ's policy rate change speculation. Furthermore, the yen weakened due to a retreat in the US from the expectation of an early interest rate cut.

In February, the U.S. CPI came in above expectations, and the speculation of a rate cut receded, but there was no new information in the second half of the month, and the yen remained in a range around the 150-yen level.

In March, the BOJ lifted negative interest rates and eliminated the YCC, the first monetary tightening in 17 years, but the yen remained centered in the mid-151-yen range.

# Market Review for FY 2024/3 ( ii )

The market environment continued to be active, and the amount of OTC retail FX transactions remained at a high level. As in 2022, the total amount of annual FX transactions exceeded **10,000 trillion yen for the second consecutive year.**

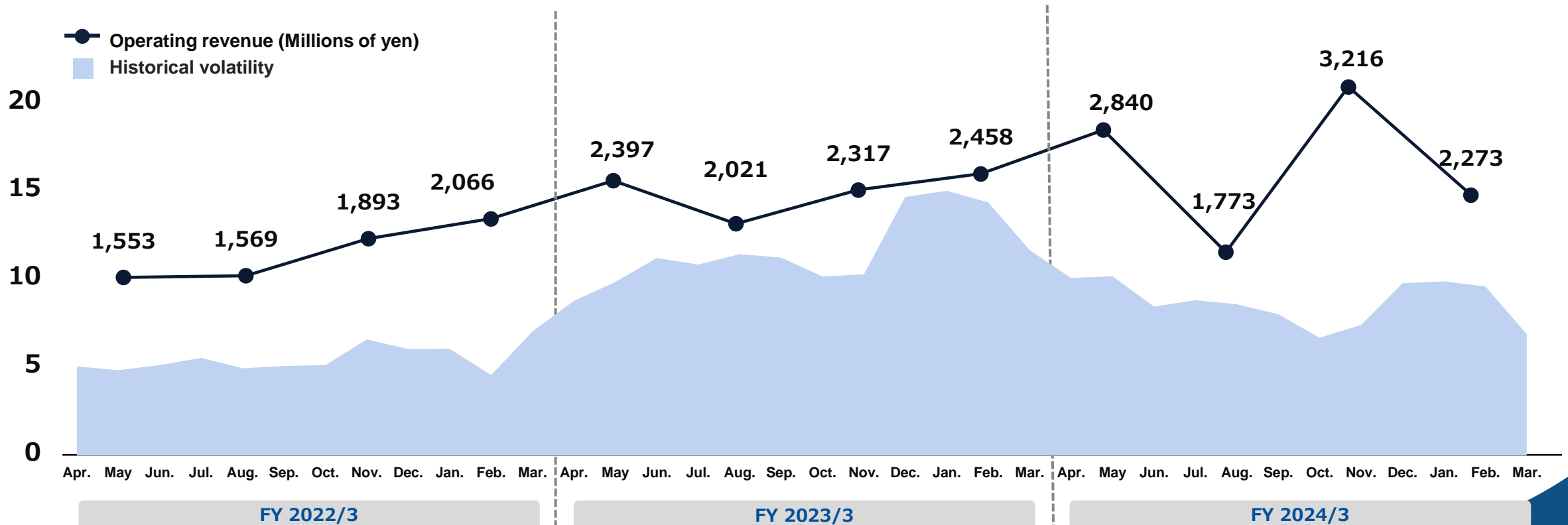


Source from the Financial Futures Association of Japan (FFAJ)

# Market Review for FY 2024/3 (iii)

Historical volatility for FY 2024/3 was higher in Q1 and Q3 and trended lower in Q2 and Q4.

## Historical volatility \* (USD / JPY)



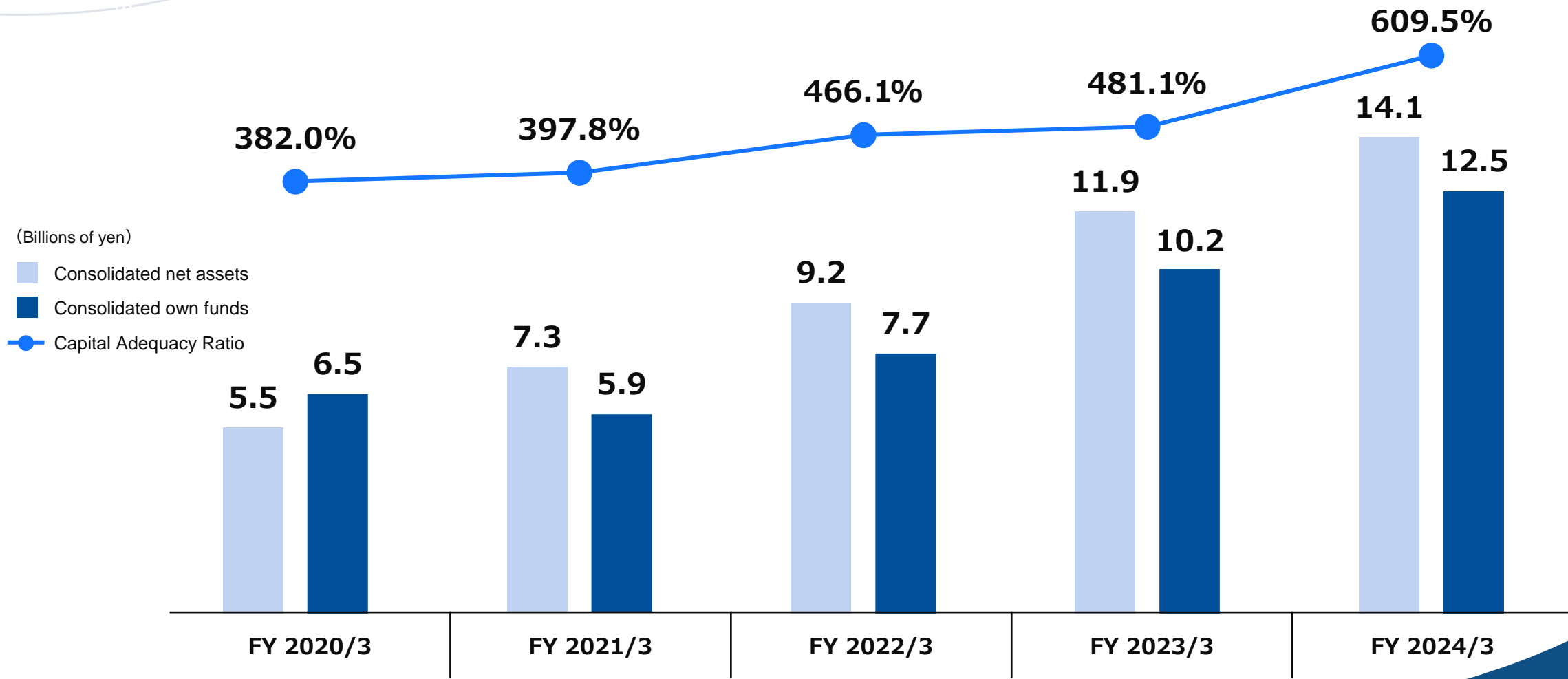
※Historical volatility is one of the technical analysis methods and is the rate of price fluctuation statistically calculated based on historical data.  
 If past price fluctuations are small, historical volatility will be small, and if past price fluctuations are large, historical volatility will be large.  
 The figure above is calculated based on price fluctuation data for the past 60 days, which is a quarterly accounting period.

# Consolidated Net Assets, Consolidated Own Funds and Financial Security.

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- ✓ Financial security was strengthened with **an increase of 2.1 billion yen in consolidated net assets and 2.3 billion yen in consolidated own funds on hand** along with the expansion of business performance.
- ✓ Capital adequacy ratio increased to 609% and stress test affordability ratio increased, increasing capacity for future business expansion.



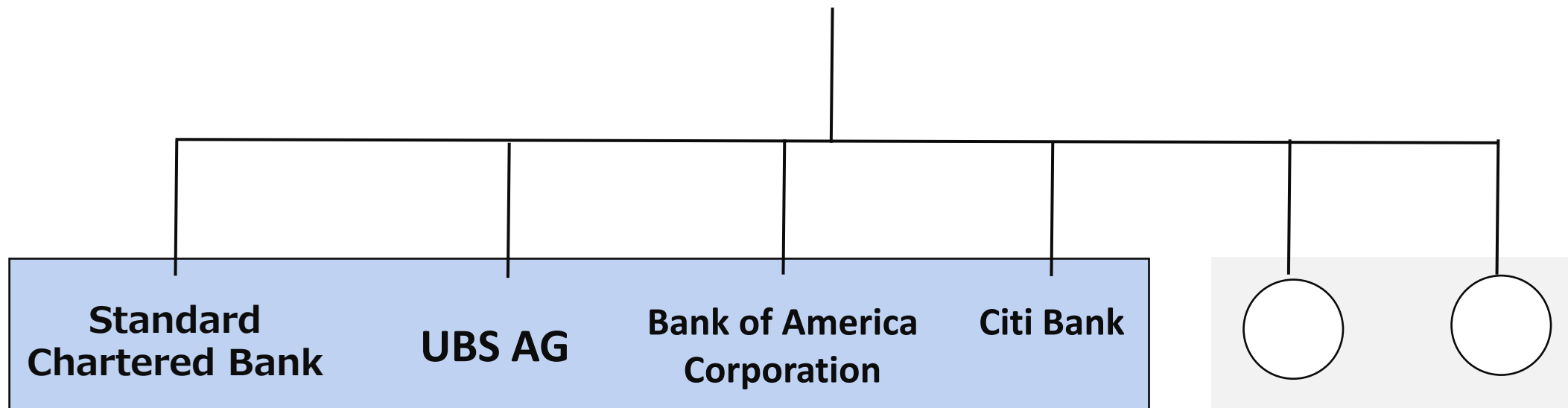
Note; Consolidated own funds= Consolidated Cash and Deposits + Short-term Deposits - Interest-bearing Debt  
 [Short-term funds attributable to the Group, excluding cash segregated as deposits for customers]



# Strengthening of Covered Banks

- ✓ We entered into a prime broker agreement in February 2024 and added **four (4) foreign financial institutions** to our coverage.
- ✓ Expect further improvement in profitability in the future as more competitive prices are offered.

## Prime Broker



\*The Company entered into the agreement in February 2024 and began trading in April 2024.

\* We plan to add new banks in the future.

# Loans from Financial Institutions

- ✓ In the period under review, the company initiated new transactions with four (4) domestic banks.
- ✓ We plan to continue to aggressively expand our credit line and develop new banks.

[Millions of yen]

FY 2023/3

	Financial institution's name	Balance at the end of March 2023
1	TOKYO SHOKEN SHINYOKUMIAI	860
2	JOHNAN SHINKIN BANK	227
3	Japan Finance Corporation	17
	Total	1,104



[Millions of yen]

FY 2024/3

	Financial institution's name	Balance at the end of March 2024
1	TOKYO SHOKEN SHINYOKUMIAI	880
2	JOHNAN SHINKIN BANK	164
3	The ChibaBank, Ltd.	110
4	SBI Shinsei Bank, Limited	100
5	THE KAGAWA BANK, Ltd.	42
6	Kiraboshi Bank, Ltd.	37
7	Japan Finance Corporation	7
	Total	1,342

New Transaction Banks

# Measures for FY 2024/3

# Initiatives for FY 2024/3 ( i )

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» The number of new accounts has increased by approximately 39,000 since Hiroiki Ariyoshi\* was cast in new CMs in July 2023. To further improve the brand, we promoted not only TV commercials but also digital measures, outdoor signage, street vision, and other media mix enhancements.

\* (Japanese celebrity)



## TVCM

New commercials launched in July 2023 Broadcast nationwide to raise “Minna no FX” and our company. The number of new accounts opened since the start of the commercial has **increased by approximately 39,000**.

## YouTube

Focus on digital marketing and strengthen appeal to customers who are highly likely to open new accounts on YouTube, etc. Strengthen not only brand measures such as commercials to increase recognition but also measures to acquire customers.

## Outdoor advertising

Signs are displayed on a large screen in front of the Hachiko-Mae intersection at Shibuya Station, where more than 2 million people get on and off each day, at Senso-ji Temple, where 4.2 million people pay their first New Year's visit to the temple, and in the Yebisu Skywalk, which leads to Garden Place, where our office is located.

# Initiatives for FY 2024/3 (ii)

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▶▶ "LIGHT FX" launched a new currency pair, the "LIGHT pair", in June 2023, with even lower spreads than the regular currency pair.

The new pair contributed to the acquisition of new customers and an increase in assets under custody against the backdrop of brisk yen carry transactions.

- ✓ Introduced products for mid- to long-term investment-oriented customers that do not require large amounts of capital, and which match the needs of young people and beginners in the FX market, **resulting in strong new customer acquisition.**
- ✓ The market environment and the current situation where swap points are the best in the FX industry, combined with the ease of yen carry transactions, **contributed to the accumulation of assets under custody.**



June 2023  
"LIGHT pair" begins.



December 2023  
2 additional  
currency pairs



# Initiatives for FY 2024/3 (iii)

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➤ In addition to the product comparison services "Kakaku.com" and "mybest", newly ranked No. 1 in the "MINKABU" popularity ranking.

- ✓ "Kakaku.com" is a comparison site used by 40 million people per month (as of December 2023). In addition to items such as spreads and swaps, **the site was ranked No. 1 out of 16 FX account services** in the overall ranking of FX account popularity based on actual user reviews.
- ✓ Ranked **No. 1 in the "Popularity Ranking" of FX companies** in the "MINKABU" annual ranking for 2024, especially for the swap level of TRY/JPY.
- ✓ "mybest" is a product comparison service used by 30 million monthly users. 25 FX account services were compared and verified in terms of spread, swap point, and number of currency pairs handled, and rated **as the best FX account service in Japan**.

\* No. 1 in the "Kakaku.com" FX ranking (Calculation period: July 1 to December 31, 2023)



★mybest

# Initiatives for FY 2024/3 (iv)

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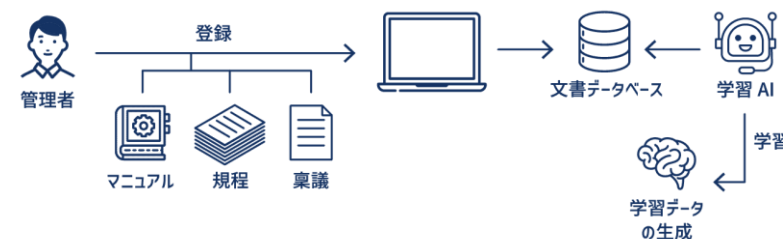


» "AI Support Desk", a generative AI solution for companies developed based on FleGrowth's development capabilities and knowledge of AI, launched in April 2024.

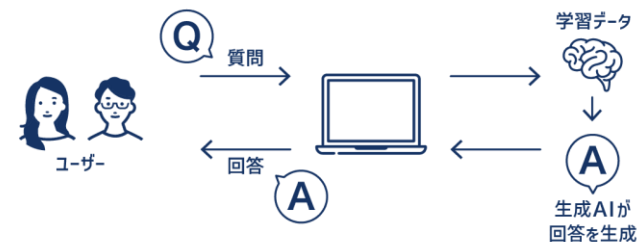
- ✓ "AI Support Desk" is an "in-house consultation service" that uses AI to answer various questions and queries from within the company on behalf of the department in charge.  
**It is expected to reduce the administrative burden, improve productivity, and enable prompt and effective decision-making at companies that have introduced it.**
- ✓ FleGrowth will continue to develop and provide solution services based on its accumulated knowledge and technological capabilities related to AI.
- ✓ In the future, we will increase the number of companies introducing the system and aim to increase consolidated sales while improving operational efficiency and productivity at companies that have introduced the system.

## AI サポートデスク

STEP1 管理者が文書を登録



STEP2 ユーザーが質問



# Initiatives for FY 2024 ( v )

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» Established a CVC fund in April 2023 and started investing in several companies.

Invested in startup companies that are expected to generate synergies with our business.

We aim not only to generate financial returns, but also to increase corporate value in the FinTech and new business areas that can drive growth.

	Investment Start Month	Companies in which we invested	Line of Business	Targeted Business Synergies
1	August 2023	Doctors Inc.	Providing integrated solutions related to business development with medical DX as the business domain.	Improve customer satisfaction by providing online medical services to our customers.
2	December 2023	Helpfeel Inc.	Developed and provided "Helpfeel," a search-based FAQ system with a 98% hit ratio.	Improve the quality of FAQs on our service site.
3	March 2024	Arktus Therapeutics Co., Ltd.	Development of iPS cell-derived cartilage products based on research results from the iPS Research Institute of Kyoto University and Saga University.	Realization of well-being and a sustainable society by extending healthy life expectancy.

# Forecast for FY 2025/3

# Forecast for FY 2025/3

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- ✓ By increasing assets under custody to 115 billion yen, operating revenue is planned to reach a record high of **11.8 billion yen**.
- ✓ Operating income is expected to increase by **5.0 billion yen** due to an anticipated increase in transaction-related expenses to achieve a significant increase in assets under custody and aggressive up-front investment in advertising expenses.
- ✓ Profit attributable to owners of the parent is expected to be **3.4 billion yen**, as the effective income tax rate will return to near the statutory tax rate.

[Millions of yen]	FY 2024/3 (Results)	FY 2025/3 (Forecast)	Increase and decrease
Operating revenue	10,103	11,800	+ 1,696
Operating income [Operating profit ratio]	4,412 [43.7%]	5,000 (42.4%)	+ 587 [(1.3)%]
Ordinary income	4,389	5,000	+610
Profit attributable to owners of parent	3,334	3,400	+ 65
Assets under custody	101 Billions of yen	115 Billions of yen	+ 14 Billions of yen

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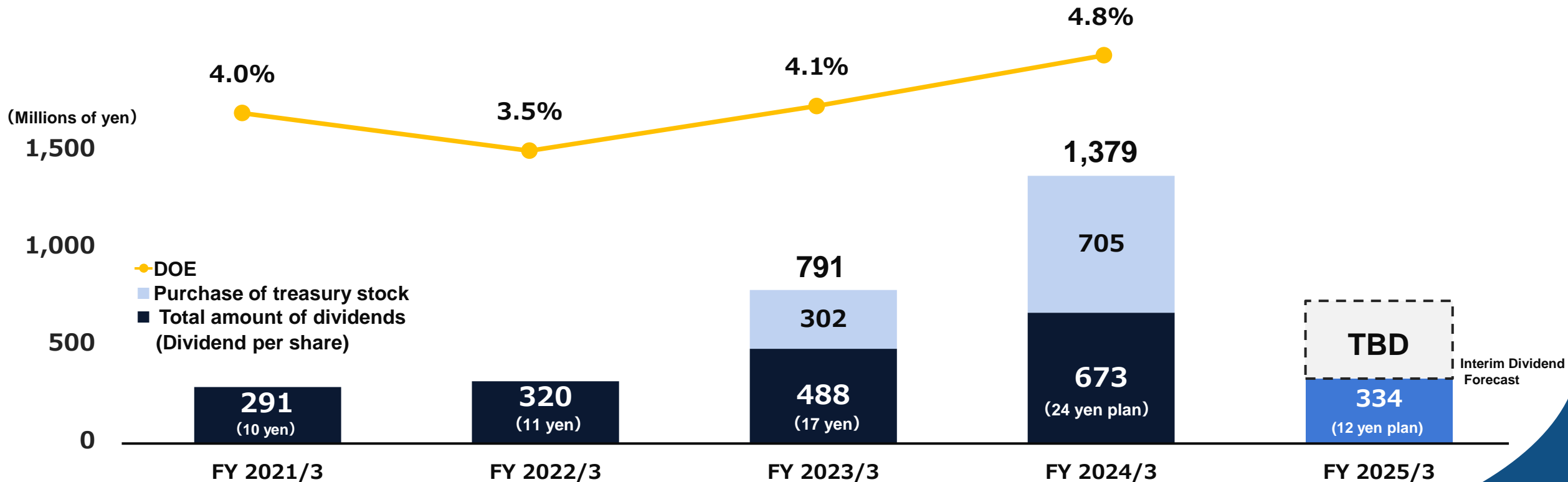
# Capital Policy

# Shareholder Returns

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- ✓ **Shareholder Return Policy:**
  - **Stable dividends with a target consolidated dividend on equity ratio (DOE) of 4%.**
  - **Implementation of flexible share buybacks.**
- ✓ The annual dividend for FY 2024/3 was 24 yen per share (interim dividend: 8 yen).
- ✓ FY 2025/3 interim dividend is planned to be 12 yen (based on 1/2 of the previous fiscal year's annual dividend).



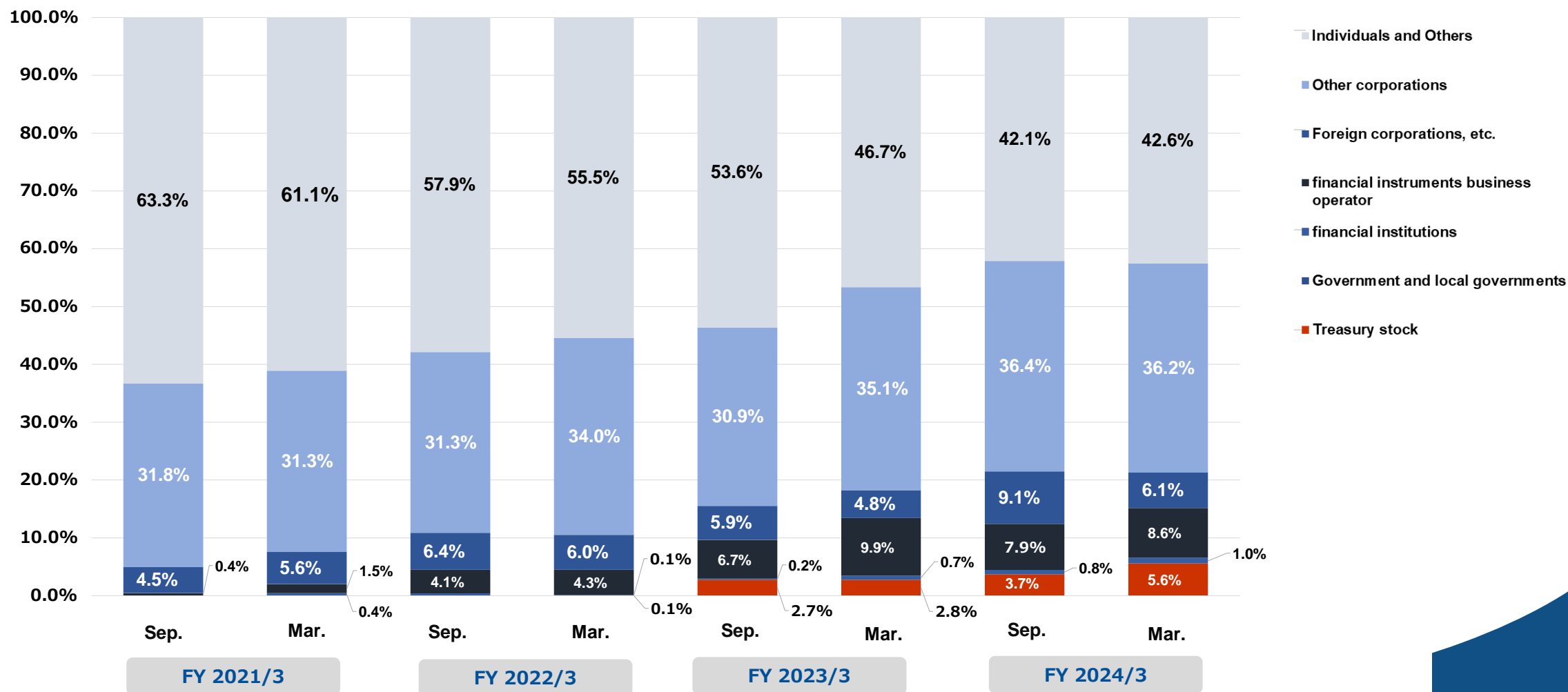


# Stock Information (Shareholding Composition)

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- ✓ The share of acquisitions by foreign corporations with strict investment criteria is increasing, Increase in the percentage of treasury stock acquired through share buybacks.
- ✓ The company has been selected for the JPX-Nikkei Mid Small and is attracting attention from institutional investors.



## Compliance with Requirements for Listing on the TSE Prime Market (as of the end of March 2024)

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The company's revenue base and financial condition are sufficiently satisfactory to meet the requirements, backed by its strong business performance.

We will continue to focus on strengthening governance and other organizational structures appropriate for a prime market listed company as one of our top priorities in order to achieve conformity requirements.

	TSE Prime Listing Requirements	Status of the Company	Conformance Status
Total market value of outstanding shares (Billions of yen)	10	10.7 ※1	○
Market capitalization (Billions of yen)	25	21.8 ※1	×
Earnings base (Total profits for the last two years) (Billions of yen)	2.5	8.1	○
Financial position (Net assets) (Billions of yen)	5.0	14.1	○
Number of shareholders (Accounts)	800	7,203 ※2	○
Number of shares traded (Shares)	20,000	14,571,527 ※2	○
Ratio of tradable shares	35.0%	49.3% ※2	○

※1 Calculated based on the stock price of 739 yen per share as of the end of FY 2024/3.

※2 Information as of the end of March 2024 is used for shareholder register information.

# Appendix

Our company was selected as an index component as a company with high investment attractiveness.

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Our company was selected as a constituent of "JPX-NIKKEI Mid Small".



## JPX-NIKKEI Mid Small

Selected for inclusion in the JPX-Nikkei Mid Small, which includes **"companies with high investment attractiveness for investors"** such as efficient use of capital and investor-conscious management perspectives (included on August 31, 2023).

Re: JPX-NIKKEI Mid Small

- ✓ A stock price index calculated jointly by JPX Research Institute and Nikkei Inc. that applies the same concept as the JPX Nikkei 400 to small- and mid-cap stocks and is composed of companies that **are engaged in sustainable corporate value enhancement and shareholder-oriented management.**
- ✓ **The top 200 stocks** are selected from the Tokyo Stock Exchange's Prime, Standard and Growth markets based on a scoring of quantitative indicators plus qualitative factors
- ✓ The stocks selected for 2023 were 177 companies in the Prime market, 12 companies in the Standard market, and 11 companies in the Growth market, with the overwhelming **majority of companies listed in the Prime market.**

Recognition from Forbes Asia, the world's leading economic magazine.

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## Selected as “Forbes Asia’s 200 Best Under A Billion”

- ✓ Over 20,000 listed companies in the Asia-Pacific region with annual sales between US\$ 10 million and US\$ 1 billion, selected from 200 companies that have performed well based on their overall performance, including sales and profit growth over the past 12 months and three years, and high ROE over the past five years.
- ✓ Of the 200 companies selected this year, 26 are Japanese companies, **16 in the Prime Market, 4 in the Standard Market, and 6 in the Growth Market**, more than half of which are listed in the Prime Market.
- ✓ Selection is based not only on quantitative performance criteria, but also on qualitative criteria, such as excluding companies with serious governance problems, questionable accounting practices, environmental problems, management problems, or legal trouble.

## Cautionary statement regarding this document

**This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

Forward-looking statements such as business strategies, target figures, and forecasts contained in this material are based on information currently available to the Company and actual results may differ materially from these statements due to various uncertainties and other risks, including future economic conditions, business environment, and trends in the foreign exchange market. In addition, some figures, such as market share and market size, are estimates made by the Company and may differ depending on research methods and other factors.

This material is not intended as a solicitation to invest.

### Inquiries about this material

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