

MONEX GROUP

Announcement of Acquisition of Shares of 3iQ Digital Holdings Inc., a Canadian corporation

TOKYO, December 28, 2023 - Monex Group, Inc. (hereinafter the “Company”) announces that its Board of Directors resolved today to acquire shares in 3iQ Digital Holdings Inc. (together with its subsidiaries, hereinafter collectively “3iQ”) through its acquisition subsidiary established in Canada and make 3iQ subsidiaries of the Company.

1. Reason for acquisition of shares

3iQ is a pioneer in crypto asset management, licensed in Ontario, Canada (AUM 795 million Canadian dollars as of November 30, 2023). It was the first in North America to launch regulated exchange-listed funds for Bitcoin (BTC) and Ethereum (ETH), one of the first to introduce Bitcoin and Ethereum ETFs on the Toronto Stock Exchange, and most recently, the first globally to integrate staking capabilities within an Ethereum ETF. 3iQ has also established a secure, transparent and efficient investment platform (3iQ Managed Account Platform or “QMAP”) that enables diversification into crypto hedge funds with various alpha strategies, meeting the complex demand of institutional investors around the world. In addition, in response to a dynamic market trend where major crypto asset exchanges are expanding into asset management to meet the needs of their clients, 3iQ plans to offer asset management services on an outsourced basis.

The Company aims to strengthen its asset management business of the group, and by making 3iQ subsidiaries, it anticipates to achieve high growth by capturing the crypto asset management needs of institutional investors and crypto asset exchanges around the world, which are expected to grow in the future.

The Company also owns Coincheck, the top player in the crypto asset exchange business in Japan, as one of its main subsidiaries. In addition to the business for its 1.8 million retail customers, Coincheck plans to strengthen its business with corporate clients including institutional investors. The Company plans to leverage 3iQ's crypto-asset related product creation capabilities to maximize synergies among its group companies.

2. Outlines of the subsidiaries to be acquired

(1) 3iQ Digital Holdings Inc.

(1) Name	3iQ Digital Holdings Inc.		
(2) Location	Ontario, Canada		
(3) Name and title of representative	Frederick T. Pye, Executive Chairman and Chief Executive Officer,		
(4) Business Description	Holdings of shares in companies engaged in the management of crypto assets, etc.		
(5) Amount of stated capital	13,927,523 Canadian dollars (as of the end of June 2023)		
(6) Date of establishment	June 2021		
(7) Major shareholders and shareholding ratio	Asset management companies of Frederick T. Pye (29.2% in total), Coinshares International Limited (10.0%), Van Eck Associates Corp. (8.9%), etc.		
(8) Relationship between the Company and the party mentioned	Capital relationship	No relationship to be stated.	
	Personal relationship	No relationship to be stated.	
	Business relationship	No relationship to be stated.	
(9) Operating results and financial conditions of the latest three fiscal years (in Canadian dollars, except as otherwise noted)			
Fiscal Year	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net worth (C\$000's)	10,557	8,867	6,224
Total assets (C\$000's)	17,426	13,039	8,418

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Net assets per share	0.9	0.8	0.5
Amount of sales (C\$000's)	18,953	29,065	9,711
Operating income (loss) (C\$000's)	10,603	10	(5,244)
Ordinary profit (loss) (C\$000's)	10,603	10	(5,244)
Net income (loss) (C\$000's)	9,123	(1,082)	(4,671)
Net income per share	0.8	-	-
Dividend per share	0.4	0.3	-

(2) 3iQ Corp. (100% subsidiary of 3iQ Digital Holdings Inc.)

(1) Name	3iQ Corp.		
(2) Location	Ontario, Canada		
(3) Name and title of representative	Frederick T. Pye, Executive Chairman and Chief Executive Officer		
(4) Business Description	Holdings of shares in companies engaged in the management of crypto assets, etc.		
(5) Amount of stated capital	13,447,997 Canadian dollars (as of the end of June 2022)		
(6) Date of establishment	July 2012		
(7) Major shareholders and shareholding ratio	3iQ Digital Holdings Inc. 100%		
(8) Relationship between the Company and the party mentioned	Capital relationship	No relationship to be stated.	
	Personal relationship	No relationship to be stated.	
	Business relationship	No relationship to be stated.	
(9) Operating results and financial conditions of the latest three fiscal years (in Canadian dollars, except as otherwise noted)			
Fiscal Year	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net worth (C\$000's)	10,448	8,146	2,982
Total assets (C\$000's)	17,320	12,591	7,951
Net assets per share	0.9	0.7	0.3
Amount of sales (C\$000's)	18,953	29,196	9,720
Operating income (loss) (C\$000's)	10,494	2,014	(5,294)
Ordinary profit (loss) (C\$000's)	10,494	2,104	(5,294)
Net income (loss) (C\$000's)	9,014	1,172	(5,164)
Net income per share	0.8	0.1	-
Dividend per share	0.4	0.3	-

[Notes]

Please note that the information in 3(1), 4(2) and 4(4) below is based on our assumptions that, with respect to stock options granted by 3iQ Digital Holdings Inc. as of today and exercisable before the closing of the share acquisition of 3iQ Digital Holdings Inc. by the Company (hereinafter the "Closing"), (i) the number of persons who will exercise their stock options by the time of the Closing will be 0 to 33 (inclusive of those who are the shareholders of 3iQ Digital Holdings Inc. as of today) and (ii) an increase in the number of shares of 3iQ Digital Holdings Inc. issued and outstanding as of the Closing as a result of such persons exercising their stock options will be 0 to 978,786. The number of shares in 3iQ as well as the number of voting rights in 3iQ to be acquired by the Company at the Closing will not be affected by exercise of stock options and remain unchanged, however, the percentage of voting rights to be acquired by the Company might change within the range of 68.4 and 72.4 depending on the number of stock options to be exercised before the Closing.

3. Outline of the counterparty of the share acquisition

(1) Name	Minimum 60 and maximum 82 shareholders (total of individual and corporate shareholders) (Please refer to the notes above.)
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	Names undisclosed due to the request from the counterparties.
(2) Location	Undisclosed due to the request from the counterparties
(3) Relationship between the Company and the party mentioned	No capital, personal or business relationship to be stated.

4. Number of shares acquired, acquisition price and status of shares held before and after acquisition

(1) Number of shares held before acquisition	0 share (Number of voting rights 0, approx. 0%)
(2) Number of share acquired	6,630,000 shares (Number of voting rights 12,300,000; within the the range of 68.4% and 72.4% of voting rights (Please refer to the notes above.))
(3) Aggregate sale price	Total 39,757 thousand U.S. dollars
(4) Number of shares held after acquisition	6,630,000 shares (Number of voting rights 12,300,000; within the the range of 68.4% and 72.4% of voting rights (Please refer to the notes above.))

5. Overview of the acquisition company

(1) Name	1000745629 ONTARIO INC.
(2) Location	Ontario, Canada
(3) Name and title of representative	Takashi Oyagi
(4) Business Description	Holdings of shares in companies engaged in the management of crypto assets, etc.
(5) Amount of stated capital	100 Canadian dollars
(6) Date of establishment	December 2023
(7) Major shareholders and shareholding ratio	Monex Group, Inc. 100%

6. Schedule

Date of resolution of the Company's board of directors	December 28, 2023 (today)
Conclusion of agreement on share acquisition	December 28, 2023 (today)
Closing date of share acquisition	To be determined (*)

(*) The closing date is not determined as of today as the share acquisition is subject to pre-closing conditions, including governmental approval.

7. Forecast

As a result of this share acquisition, 3iQ will become consolidated subsidiaries of the Company. The impact on the consolidated financial results for the fiscal year ending March 31, 2024 is expected to be minimal.

8. Others

TD Cowen is serving as financial advisor and Osler, Hoskin & Harcourt LLP is serving as legal advisor to the Company.

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