

Financial Results for the Nine Months Ended December 31, 2024 (FY 2025/3 3Q) - Excerpt

TRADERS HOLDINGS CO., LTD.

Securities Code: 8704

January 31, 2025

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JPX-NIKKEI Mid Small



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**Selected for the JPX-Nikkei Mid and Small Cap Index
for **the second consecutive year.****



JPX-NIKKEI Mid Small

FY 2023 - FY 2024 Selection

- 01 Financial Highlights of FY 2025/3 3Q**
- 02 Forecast for FY 2025/3**
- 03 Progress of Measures in FY 2025/3 to
Achieve Revised Forecasts**
- 04 Capital Policy**

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Traders

Highlights of FY 2025/3 3Q

FY 2025/3 3Q Executive Summary

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The yen's sharp unwinding of the yen carry trade in the 2Q caused the yen to appreciate, resulting in large customer realized losses mainly on high-interest rate currencies such as the Turkish lira and the Mexican peso.

The trading volume of these currencies declined in the 3Q.

On the other hand, the trading weight of major currency pairs was successfully increased by strengthening the trading conditions of USD/JPY.

The cumulative 3Q results exceeded the previous year's full-year total operating revenue, operating profit, ordinary profit, and net profit, while operating profit, ordinary profit, and net profit also exceeded the amount forecasted at the beginning of the fiscal year for annual results.

Due to the strong performance, the Company has revised upward its year-end earnings forecast.

| | FY 2024/3 3Q | FY 2025/3 3Q | YOY |
|--------------------------|-----------------------------|------------------------------|----------------|
| Operating revenue | 7,830 Million yen | 10,561 Million yen | +34.9 % |
| Operating profit | 3,768 Million yen | 5,611 Million yen | +48.9 % |

Topics for FY 2025/3 3Q

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Operating revenue

10.5 Billion yen

YOY

+2.7 Billion yen

- ✓ The result of the contribution of measures to expand USD/JPY transactions, despite a decline in the trading volume of high-interest rate currencies, especially TRY/JPY and MXN/JPY, Operating revenue in the cumulative 3Q exceeded the FY 2024/3's annual operating revenue of 10.1 billion yen.

SG&A expenses

4.8 Billion yen

YOY

+0.9 Billion yen

- ✓ In order to achieve the annual growth target for assets under custody, the advertising budget was expanded in line with the increase in operating revenues, resulting in an increase in transaction-related expenses.
- ✓ There was a factor due to a change in accounting estimate for restricted stock compensation (shortening of the period for expensing).

Operating profit ratio

53.1 %

YOY

+5.0 %

- ✓ Operating revenues in the 3Q slowed slightly from the 1H, but remained strong on the back of over 107 billion yen in assets under custody, As a result, the Company continued to maintain a high operating profit margin in the cumulative 3Q period.

Assets under custody

107.3 Billion yen

Compared with
the end of FY 2024/3

+6.3 Billion yen

(As of December 31, 2024)

- ✓ The trend of continuous increase was maintained due to customer satisfaction with the FX industry's highest level of spreads, swaps, and other trading conditions, and turned to a net increase again after overcoming a decrease due to a large realized loss caused by a sudden change in the market in the 2Q.

Quarterly Consolidated Financial Results

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In the 3Q the market calmed down and no major turbulence occurred, so there was no surge in operating revenues due to market factors, but operating revenues remained firm on the back of the willingness to trade assets under custody, which reached the 100 billion yen level.

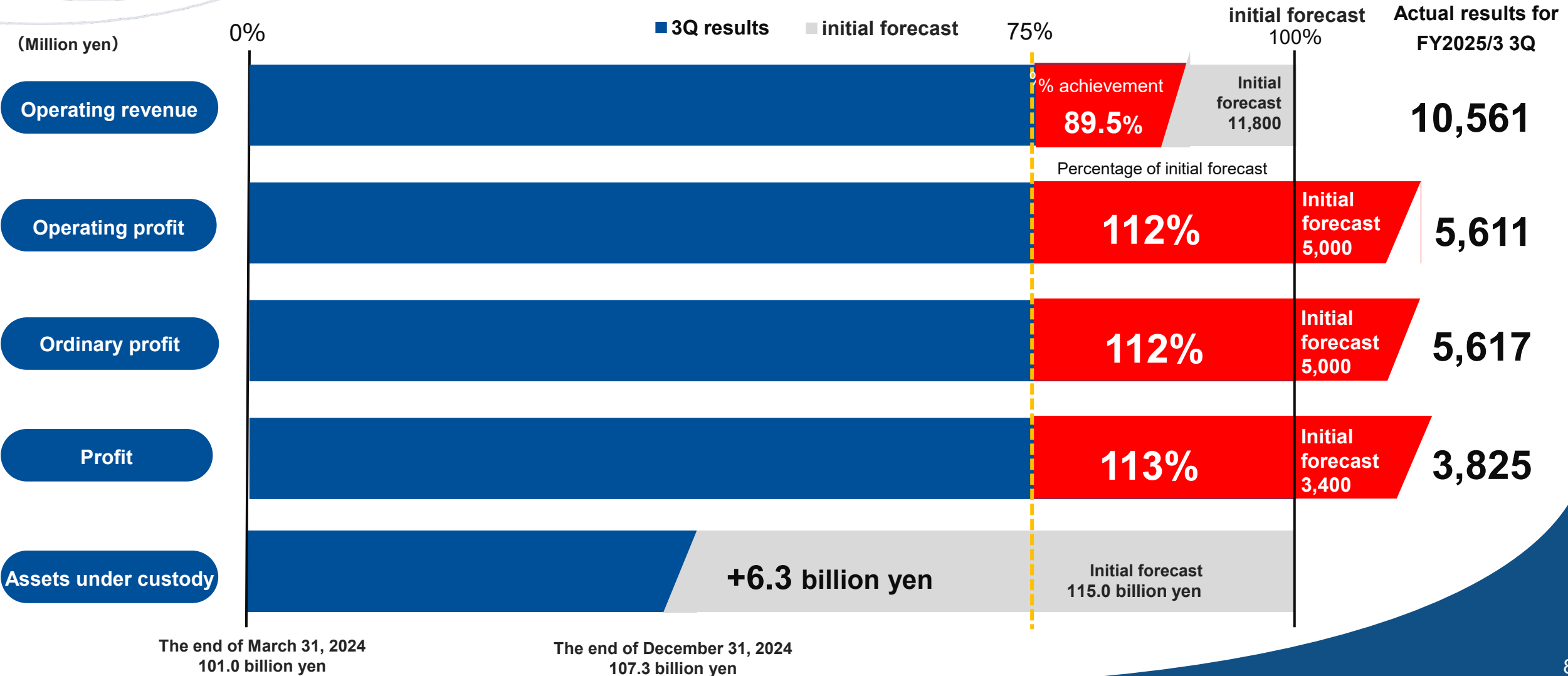
| (Million yen) | FY 2024/3 | | | | FY 2025/3 | | | YOY (3Q) |
|--|--------------------------|--------------------------|-------------------------|-------------------------|--------------------------|--------------------------|-------------------------|---------------|
| | 1Q (2023 Apr to June) | 2Q (2023 July to Sep) | 3Q (2023 Oct to Dec) | 4Q (2024 Jan to Mar) | 1Q (2024 Apr to June) | 2Q (2024 July to Sep) | 3Q (2024 Oct to Dec) | |
| Operating revenue | 2,840 | 1,773 | 3,216 | 2,273 | 3,513 | 4,143 | 2,903 | -9.7% |
| Operating profit [Profit margin] | 1,593 (56.1%) | 269 (15.2%) | 1,905 (59.2%) | 644 (28.3%) | 2,054 (58.5%) | 2,219 (53.6%) | 1,337 (46.1%) | -29.8% |
| Ordinary profit [Profit margin] | 1,582 (55.7%) | 263 (14.9%) | 1,907 (59.3%) | 636 (28.0%) | 2,051 (58.4%) | 2,233 (53.9%) | 1,332 (45.9%) | -30.1% |
| Profit [Profit margin] | 1,312 (46.2%) | 193 (10.9%) | 1,372 (42.7%) | 456 (20.1%) | 1,485 (42.3%) | 1,400 (33.8%) | 939 (32.4%) | -31.5% |

Percentage of Progress in Quarterly Consolidated Financial Results

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Our Company upwardly revised its full-year consolidated forecasts for operating profit and other profit items, as the results for the cumulative 3Q exceeded its initial full-year forecasts. (See page 18 for details).



Business Results [Operating revenue]

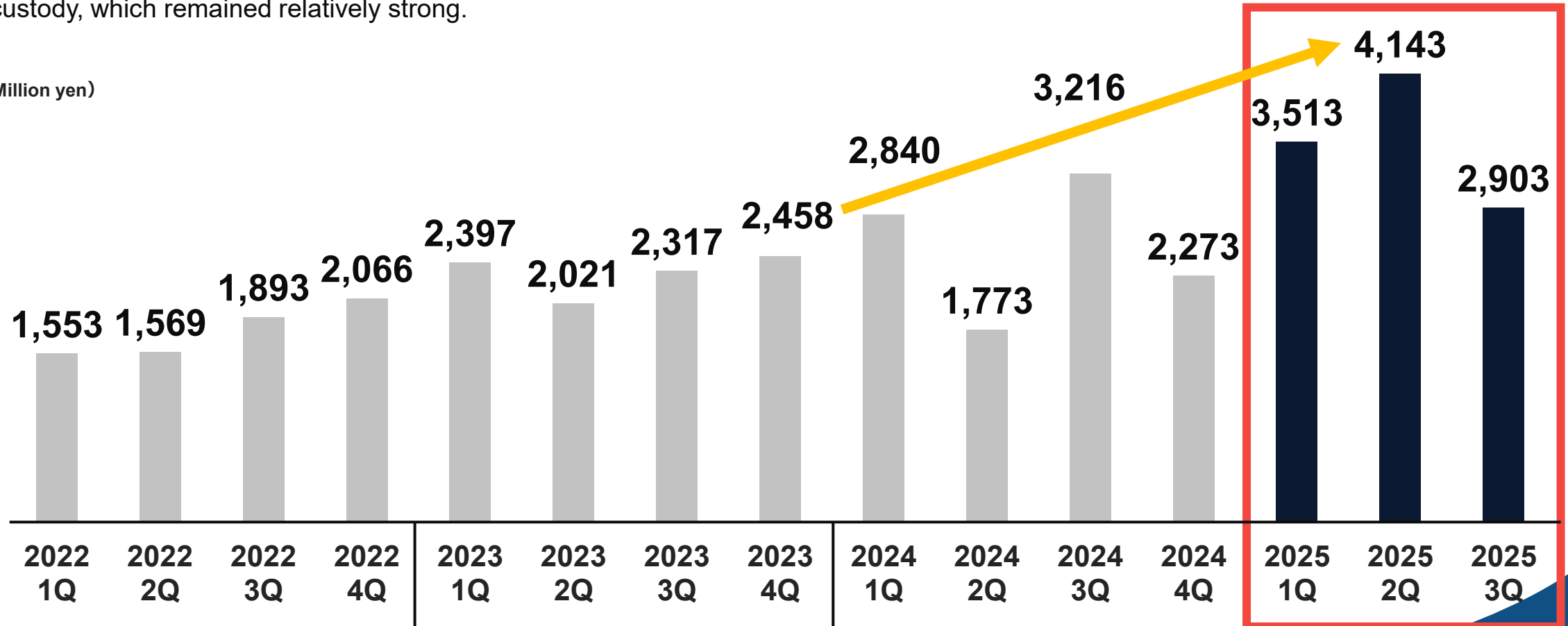
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Against the backdrop of an expanding client base (increase in assets under custody), the growth in operating revenues (the attained line) has increased when the market has moved sharply.

The quarterly operating revenues tend to fluctuate more widely than in the FY 2024/3, depending on whether or not there was a market surge. In the 3Q, although there were no factors contributing to the market turbulence, the base earnings power reflected the strong increase in assets under custody, which remained relatively strong.

(Million yen)



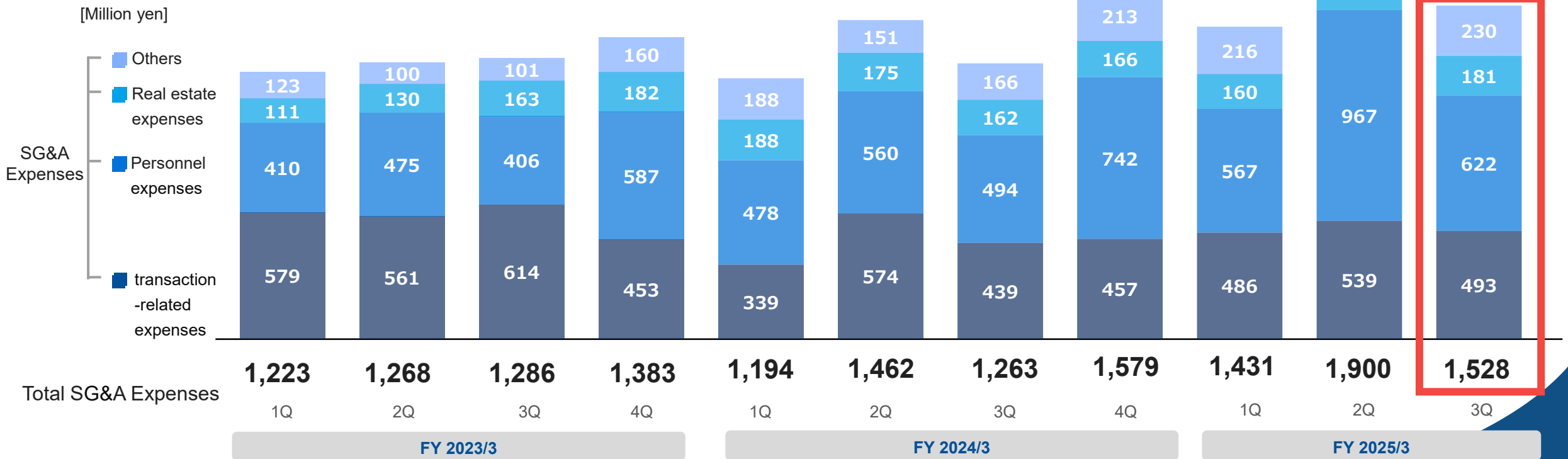
Transition of SG&A Expenses

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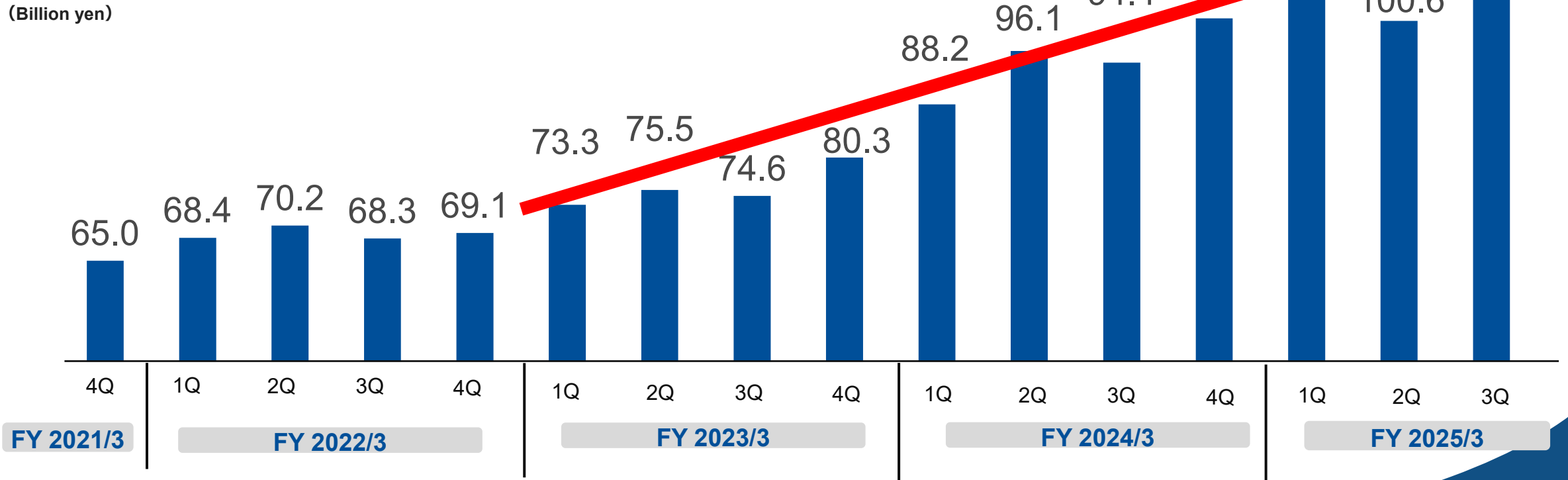
- ✓ Against the backdrop of increased operating revenue, the Company aggressively increased advertising expenses (transaction-related expenses) to further acquire new customers and promote transactions.
- ✓ Personnel expenses for the period under review increased by approximately 250 million yen, including the effect of a change in accounting estimates related to restricted stock compensation in the 2Q, and increased by approximately 100 million yen year-on-year in the 3Q due to the effect of this change and the change in the basis for payment of employee bonuses from once a year to twice a year.

*From the FY 2024/3, certain personnel and other expenses that were included in "Cost of Sales" are now included in SG&A Expenses. Therefore, the figures for the FY 2023/3 have been reclassified in the same manner.



Transition in Assets Under Custody

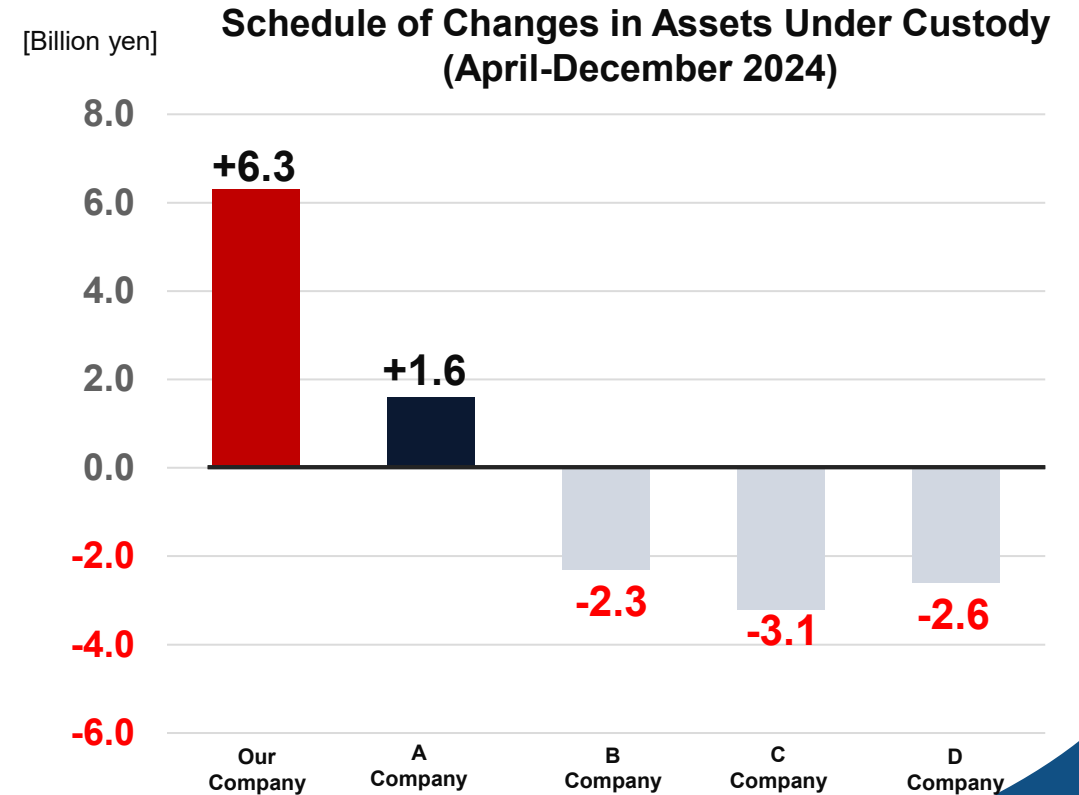
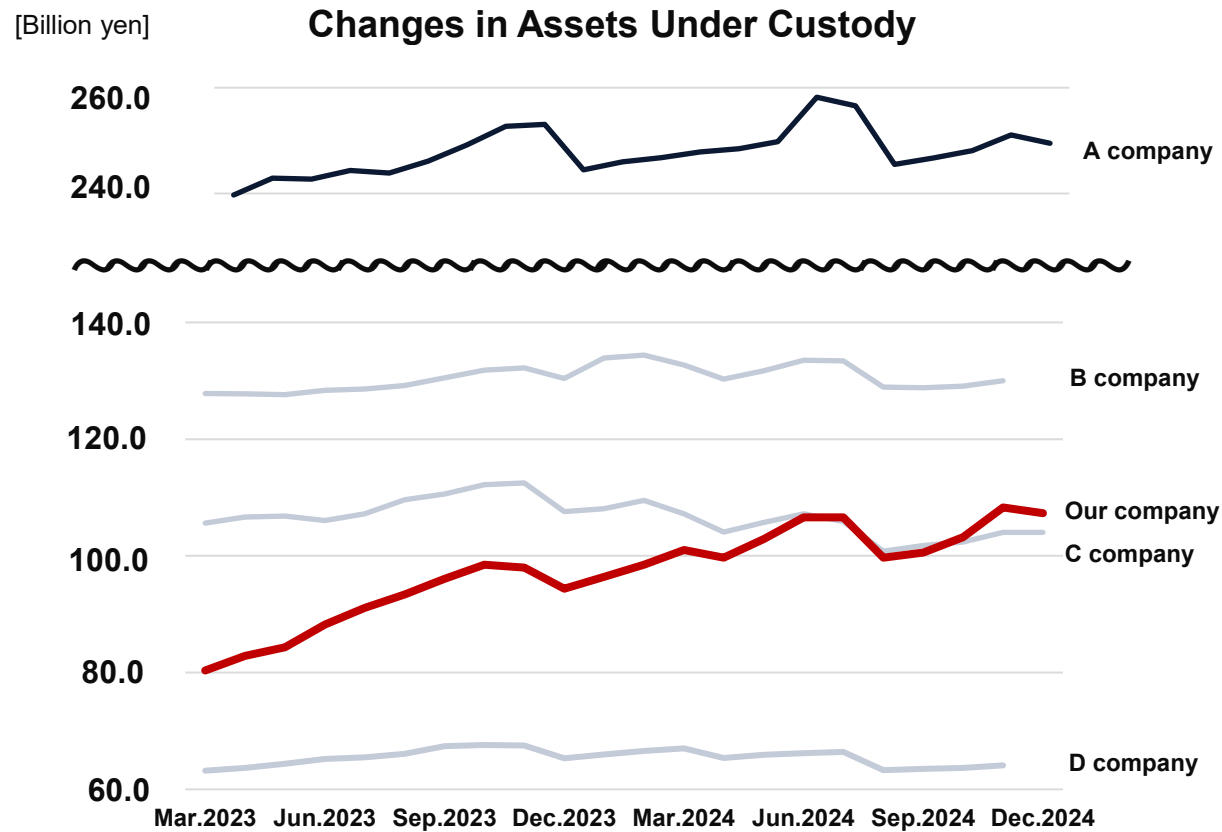
- ✓ Our Company continues to offer the FX industry's highest spreads and swaps on "Minna-no FX" and "LIGHT FX", appealing to customers with competitive product features.
- ✓ As a result of strategic marketing activities precisely tailored to client needs, we have accelerated the acquisition of new clients and expanded our client base.
- ✓ In FY 2025/3 the Company experienced a temporary decline in 2Q due to a large amount of client realized losses, but in 3Q, assets under custody recovered again, maintaining the upward trend.



Comparison of Other Companies in the FX Industry in Terms of Assets Under Custody

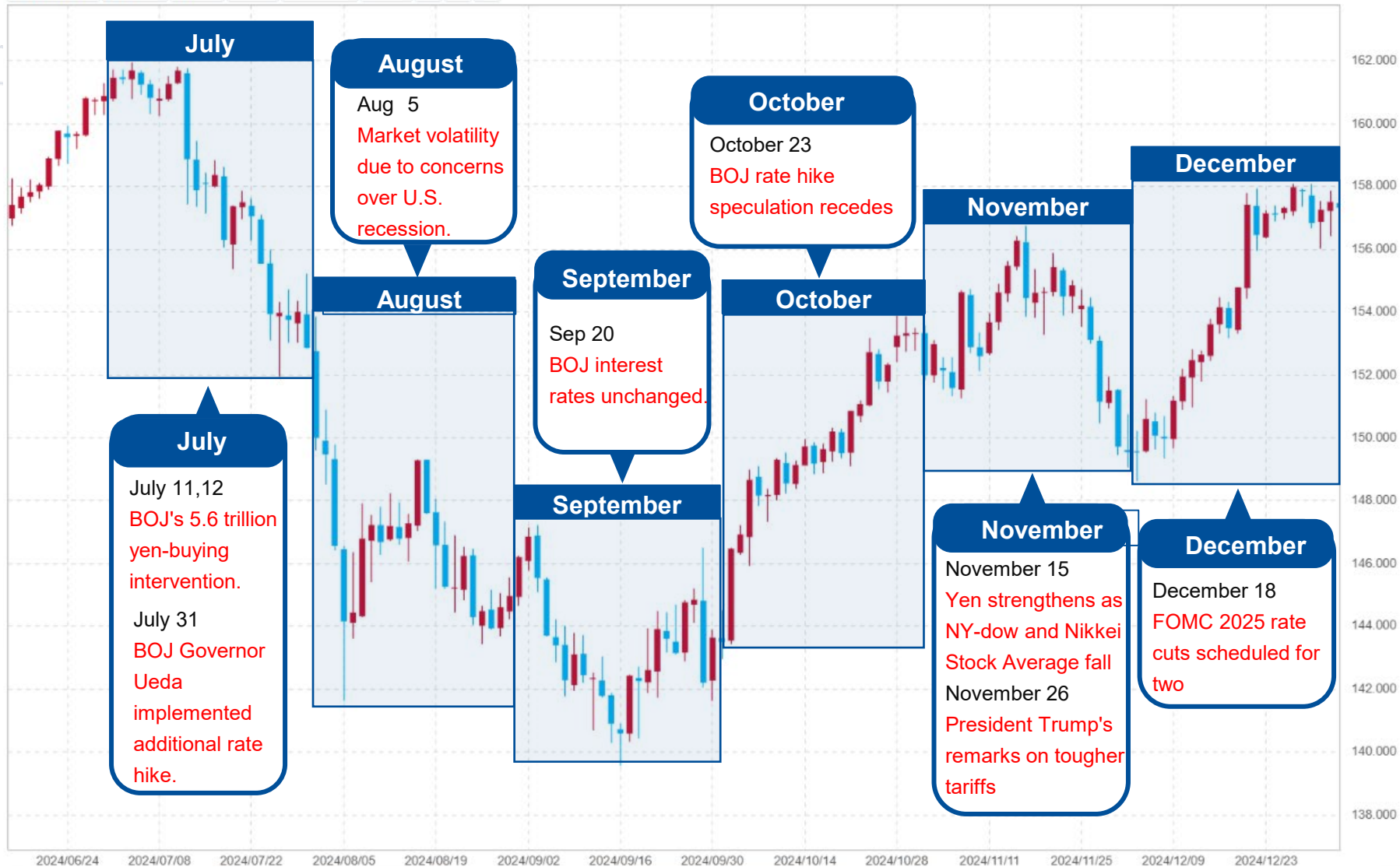


- ✓ While many FX companies are still reeling from the aftereffects of the market plunge in the 2Q, only two major firms, including our Company, posted an increase in assets under custody during the nine-month period from April to December 2024, and our Company **topped the list with a net increase in assets under custody.**
- ✓ Our Company's services maintain the FX industry's highest level of spreads, swaps, and other trading conditions, and the results show the strength of the resilience of assets under custody due to the high level of satisfaction among customers who are sensitive to trading conditions and the support of a wide range of customer segments.



Market Review for FY 2025/3 (i)

USD/JPY (Daily chart)



Market Overview

In the 3Q, the yen weakened significantly due to factors including a rise of the U.S. long-term interest rate in October. The yen fell to around 152 yen from the mid-143 yen range at the end of the previous month due to unexpectedly strong U.S. employment data, higher U.S. long-term interest rates, and the view that the ruling party's lack of a majority in the lower house election would delay an additional interest rate hike by the BOJ.

In November, the yen temporarily fell sharply in response to the rise in U.S. long-term interest rates immediately after the U.S. presidential election, but in the second half of the month, the yen strengthened due to the decline in U.S. long-term interest rates.

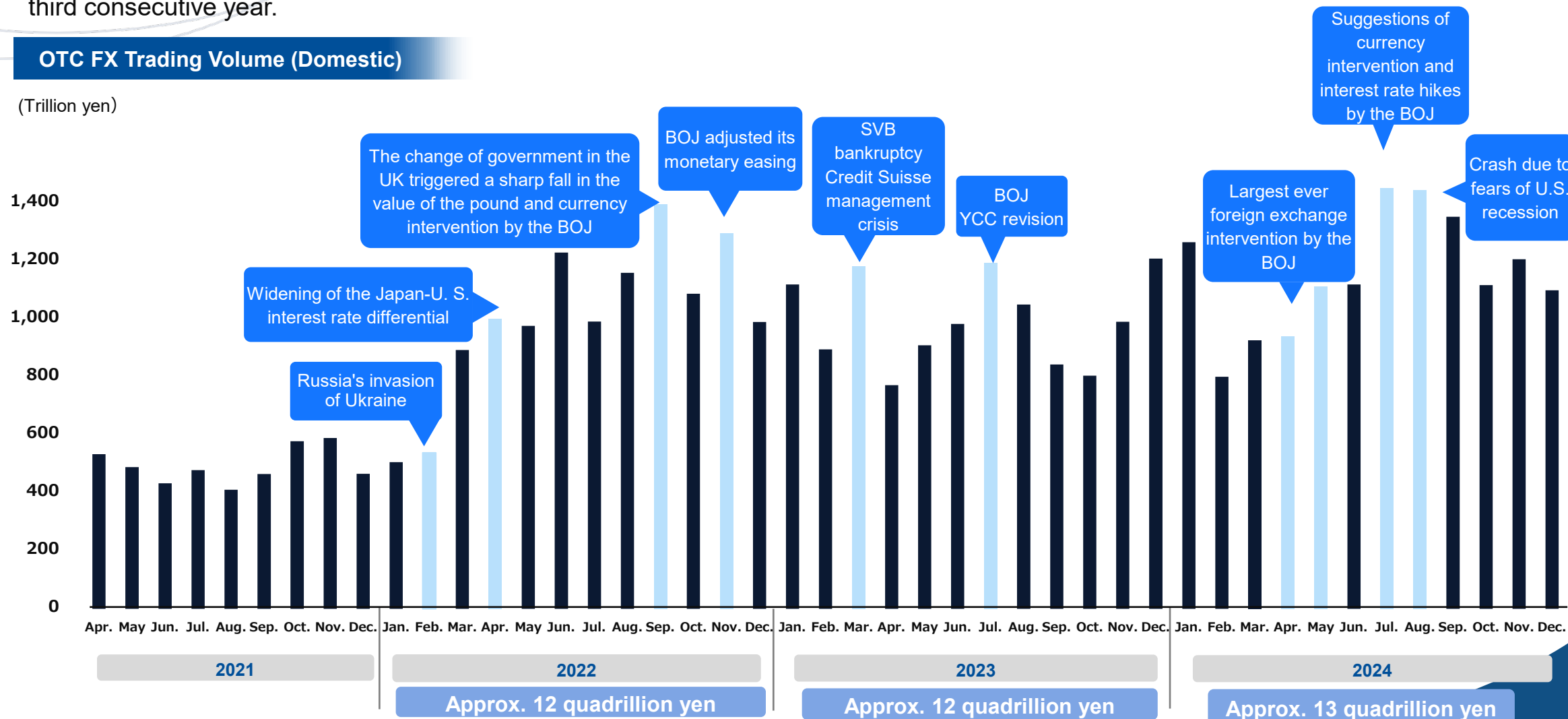
In December, the yen weakened due to the BOJ's decision not to raise interest rates at its monetary policy meeting and the rise in U.S. long-term interest rates after the FOMC meeting.

Market Review for FY 2025/3 (ii)

- ✓ FX trading continued to be active as in 2023 due to the BOJ's multiple currency interventions and other factors.
- ✓ OTC FX trading volume remained at a high level, surpassing 13 quadrillion yen in 2024. The figure of 10 quadrillion yen was surpassed for the third consecutive year.

OTC FX Trading Volume (Domestic)

(Trillion yen)



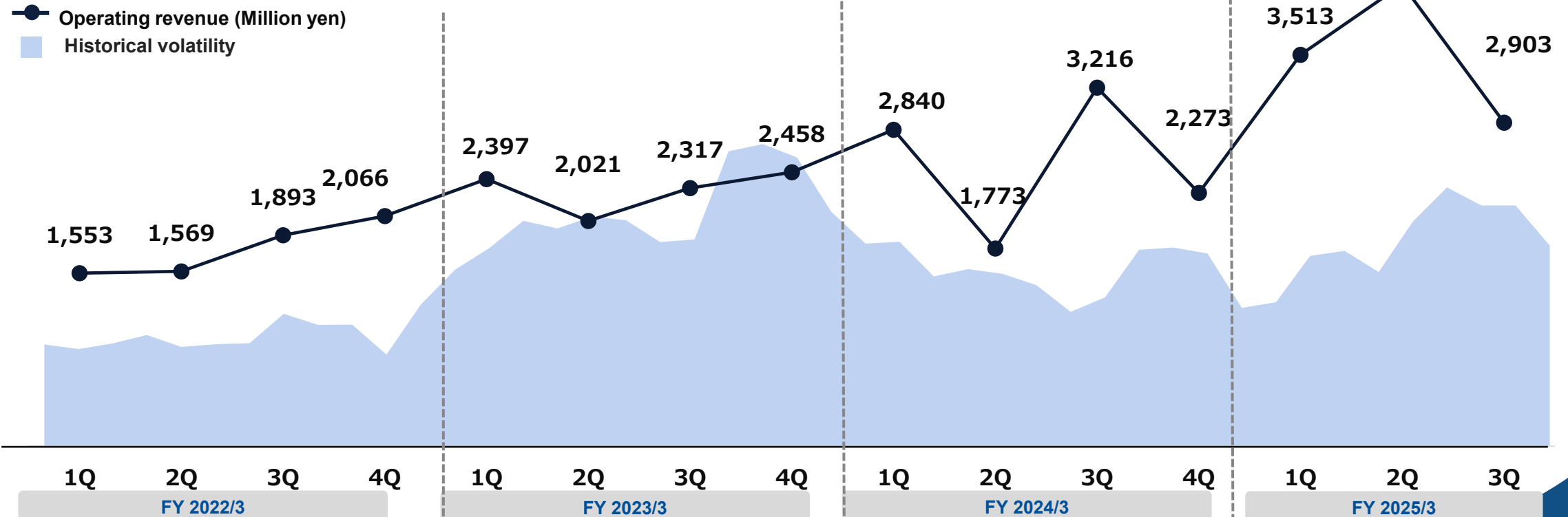
Market Review for FY 2025/3 (iii)

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- ✓ Market volatility, which was low in FY 2024/3, is trending upward in FY 2025/3 1H .
- ✓ The 3Q remained high until the U.S. presidential election, however showed a declining trend toward the end of the year.

Historical volatility * (USD / JPY)



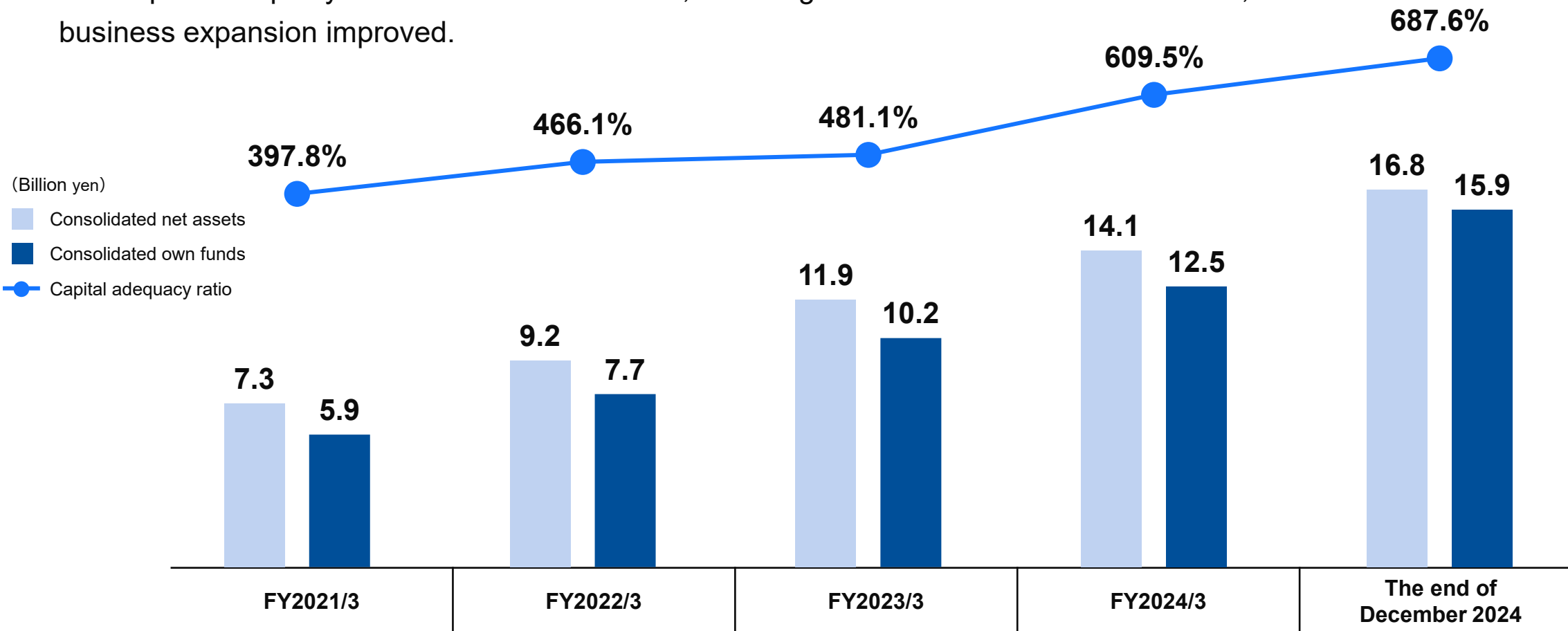
* Historical volatility is one of the technical analysis methods and is the rate of price fluctuation statistically calculated based on historical data. If past price fluctuations are small, historical volatility will be small, and if past price fluctuations are large, historical volatility will be large. The figures above are 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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- ✓ Consolidated net assets increased approximately 3 billion yen along with business expansion, and consolidated cash on hand increased by more than 3 billion yen, further strengthening financial security.
- ✓ The capital adequacy ratio increased to 687.6%, the margin ratio for stress tests increased, and risk tolerance for future FX business expansion improved.



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

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- ✓ In the 1H, the BOJ's multiple large-scale FX interventions and a sharp increase in loss-cut orders due to the yen's rapid appreciation caused trading volume to expand significantly and operating revenue to rise sharply, resulting in good progress in operating profit compared with the plan.
- ✓ Although market volatility declined in the 3Q compared with 1H as expected, operating revenue did not decline as much as conservatively expected, and thus, operating profit, ordinary profit, and profit exceeded the initial forecasts for the first nine months.
- ✓ While maintaining the forecast of lower market volatility in the 4Q, the Company has revised its forecast to reflect an increase in expenses due to aggressive marketing expenditures to achieve the year-end assets under custody target, as well as a provision for bonuses and taxes due to the closing of accounts.

| [Million yen] | FY 2024/3 [Actual results] | FY 2025/3 [Initial forecast] | FY 2025/3 [Revised forecast] | Compared with initial forecast | |
|--|-------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------|
| | | | | Increase/Decrease (Amount) | Increase/Decrease (%) |
| Operating revenue | 10,103 | 11,800 | 13,200 | 1,400 | 11.9% |
| Operating profit [Operating profit ratio] | 4,412 (43.7%) | 5,000 (42.4%) | 6,300 (47.7%) | 1,300 | 26.0% |
| Ordinary profit | 4,389 | 5,000 | 6,300 | 1,300 | 26.0% |
| Profit attributable to owners of parent | 3,334 | 3,400 | 4,200 | 800 | 23.5% |
| Assets under custody | 100.6 Billion yen | 115.0 Billion yen | 115.0 Billion yen | - | - |

Progress of Measures in FY 2025/3 to Achieve Revised Forecasts

Initiatives for FY 2025/3 Marketing (i)

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▶▶ The number of **new accounts opened** has increased by approximately 80,000 since the July 2023 TV commercial featuring Hiroiki Ariyoshi.

In order to strengthen the brand and increase awareness, a TV commercial aired in the Kanto and Kansai regions in the latter half of January.



TV commercial

TV commercials aired in January 2025, mainly in Kanto and Kansai areas. Number of new accounts opened since the start of TV commercials in July 2023 **increased by approx. 80,000 accounts.**



YouTube / Web commercial

In addition to the commercial featuring Mr. Ariyoshi, a new web commercial was launched in August 2024. The commercial was created to promote awareness that high swap points, one of our strengths, can be utilized for medium- to long-term investments. The commercial is designed to promote the appeal of FX as the next stage of investment.



Outdoor advertisements

A signboard was installed in the Ebisu Skywalk leading to the Ebisu Garden Place Tower, where our office is located.

Initiatives for FY 2025/3 Marketing (ii)

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» The number of new accounts and assets under custody increased steadily due to the continuation of the "Swap No.1 Challenge Campaign" and the "Swap No.1 Challenge Campaign even if you sell", as well as the strengthening and expansion of various preferential swap campaigns.

- ✓ The "Swap No. 1 Challenge Campaign" continued in the 3Q, following the 1H, offering the **FX industry's highest level of swaps** and contributing to an increase in client assets.
- ✓ New "Swap No.1 Challenge Campaign even if you sell" was launched.
Preferential swap treatment for sell positions.
We have expanded the preferential treatment for various types of transactions.



Initiatives for FY 2025/3 (Marketability)

➤ Ranked No. 1 for two consecutive years in the "MINKABU" 2025 Annual Ranking of FX Companies in addition to "kakaku.com".

- ✓ Ranked No. 1 in the "Popularity" category in "MINKABU" for the second year in a row for offering the FX industry's highest level of swap points on high-interest currency pairs.
- ✓ "kakaku.com" is a purchasing support site with 37 million monthly users (as of September 2024) that supports information comparison by aggregating specifications, word-of-mouth comments and reviews of various products and services. We were ranked No. 1 among 16 FX account services with total number of accesses and applications on "kakaku.com". (Total period: January 1, 2024 – June 30, 2024)



Initiatives for FY 2025/3 (Profitability)

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➤ Added one domestic financial institution (MUFG Bank, Ltd.) as a new covered counterparty in addition to the three banks in 1H.

We plan to continue to add domestic and overseas financial institutions to our list of covered counterparties.

Major counterparties

- Citi Bank
- UBS AG
- Bank of America Corporation
- Standard Chartered Bank
- Barclays Bank PLC
- Commerzbank AG
- Tokyo Financial Exchange
- Daiwa Securities Co. Ltd.
- OCBC Securities
- Several other companies

2Q Additions

- Sumitomo Mitsui Banking Corporation
- JPMorgan Chase Bank, N.A.
- Deutsche Bank AG

3Q Addition

- **MUFG Bank, Ltd.**

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



» The Loyalty Consulting Department, newly established in April to specialize in large-lot customer strategies, continued to hold in-person events, redefine large-lot customers, and initiate various measures.

- ✓ **Redefine large-lot customers and approach them more broadly.**
- ✓ **Individual consulting by assignment system**
 - Clearly understand customer needs through an assignment system
Establish a system which specializes in these large-lot customers and provides individualized consulting services.
 - Increase customer contact points and build good relationships with customers to reduce defections.
- ✓ **Enhanced benefits exclusively for large-lot customers**
 - Holding seminars and study sessions exclusively for large customers inviting experts
Seminars were held in December and January, following September.
Customer satisfaction improved due to increased direct communication by holding real events.

Contributed to increased loyalty of large-lot customers.



Mr. Gihuboy, the "mad warrior of the investment world," was speaking at the event, sharing his stories of failure and episodes related to FX investment.

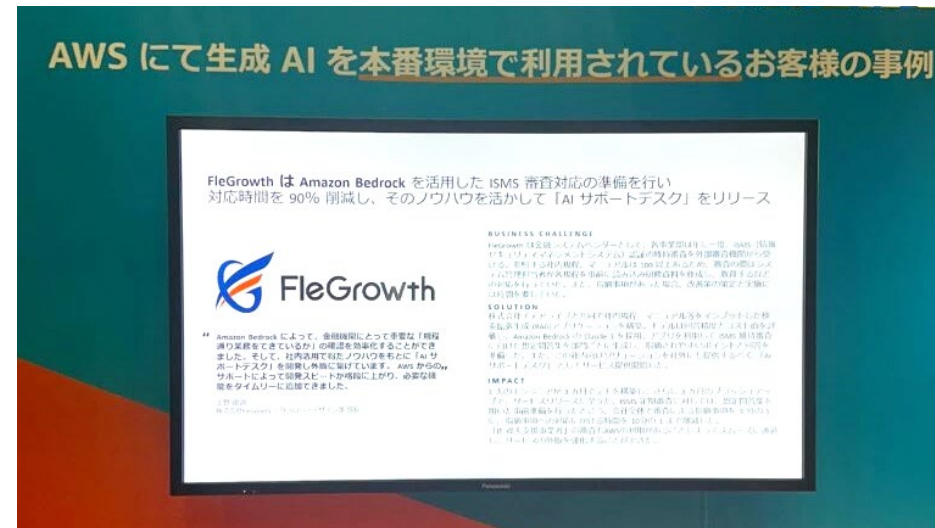
Initiatives for FY 2025/3 (DX support using AI)

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➤ **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. Small and medium-sized enterprises can receive a subsidy of maximum 1.5 million yen when they newly introduce our services.

- ✓ **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 featured as a case study at AWS Summit Japan, receiving high marks for its speed to practical application, examples of effective use within the Company, and the start of external sales.
- ✓ **The number of sales staff was increased to strengthen the foundation to boost** the number of companies that have adopted the system. The increase in the number of dedicated personnel has led to more business negotiations, as well as an increase in the number of apparent customers, and the Company is now proposing a variety of solutions to meet customer needs.



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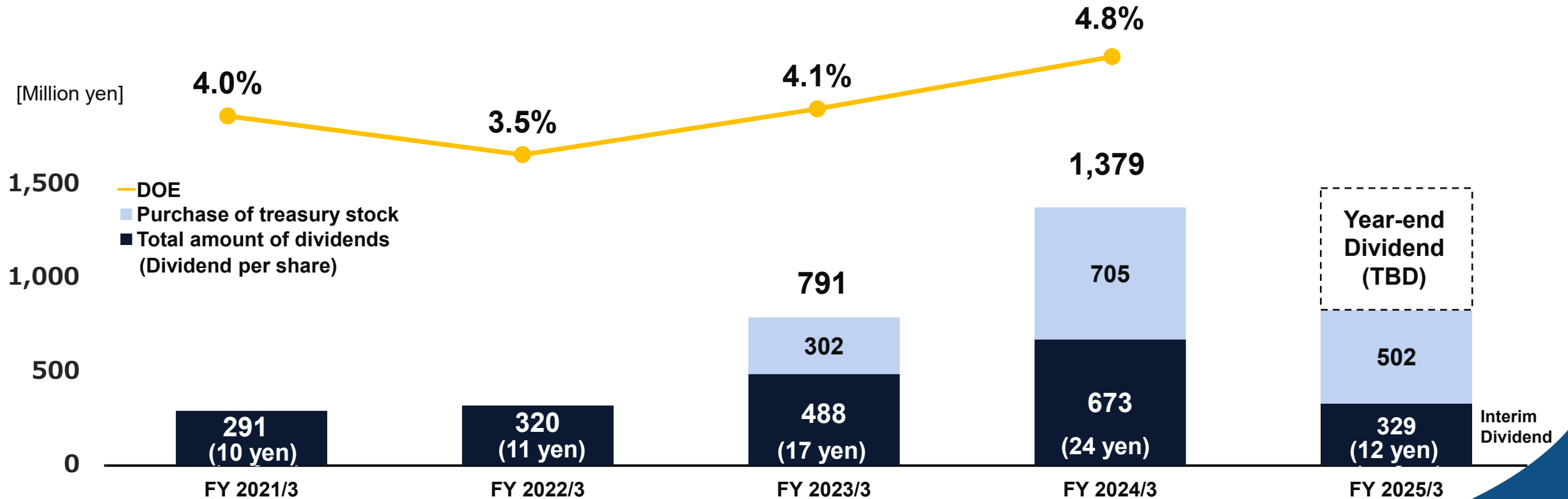
Capital Policy

Shareholder Returns

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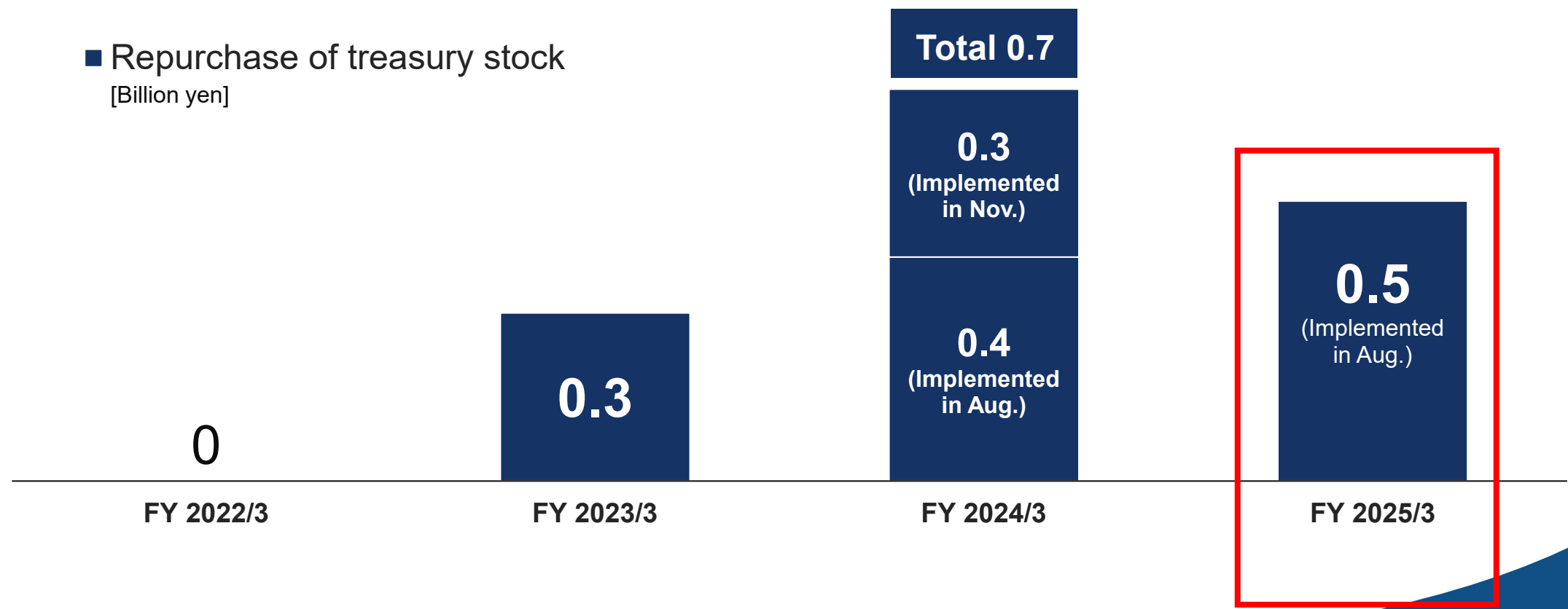
- ✓ **Shareholder Return Policy: Stable dividends with a target consolidated dividend on equity ratio (DOE) of 4%. Implementation of flexible share buybacks.**
- ✓ Interim dividend for FY 2025/3: 12 yen (based on one-half of the annual dividend for the previous FY).
- ✓ Implemented share buyback in August 2024 (total amount: approx. 500 million yen)
- ✓ In November 2024, the Company received a total of approximately 1.2 billion yen in interim dividends from its domestic subsidiaries, which will be used as a source of funds to strengthen shareholder returns in the next fiscal year and beyond.
- ✓ Our Company aims to enhance shareholder returns by continuing to focus on shareholders while paying attention to strengthening the equity capital of Traders Securities, which is the foundation of the Company's business.



Acquisition of Treasury Stock

- ✓ We intend to buy back our own shares as part of our flexible capital policy to improve capital efficiency and increase shareholder value.
- ✓ We decided to implement a flexible share buyback in August 2024 after closely monitoring our Company's stock price trend following the announcement of the 1Q financial results.
- ✓ The repurchased shares will be used to fund future restricted stock compensations and the exercise of stock options.
- ✓ Aiming for medium- to long-term ROE growth, we will achieve both earnings growth and shareholder value increase through enhanced shareholder returns.

■ Repurchase of treasury stock
[Billion yen]

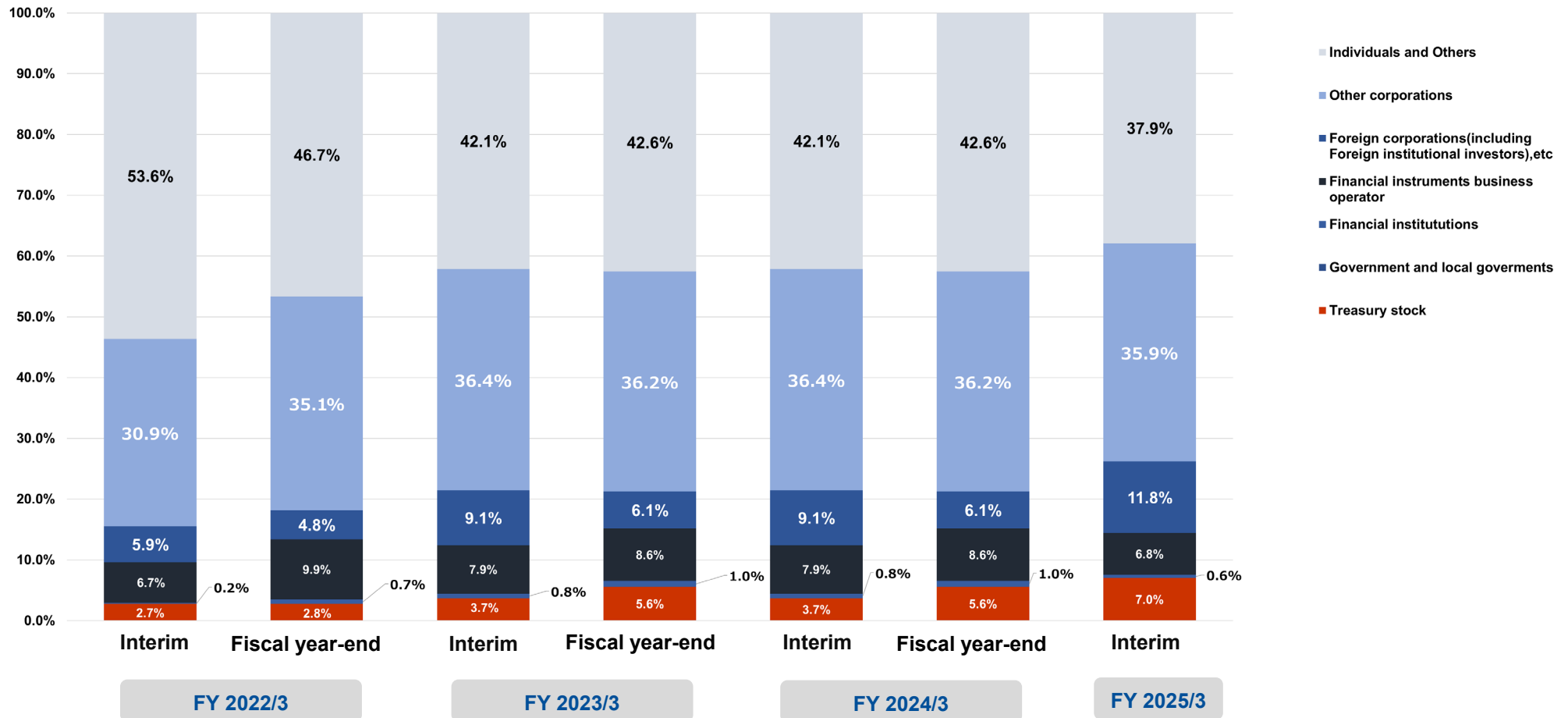


Stock Information (Shareholding Composition)

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- ✓ The shareholding ratio by foreign institutional investors with strict investment criteria increased to 11.8% from 6.1%.
The shareholding ratio by individual shareholders decreased to 37.9% from 42.6%.
- ✓ Due to our selection for the "JPX-NIKKEI Mid Small" for two consecutive years and the increase in market capitalization, we expect to attract large institutional investors who have not invested in our Company in the past.



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

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- ✓ Our company's strong performance increased its corporate value, and it met the criteria for market capitalization and total market value of outstanding shares in the 3Q of the year.
- ✓ Our company achieved “conformance” with all numerical criteria for prime market listing requirements.
- ✓ Going forward, our company will move into the phase of establishing a sophisticated corporate governance structure befitting a company listed on the prime market.
- ✓ We also recognize that market capitalization should not mean being a “small prime stock” that just barely meets the minimum standards, but we should grow further to a size that is appropriate to become a blue-chip stock in the new market.
- ✓ Continue to aim for a further increase in corporate value, expanding business performance through business and improving market valuation through IR activities.

| | TSE Prime Listing Requirements | Status of the Company | Conformance Status |
|--|--------------------------------|-----------------------|--------------------|
| Total market value of outstanding shares (Billion yen) | 10.0 | 14.0 *1 | ✓ |
| Market capitalization (Billion yen) | 25.0 | 29.7 *1 | ✓ |
| Earnings base (total profits for the last two years) (Billion yen) | 2.5 | 8.1 | ✓ |
| Financial position (net assets) (Billion yen) | 5.0 | 16.8 | ✓ |
| Number of shareholders (Accounts) | 800 | 6,465 *2 | ✓ |
| Number of shares traded (Units) | 20,000 | 139,013 *2 | ✓ |
| Ratio of tradable shares | 35.0% | 47.1% *2 | ✓ |

*1 Calculated based on the stock price of 1,008 yen per share as of the end of December 2024.

*2 Basically, the information in the shareholder registry is as of the end of September 2024.

Cautionary statement regarding this document

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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.

Inquiries about this material

TRADERS HOLDINGS CO., LTD.
ir@tradershd.co.jp