

Financial Results for the Three Months Ended June 30, 2024 (FY 2025/3 1Q) - Excerpt

TRADERS HOLDINGS CO., LTD.

Securities Code: 8704

July 31, 2024

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JPX-NIKKEI Mid Small



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The TV commercial featuring Hiroiki Ariyoshi is airing with rave reviews!

みんなが
使ってるFX?

…みんなって誰だよ

FXといえば、
みんなの
FX

CM公開中 



- 01 Financial Highlights of FY 2025/3 1Q**
- 02 Forecast for FY 2025/3**
- 03 Progress of Measures in FY 2025/3
to Achieve the Business Forecast**
- 04 Capital Policy**
- 05 Appendix**

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Highlights of FY 2025/3 1Q

FY 2025/3 1Q Executive Summary



Against the backdrop of the historically weak yen and interest rate differentials, the strategy of promoting swaps of high-interest rate currencies was successful, and assets under custody maintained steady growth.

Record quarterly operating revenues and operating (recurring) income were recorded due to localized high volatility caused by sharp market fluctuations resulting from the BOJ's largest-ever foreign exchange intervention.

	FY 2024/3 1Q	FY 2025/3 1Q	QOQ
Operating revenue	2,840 Millions of yen	3,513 Millions of yen	+23.7 %
Operating income	1,593 Millions of yen	2,054 Millions of yen	+29.0 %

Topics for the FY 2025/3 1Q

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Operating revenue

3.5 Billions of yen

QOQ

+0.6 Billions of yen

- ✓ Based on a customer base in which assets under custody are steadily increasing, foreign exchange intervention of about 9.8 trillion yen, the largest ever, caused a large fluctuation in the market, and operating revenue increased in the U.S. dollar / yen and cross yen. By currency, the exchange rate of the Mexican peso against the yen, on which the Company is focusing its efforts, fluctuated significantly due to the presidential election in Mexico. As a result, the Company recorded a record quarterly operating revenue.

SG&A expenses

1.4 Billions of yen

QOQ

+0.2 Billions of yen

- ✓ SG&A expenses were largely unchanged overall, although transaction-related expenses increased due to aggressive upfront investment in advertising to achieve a large increase in assets under management, and personnel expenses increased due to continued strengthening of human capital investment to practice high-wage management.

Operating profit ratio

58.5 %

QOQ

+2.4 %

- ✓ SG&A expenses remained flat overall, despite an increase in personnel expenses due to the acquisition of talented personnel and the practice of high wage management. Since fixed costs are the main component, the large increase in operating revenue directly led to an increase in operating income, resulting in a high operating margin.

Assets under custody

106.6 Billions of yen
(As of June 30, 2024)

Compared with
the end of FY 2024/3

+5.6 Billions of yen

- ✓ Although the largest-ever foreign exchange intervention caused a large amount of client realized losses and a temporary decline in assets under custody at the end of April, the marketing strategy that was improved last year is showing steady results, and the newly launched consulting service for large clients is taking off. In addition, the newly launched consulting service for large clients is taking off, resulting in a 5.6 billions of yen quarterly increase in assets under custody.

Quarterly Consolidated Financial Results

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Operating revenues, operating (recurring) income and quarterly net income **reached a record high** on a quarterly basis due to the steady expansion of the customer base and market fluctuations.

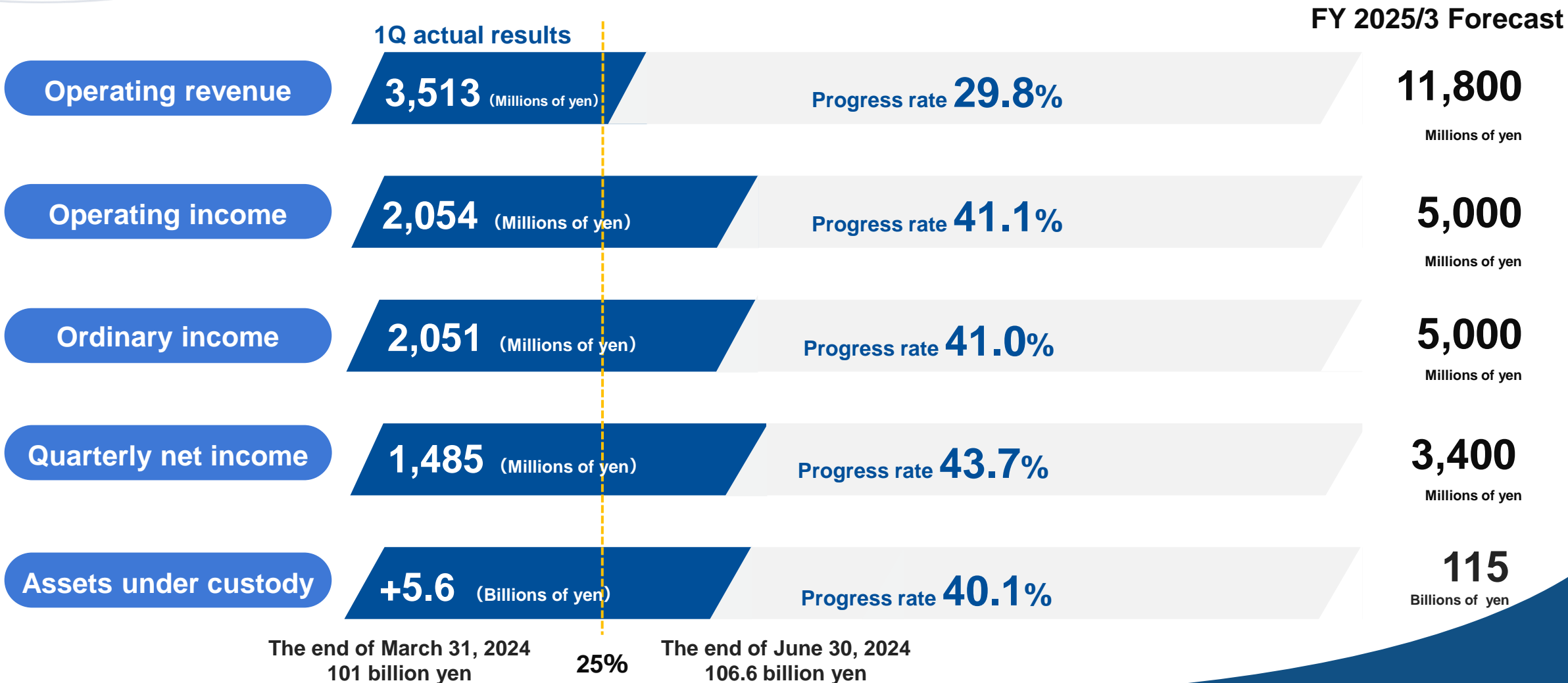
[Millions of yen]	FY 2024/3				FY 2025/3	QOQ
	1Q (2023 Apr. to June)	2Q (2023 July to Sep.)	3Q (2023 Oct. to Dec.)	4Q (2024 Jan. to Mar.)	1Q (2024 Apr. to June)	
Operating revenue	2,840	1,773	3,216	2,273	3,513	+23.7%
Operating income [Profit margin]	1,593 (56.1%)	269 (15.2%)	1,905 (59.2%)	644 (28.3%)	2,054 (58.5%)	+29.0%
Ordinary income [Profit margin]	1,582 (55.7%)	263 (14.9%)	1,907 (59.3%)	636 (28.0%)	2,051 (58.4%)	+29.6%
Quarterly net income [Profit margin]	1,312 (46.2%)	193 (10.9%)	1,372 (42.7%)	456 (20.1%)	1,485 (42.3%)	+13.2%

Progress Rate of Quarterly Consolidated Results

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Operating revenue was approximately 30%, and operating income, ordinary income, and net income ended the first quarter with a high progress rate of over 40%. The percentage of assets under custody was approximately 40% as of the end of June, and the company is on track to achieve its annual target of 115 billion yen.



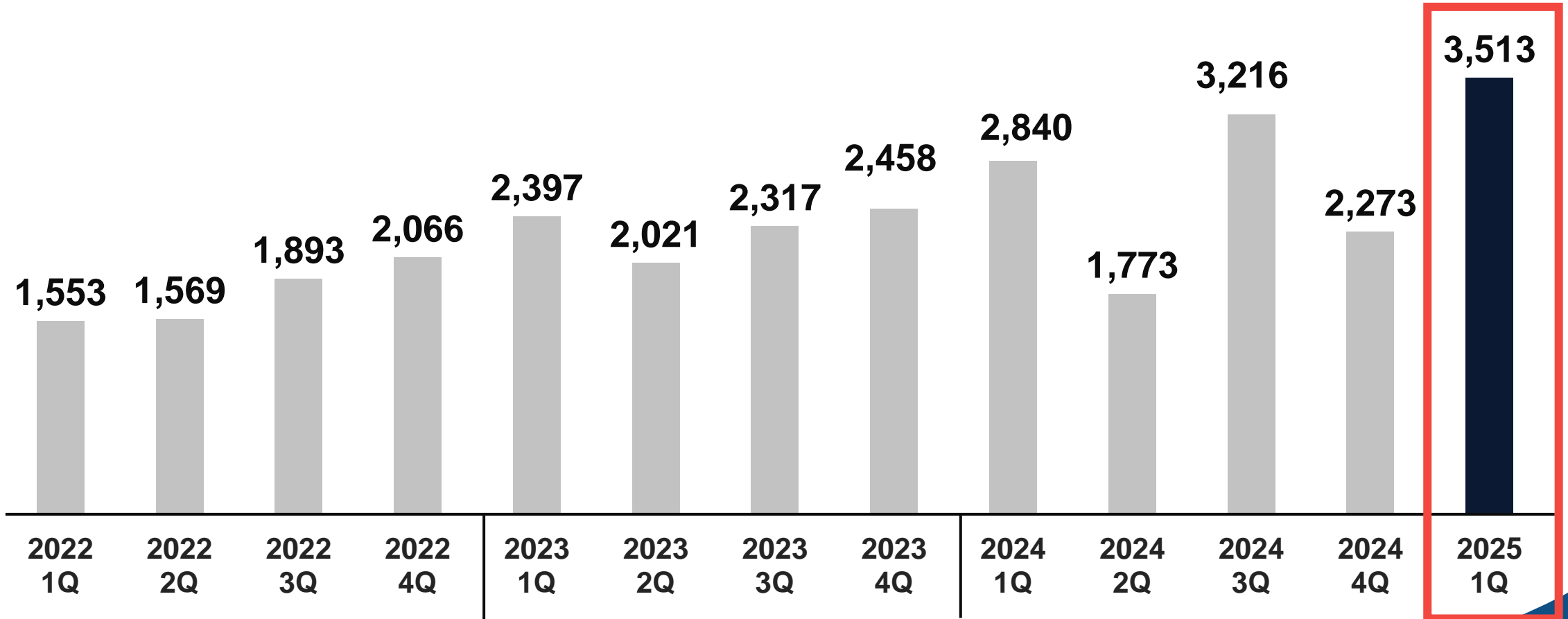
Business Results [Operating revenue]

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✓ Steady expansion of the customer base and market fluctuations led to record quarterly operating revenues.

(Millions of yen)



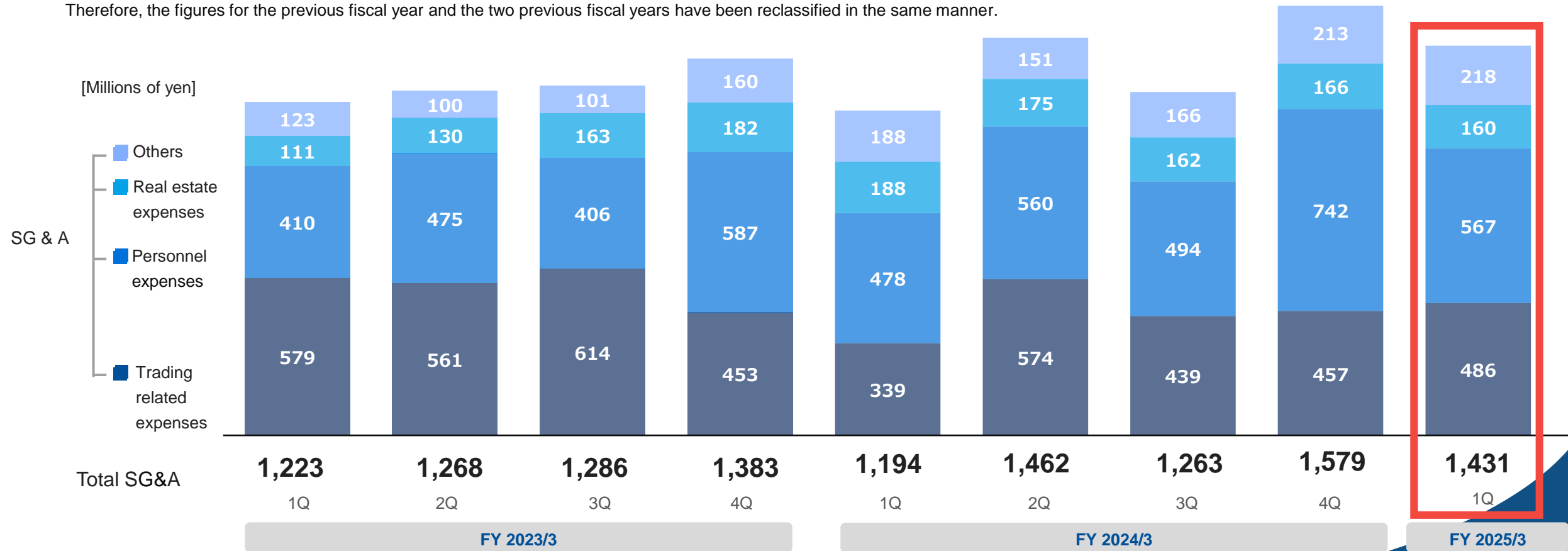
Transition of SG&A Expenses

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- ✓ To achieve a significant increase in assets under management in the next three years, the company plans to invest aggressively in advertising expenses.
- ✓ FY 2025/3 Q1 advertising expenses were about the same as in the previous quarter. New client acquisitions and additional deposits increased, improving efficiency.

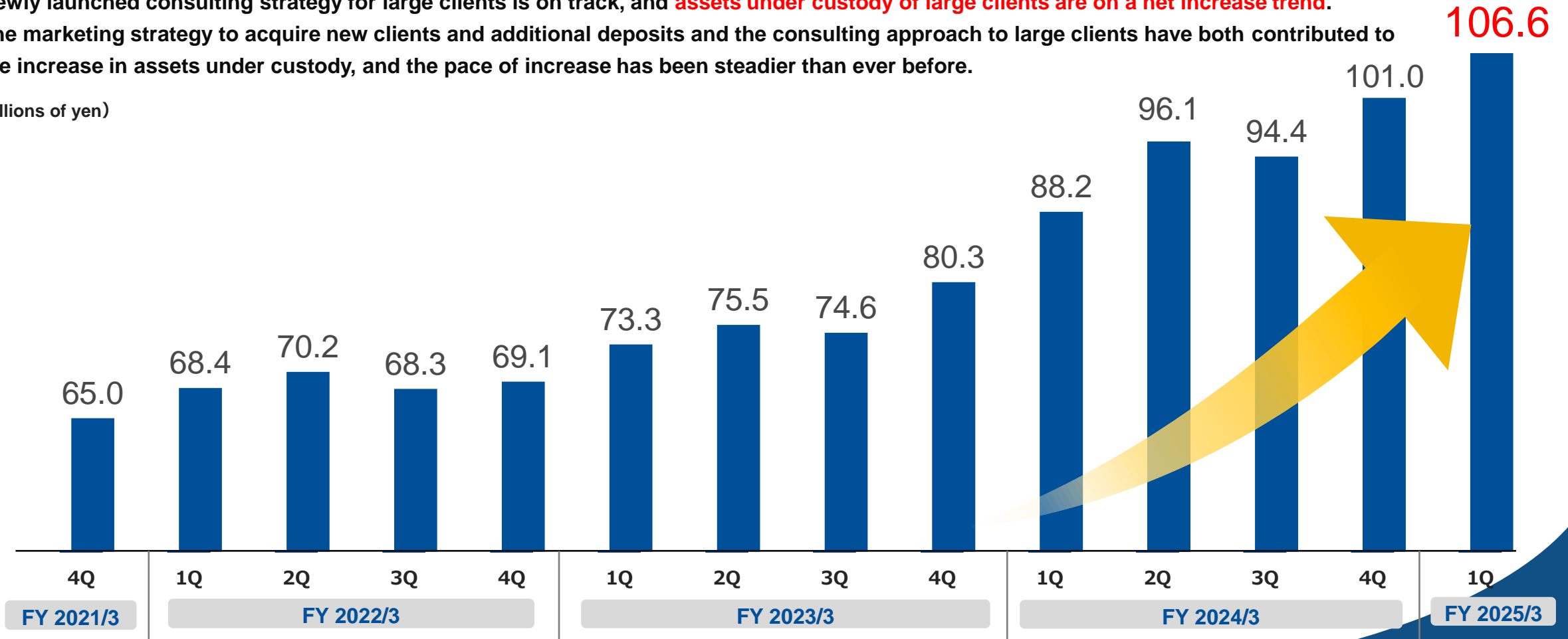
*Effective from FY 2024/3, certain personnel and other expenses that were included in "Cost of Sales" are now included in "Selling, General and Administrative Expenses." Therefore, the figures for the previous fiscal year and the two previous fiscal years have been reclassified in the same manner.



Transition in Assets Under Custody

- ✓ We continue to offer the industry's **highest spreads and swaps** on Minna-no FX and LIGHT FX, and **our products themselves are highly competitive.**
- ✓ The new marketing strategy changed last year has improved the efficiency of customer acquisition, and **the number of new accounts and the amount of deposits have significantly improved in relation to the advertising cost.**
- ✓ Newly launched consulting strategy for large clients is on track, and **assets under custody of large clients are on a net increase trend.**
- ✓ The marketing strategy to acquire new clients and additional deposits and the consulting approach to large clients have both contributed to the increase in assets under custody, and the pace of increase has been steadier than ever before.

(Billions of yen)

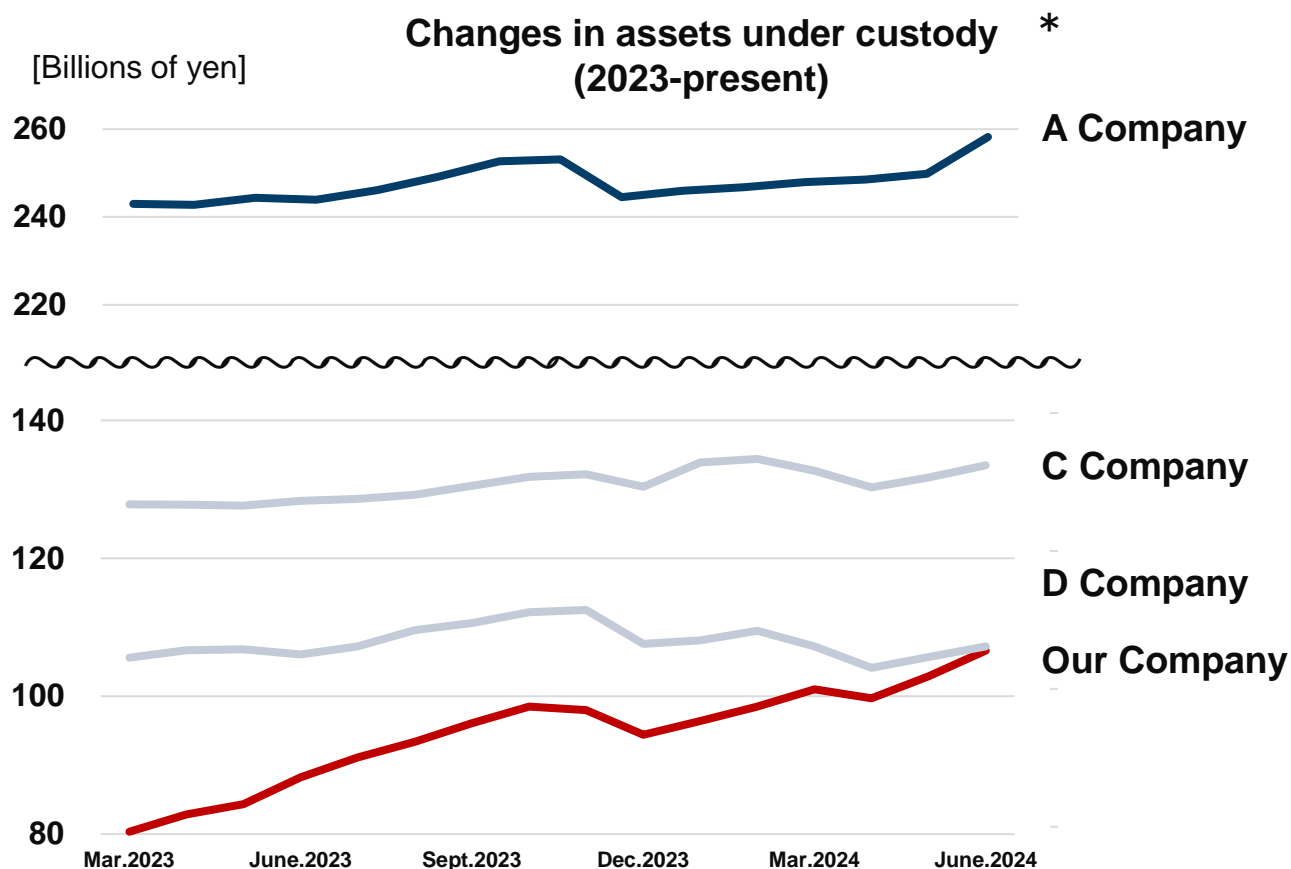


Comparison of Other Companies in the FX industry in Terms of Assets Under Custody.

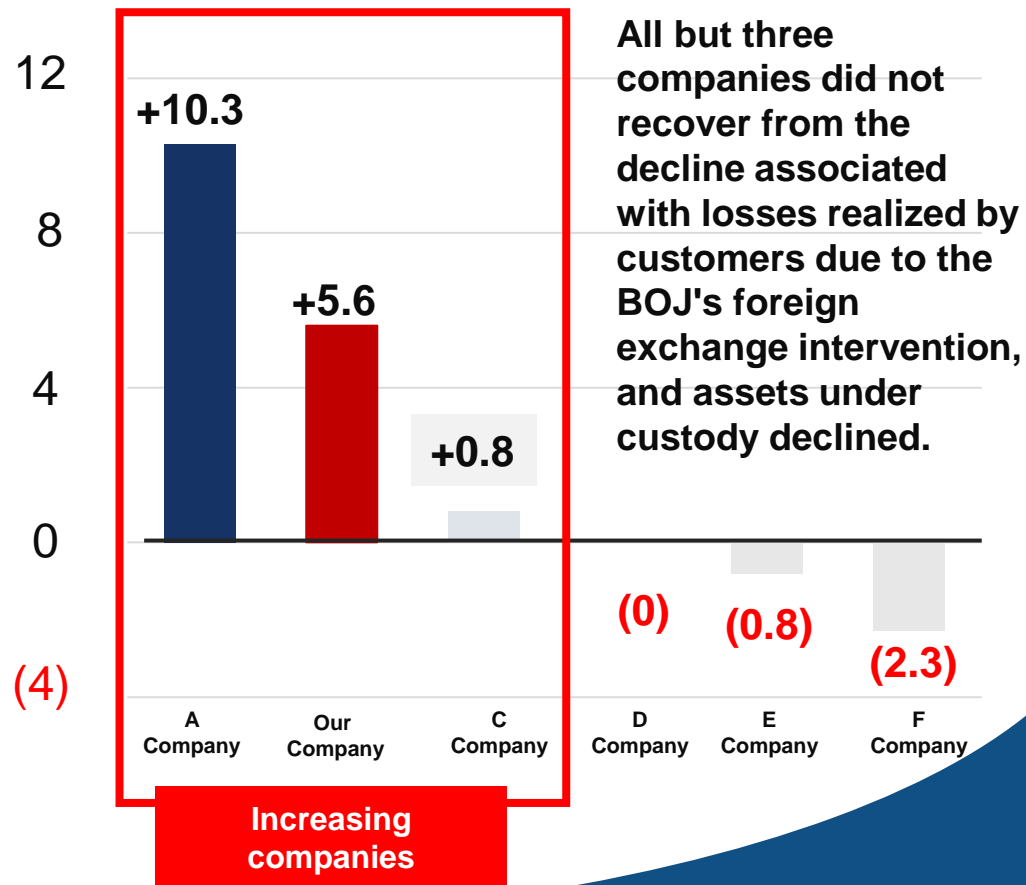
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- ✓ **Assets under custody totaled 106.6 billion yen as of June 30, 2024, a solid start toward reaching the TOP 3 by March 31, 2027.**
* Out of 47 OTC FX registered members of the Financial Futures Association of Japan (as of the end of June 2024)
- ✓ **Only 3 major companies, including our Company, had an increase in assets under custody during the 3-month period from April to June 2024.**

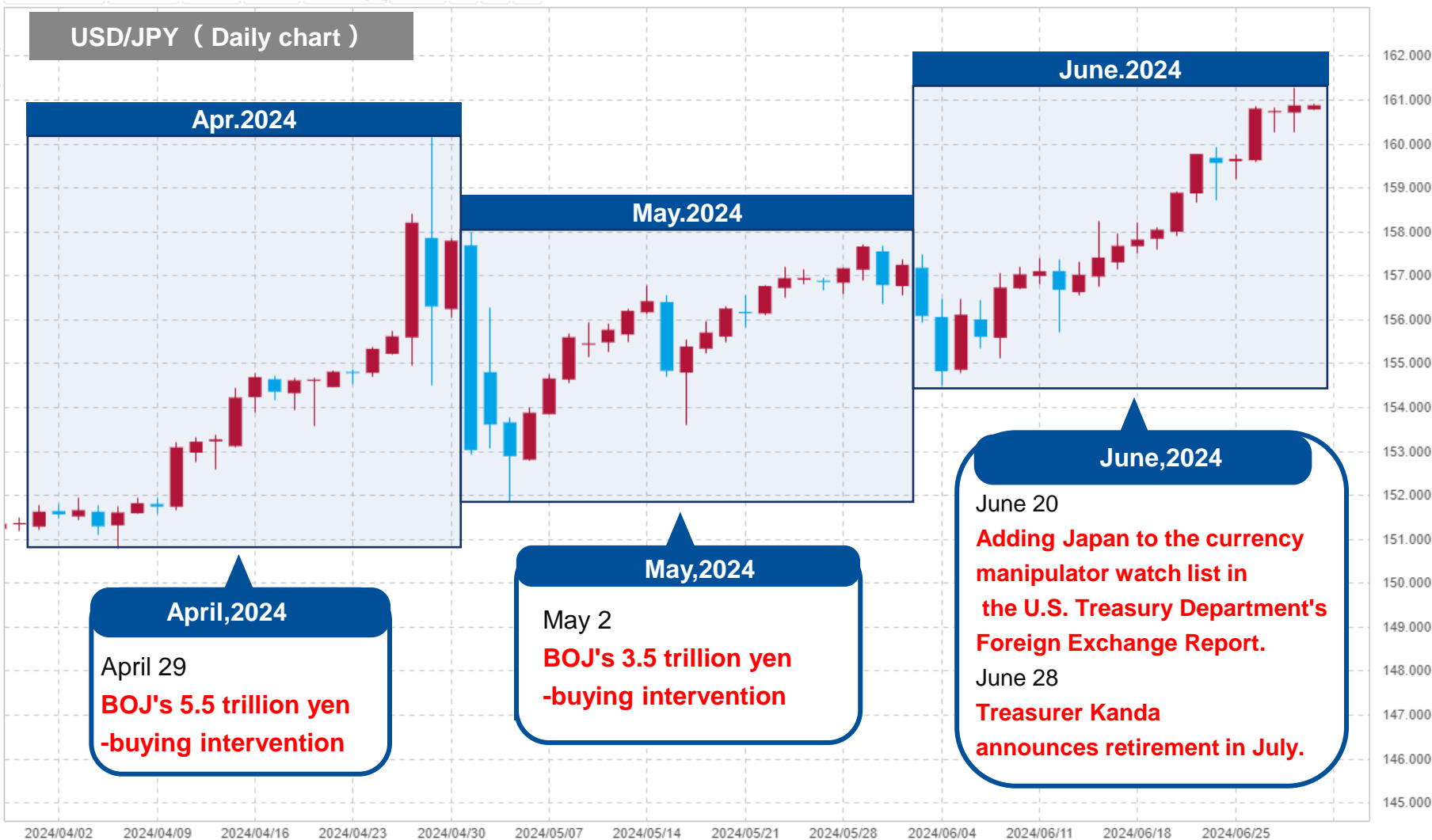


Schedule of Changes in Assets Under Custody (April-June 2024)



*Only companies with assets on deposit of 100 billion yen or more are shown.

Market Review for the FY 2025/3 1Q (i)

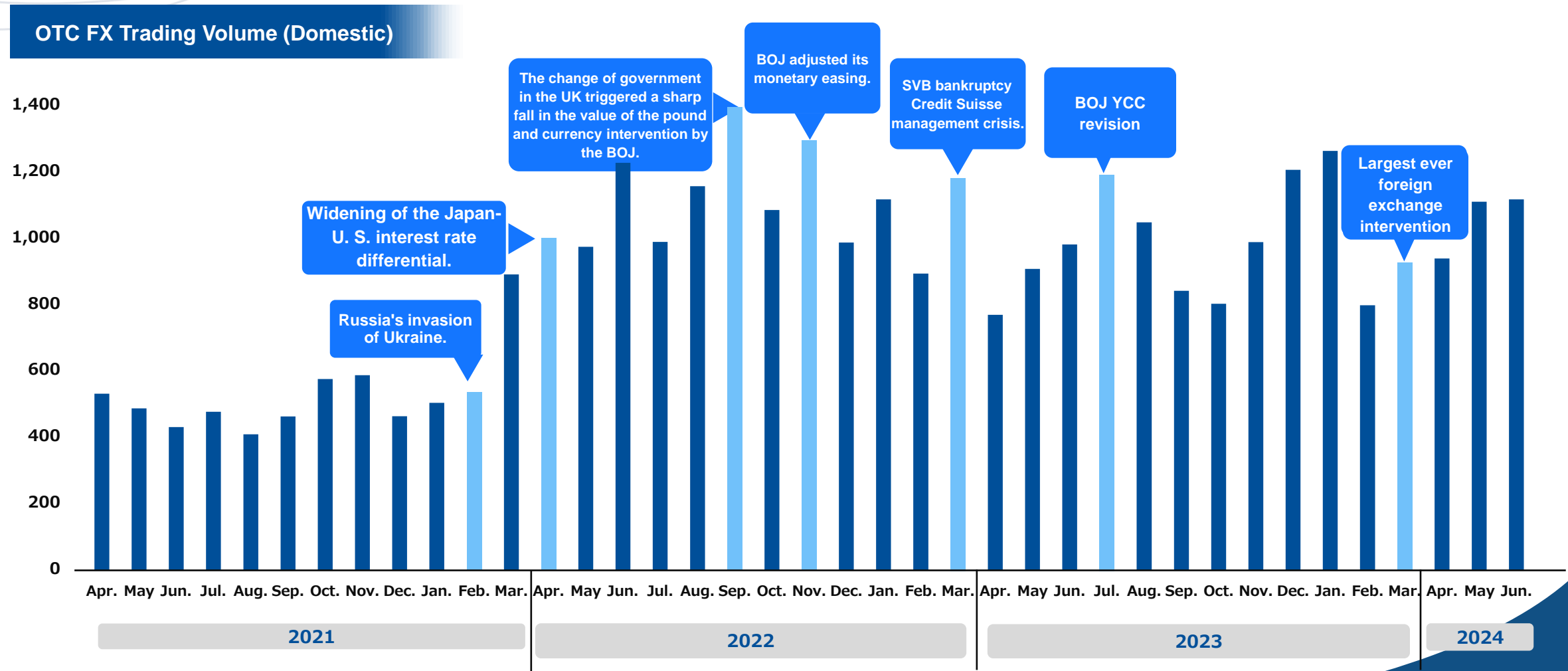


Market Overview

In 1Q, there was a period of high volatility in April and May, when the Bank of Japan intervened to buy about 9 trillion yen. In June, the yen continued to depreciate, and while there was always a sense of caution about intervention, the U.S. Treasury Secretary's negative opinion on foreign exchange intervention led to further depreciation of the yen to the 161-yen level, the highest level in 37 years since December 1986.

Market Review for the FY 2025/3 1Q (ii)

The market environment continues to be active, with OTC FX trading volume remaining at a high level on FX trading and will continue to be active in 2023.



Source from the Financial Futures Association of Japan (FFAJ)

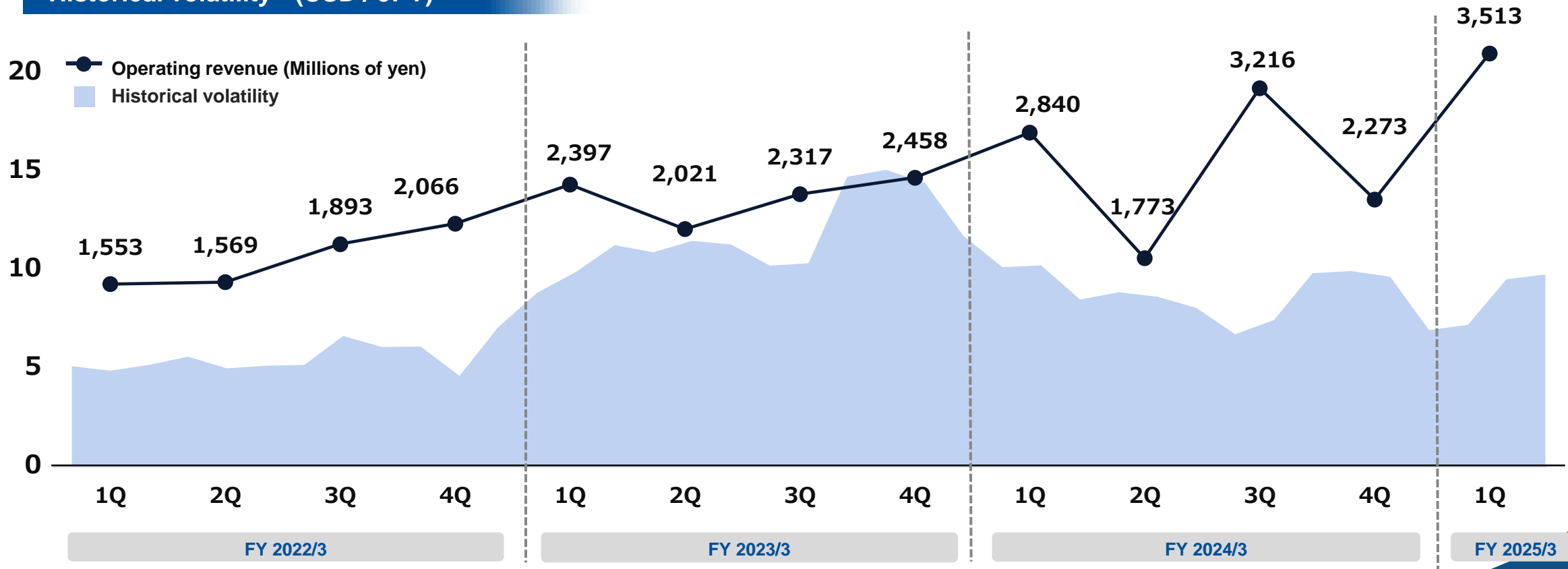
Market Review for the FY 2025/3 1Q (iii)

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Historical volatility was on a temporary downtrend, but recovered slightly in the 1Q of FY 2025/3. Increased local volatility due to currency intervention in April and May.

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.

Explanation of the Status of Assets Under Custody

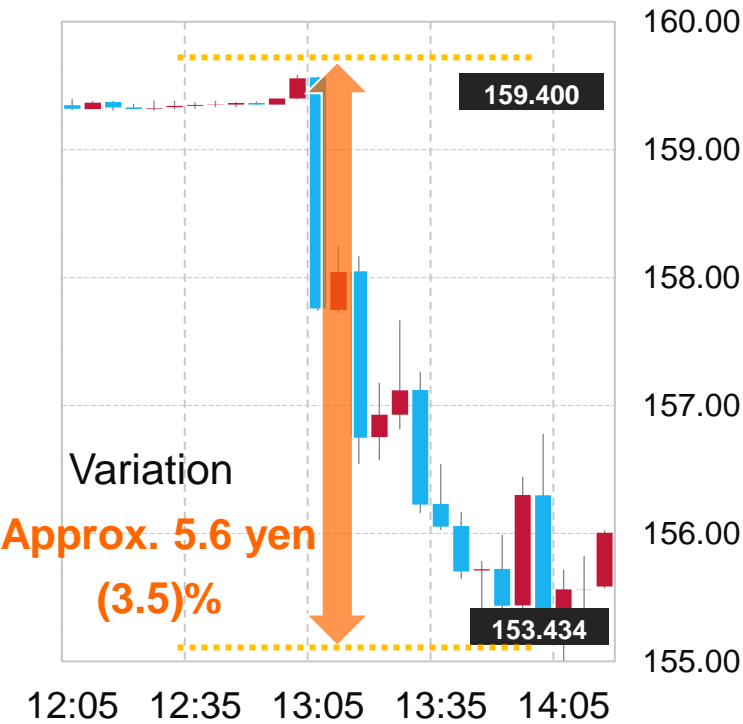


In the first quarter of this fiscal year, the yen appreciated sharply on several occasions, resulting in a decrease in assets under custody due to realized losses.

⇒ Succeeded in accumulating assets in excess of the decrease through the measures described below on page 20 and beyond.

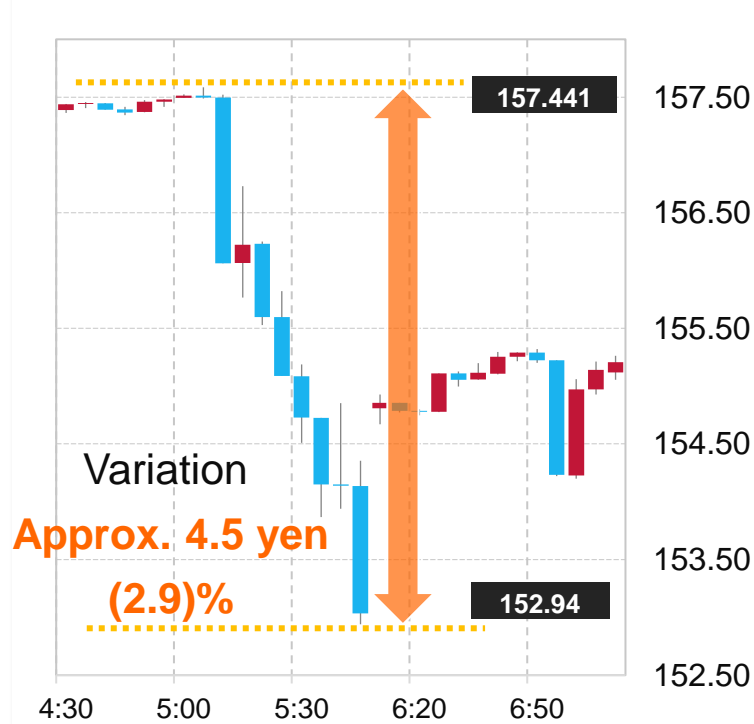
USD/JPY (5-minute chart)

April 29, 2024 Currency intervention



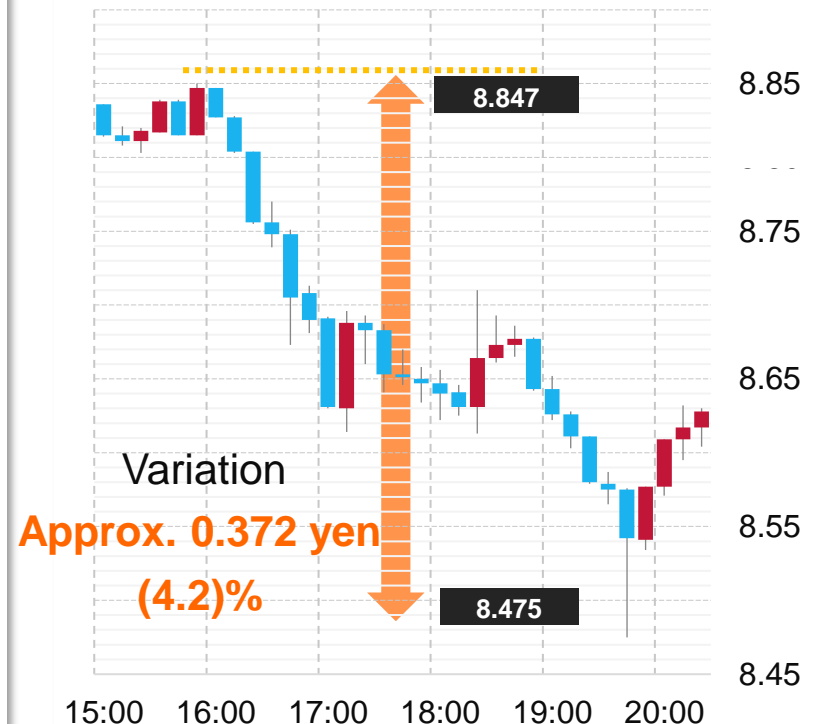
USD/JPY (5-minute chart)

May 2, 2024 Currency intervention



MXN/JPY (10-minute chart)

June 4, 2024 Mexican Presidential Election

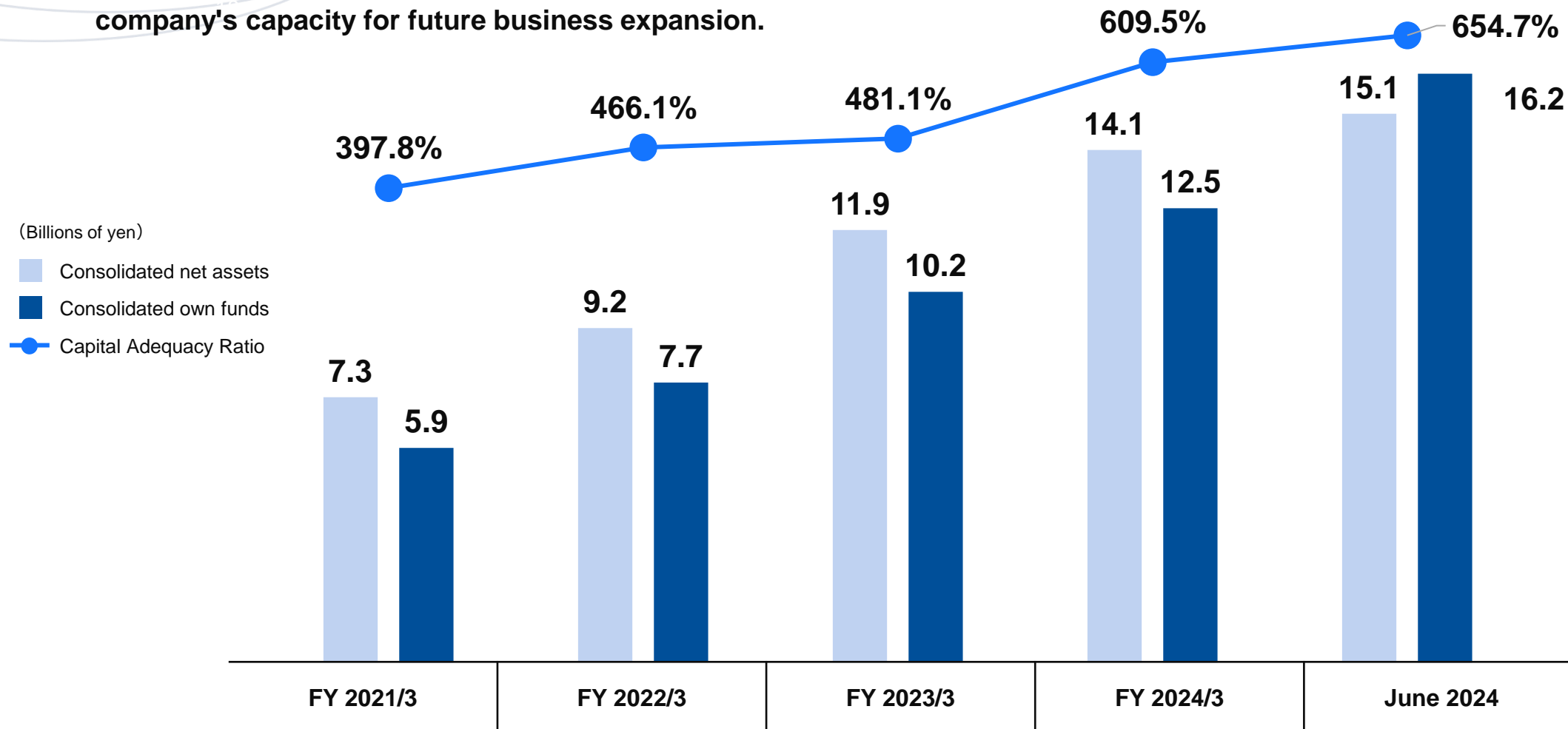


Consolidated Net Assets, Consolidated Own Funds and Financial Security.

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- ✓ With the expansion of business performance, **consolidated net assets increased by 1 billion yen and consolidated cash on hand increased by over 3 billion yen**, strengthening financial security.
- ✓ The capital adequacy ratio rose to 654.7%, and the margin ratio for stress tests also increased, increasing the company's 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]

Forecast for FY 2025/3

Forecast for FY 2025/3



- ✓ Since the Company's performance is affected by trends in foreign exchange rates, the volatility of the Company's performance each quarter may be large.
- ✓ Despite the high rate of progress in the first quarter, the earnings forecast remains unchanged due to uncertainties in the second quarter and beyond.

[Millions of yen]	FY 2025/3 1Q (Results)	FY 2025/3 (Forecast)	Rate of progress
Operating revenue	3,513	11,800	29.8%
Operating income [Operating profit ratio]	2,054	5,000 (42.4%)	41.1%
Ordinary income	2,051	5,000	41.0%
Profit attributable to owners of parent	1,485	3,400	43.7%
Assets under custody	106.6 <small>Billions of yen</small>	115.0 <small>Billions of yen</small>	40.1%

Progress of Measures in FY 2025/3 to Achieve the Business Forecast

Initiatives for FY 2025/3 (Marketing)

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➤ The number of assets under custody and new accounts acquired increased steadily as a result of the April-June 2024 cash-back campaign and strengthened advertising efforts.

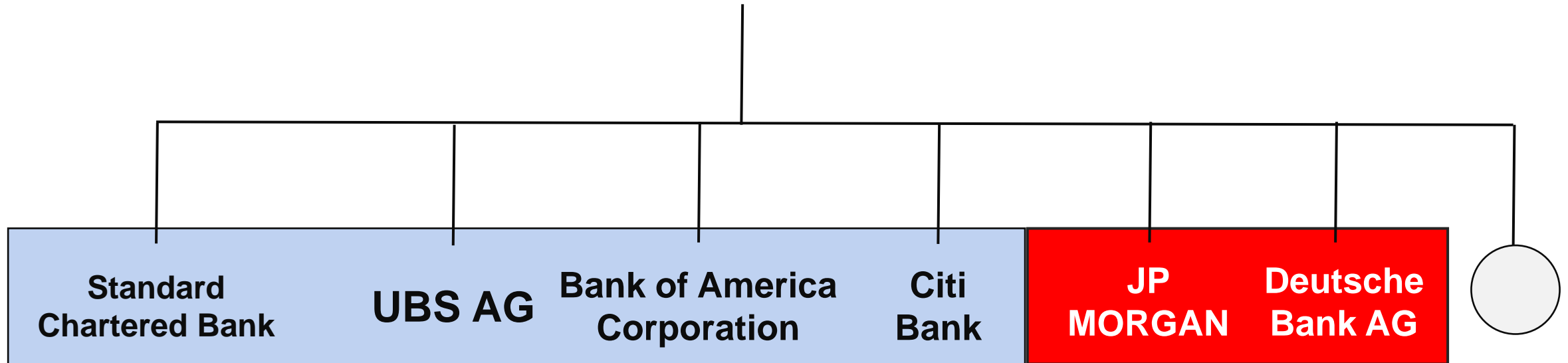
- ✓ Several attractive campaigns, such as the "Cashback Campaign up to 1% on Deposits" and the "Swap Transaction Support Campaign," contributed to the **increase in assets under custody**.
- ✓ Steady **increase in new account acquisitions** due to strengthened advertising measures, etc.
- ✓ To further increase the number of new accounts opened by strengthening the appeal to inexperienced FX investors.



Initiatives for the FY 2025/3

- ✓ The PB agreement was signed in February 2024, **adding six foreign financial institutions as new covered entities.**
- ✓ 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.

Transactions begin in July

* We plan to add new banks in the future.

Initiatives for the FY 2025/3 (Large-lot customer strategy)

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➤ **Royalty Consulting Department** was newly established in April as a department specializing in large-lot customer strategy. The department began implementing various measures to increase the volume of communication, and the **assets under custody of large customers increased by 1.1 times in three months.**

✓ **New definition of large-lot customers**

- Redefine large-lot customers with high contribution from various perspectives such as revenue and increase in assets under custody
- We began supporting a diverse range of large customers that it had not been able to reach before.

✓ **Enhanced benefits exclusively for large-lot customers**

- Holding seminars and study sessions exclusively for large customers, inviting experts.
- TRADERS Medical Support™, an investor medical support program utilizing medical professionals provided by Doctors Inc. , a portfolio company of our CVC fund, is now available.

✓ **Individual consulting on a case-by-case basis**

- Clear understanding of customer needs through a system of assignments
Establishment of a system that enables individualized consulting by specializing in such large customers.
- Increase in customer contact points and build good relationships with customers to reduce defections.



Assets under custody increased due to additional deposits

Study Session only for large-lot customer was held on June 29.

Seminar with experts on future market outlook and economic trends.



Former Goldman Sachs prop trader Rikio Shima (center photo)



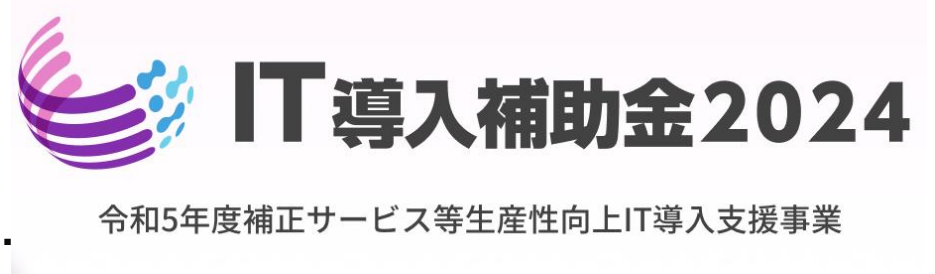
Toru Nishihama, Chief Economist, Dai-ichi Life Institute (center of photo)

Initiatives for the FY 2025/3 (AI Support Desk Progress)



» FleGrowth Co., Ltd.: Selected as an IT introduction support business for "IT Introduction Subsidy 2024" promoted by the Ministry of Economy, Trade and Industry AI Support Desk" is certified as a subsidized tool.

✓ The Ministry of Economy, Trade and Industry (METI) has selected AI Support Desk for its IT introduction subsidy program, and small and medium-sized enterprises (SMEs) that are eligible for the subsidy can receive a subsidy of up to 1/2 of the introduction cost (maximum 1.5 million yen) when they newly introduce our services.



✓ The "AI Support Desk" was highly evaluated at AWS Summit Japan for its speed to practical application, examples of effective use within the company, and the start of external sales, and was featured as a case study.

✓ Sales department started sales promotion to increase the number of companies introducing the product, and the number of business negotiations is steadily increasing, partly due to external evaluations.



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Capital Policy

Shareholder Returns

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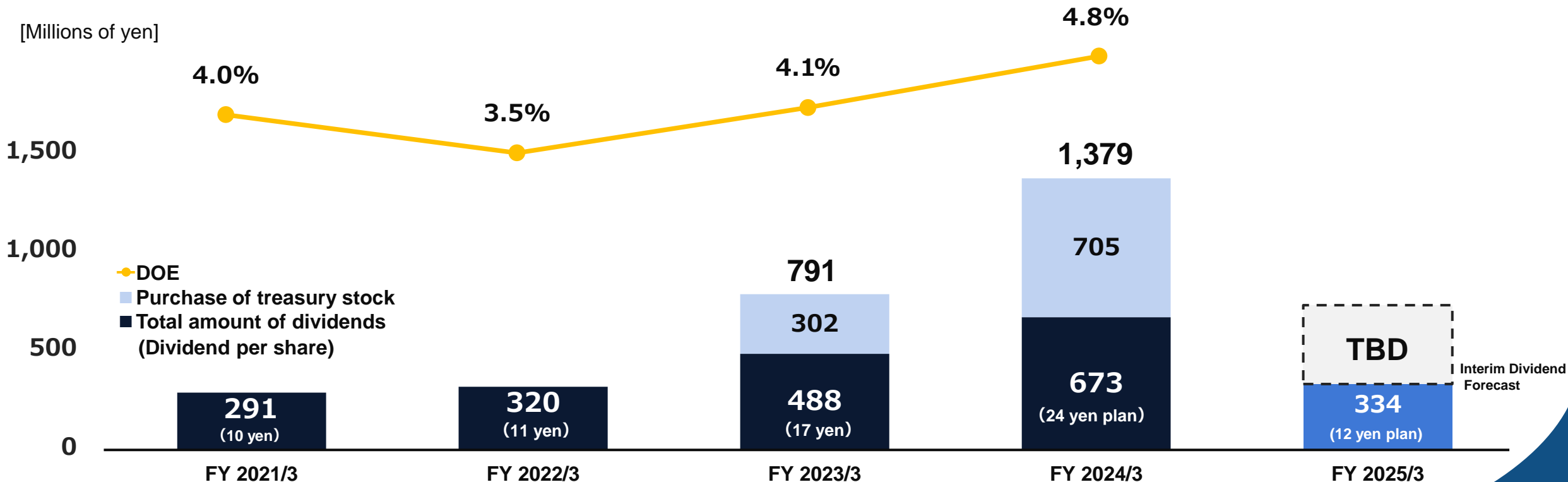


✓ **Shareholder Return Policy:**

- **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).



About Stock Options

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- ✓ Introduced in FY 2024/3 as a measure to motivate Group executives and employees to contribute to the Group's growth over the long term and to strengthen the acquisition of excellent external human resources.
- ✓ The 14th round of stock options to be exercised at this time will be granted to newly hired employees and those who have been promoted.
- ✓ The shares to be issued upon exercise will not be newly issued, they will be allocated from treasury stock and used as an investment for growth.

Outline of the 14th Stock Option (Stock Acquisition Rights)

Number of stock acquisition rights **1,012 units (100 shares per unit)**

Exercise price (of an option) **820 Yen (our closing price on July 16, 2024)**

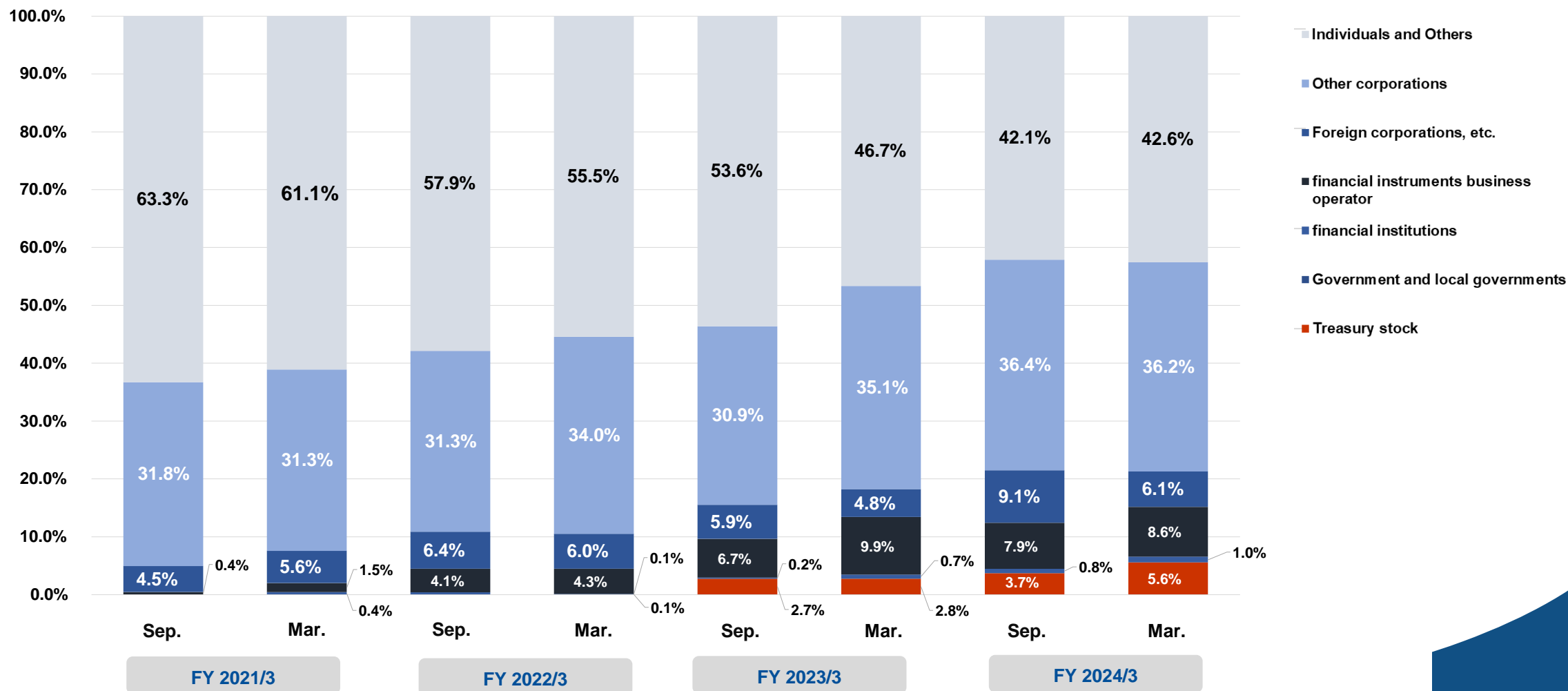
Exercise period **Exercisable in stages from July 18, 2026, to July 17, 2034.**

Stock Information (Shareholding Composition)

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- ✓ The share of acquisitions by foreign corporations with strict investment criteria is increasing, and there is an 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 June 2024)

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Sufficiently meets requirements for revenue base and financial condition against a backdrop of 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 to achieve conformity requirements.

	TSE Prime Listing Requirements	Status of the Company	Conformance Status
Total market value of outstanding shares (Billions of yen)	10	11.2 *1	○
Market capitalization (Billions of yen)	25	22.9 *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	15.1	○
Number of shareholders (Accounts)	800	7,203 *2	○
Number of shares traded (Shares)	20,000	14,467,524 *2	○
Ratio of tradable shares	35.0%	49.0% *2	○

*1 Calculated based on the stock price of 778 yen per share as of the end of June 2024.

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

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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.**

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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.

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