

MONEX GROUP  
2021  
INTEGRATED REPORT



**Monex Group, Inc.**

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## Highlights in the Integrated Report 2021

### Business Principles

Always a step ahead of the “Y” in "MONEY,"  
our name MONEX expresses our desire to embrace all  
people who are engaged at the forefront of our future.

With state-of-the-art IT technology, globally universal values and a sense of professionalism, Monex Group designs innovative ways of managing money and realizing individual self-fulfillment for an ever-changing future. Our ultimate goal is to optimize each person's lifetime balance sheet.

### New Principles & Monex DEI\* Approach

Since our founding, we have followed flexible ideas without being tied down by outdated precepts, to help us create an internal working environment and to provide value to our stakeholders. More than ever before, society continues to make strides in its inclusion of diverse individuals, and Monex Group is proud of our progressive DEI business and doing our part in this new age.

The Group's stance can be characterized, for example, by our new business principles, which are more focused on individuals, by our adopted blockchain technology, the backbone of a distributed economy, and by our DEI approach. Further details are provided on the following pages.

\* DEI: Diversity, Equity and Inclusion

[▶ P.09: CEO Message](#) [▶ P.35: DEI Fuels Our Competitive Edge](#)

### Materialization of Group Business Portfolio and Future Prospects

The fiscal year ended March 2021 offered good performance results. In particular, having the same ratio of revenue from the 3 main segments was quite meaningful. This of course showed how the strategy for each segment finally bore fruit and how the business portfolio was realized. Going forward, we shall continue to play out our business strategies designed for each segment to stay on track for further growth and ensure our true values are properly reflected in the capital markets.

A summary of each segment and future capital strategies can be referenced at the following pages.

[▶ P.15: COO/CFO Message](#) [▶ P.25: Overview of Segments](#) [▶ P.51: MD&A](#)

### Vision Led Management and Related Functions

Monex Group businesses start with a "Vision" that look to the future. Various strategies are discussed among the Board of Directors where different perspectives are held. The business execution division performs risk management, allocating human resources in the form of capital investments, in order to provide value to all the stakeholders. This vision is the source of the Group's growth, and how that vision is formulated and the functions that support its realization are described below.

[▶ P.05: History | Growth Trajectory](#) [▶ P.07: Process of Creating Value for the Monex Group](#)



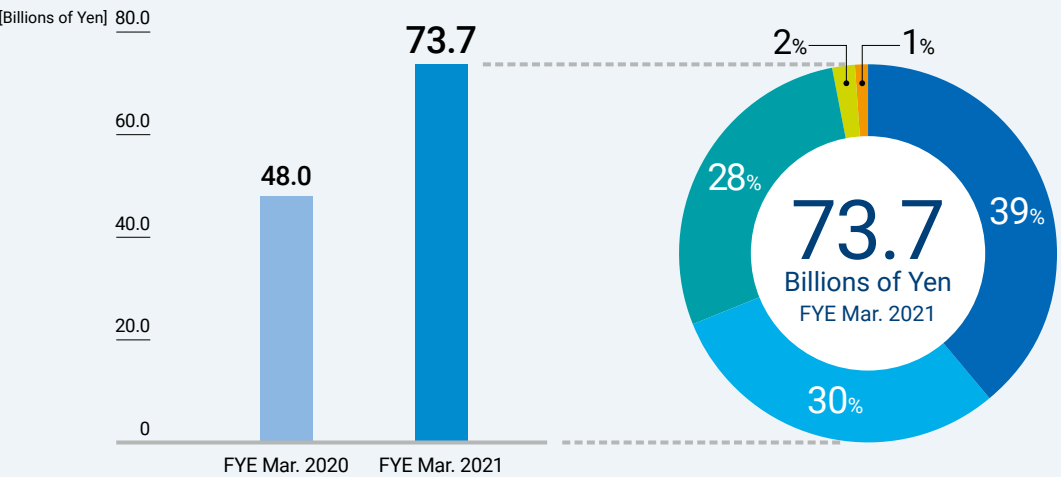
**Oki Matsumoto**

Representative Executive Officer  
President & Chief Executive Officer  
Monex Group, Inc.

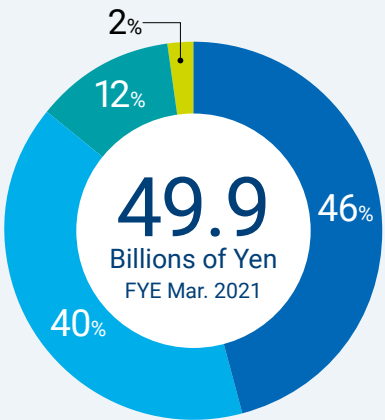
The Monex Group has a global online securities business, a crypto asset exchange service and a VC investment business. In addition to our stable revenue base from our online securities business in Japan and the U.S., our Japanese crypto asset exchange service offers technology capabilities to create new value and has growing revenue contribution. The Asia-Pacific business and our investment business also add diversity to our portfolio, and that portfolio is a critical asset in our pursuit to “Create the future of finance.”



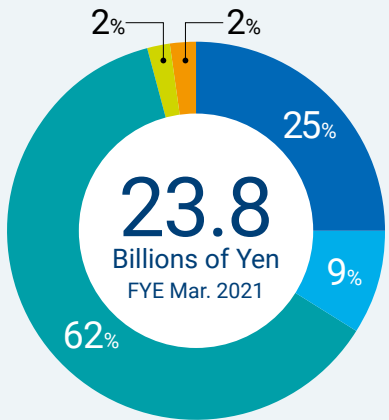
Total operating revenue after deducting financial expenses



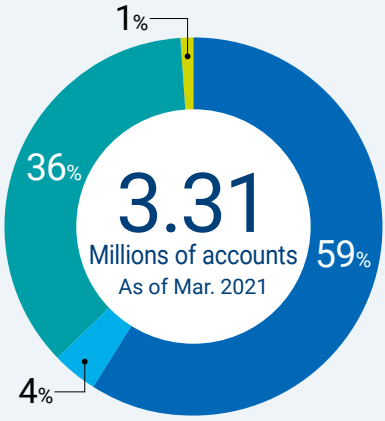
Selling, general and administrative expenses



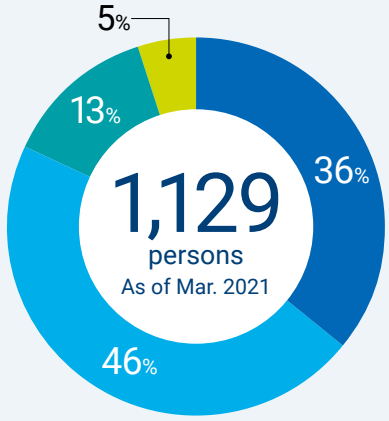
The amount equivalent to operating income



Number of Accounts



Number of Employees



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Monex Group Integrated Report 2021 Editing Policy

This report was created based on the Company's policies with due consideration of the IR Framework, released by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation issued by Ministry of Economy, Trade and Industry. The report was made up to show the Group's unique business model and management strategies and to enable the reader to gain an overall perspective of the Monex Group.

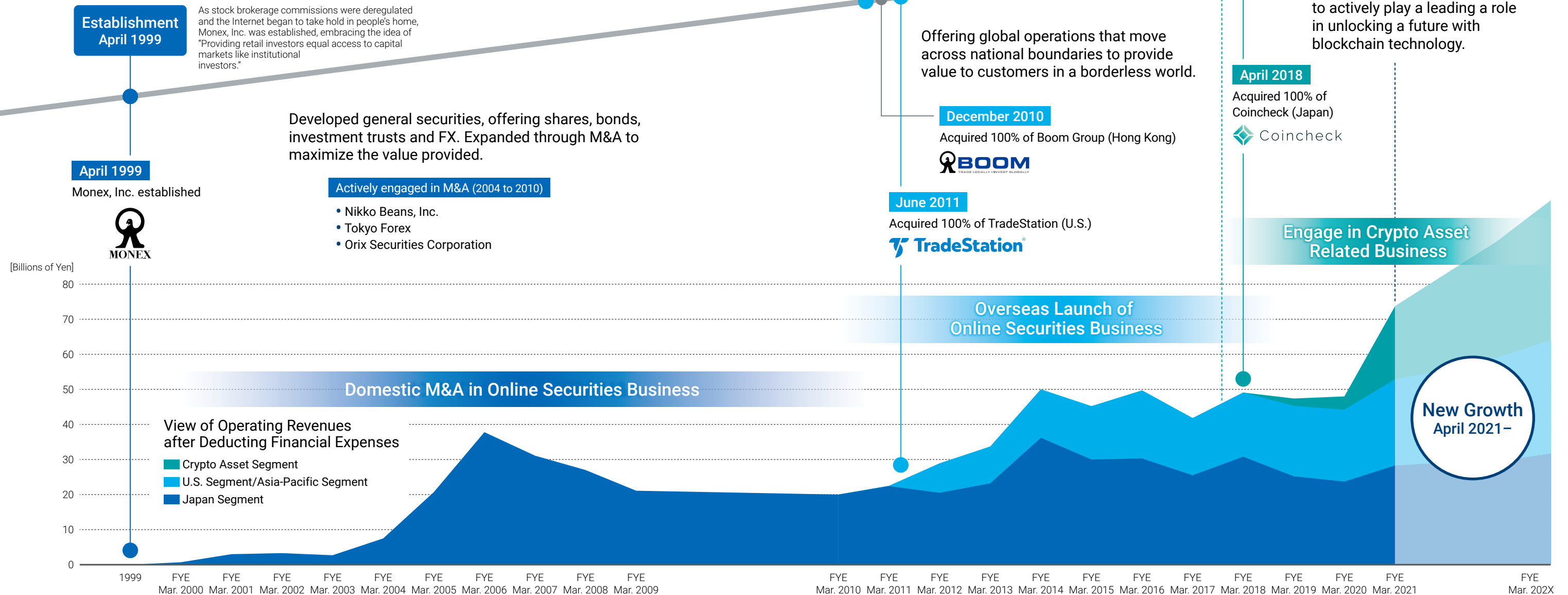
- Reporting Period  
Fiscal year under review: April 1, 2020 to March 31, 2021 (including some activities that started from April 2021)
- Organization under review  
Monex Group, Inc. and Group Companies
- Detailed Information on Financial Results  
Refer to the Annual Financial Statements for details on the Annual Financial Statements in March 2021.
- WEB For Investors | IR Library | Integrated Report / Annual Report



# Vision Led Management Drives Monex Growth

In 1999, just as the Internet was becoming widespread and popular, Monex, Inc. was founded as an Internet-based securities firm, providing lower costs and safe "Access to capital markets." Since then, Monex has been built up and expanded through domestic mergers and acquisitions, becoming a driving force in the rise of "Retail investors" in Japan during the 21st century. In 2011, Monex acquired online brokerage firm overseas, and then in 2018, Monex entered the crypto asset business, both of which have been started with visions. These moves not only continue to expand operations and increase corporate value, but they help provide a unique value to society that only Monex can do.

This page shows how the Monex vision offers a trajectory to help increase corporate value and describes how our business principles helped feed and form the whole vision.



Monex has achieved growth by following and realizing a vision of the future of what should be.

Started MONEX...  
"Always a step ahead of the "Y" in MONEY" (1999)

Our business principle: "Always a step ahead of the "Y" in "MONEY," our name MONEX symbolizes our position as a forerunner in finance." In line with this principle, we shall continue to design an approach toward money for the next generation. We also set up a bold M&A strategy to expand business and diversify services in order to provide value to even more customers. At the same time, we challenged long-standing practice in the finance industry and set up a number of innovative services for the first time in Japan.

Global Vision, our medium- to long-term business strategy (2010)

Since the financial markets are connected globally, we believe that all retail investors should have access to global financial markets and financial instruments. The Global Vision is based in this belief, and we are developing our business in the U.S., Hong Kong and Australia accordingly. The U.S. segment has now grown into a pillar of the Group's businesses, and it has also given tremendous support to the competitive edge of US equities services developed in other segments in the Group.

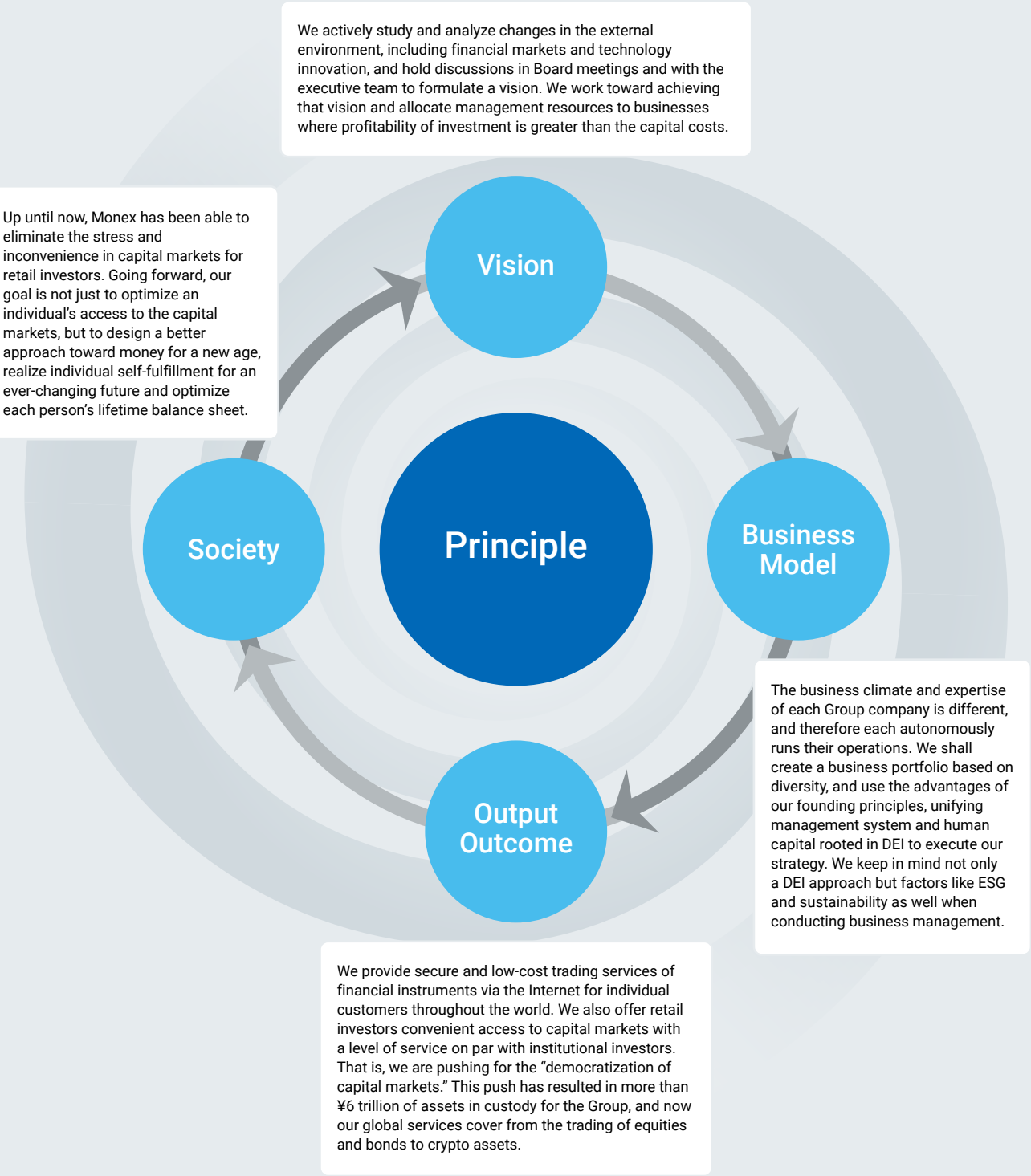
New Beginning (2018)

We quickly noticed the trends during these times, in which innovative technology like blockchain continues to gain power and finance finds itself undergoing a major transformation. As a result, we have embraced the "New Beginning." We entered the crypto asset related business to participate in this era of innovation. The Group looks to achieve a society where all financial transactions can be conducted safely and at a low cost throughout the world, and we shall continue to support individual activities for a future that uses these new technologies.

Looking to optimize each person’s lifetime balance sheet, with both our foresight in creating a vision and our management resources and human capital to achieve that vision setting us apart

Monex Group was founded to provide financial services that are fair and equal for all of our individual customers. As a result, the Group is committed to engaging in the following activities and goals: (1) Formulate a “Vision = Strategy” in anticipation of what will come in the future, (2) Identify and utilize technologies, such as the Internet and blockchain, as well as regulation trends in each country as key factors for business growth, (3) Ensure that personnel are professional with a global and universal perspective based on a DEI\* concept, and that our management has a solid foundation for progressive governance, (4) Use the overwhelming diversity in the Group companies advantageously to let them run operations autonomously, (5) Optimize each person’s lifetime balance sheet (business principle).

\* DEI: Diversity, Equity and Inclusion



Two Critical Points in the Process of Creating Value



Quick to identify structural changes in society to formulate a vision based on our business principles

Monex was established as an online securities firm (Monex, Inc.) in 1999 to equally and fairly provide retail investors with services and products that are on par with institutional investors. Some of the key factors at the time of our establishment include the rise of the Internet among individuals, and an easing of restrictions, such as the deregulation of brokerage commissions for equities trading. Since then, we have given strong support to the retail investors of Japan in pursuit of our founding principle to “create the future of finance.”

In line with this principle, we have expanded our business portfolio by bringing in companies into the Group. For example, the TradeStation Group, an American company in the world’s leading capital market, joined in 2011. Coincheck, Inc. joined in 2018 and is involved in crypto assets and blockchain technology, which represent the foundations of a decentralized society. These types of mergers and acquisitions are discussed among the Board of Directors in order to carry out our own unique visions. For example, the “Global vision” (2010) was designed to deliver financial instruments beyond borders to each region, and the “New Beginning” (2017) was announced in anticipation of a transformation in capital markets with the introduction of blockchain technology.

In April 2021, we expanded upon our founding principle to “create the future of finance,” which had been passed down as our Monex approach. We have revised this principle to “realizing individual self-fulfillment for an ever-changing future and optimizing each person’s lifetime balance sheet,” and are committed to providing value that is not confined to financial services alone. In order to carry out this new principle, Monex will continue to formulate visions that include our foresight into the future, and through optimum investments to achieve those visions, we will expand our business to help “realize individual self-fulfillment” in our future society.

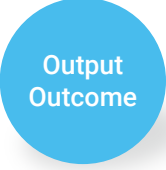


Leveraging global management resources to provide new value not only to traders and investors but individuals all over the world

Monex has invested in business based on a strategy of allocating management resources to achieve our vision. Our internal M&A team with seasoned expertise helped expand our business portfolio by quickly integrating the TradeStation Group and Coincheck into Monex Group. After these mergers and acquisitions, our Group’s management team has worked in conjunction with the management team of our subsidiary. In the TradeStation Group, they have strengthened the management system and implemented a rebranding strategy. With Coincheck, they have reinforced security and the internal control system, and have also made big cuts to fixed expenses. These measures have helped lift the corporate value of each company.

In addition, we have developed the systems internally for the backbone brokerage system and crypto asset platform in all segments. This allows us to provide flexible services that can adapt well to changes in the business climate. While our in-house systems offer a consistent, Group-wide advantage, each Group company also has unique strengths that help improve the overall corporate value of Monex Group. For example, these strengths include Coincheck’s crypto asset and blockchain knowledge, the TradeStation Group’s ability to develop technology cultivated in the U.S. market as well as human and intellectual capital resources at Monex, Inc. that offer a deep understanding about financial markets.

Monex Group holds assets in custody totaling more than ¥6 trillion across all the Group companies. We provide assorted products from stocks to crypto assets, and we also offer innovative means to access capital markets such as the Monex Activist Fund. The individual is the ultimate owner/shareholder in capital markets, and we believe that by providing value for individuals who are the ultimate beneficial owner, we can provide value for society, which is what Monex is meant to be.







Oki Matsumoto  
Representative Executive Officer  
President & Chief Executive Officer  
Monex Group, Inc.

## Using Our Diversity, Equity and Unique Corporate Climate For Monex Group Growth

Monex Group has a unique corporate climate and culture. If one were to describe the character of our company, I believe that we have a unique fortitude. When doing business with other companies, when negotiating with the government and in the relationship with our employees and customers, that fortitude remains ever-present in “doing the right thing” and “not doing the wrong thing.” In addition, Monex Group is progressive and is not tied down by old customs. We do not follow the past and adopt a certain idea just “because it was always done that way,” like often seen in public administration or traditional industries. Our approach is not my personal agenda as the president, but a mindset that permeates among the executive team and employees alike. We espouse a free and unique approach summed up as the “Monex way,” and we pursue growth by realizing our vision.

### Our vision led to good results for the fiscal year ended March 2021, and our business portfolio was established

Monex Group posted great results for the fiscal year ended March 2021. In particular, the U.S. Segment and Crypto Asset Segment have grown to such an extent that, together with the Japan Segment, they now helped drive growth for the Group.

The U.S. Segment needed some time to get into the black after its acquisition. During that period, I am sure all stakeholders were quite concerned, but we kept explaining to them how the U.S. business will become important at some stage, and we have been trying to improve the business. In the crypto asset business as well, there were both pros and cons at the outset of acquiring Coincheck.

There are two visions that we are firmly committed to: the “Global Vision” and the “New Beginning.” The former is for developing financial services on a global scale, extending beyond borders with an eye on the future of

finance. The latter uses cutting edge technology like blockchain to design innovative finance such as crypto assets. The strong performance in the fiscal year ended March 2021 showed these visions bearing fruit, and we expect the stakeholders will appreciate the results as well.

In terms of corporate governance, more diversity was added to the Board of Directors as decided in the shareholder meeting in June 2021. In addition, with regard to the management system for the Monex Group overall, we have been developing management personnel to take the reins for the next generation in each segment. Succession and transitioning to the next management are critical and essential for maintaining the Group's growth, and we must continue to address this issue of succession and enhance our plan further.



**TradeStation**  
A shot from a meeting at the TradeStation Group in Dallas, Texas (U.S.) in 2012. Now, TradeStation Group has become a fundamental segment in Monex Group.



Inductively creating a vision and staying true to its implementation

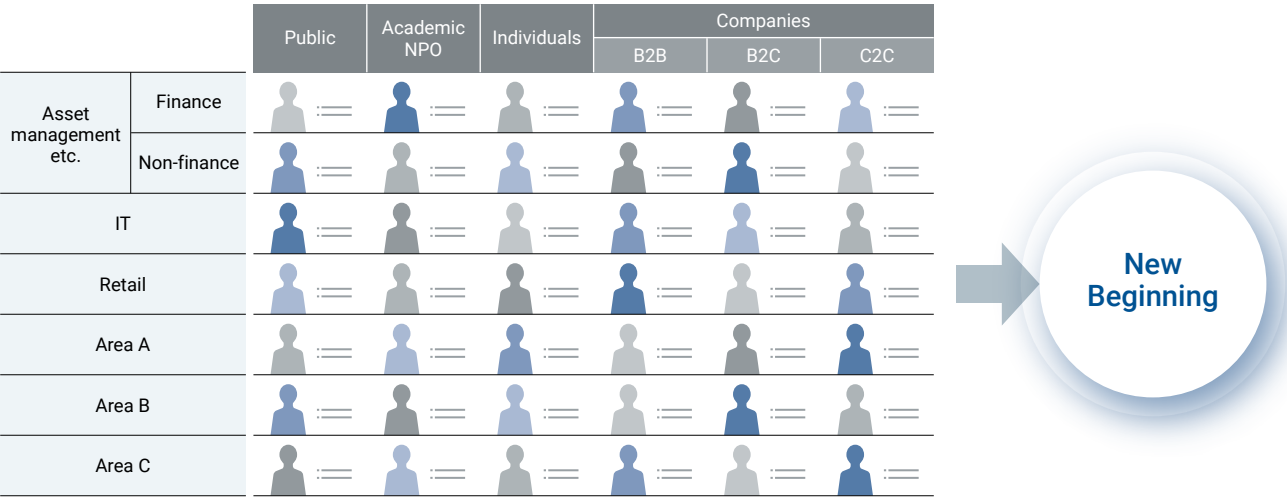
Monex Group outlines everything in a vision and drives its business forward based on that. We saw the mergers and acquisitions of the TradeStation Group and Coincheck, Inc. as an essential component to achieving the vision we established. These moves were debated and discussed a great deal by the Board of Directors before we committed to them. It took six and three years, respectively, for the U.S. Segment and the Crypto Asset Segment to become profitable. Despite this lag in time, we believed in our vision and were absolutely determined to see it through, and ultimately, we were able to produce tremendous results.

This vision was not formulated at the behest of outside pressure, rather it was created entirely by us. For example, the vision: “New Beginning,” which led to the acquisition of Coincheck, was formed through the project “Monex Zero,” implemented in 2016 to develop new business. I devoted an enormous amount of time to it, collaborating with the younger staff for several months and gathering information from personally engaging with experts from various fields. We first established a target of interviewing 100 people in total, and then created a 10×10 matrix, with one axis defined by industry (finance, real estate, consumers, IT, etc.) and one axis defined by affiliation or organization (regulators, academia, investors, users, managers, etc.). Based on this 100 square matrix, we then identified the most critical persons to interview and set up meetings with them. To put this in other words, we created a 360° comprehensive view like a CT scan would, and then were able to understand what lies at the

center. Using this 10×10, 100 square matrix, we predicted social trends and thought carefully about the next move and then formulated the “New Beginning.”

Ordinarily, a vision is established through deductive reasoning, but ours was based on inductive reasoning. That is, we used our global network to collect sampling information on leading examples in society in order to have an in-depth understanding of and analyze how society was progressing right now. Based on this analysis, we inductively reasoned which direction we should take, discussed this with all the directors and executive team, who offer a wide variety of expertise, and then created our vision. Since our founding, Monex Group has employed this style of thought-process and action-planning and is passing it onto the next generation as well.

While our vision is also fundamental in the present day, both the “Global Vision” and “New Beginning” still act as valuable guides. As we look beyond the fiscal year ended March 2022, we shall continue to put our strength behind global business development and to expand the blockchain based crypto asset business. Furthermore, we shall employ the “asset management model” in Japan, that is, we shall establish a business model where the specific target is increasing customer assets. Our idea and approach are to support putting more resources into three areas: the Japan Segment, the U.S. Segment and the Crypto Asset Segment, and also to foster new growth in the Group in the near future through the next vision that follows the “Global Vision” and the “New Beginning.”



Sample image showing potential sources of information in the “Monex Zero” project. After creating a matrix based on industry and affiliation/organization, we identified key persons and set up meetings with them. Using an inductive reasoning approach, we investigated and researched the next business target and opportunity for Monex Group.

New business principle: “Optimizing each person’s lifetime balance sheet”

In 2021, Monex Group has continued to question and redefine its purpose again, and as a result, we established a new business principle: “realizing individual self-fulfillment for an ever-changing future and optimizing each person’s lifetime balance sheet.” A key mission in our business is protecting and increasing the assets of our customers. Of course, it is important for the current assets to grow, but increasing ¥1 million to ¥3 million alone is not the ultimate goal of our customers. Needless to say, we will help our customers increase their assets to ¥3 million, but we believe that we should be more conscious of what our customers want to do with that ¥3 million in the future. In other words, we should, not only come up with a method to increase a customer’s money, but also help customers build their assets focusing on what the customers want to achieve with it (¥3 million). This way we can experience a greater sense of purpose and meaning in our work, beyond just making profits, but also making contributions to society. For example, let’s assume when we know a customer wants to raise ¥3 million in assets to buy a car, then I think we could provide a service so the customer can drive a car worth ¥3 million, even when his/her assets at the time are ¥1 million.

Regarding our new principle of “Optimizing each person’s lifetime balance sheet,” there is a backstory to my mindset that led up to it. Three years ago, Monex, Inc. held a customer appreciation day at a hotel in Tokyo, and after it was over, there was an elderly woman (customer) in the lobby with whom I found myself deep in a conversation. She gave me a book about her life that she self-published. She explained that she used the money that she managed under Monex, Inc. to write and publish her book, because

she wanted to leave something to remember and celebrate her own life. She then personally thanked me for that opportunity. My name was noted in the opening of the book as an expression of thanks. The moment I saw that, I knew that this was the essence of my work and truly felt its reward. This experience made me feel how “optimizing each person’s lifetime balance sheet” could potentially be a service that customers desired. After realizing companies are not really addressing this topic, I felt inspired to take a shot.

“Optimizing each person’s lifetime balance sheet” actually targets the stage before customers come of age and continues on after their retirement. We want to cover all those stages to help individuals fulfill their goals. I believe that the financial instruments business could have a large role in achieving this. If individuals can increase their money to fulfill their goals, they can also borrow money to achieve the same. Our origins in the financial instruments business are an essential business model for optimizing each person’s lifetime balance sheet. Furthermore, I believe that each time we create value that we want for society and for our customers, the importance of Monex Group will also grow more and more.

As a result, we are currently developing business to “realize individual self-fulfillment for an ever-changing future and optimize each person’s lifetime balance sheet.” Despite us adopting the “Global Vision” and the “New Beginning,” they both initially encountered some resistance and negativity, but ultimately, we arrived at the desired result. This time around as well, we believe we can achieve the desired result.



Current trends toward a decentralized society offer big opportunities

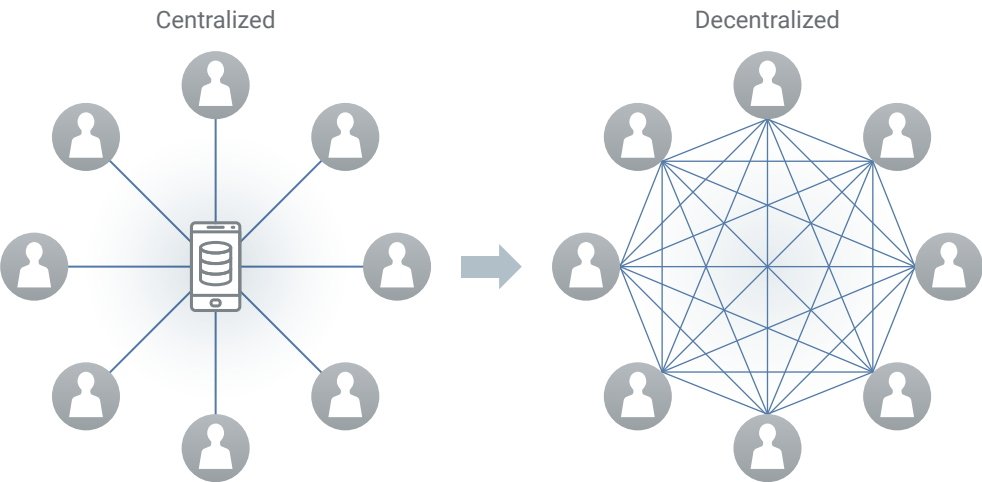
The crypto asset business is a new resource that will drive further growth in Monex Group, and there is considerable room for it to still evolve. These days in the financial world, blockchain technology and the decentralized finance (DeFi) that it brings is gaining momentum. DeFi is a form of perception and structure that veers away from a centralized structure. Right now, sovereignty is being called into question globally, and in the U.S. and Japan, sovereignty has begun to crumble due to the COVID-19 crisis. However, DeFi is at a different stage than a nation state and is a developing network anchored by the people.

Since our founding, the securities brokerage industry that we have been involved with had been a business model that linked customers to a stock exchange, an extremely centralized platform. Yet now, there exists the possibility that it will die out given its place in a decentralized world view. It is not merely about transactions, but the era of decentralized power appears to be at hand. Blockchain technology is accelerating this movement, and it is no exaggeration to say that blockchain technology will create the future. This technology even has the hidden potential to make significant changes to the global framework.

Blockchain can be explained as a technology that can create databases with timestamps that are most secure in the world. Crypto assets are based on this technology and can create tremendous value. For example, one cannot deny the probability that in global conflicts these days, capital may flow out from one superpower, bouncing

around from place to place and then lead to arms being purchased from another superpower. Even in a situation like this, crypto assets programmed with blockchain technology can be circulated as money that cannot be used to purchase arms. Right now, the world is in disarray, and the traditional structure no longer applies where one superpower plays a role which is then taken over by another superpower. There is a significant possibility that a decentralized structure can stabilize the order of the world and achieve a new society. This transition is where blockchain technology and crypto assets will become heavily involved. And, in the course of implementing our vision since our founding, Monex Group has acquired a wealth of knowledge related to blockchains and crypto assets, and we are now good at manipulating them as well.

As the world around us appears to be undergoing a major transformation, we must survive and continue growing. There is risk (uncertainty) as well as opportunity (for earning). As I stated at the introduction, Monex Group is a corporation that is not tied down by the past. If the worldwide structure is starting to change, then I see great opportunity not risk. Since our founding, the Monex Group has integrated DEI (diversity, equity and inclusion) into its business principles and has accumulated resources such as personnel and technology. And only because of them, we are proud of all the assets that can produce huge profits from those new opportunities.



**DeFi (Decentralized Finance) Concept**  
The image on the left is the traditional financial system, where the user transactions have always relied on intermediaries like banks. This is why it is called a centralized system. In DeFi, users can conduct transactions directly, and all the transaction information is recorded in blockchains. Since there is no intermediary, it is called decentralized.

Helping achieve a sustainable society in our fields of expertise leads to an increase in corporate value

I believe that one of the Monex Group's missions is to help achieve a sustainable society for the future. That assumes that the Monex Group itself must be sustainable. To achieve that, it is key that we progress with DEI, as it has been a canon-like approach for us since our founding. Furthermore, I believe that the entire Monex Group must be reminded and made aware of what diversity, equity and inclusion (not leaving any person behind) entails, and we must always ensure DEI is included in our actions and statements that are made outside of the company so that we can have a positive impact on society.

We shall allocate resources into different business areas so that the operations themselves also contribute to society. The Monex Activist Fund (MAF), an engagement fund for retail investors is a perfect example. This fund could be described as a compilation that sums up my

career after being involved in the securities business for so long. If the MAF is successful, I believe that the Japanese capital market will be moving in the right direction, it will be advantageous for all investors and it will facilitate sustainable economic activities. Furthermore, our principle to help "realize individual self-fulfillment for an ever-changing future and optimize each person's lifetime balance sheet" is an extension of our existing fields of expertise and will contribute to society going forward, while making revenue at the same time. In terms of ESG, we started an impact fund related to the environment. We hope to use this financial strength, which we have amassed since our founding, to help resolve social issues. This, in turn, will help garner support from our customers, and at the same time, raise our corporate value.

Scaling up in pursuit of growth to contribute more to society and improve the satisfaction of our stakeholders

The management of Monex Group recognizes it's time for a change. Among the subsidiaries, Monex, Inc. has a long, storied history and the need for a model change has arrived. Up until now, I have formulated strategic visions using an inductive reasoning approach, creating various businesses and organizations to form the Group. Yet, to communicate in future society requires us to modify how we manage, and we are in the midst of preparing for that change. We already started with the composition of the Board, appointing Yuko Seimei in her forties and Naofumi Yamada in his thirties as a director and outside director, respectively. Our business partners and clients are part of general society. They represent and belong to various sectors of our society. To avoid any gaps in our understanding and the needs of our customers, Monex Group must ensure our leadership understands and represents the same sectors as our partners and clients. That is exactly what DEI in Monex is supposed to be. We shall look to the future while always keeping in mind a DEI approach and the right system that we need.

I believe that increasing our size to achieve growth will be necessary to contribute to society. If we focus too much on increasing our size, we realize that it may be difficult to stay true to our principles and maintain our business for a long time. However, even if we hold steady in our business following the right principles, it is not

possible to have an impact on society unless we have scaled up to a certain size. Following simple and honest measures as outlined in our vision, which we have always trusted to be the appropriate and right approach, will bear fruit, and I believe this is established in the core of our company. As a result, we shall scale up our size to pursue growth and increase the Group's footprint in society, and at the same time, we shall strengthen the sustainability and resilience in the Group.







**Yuko Seimei**  
Representative Executive Officer,  
Chief Operating Officer and  
Chief Financial Officer  
Monex Group, Inc.

# My Single Greatest Mission is Building a Management Foundation to Ensure the Group’s Perpetual Development

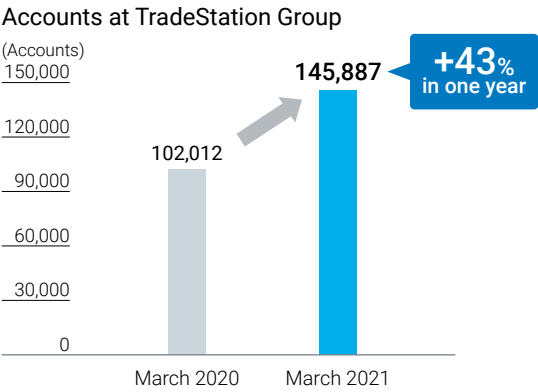
Monex Group is attempting to take a big step into the next stage. Business strategies have been successful based on our vision, the Group’s customer base and revenue base are stronger, and momentum is building for further growth. Monex Group is just getting started in demonstrating its true value. As COO and CFO, I have a critical role to ensure the “Monex Way” is passed down and to accelerate this momentum even more for the next generation. While supporting management from different points of view, I am devoted to building a base to achieve sustainable development and ensure we mature to a “100-year-old company.”

## Recognizing more growth opportunities in the securities business during and beyond the COVID-19 crisis

During fiscal year ended March 2021, the spread of COVID-19 infections crippled the global economy, yet Monex Group posted remarkable results with record profits. I also see more growth opportunities in the securities business with the COVID-19 crisis today. In Japan, the trend of moving “from savings to investments” is losing steam, and I feel like the population of investors is hitting a ceiling. However, the COVID-19 crisis has prompted a re-evaluation of how we view lifestyles and occupations. There are more investors who are re-considering their approach toward “money” in the future, and this movement is a plus for our business.

What is even more surprising is the U.S. Segment. In contrast with Japan, investment was already a part of the American lifestyle. Regardless of the market’s mature status, the number of accounts and customer assets in the U.S. Segment rose enormously. The TradeStation Group that carries the U.S. Segment had always developed business for a niche investor class, focusing on active traders, and had been unable to reach the broader based casual traders. Nevertheless, the company made management reforms while supporting changes in the external environment such as a commission-free trend. They developed and used a number of tools including a rebranding approach. That strategy brought in an unexpected result of gaining a broader customer base of casual traders in addition to the niche investors. Looking at this success, I really feel that the securities business has a lot of room left for growth globally.

Furthermore, the Japan, U.S. and Crypto Asset Segments, the three main segments showed well-balanced growth. A system that promoted strong portfolio management also brought a great advantage to the Group. For example, sixty percent of the customers are thirty and under at Coincheck, the core of the Crypto Asset Segment. As opposed to Monex, Inc. which drives the Japan Segment, the customers are mostly in their forties and fifties. I believe that the customer base for the entire Group can be grown further, by deepening the relationship between segments, providing opportunities for Coincheck customers to invest in securities and offering Monex, Inc. customers ideas on how to manage and use crypto assets.



P.29: Overview of Segments | U.S. Segment



M&A based on our vision generates great synergy

The success of our business strategies including the mergers and acquisitions up until now is the reason we were able to post these record profits. The TradeStation Group and Coincheck were acquired and became part the Monex Group. The reason these mergers were successful is because the Monex Group strategy has always been based on our vision when making acquisitions or even at the PMI\* phase.

We never forced post-merger reforms upon our new Group members to quickly rush and push a synergy effect. Our M&A approach has always respected the distinctive culture of the other company while offering support to areas that can be grown further. We share our vision and enter our partnerships from a cooperative, long-term perspective under a mutual agreement to “create new

value together and grow together.” Mergers and acquisitions are not successful when only considering a purely economic premise or motive. I believe each company has a distinctive character and culture, and it is crucial to respect each other’s strengths and weaknesses.

Monex Group has remained firm in our vision led management system, but having said that, it takes a certain amount of time for that to produce results. I believe that the record setting profits of the Group during the fiscal year ended March 2021 show our approach is finally bearing fruit.

\* PMI: Post Merger Integration

➤ P.05: History | Growth Trajectory

Holding out against common practice to achieve our principles

Even when judging Monex Group objectively, I think the company is unique for how we value our principles and remain solely focused on achieving our vision. For example, one measure that is emblematic of that uniqueness is the internal development of brokerage systems at Monex, Inc. We went against the common practice of outsourcing and made the decision to invest a gigantic sum to build in-house systems, which was extremely unconventional for a financial institution.

We have embraced the idea of “getting close to each and every customer to help make each and every life better.” Since we run an Internet brokerage, we have to achieve this idea using a system. As the technology

innovation continues accelerating, we cannot support the needs of the customers unless our system is flexible. I suppose that there would not have been any short-term problems if we had not tried to transition to in-house systems. Or, if Mr. Matsumoto (CEO) were complacent with keeping the company solvent during his time at the helm, I suppose we would not have gone down this in-house system path. However, our decision to take on this challenge and go down this path was unavoidable for us in order to achieve our principles over the medium- to long-term.

It was a constant struggle to launch a backbone system from scratch. During the development, it was frustrating to be unable to meet the customers’ expectations because the release of our product services was limited. In 2017, we cut over to the new systems and also finally constructed a system where we could respond to the customers’ demands. The improvements made based on the customer feedback led to the “asset management model” that we are currently implementing. This asset management model will now begin full-swing. For now, 30-40 percent of our revenue comes from the brokerage commissions in Japanese stocks. Yet, we are looking to drive this down to about 20 percent by using various measures, and will make a transition to a structure that does not depend on commission-based revenue.



Our strengths with in-house systems and IT personnel

Our decision-making process is carefully thought through, weighing questions such as if the goal is in line with our principles or if it is connected to achieving our vision. This process is also true of the trading tools developed and provided by Monex, Inc. While we have received high praise from customers, we are providing these tools free of charge. Our hope is for customers to use these types of tools to become better at investment, to increase their assets, to enjoy the experience of investing, and ultimately to ensure the customers continue trading and investing for a long time.

In the future, when there are no longer any differences between the commission fees (offered by different companies) in Japan’s securities industry, we will be in an

extremely advantageous position with our own systems and tools. Staying true to our principles, our staff includes a number of talented personnel who will continue improving these systems and tools. I believe that having this staff is also a competitive edge that no other rival has.



In-house systems coupled with highly skilled personnel offer more nimble deployment in service development and improvements.

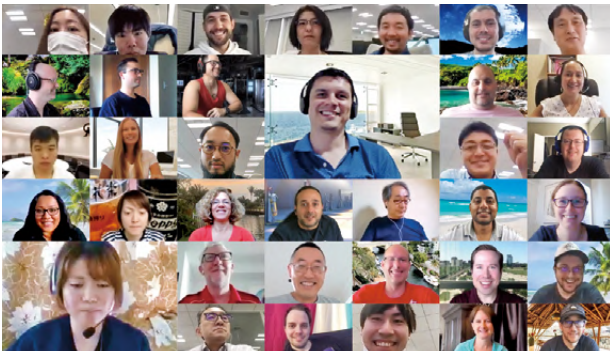
Our talented team from various backgrounds will lead in the coming era

The Group is considering its future and making preparations to build a system and team for the next generation. The Group has grown under the strong leadership of Mr. Matsumoto (CEO) up until now, but currently, we are developing various leaders in the Group, of which I am one. Founded in 1999, Monex, Inc. started hiring recent graduates from 2005, and among them, there are also employees who are already directors. However, there are also many outside directors with a specific expertise, like me, who are on the Board, resulting in a good mix of both. Going forward, we must avoid just one type of person controlling the company. I believe we should recruit personnel with as many different skill sets and perspectives as possible to form a team. This diversity will naturally set up each team member to think on how they can help Monex. Coupled with good communication, I am confident this team approach will lead in the coming era.

With this diversity, it is pivotal that all employees are working toward the same goal in order to create new value. Monex Group has definitive principles in place that act as a guide for everyone. Our culture ensures each person is focused on the principles: “designing innovative ways of managing money for an ever-changing future” and “optimizing each person’s lifetime balance sheet.” In addition, we will invest in the necessary management resources to achieve them. What is even more

fundamentally important is for people to speak their minds. Up until now, the Group relied heavily on the leadership of Mr. Matsumoto (CEO). Yet, I believe we must distance ourselves from this dependence and ensure each and every employee’s voice is heard and respected, so that the Group can be an organization oriented toward growth.

As the COO of Monex Group, my highest priority is creating the foundation for future management and developing the managers to lead us in the new era. 5 or even 10 years later, it all boils down to helping develop this Monex Group further. I also hope that the next person to hold the COO post will understand this idea and manage accordingly. With the repetition of this process, I hope Monex Group perpetually develops and matures into a “100-year-old company.” That is my big vision.



Our diverse team is one of our greatest features at Monex Group.



Creating cash flow and appropriate management control

As CFO, let me touch on Monex Group’s financial strategy as well. Investment is required for growth, and we closely examine and assess that all the time. One type of investment is mergers and acquisitions. The TradeStation Group was in the red for a while when they first joined the Monex Group. During that time, we regularly monitored and evaluated that investment while making reforms, such as reinforcing the management system and rebranding the business. Those reforms were successful and the U.S. Segment is growing significantly as a result. For the Asia-Pacific Segment as well, we are monitoring and verifying whether it has a system set up to earn back the invested capital and whether that system is functioning properly or not.

We are also constantly watching and revising business and system investments apart from mergers and acquisitions. Previous decisions emblematic of this process include discontinuing the Japanese equities trading tool “TradeStation,” a service targeting active traders in Japan. We ultimately decided to end it due to concerns about its profitability and future prospects. Fundamentally, we believe in earmarking funds for investments from the profit returns for shareholders. Those investment returns are always closely observed, and recently we have been making rather bold decisions to pull services that did not yield expected returns.

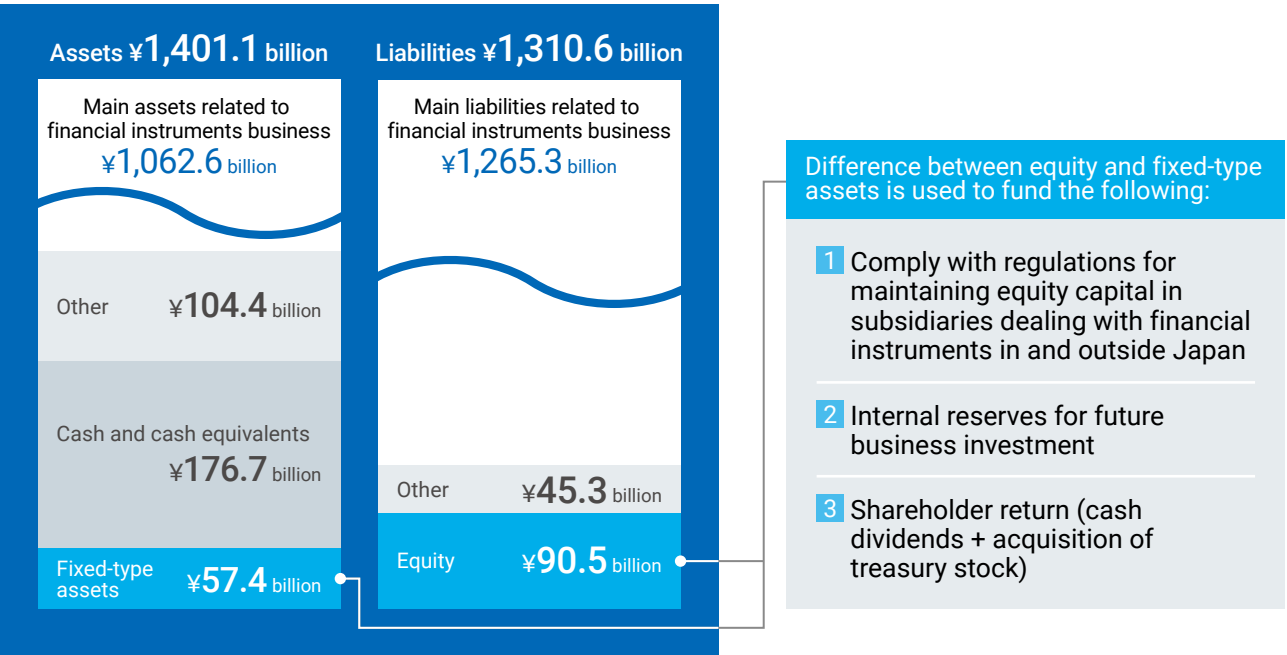
For the financial instruments and other businesses run by our main subsidiaries in the Group, we record deposits

received from customers as liabilities, while categorizing cash segregated as deposits as assets. Due to this recording method, there are many liabilities and assets that straddle both sides of the books. Using this approach may make our debt-capital ratio look very high, but in fact, one could say that our real net debt is extremely small. The majority of our actual cash flow had always come from Monex, Inc. However, since TradeStation Group and Coincheck showed a strong performance in the last fiscal year, these subsidiaries also produced good cash flow and returned profits to the parent company Monex Group. Coming up with appropriate capital allocation based on good cash flow is part of my role as CFO.

What is even more important is accurately managing risk. No matter how profitable a business is, there are unexpected events that occur and the loss of capital is a real possibility. Understanding how much risk is involved in a business and thinking about internal cash reserves is part of the role of management. It was easy to measure the amount of risk when only considering the Japan Segment. However, the crypto asset, U.S. and Asia-Pacific businesses are expanding rapidly, while also representing different risks in each one. In the future, I believe that in addition to cash flow, risk management must be regarded with more attention.

- P.49: Risk Control
- P.51: Management Discussion & Analysis [Profit & Loss]
- P.54: Management Discussion & Analysis [Balance Sheet]

Financial Strategy and Capital Policy (Figures current as of March 31, 2021)



Well-balanced capital allocation for future growth investments and shareholder return

Since our founding, Monex Group has always valued dialogue with shareholders. We listened to a number of shareholders about returns, and we have achieved returns as much as possible while still touting growth.

We hope to continue growing perpetually into the future. While a company is made from its people, people will not grow and develop unless they invest in themselves, raise their abilities, and take on risks and challenges. The same applies to a company, which is the aggregate of people, and we want to invest heavily in it so it will grow and develop. During the last fiscal year, I believe that the Group earned good profits and the success of our investment is starting to show. We still want to grow more and will continue to invest. However, we are also mindful of providing returns to the investors that have supported Monex Group, and therefore will ensure there is a good balance for both growth investment and returns.

The Group is also aware that internal reserves must be kept at a certain level. We will use blockchain and other technologies to create a digital economic sphere, and we hope to increase our corporate value more in that sphere. Yet, there is always risk in going after this type of new business. If a certain amount of internal reserves is not kept, then this would cause problems for investors. We believe that the internal reserves must be appropriate for the amount of risk, and any cash beyond that level of reserves is allocated to future investments and to shareholder returns (for their support). Recently, there are more expectations for a stable dividend in the market, so our approach takes this into consideration while engaging in dialogue with our shareholders to ensure a continuous and stable dividend payout.

Likewise, I want to maintain a minimum of 10% for ROE. It is not just a question of having a high ROE, rather new growth investment is not possible without improving the ROE. If the ROE is higher, then securing sufficient returns is also possible, and so I think that the investors will also get behind our policy.

Each business company manages the progress and profitability of their business based on the characteristics of that business and also taking into account any external factors. As a holding company, Monex Group is involved in any important decision-making process. And, as the Group CFO, I must fully understand the information surrounding any important decision and then carefully examine

whether overall capital allocation is appropriate and whether we as a Group are taking on too much risk. As COO, I am constantly checking whether there are sufficient and proper management resources in place for each business company. From both a CFO and a COO perspective, I want to keep building a strong foundation that allows Monex Group to continue growing toward the future.

- P.51: Management Discussion & Analysis [Profit & Loss]
- P.54: Management Discussion & Analysis [Balance Sheet]





# ESG & Sustainability Initiatives

Environment Social Governance

## Pursuing the embodiment of our business principles, and helping achieve a sustainable society

Monex Group sees the ESG concept as an internal framework to continuously improve corporate value, and at the same time, as a common language with different stakeholders. By achieving the business principles: “realizing individual self-fulfillment for an ever-changing future and optimizing each person’s lifetime balance sheet” and promoting ESG and sustainability, Monex Group contributes to the development of a sustainable society.

## Seeking to achieve a sustainable society and improve corporate value, by addressing materiality issues in operations based on our business principles

Since Monex Group's businesses are susceptible to the economic and market climate, instead of developing medium- and long-term management plans, the Group adopts a management system to set up clear business principals and a vision, allowing each business segment to independently run their operations and the Group to pursue an ideal future society.

According to the new business principles established in April 2021, the Group seeks to “realize individual self-fulfillment for an ever-changing future and optimize each person's lifetime balance sheet.” With these new principles for the Group, we advocate creating a society that offers inclusion to a wide variety of individuals, designing a better approach toward money for a new age and supporting individual self-fulfillment.

The materiality matrix established by Monex Group identifies critical issues in order to achieve sustainable growth by following these business principles, on which a sustainable society is predicated. In this matrix, executive officers are assigned to manage each of the top 9 highest priority items and then they give a progress report on those issues to the Board of Directors once semiannually, promoting ESG and sustainability in the Group's operations. We are constantly looking to develop a better corporate system in the Group to help construct and develop a sustainable society. For example, the “Monex Sustainability Statement” was announced in June 2021, and it expresses the Group directors' commitment to a sustainable society. The “ESG/Sustainability Task Force” was also formed to work together across different departments and divisions in the Group.

### Goals of “ESG/Sustainability Task Force”

#### Promoting ESG and sustainability that Monex must achieve while focusing on a future-oriented approach, diversity and inclusion

I have been involved with ESG as an institutional investor for about 10 years, and recently, I feel the expectations toward corporate ESG have changed greatly and these activities have become extremely dynamic. The backdrop to this includes a global trend transitioning to a sustainable society as well as a change in values toward society due to the COVID-19 crisis. I believe that it is becoming increasingly important for a company to be sensitive and adapt to these circumstances as well as set up a system that continuously provides value to stakeholders by following its principles. In our approach and anchored by our business principles, the “ESG/Sustainability Task Force” works across groups to lead activities related to ESG and sustainability. We shall focus on a future-oriented approach, diversity and inclusion, while actively collecting and sharing information in the Group, making suggestions to the management about sustainability practices and partnering with executive officers and directors.

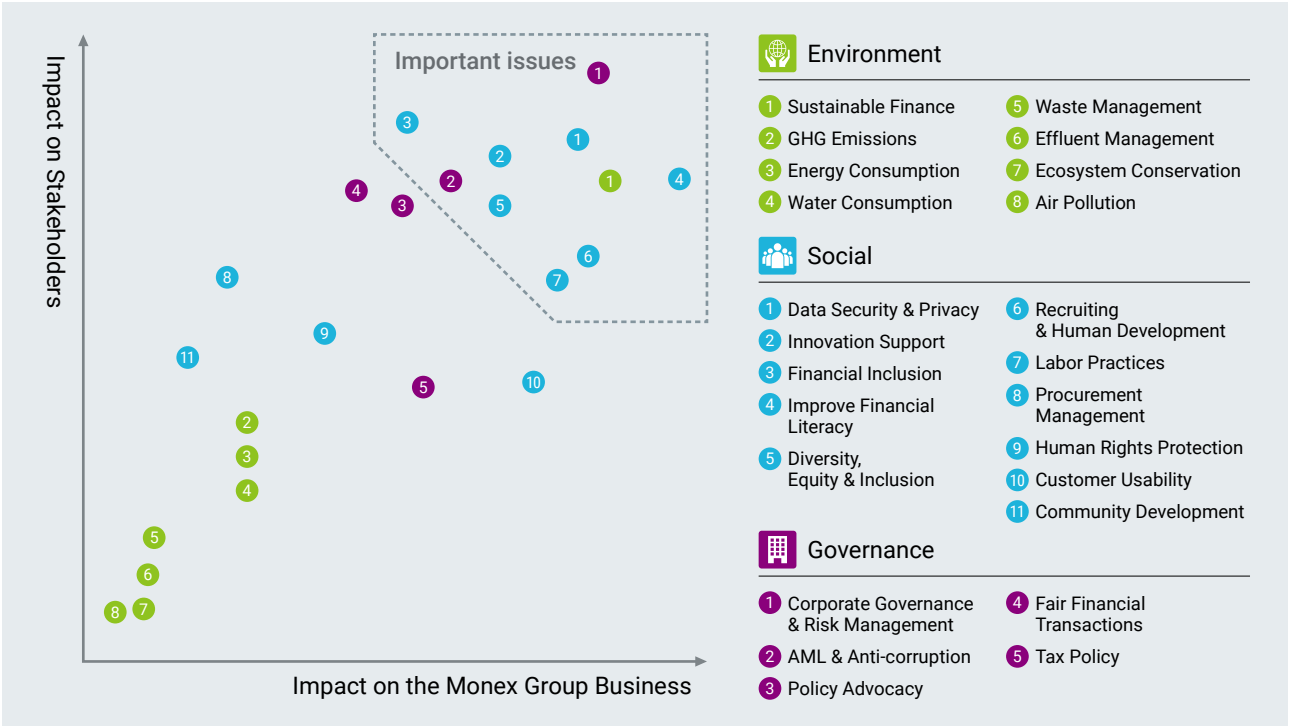


**Emi Onozuka**  
Chief Operating Officer  
Leader for ESG/Sustainability Task Force  
Japan Catalyst, Inc.

### Materiality Matrix

We have summarized the feedback and needs from our stakeholders to help us address and come up with solutions for the social and management issues the Monex Group faces. We set up a “Materiality Matrix” (hereafter referred to as the “matrix”), indicating the level of importance for the stakeholders on the vertical axis and displaying the level of impact on the Monex’s operations and performance along the horizontal axis.

Based on the needs of the stakeholders (Monex Group shareholders, employees, customers, partners/suppliers, NGOs, industry groups and government agencies), we identified each topic. Then, taking into consideration the topics’ impact on our business, we mapped out and submitted a preliminary matrix. The Board discussed the details and approved the final version shown below. However, we have come to learn in this past year about the growing importance of sustainable finance and have added “Sustainable finance” as an important issue in April 2021.



### Activities on important issues, led by executive officers in charge

In the Monex Group's business, we have sifted through the important issues that we must resolve and have assigned a specific executive officer to be in charge. Each officer will be responsible for a particular category and help us address each issue by setting targets and monitoring progress.

#### Important Matrix Issues and Responsible Executive Officer

Critical Categories in Matrix	Responsible Executive
Corporate Governance	CEO
Risk Management	Risk Control Manager
Innovation Support	CEO
Improve Financial Literacy	CEO
Financial Inclusion	COO
Data Security & Privacy	Information Security Executive Officer
Recruiting & Human Development, Labor Practices and Diversity, Equity & Inclusion	Human Resources Executive Officer
Compliance (AML & Anti-corruption)	CAO/General Counsel
Sustainable Finance	Japan Segment Executive Officer

Governance

Corporate Governance

Adding greater Board diversity and committing to our Sustainability Statement

The Group works hard on improving the effectiveness of the Board of Directors, with the help of the Corporate Governance Code. By actively listening to the opinions and ideas of the outside directors, who represent the minority shareholders, the Board’s function will continue to improve. In addition, we have engaged in lively discussions about the credentials of potential directors on the Board and have applied those credentials (that were agreed upon) to select and appoint directors in June 2021. The result of which was adding even greater diversity in terms of gender and age to the Board. Based on the reports and discussions on the Board, we have established the “Monex Sustainability Statement.” By committing to this public statement, the Group declares its intent publicly, as per the revised Corporate Governance Code, that the Board recognizes the importance of the ESG and sustainability, which is expected by the capital markets.

WEB ESG Information | MONEX GROUP ESG

Social

Innovation Support

Taking the lead with new services in the industry such as engagement funds for individuals and IEOs

Monex Group is working to create innovation in order to acquire new customers and to achieve a society envisioned by the Group. To that end, we offer the Monex Activist Fund (also known as: The Future of Japan), an engagement fund that is a rare resource even on a global level and is designed to give individual retail investors the opportunity to participate in corporate reforms and transformations. June 2021 marks one year since the fund’s public offering, amassing a total net worth of approximately ¥10 billion.

In light of the spread of COVID-19 infections, Coincheck took the lead ahead of other companies and started a business called “Sharely.” This business provides support for virtual shareholder meetings, and since its inception, the number of places that have subscribed to this service has grown. In addition, Coincheck also successfully carried out the first IEO (Initial Exchange Offering) in Japan in July 2021 and was able to shore up approximately ¥1 billion in funding. This is a huge step in the development of the blockchain industry and Monex Group is using its assets to continue backing this endeavor.



WEB “Sharely” A virtual shareholder meeting support service  
https://sharely.app/ (Japanese version only)

Social

Improve Financial Literacy

Developing investment education for a wide range of ages including courses at Monex University

Asset management that includes financial investment is becoming increasingly more important. To respond to this need, we offer the opportunity to learn through courses and publications about financial education, for not only the Group’s customers but the general population, covering a wide range of ages. In March 2021, Monex University began offering online courses using textbooks and videos to offer a comprehensive education on the basics of investing in U.S. stocks. In addition, we shall continue our efforts to improve the quality of our financial services by providing research and study opportunities on various topics (sustainable finance, corporate value analysis, etc.) for the Group’s employees and by sharing information and social trends in financial fields.



Seminar on “How to Polish Your Money 2019” hosted by Monex, Inc. in cooperation with Nikkei WOMAN (January 2019)

Social

Financial Inclusion

Improved micro-investing environment while providing investment SNS application for younger customers

We are improving our products and services and providing better financial opportunities and access for retail investors in order to expand our customer base. After establishing and quickly integrating micro-investing capabilities in equities (renewed to One-Share service in 2010), Monex, Inc. made brokerage commissions free of charge as of July 2021 when for buying odd-lot shares (stock units below the minimum lot shares). There has been a pattern of trading accounts increasing after implementing this change, which has led to further improvements in the trading tools and environment for micro-investing. In 2019, Monex also launched “ferci,” an investment SNS app that targets the youth that often use smartphones. This app provides intuitive operations with less required taps for users to perform trades, with a one unit share minimum. The goal of this app is to draw in younger customers to set up their first account (investors setting up their first securities account).



Ferci

The app offers an intuitive UI design that is easy to use for younger users. It is also equipped with SNS functions, allowing the user to reference online reviews. Stocks can be traded starting from one share.



(Japanese version only)

Social

Data Security & Privacy

Group security meetings and sharing security policy worldwide

Monex Group holds “Global security meetings” to share security measures adopted worldwide at each location. In order to strengthen user authentication and enhance illegal access security in each system related to the financial instruments business and crypto asset trading business, this meeting presents a platform to exchange opinions and ideas, including that of the top managers of information security at each company, to verify the current security status and to share information between security personnel among the different locations.

In addition, we are working hard to improve productivity and have constructed a system to ensure a high level of security even with a change in the workplace, by providing free addresses and enhanced telecommuting security.

Governance

Risk Management

Stay focused on Group RCM and VaR Ensure constant vigilance of risks in crypto asset trading

To identify, analyze and evaluate qualitatively and quantitatively Monex Group risks, we update the Group’s risk control matrix (RCM) and Group’s value at risk (VaR) every month and monitor the instruments in place and operations related to the risk control system. We monitor the wallet balances on a daily basis due to the tremendous weight of crypto asset’s trading and its impact on the entire Group’s risk, and also calculate the amount of risk based on the Group’s VaR.

➤ P.49: Risk Control

Governance

Compliance (AML/Anti-corruption)

Seminars and training held regularly at all global locations covering governance, anti-bribery, corruption prevention and AML\*

We establish Group policy and disclose information on the corporate sites in order to maintain a robust financial system against money laundering and terrorist financing (hereafter referred to as AML). In addition, the Japan Segment in the Group holds regular seminars and training on AML as well as internal training to help combat bribery and corruption. Subsidiaries abroad also hold regular seminars and training on governance, anti-bribery, anti-corruption and AML. Monex Group is not just developing the financial instruments business but the crypto asset and investment businesses in Japan, the U.S. and Asia-Pacific. Therefore, the Group has a system in place to share valuable information, such as revisions to the law, at the Group’s meetings or from regular reports made to the Group, to understand the differences between domestic laws and those in other countries.

\* AML: Anti-money laundering

WEB ESG Information | Ethics and Compliance

Social

Recruiting & Human Development/Labor Practices

Evaluation, remuneration and personnel development systems to maximize personnel capabilities

We value different perspectives and offer a flexible working environment to maximize the capabilities of each worker. We hire personnel based on their experience, skills, aptitude and potential. The Group reinforces personnel development and assigns the right people for the right posts so that they can learn about the business principles and corporate culture early on and act accordingly. Moving forward, we will design a fair and performance-based evaluation system and compensation system that are based on the individual’s contribution to the corporate value. This will increase the quality of the personnel, who drive the organization. By improving the personnel development system to bolster this class of personnel, the Group can continue strengthening the measures to maximize productivity.

WEB ESG Information | Human Resources Strategy/Work Environment/ Diversity, Equity, and Inclusion | Labor Practices/Health and Safety

Social

Diversity, Equity & Inclusion

Commitment to creating an environment for all workers to thrive such as participating in “The Valuable 500”

The Group supports and promotes diversity, equity and inclusion (DEI) to ensure mutual respect and allow individuals the freedom to be themselves in activities and their endeavors. We conduct DEI seminars and training for all employees in Japan and also announced our participation in “The Valuable 500,” which is a global movement and initiative to encourage the activities of persons with disabilities. We are also putting resources into designing a customer web page that also considers web accessibility for the elderly and persons with disabilities. In the Japan Segment, we have a 100% return rate after maternity leave, and we continue to enact various other measures to preserve personnel diversity, including disclosing information such as the average annual salary for men and women to help promote gender equity.

WEB ESG Information | Human Resources Strategy/Work Environment/ Diversity, Equity, and Inclusion | Diversity, Equity, and Inclusion

➤ P.35: DEI Fuels Our Competitive Edge

Environment

Sustainable Finance

Striving to improve environmental and social sustainability in the finance industry through impact investing

Sustainable finance (SF), which was added as a new materiality issue from 2021, includes sustainable investment (ESG, impact investing) and all financing (green bond, etc.) that contribute to a sustainable environment and society. Monex, Inc. formed the SF department to support businesses linked to SF and promotes understanding its importance, by holding Group-wide seminars and training on environmental and social sustainability and the finance industry. Furthermore, the Monex Activist Fund (also known as: The Future of Japan), which is quite compatible with SDGs, was set up and started in the Monex Asset Management. These measures will help accelerate ESG and sustainability activities through the Group’s operations and ultimately help realize a sustainable economy and society.





## Japan Segment

### Segment Summary

### Providing Advanced Products & Services for Retail Investors and Focusing on Asset Management

Monex, Inc. runs an online securities business and lies at the heart of the Japan Segment. Since our founding, we have provided a wide range of advanced financial products and services as well as customer education, with the goal of presenting retail investors with an investment environment on par with institutional investors. As of March 2021, Monex, Inc. reached 1.9 million accounts, with assets in custody totaling ¥5 trillion. A large part of this customer demographic is looking to build assets over the medium- to long-terms. Thanks to a collaboration with another Group company the TradeStation Group, Monex, Inc. offers advantages with U.S. equities services by providing a number of different trading methods, including extended-hours trading. We have given high priority to providing investment information, such as our own original analysis tool and seminars led by a special consultant of foreign equities. This environment essentially gives our retail investor customers in Japan the same access to trading U.S. equities as Japanese equities.

Apart from our online securities business, the segment is putting weight behind the field of asset management, with Monex Asset Management, Inc. for assets and Japan Catalyst, Inc. as the investment advisory arm.



**Yuko Seimei**  
Representative Director & President  
Monex, Inc.

# Overview of Segments

**26** Japan Segment  
**29** U.S. Segment  
**31** Crypto Asset Segment

**33** Asia-Pacific Segment  
**34** Investment Segment

### Review of Fiscal Year Ended March 2021

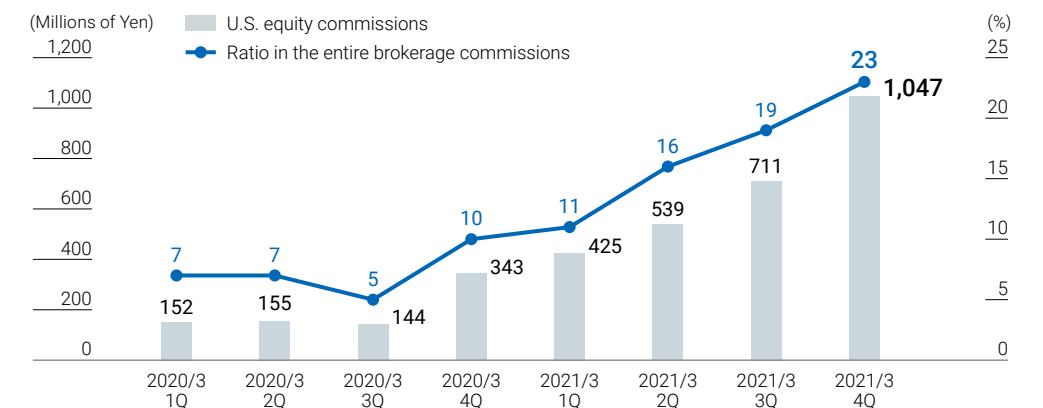
### Monex, Inc. enjoys the edge of U.S. equities and its rapid growth

### Daily purchases plan is going well, driving the asset management model steadily forward

The fiscal year ended March 2021, with the backdrop of the pandemic, started strong straight out of the gates with trading activity from retail investors. In this trading activity, U.S. equities had rallied, lifting our U.S. equities and U.S. dollar-based assets in custody to 113% higher compared to March 2020. U.S. equities commissions had now exceeded 20% of the overall brokerage commissions. Monex, Inc. had been developing a U.S. equities trading service since introducing the TradeStation system in 2012. Our most recent performance can be accredited to our quick entry into this business area before others in Japan and to the steady improvements we made to our services up until now. By providing access to a continuously rising U.S. stock market on top of Japanese equities, we are contributing greatly to the customers' portfolios in helping them diversify their investment.

Our balance of mutual funds for the fiscal year ended March 2021 increased approximately 1.5 times more for the year. This can be attributed to the rise in installment accounts due to the expanding use of NISA and the daily purchases service plan started in January 2020, as well as to growing our balance in the Monex Activist Fund and our discretionary investment services, ON COMPASS/ON COMPASS+. This increase is the result of successfully implementing our asset management model that we adopted the last fiscal year, which has helped increase our asset-based revenue.

### U.S. equity commissions and its ratio in the entire brokerage commissions





# Overview of Segments

## Japan Segment

### Moving Forward

Setup for beginning investors to make it easier to start investing in equities, and partnering up with other services to grow customer base

Monex, Inc. has increased service quality by offering high-function investment tools, providing a wealth of investment information and adopting measures to support foreign equities. This approach has earned the long and loyal following from our customer base that is focused on asset building over the medium- to long-terms. Yet, the issue of reaching beginning investors going forward has been a weak point of ours. To make up ground on this, we developed a smartphone app “ferci” under a completely different idea from traditional investment tools. It allows investors to use SNS to exchange and gather information easily and trade equities with simple operations. Furthermore, based on the premise that approximately 80% of trading via “ferci” is for odd-lot shares, we started making trading commissions for odd-lot shares free of charge for the first time among the major online securities\* so that our platform users can start trading equities in Japan with smaller investment amounts. Going forward, we will develop more services that pave the way for people considering asset management to start equity investments, in order to acquire more beginning investors.

As various services are coming online, there is a stronger need for users to get feedback and advice from trusted sources when making important decisions about wealth management. To catch potential customer demographics that could not be reached and also support needs that cannot be met with current online services alone, the Group including Monex, Inc. is partnering up more with services from other financial institutions that have face-to-face sales functionality. There are advantages for the partnering financial institutions as well. Since they can focus more on consulting with limited management resources using the wealth of financial instruments and investment information provided by the Group, those financial institutions can further strengthen their customer base that they have built up until now.

Implementing our asset management model to increase customers’ assets and strengthening our revenue base

In Japanese society, there are greater expectations on financial services where customers expect these services to increase their assets. This trend is not just due to economic unrest from COVID-19, but also due to other factors such as insufficient post-retirement savings in our super aging society and anxiety about public pensions. In order to meet the customers’ expectations and to foster our own growth, we believe that the Group must depart from our brokerage model that depends on trading volume, like the number of purchases and sales. I believe it is imperative to transform our business model to an asset management model that focuses on increasing customer assets. Our asset management model looks to offer customers the ability to make an ideal portfolio that meets their needs. Our installment service for mutual fund investment gives customers the freedom to customize their investment funding at a given time or interval, diversify their investment (not just Japanese equities but U.S. equities, etc.) or even do margin trading and leveraging according to the risk tolerance.

One issue we face from a structural standpoint is that revenue in the Japan Segment is highly dependent on the Japanese equity commission fees, making our revenue stream easily affected by the market. As our asset management model picks up speed, the balance in mutual funds and margin trading will rise and U.S. equities trading will also become more active. This means that the Japanese equity commission fees will make up less and less of our overall revenue, and our asset-based revenue (revenue based on the balance of funds and investment) will expand while being less susceptible or affected by the market. Ultimately, increasing customer assets will lead to more revenue for the Group.

As a securities firm, we must understand the needs of our customers as they try to build their assets and then provide financial instruments and services to meet those needs. I am reminded again now more than ever that figuring out how to achieve this is key.

\* Major online securities refer to au Kabucom Securities, SBI Securities, Matsui Securities, Rakuten Securities and Monex, Inc. (Rakuten Securities does not offer odd-lot share trades)

Dedicated to restoring status of retail investors in capital markets, the Monex Activist Fund is booming

June 2021 marks the one-year anniversary since the inception of the “Monex Activist Fund (also known as: The Future of Japan)” (hereafter referred to as MAF).<sup>#1</sup> The core idea behind the MAF is to “restore sovereignty to retail investors in capital markets,” and this belief speaks to the spirit of why the Monex Group was founded. There were approximately 3,600 participants in the “Monex Activist Forum,” which was held in February 2021. In one year, the MAF has amassed a total net worth of approximately ¥9.6 billion (as of July 26, 2021).<sup>#2</sup> Just as it is natural for voters to express their opinions in an election, shareholders with voting rights should be able to express their opinions to companies in our society, and we as activists will help realize such a society. We hope to continue building “The Future of Japan” through our MAF.

- Fund features
- Perform thorough business analysis and invest primarily in Japanese companies that are embracing and adapting to reforms
  - Engage in dialogue with companies to improve corporate and shareholder value
  - Oki Matsumoto, Chairman & CEO of Monex Group, is leading our engagement approach (dialogue) with other companies

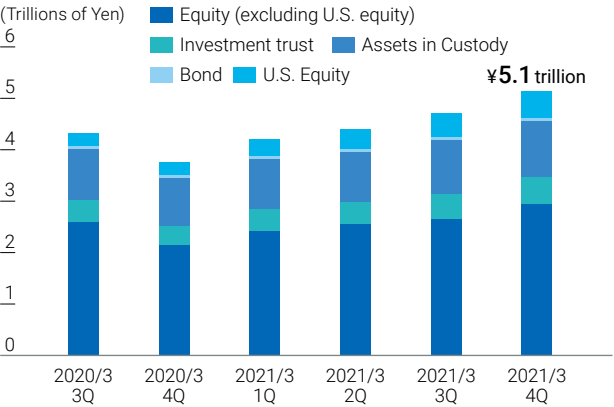
Started sustainable finance to help solve ESG issues through our operations

At the beginning of 2021, we established the Sustainable Finance Department in Monex, Inc with the goal of integrating measures to address ESG issues in our operations and to contribute to the protection of the environment by offering support for the ESG financial needs of investors. In November of 2020, the prime minister Yoshihide Suga (at the time) attended the G20 Riyadh Summit and announced Japan’s pledge to the international commitment and be “Carbon neutral” (net-zero carbon dioxide emissions) by 2050. Given this direction, we appreciate and accept our role and responsibilities as a listed company. We shall gather resources to address any issues and help satisfy this meteoric rise in expectations from society and our various investors. By adopting advanced sustainable finance measures, we hope to make major contributions to and lead the way in “Solutions for our Earth.” In terms of specific measures, we established a new environmental impact fund that makes the environmental contribution visible and reports on the results, and we are also participating in the market for trading J-credits.



### NOTES

#### Assets in Custody



In addition to securing new customers with better products and services, we are trying a business model that can increase customer assets and thereby increase our revenue.

**U.S. equities:** Through our partnership with the Group companies, we will “develop competitive services” and “share a wealth of information” to acquire new customers and expand U.S. equities trading for existing customers, which will increase the balance of equity investments.

**Bonds:** In addition to the IFA business expanding, we are steadily building the balance in bonds through comprehensive partnerships with other financial institutions in the brokerage business.

**Mutual funds:** We are looking to expand the use of our daily purchases plan and increase the visibility of a credit card investment plan in mutual funds with the Monex Card. In addition to building up mutual funds with our Monex Activist Fund and ON COMPASS/ON COMPASS+ services, we will also develop a base of customers, which could not be reached by us alone, using our comprehensive partnerships with other financial institutions in the brokerage business.

### NOTES

#1

“Monex Activist Fund” concept

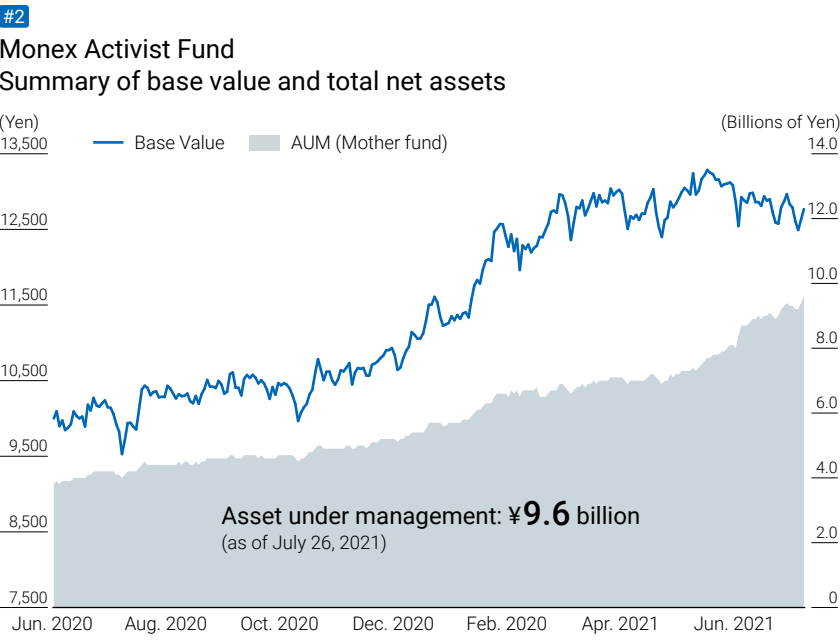
This 30-second video introduces and explains the fund’s concept.

WEB

Monex Activist Fund

https://info.monex.co.jp/feature/activistfund/ (Japanese version only)

The “Monex Activist Fund” won the “Nikkei Veritas Award” in “The 2020 Nikkei Superior Products and Services Awards” event hosted by Nikkei.





# U.S. Segment



## Segment Summary

### Exceptional year of customer growth during uncertain times

Based in Florida, TradeStation Group was founded in 1982 as a company dedicated to developing software for traders. During the early 2000s, TradeStation shifted its business model to become an online broker and joined the Monex Group in June 2011.

TradeStation Group has garnered a strong reputation in the online brokerage industry through its suite of technical tools and customer service. Our in-house trading and analysis platforms have gained tremendous support from active retail traders as well as institutional businesses. Since 2017, when the brand and product offering was repositioned, we have steadily expanded our audience to include casual and millennial traders. Our customer base stands at 150,000 active accounts with more than 1 trillion yen in assets under custody as of March 31, 2021. Recently, we have also focused on new businesses, including TradeStation Crypto (crypto assets) and YouCanTrade (customer education), to diversify revenue and further add value to our expanding customer base.



**John Bartleman**  
President  
TradeStation Group, Inc.

## Review of Fiscal Year Ended March 2021

### Navigating uncertainty due to pandemic, commission-free, and a low-interest environment Record highs in new accounts, assets under custody, and DARTs

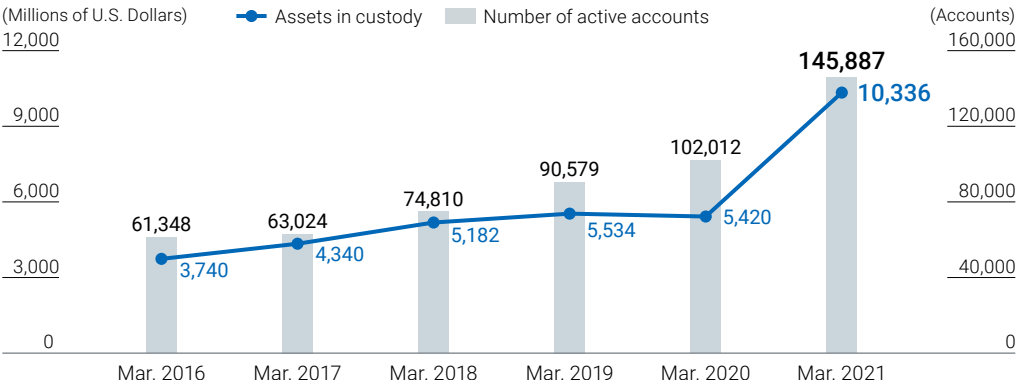
The COVID-19 pandemic stimulated online trading and helped the U.S. segment post a strong performance, leading to record numbers of new accounts, assets under custody, and DARTs. The number of accounts and assets under custody increased by 43 percent and 91 percent, respectively, compared to the previous year.

TradeStation offers a robust platform that allows active traders to act swiftly to changing market conditions. This was critical during the pandemic as there was a substantial increase in trading activity. And while other competitors encountered issues with their systems, TradeStation provided a consistent service to customers without any significant system issues.

In addition, this year TradeStation Crypto (crypto asset business) continued its rollout, allowing our customers to trade and hold digital assets. We also grew our API integrations to help acquire new customers through strategic partnerships.

After navigating the challenges associated with the pandemic, a commission-free environment, and low-interest monetary policies, the U.S. segment was able to grow at a substantial rate during the fiscal year ending March 2021.

Assets in Custody and Number of Active Accounts



## Moving Forward

### Crypto asset and customer education businesses help diversify revenue and accelerate growth

Brokerage commissions garnered from market volatility and net interest income tied to interest rates were historically the main revenue streams for TradeStation, making the business more vulnerable to fluctuations in the market. However, after adding crypto assets in 2019, we created a new revenue stream based on a new asset class. TradeStation Crypto<sup>#1</sup> offers customers a service to trade or invest in crypto assets while also earning interest on crypto asset holdings. In the U.S., crypto asset adoption is gaining momentum among retail and institutional investors.

By adding crypto assets, we now have another option available to customers to diversify their trading and portfolios while at the same time adding new revenue streams.

We also continue to expand our customer education with YouCanTrade<sup>#2</sup>, which offers in-depth educational content for beginners and experienced traders. YouCanTrade services include a community, eLearning courses, and trading coaches that create a dynamic ecosystem for customers that want to develop their trading skills.

### Investing in human resources and increasing our marketing investment to accelerate growth

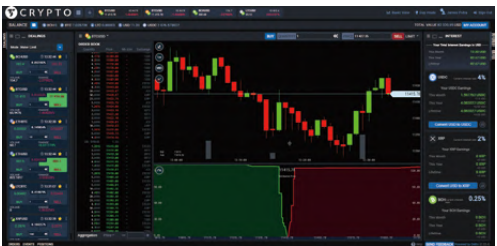
Last year TradeStation Group increased its investment in marketing to secure more accounts during heightened market activity. Our approach mainly focused on digital performance marketing tactics targeted at active traders. Moving forward, TradeStation Group is actively investing in a broader marketing strategy to accelerate customer acquisition as our customer target audience expands. In addition, we are investing in staff to accelerate value delivery to our customers.

This past year, the scale of our business has changed, and our customer base has grown. We plan to take advantage of the momentum by investing in the business to take our growth to the next level.

## NOTES

### #1 TradeStation Crypto

TradeStation Crypto is a crypto asset platform that uses an existing online intermediary model to offer crypto asset trading. Generally, a crypto asset exchange is a self-contained market structure. However, TradeStation Crypto's approach combines data feeds from various markets to integrate multiple liquidity pools. The platform also features an automated order routing system that provides superior execution and high visibility for customers. TradeStation Crypto secured the top spot as the "#1 Crypto Technology" in StockBrokers.com 2021 Online Broker Review. In addition, TradeStation Crypto allows TradeStation Crypto customers to earn interest on their crypto asset balance.



### #2 YouCanTrade

YouCanTrade is an investment education media service and trading community. This unique U.S. service offers customers the chance to learn real trading skills from a team of professional coaches.



# Crypto Asset Segment



## Segment Summary

### Our crypto asset trading app has more downloads and more currencies than anywhere else in Japan<sup>\*1</sup>

Coincheck operates as a crypto asset exchange service provider and our crypto asset trading app has more downloads and more currencies than anywhere else in Japan. As of the end of March 2021, there are more than 1.2 million verified accounts, 60% of which are held and owned by younger customers in their twenties and thirties. In addition, the entire process from product development to marketing is almost all done internally. This internal approach is a tremendous advantage by keeping costs low.

In order to realize our corporate mission of “making the exchange of new values easier,” Coincheck’s service aims to provide an environment where anyone, regardless of their experience, can trade crypto assets more safely and easily. Since the fiscal year ended March 2021, our services do not just offer crypto assets but new services are being rolled out in terms of both asset class and protocol, including a trading platform that supports NFTs<sup>\*2</sup> and primary listings (IEO<sup>\*3</sup>) of crypto assets. Coincheck will continue to tap into the technical expertise and know-how acquired from our crypto assets and digital asset service in order to develop new products and services. Our goal is to help pilot and guide customers so they can experience a new value exchange.



**Satoshi Hasuo**  
Representative Director & President  
Coincheck, Inc.

<sup>\*1</sup> App downloads: Jan. to Jun. 2021 (data provided in cooperation with AppTweak). Number of currencies available: As of end of Mar. 2021 (internal data).  
<sup>\*2</sup> Non-Fungible Token  
<sup>\*3</sup> Initial Exchange Offering: Method to help raise capital for a company through which a crypto asset exchange service provider oversees the token vetting process and sale.

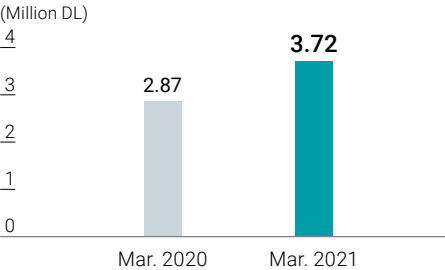
## Review of Fiscal Year Ended March 2021

### Crypto asset values rose globally, helping us post a strong performance Increased focus on marketing as well to gain more new accounts

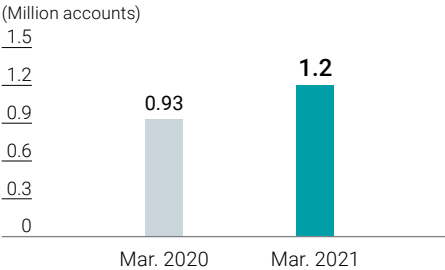
Compared to previous terms, the number of app downloads increased by 850 thousand and the number of verified accounts increased by 270 thousand for the fiscal year ended March 2021. With the rise of COVID-19 and the ensuing pandemic, financial deregulations occurred all over the world, causing an increased concern in legal currencies. As a consequence, the value of crypto assets rose proportionally and we used this opportunity to strengthen our marketing activities.

The timing of the market conditions was perfect, and after joining the Group, we focused on getting more new accounts and decided to record and televise our first TV commercial. Three new crypto assets were also added during the fiscal year ended March 2021. This resulted in ¥9.6 billion more in profit before income taxes for the fiscal year compared to the previous one. In addition, beyond the crypto asset business, Coincheck is also making headway with our new businesses “Sharely,”<sup>#1</sup> which supports virtual shareholder meetings, and “NFTs,”<sup>#2</sup> which are Non-Fungible Tokens. We announced our NFT business in August 2020, ahead of our rivals, and started the NFT marketplace called “Coincheck NFT (β version)”<sup>#3</sup> in March 2021. Coincheck also acquired Metaps Alpha Inc. as a wholly owned subsidiary, which is now Coincheck Technologies, Inc. It provides a service called “miime”<sup>#4</sup>, and this acquisition will complement Coincheck’s development of the NFT marketplace even more.

#### Number of App Downloads



#### Number of Verified Customer Accounts

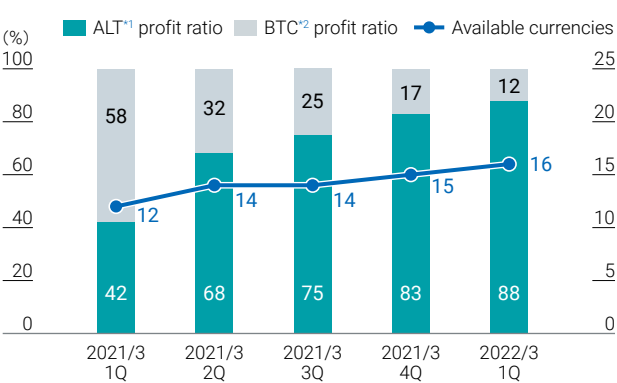


## Moving Forward

### Accelerating growth of crypto asset business by offering more crypto assets and increasing the number of accounts

Coincheck has led Japan for two years in a row for the most mobile app downloads and is vying to secure the most accounts held by a crypto asset exchange service provider in Japan. We are looking to gain more accounts by spending more on cost-effective marketing and increase the company’s visibility through TV commercials. Coincheck offers more currencies in Japan than any other business, which shows how we keep up to date with new currencies and our wealth of know-how. While the crypto asset industry itself is still young, there are already thousands of crypto assets in existence. Yet, when comparing the industry in Japan to those abroad, there are still not that many currencies currently available here. Going forward, we will increase the number of currencies available to provide more options for our customers.

#### Number of assets and revenue contribution of ALT vs BTC



<sup>\*1</sup> ALT: Altcoin (alternative crypto assets to Bitcoin) <sup>\*2</sup> BTC: Bitcoin

## NOTES

### #1 A virtual shareholder meeting support service“Sharely”

Virtual (online) shareholder meeting refers to a new style of holding meetings where directors and shareholders connect remotely online to participate in these general meetings. Coincheck provides overall operations support for virtual shareholder meetings so that the company can hold online general meetings smoothly and shareholders can also duly participate online with ease. Our service includes a cloud system that can support participation-type, remote attendance-type and completely virtual general meetings for shareholders. We also offer suggestions on how to run and proceed with a virtual shareholder meeting and then provide the necessary support for the day of the meeting.



**WEB** “Sharely” A virtual shareholder meeting support service  
<https://sharely.app/> (Japanese version only)

### #2 NFT

NFT stands for Non-Fungible Token, which is a digital item that evidences a unique value. Recently, these tokens are not only used to exchange items in a blockchain game but are gaining popularity as proof of ownership of a piece of art or as a means to create a fan community for a sports club.

### #3 Coincheck NFT (β version)

Coincheck NFT (β version) is the first marketplace in Japan where users, who are monitored by the crypto asset exchange service provider, can trade NFTs and crypto assets. We are aiming for a service that anyone can easily use, by eliminating issues such as complex trading methods or price jumps in network fees (gas fees), which had become obstacles in conventional NFT trading. Any person with a Coincheck account can sell, purchase and store NFTs, without the cost of network commissions (gas fees) that incur from selling and purchasing.

### #4 miime

“miime” is an NFT marketplace that is operated by Coincheck Technologies, Inc. “miime” allows users living outside of Japan to trade as well. By offering access to both Coincheck NFT (β version) in Japan and miime’s availability outside of Japan, we believe that the business can be developed faster, and as a result, acquired Metaps Alpha Inc. as a subsidiary.





Asia-Pacific Segment



Segment Summary

Developing Business in Hong Kong, Australia and China, Focusing on Monex Boom Securities, the First Online Securities for Retail Investors in Asia-Pacific Region

The Asia-Pacific Segment is comprised of three companies: mainly Monex Boom Securities in Hong Kong and Monex Securities Australia in Australia, as well as a joint venture that provides technology that supports online brokerage transactions for securities firms in mainland China. Monex Boom Securities was founded in Hong Kong in 1997 as the first online brokerage for retail investors in the Asia-Pacific region. This firm offers securities services with access to 12 regional stock markets in the world and 6 currencies that make it easier to perform settlement operations.



Ivan Law  
Chief Operating Officer  
Monex Boom Securities (H.K.) Limited

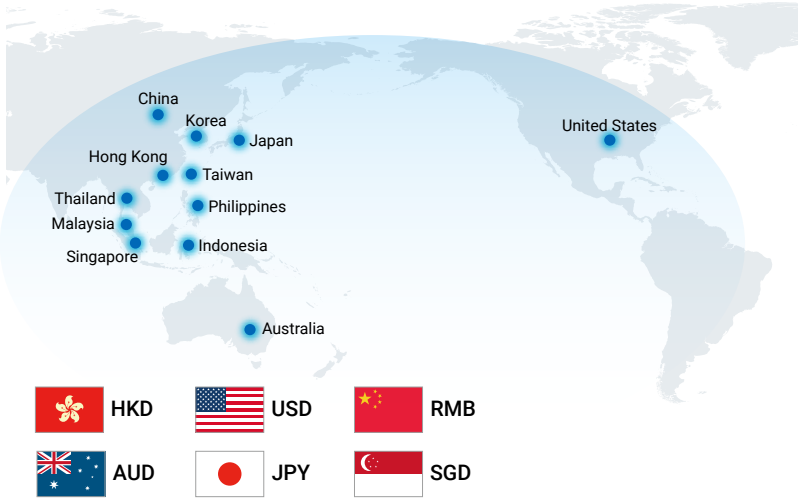
Review of Fiscal Year Ended March 2021/Moving Forward

Achieved a full-year of profitability in the Hong Kong market. Moving forward, we are looking hard at the China market and aiming for a structure that can post continuous profitability for the entire Asia-Pacific Segment.

The impact of COVID-19 infections in conjunction with the “Hong Kong National Security Law” passed by the Chinese government have caused some turmoil in the Hong Kong market. However, transactions have been quite strong thanks to a quick economic recovery from COVID-19 and activity in the IPO market. This has resulted in a full-year of profitability for the fiscal year ended March 2021. In Monex Boom Securities, in addition to Hong Kong stocks, US equities trading with TradeStation Group, Inc. acting as an intermediary, is gaining popularity, and a synergy effect can be seen in the Group here.

Monex Boom Securities is a core business in the Asia-Pacific Segment and has grown to a level of providing stable income. Yet, there is an urgent issue confronting the segment, that is, creating a structure with Monex Securities Australia which started its online securities business from 2018, so that the entire segment can continuously post consistent profits. The Group is currently considering using the securities business in Hong Kong as a segue to approach retail investors in mainland China’s market, but we are also weighing the risks that are involved. Furthermore, the Group is looking to use the interaction and cooperation of Monex Boom Securities and Monex Securities Australia by applying a shared marketing strategy and reducing any redundant costs shared by both, in order to pursue a synergy effect to achieve stable profit growth.

Support covering 12 markets and 6 different currencies



Monex Boom Securities provides global access to 12 markets, including Asia, Japan and the U.S. Specifically, our subsidiary Monex, Inc. brokers Japanese equity trades and the subsidiary TradeStation Group in the U.S. brokers U.S. equity trades for Monex Boom Securities. These group ties form a corporate synergy that enables access to a wide range of markets. Even Monex Securities Australia provides retail investors in Australia access to a wide range of markets by using the backbone system of Monex Boom Securities, and going forward, this segment will continue to bring customers a wealth of services through the network of the group.

Investment Segment



Segment Summary

Expertise built from a wealth of investment experience to discover and support innovative startups

The investment business segment is made up of Monex Ventures, Inc., Monex Edison Investment Limited Partnership, MV1 Investment Limited Partnership and MV2 Investment Limited Partnership. Drawing on our history of countless investments, we use our expertise to find new companies to invest in. Our talented personnel also foment active growth. This expertise and personnel have cemented our unique position and network. While we mitigate risk by limiting our funding on a single investment, we also focus on investing in companies in the early stages, such as with seed funding, as well as provide incubation support for the companies we invest in. Our investment portfolio covers a broad range of areas, for example: existing industries that undergo digital transformation using technologies like financial and legal technologies, nursing or healthcare where future demand is expected to grow, as well as e-commerce and online marketplace businesses that are also expected to grow sustainably.



Seiichiro Wada  
Representative Director  
Monex Ventures, Inc.

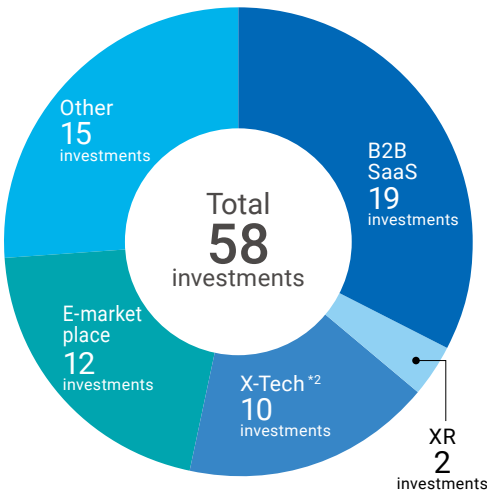
Review of fiscal year ended March 2021 and steps going forward

Made our first exit ever from our investment stake since fund’s inception. Continuing to build a good track record and increase revenue even more

The MV1 Investment Limited Partnership established in January 2019 has finished placing its funds into new investments. As of the end of March 2021, there are a total of 58 investments. We hold a number of promising investments that may go public as future IPOs. Certain companies that we invested in were able to take advantage of changes in people’s behavior during the COVID-19 crisis. This led to big advances in their businesses, allowing us to record gains on those investments based on their valuations. In the fiscal year ended March 2021, we made our first exit ever from our investment stake since the inception of our fund. However, the business climate is still harsh for investments in inbound related businesses. To combat this, our venture capitalists are helping advise and provide complete support to those failing companies we invest in, including a transformation to a business model that incorporates domestic needs, in order to revise their businesses.

As technology continues to permeate throughout society, our newly formed fund is targeting further business expansion. The main investment strategy of the fund is to invest in areas that are hoping to resolve major social issues that have been difficult to overcome to date, to invest in companies who are looking to provide value to businesses that are located in provincial regions and to invest in the field of XR<sup>\*1</sup> (extended reality), which will have a leading role as more people continue to spend more time in virtual space. Yet, we are not only after a return on our investments, but at the same time, our goal is also to maximize the social impact that is created by finding new business investments and helping increase the value of the companies we invest in.

Breakdown of MV1 Fund Investments and Business Areas



<sup>\*1</sup> XR (Extended Reality): General term for image processing technology. It refers to a technology field that creates new experiences by combining real and virtual environments.  
<sup>\*2</sup> X-Tech (Cross-Technology): This term refers to a product or service that is created by combining advanced technologies (AI, IoT, etc.) with existing industries or businesses.



DEI Fuels Our Competitive Edge

Diversity, Equity and Inclusion

Since Our Founding, Monex Group is Rooted in DEI Approach

In order to provide high value service to various clients, it is key that we at Monex Group use our diversity to fully embrace equity and inclusion internally. Diversity, equity and inclusion (DEI) is the source that fuels our competitive edge.

Embracing DEI is directly related to innovation and reduces the risk for the business and the organization

Monex Group has had a more diverse employee base for quite some time, in terms of nationality, age, perspective and other factors. We have adopted a global and universal approach in our personnel recruitment. This has generated more employee diversity, which is one source for value creation. Our corporate culture actively integrates different ideas, specifically the ideas and opinions of diverse personnel, which helps lead to innovation. In addition, I think that this diversity can reduce the risk of the organization proceeding in the wrong direction. Another important measure is creating a working environment that is fair and equal. Rather than uniformly apply regulations and formal processes to all employees, this environment offers a flexible approach to adapt to each and every person, allowing everyone to demonstrate their ability and potential so that diverse personnel can continually work.

After revising the business principles in April 2021, we incorporated what we should achieve as part of our mission for realizing individual self-fulfillment for an ever-changing future and optimizing each person’s lifetime balance sheet. To meet the needs of various individual clients, we use diversity and equality as pillars in our approach toward clients and ensure inclusion is also a staple in trying to enact our business principles. DEI is the source that fuels creativity in Monex Group, and it brings the Group together, while promoting business rooted in diversity, equity and inclusion.

Promoting DEI in governance, business strategies, human resources and other areas to boost corporate value

In July 2021, Monex Group reinforced the implementation system further in order to drive the DEI initiative even more. Detailed information is shown below.

Governance system	The Board of Directors embodies DEI (age, place of residence, nationality, skill set, gender), showing the importance it has throughout the Group.
Business strategy	By providing fair and equitable service to our whole customer base, we are trying to realize individual self-fulfillment for an ever-changing future and to optimize each person's lifetime balance sheet as stated in our new business principles.
Personnel	We are engaged in creating a flexible working environment. Our recruiting practices are based on experience, skills and competence. We reinforce personnel development and choose the right people for the right posts in order to maximize the capabilities of a diverse workforce. In addition, we evaluate and compensate the personnel fairly based on their output and how much each employee contributes to the corporate value. This method increases the functionality and quality of our personnel as the driving force of our organization, helping us maximize productivity.
DEI initiatives	We are setting up a DEI steering group (provisional name) to enhance and promote diversity, equity and inclusion throughout the Group, including overseas locations. Using this approach, Monex Group will continue to strive for sustainable growth and improve the corporate value fueled and propped up by DEI.

Internal DEI Measures

Monex Group understands that DEI is the source of our creativity and has implemented a number of measures up until now. Recently, we have begun participating in the global movement “The Valuable 500,” which works to promote the inclusion of persons with physical or mental disabilities. To help those with physical or mental disabilities, which accounts for 15% of the population, we are also supporting a campaign called “We The 15,” which looks to provide lifestyle improvement and learning activities. With regard to gender equality in the Japan Segment, the gender difference in the average annual salary is extremely small (Average management salary based on gender: Female 98%, Male 100%\*), and we have a 100% return rate after maternity leave.

These are the types of measures that we must do to achieve a sustainable society. All of the board members at the Group have committed to the “Monex Sustainability Statement,” and we have also established the “Monex Group Human Rights Policy,” which is a code of conduct that all the Group officers and employees must follow. We will continue the Group's commitment to diversity, equity and inclusion both internally and externally. We have adopted the idea that “Diversity itself is the source that fuels creativity” and put this into practice throughout the Group.

\* Average gender pay is noted in the table on the right

Average Gender Pay*	Female	Male
Non-Management	89%	100%
Management	98%	100%

\* Calculated using July 2020-June 2021 salaries and the number of employees at the end of July 2020  
Basic Survey on Wage Structure (Ministry of Health, Labour and Welfare), 2019; Female: 74% / Male: 100%



WEB The Valuable 500  
<https://www.thevaluable500.com/>



WEB #WeThe15  
<https://www.wethe15.org/>

DEI Measures	Month & Year	Description
Revision of company regulations	Apr. 2016	Expanded the concept of spouse to make congratulatory or condolence money available for common law marriage
Started publishing integrated reports	Sep. 2016	Revamp annual reports into an integrated report with a focus on ESG information
“Kurumin” certified company	Nov. 2017	Certification as a company that supports childcare and raising children
Certified by Tokyo Metropolitan government as a company promoting working style reform	Dec. 2017	Created conduct guidelines related to reducing long working hours and to promoting annual paid leave, etc.
Set up partner accounts for LGBT couples	Dec. 2017	Set up accounts for couples without a civil marriage
Set up ESG Promotion Secretariat	Oct. 2018	Set up predecessor to ESG / Sustainability Task Force*
Cosponsor of Tokyo Rainbow Pride for 2 years	May 2019	2018 – 2019
Revision of code of conduct	Aug. 2019	Add sexual orientation, gender identity and health status as part of equal opportunity
Established human rights policy	Sep. 2019	Stipulation of policy and information disclosure
Introduction of partnership certificate	Apr. 2020	Adopting certificate documentation for welfare application procedure for employees
Pay gap disclosure	Nov. 2020	Average management salary based on gender: Female 98%, Male 100%
Awarded Gold rating for 2 consecutive years based on PRIDE index	Nov. 2020	2019 – 2020 (for Monex Group Inc., Monex, Inc.)
Participation in “The Valuable 500”	Jan. 2021	Promote inclusion of persons with disabilities
Revision of business principles	Apr. 2021	Aimed at helping increase individual well-being
Created Sustainability Statement	Jun. 2021	Commitment of all board members to achieving a sustainable society

\* ➡ P.21: ESG & Sustainability Initiatives

Coincheck employee engagement

After the market prices remained stagnant after 2018, Coincheck started an engagement management style where the management team committed directly to an engagement with the employees. We started making real changes to the working climate to make it easier for employees with different specialties to play an active role. This management style, designed to foster trust between the employees and management team, helps measure the employees’ expectation level and satisfaction level toward Coincheck. At the same time, it also promotes one-on-one meetings between employees and management and has prompted the skill set requirements for executives to be redefined. As a result, after a few years we have been able to significantly decrease the turnover rate and have made major strides toward the inclusion of employee diversity, which is the source of Coincheck’s competitive edge. In light of the new governance climate after joining the Group, Coincheck is committed to increasing the corporate value by focusing even more on employee diversity, equity and inclusion, under Coincheck’s corporate mission to “making new value exchanges more accessible.”



In a program hosted by JWS Japan White Spread, Coincheck has been selected to receive the Superior Enterprise Award for the first half of 2021 in the flexible workstyle category.

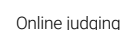


## Employee Education &amp; Social Contribution Through Art



2021 / Inkjet print on tarpaulin, Oil on canvas / Dimensions variable

### Working on the piece



## PROFILE

ART IN THE OFFICE offers a chance and space for artists and business to come together, as part of our employee education and social contribution program. It targets up-and-coming artists and is open to public entries that are presented on the wall of Monex Group's press room. We hope that new value can be created from this synergy produced from art and the office.

Corporate Value Resources 

We have constructed a Board of Directors and Business Execution Divisions to focus on a global approach with the specialized expertise required to carry out our business principles and business strategies with a nimble posture that can support the drastic fluctuations in the international financial industry. We are using a corporate governance system, based in a committee structure system with a Nominating Committee, etc., in order to achieve a balanced and multi-perspective approach. In our committee structure with the Nominating Committee, etc., it is possible to speed up the decision-making process since a lot of the authority can be delegated from the Board to the executive officers. However, it also obligates us to set up three committees ("Nominating," "Audit" and "Compensation"), each of which has a majority of outside directors. Through them, we are able to take full advantage of the independence and specific expertise of the outside directors, and at the same time, enhance the Board's oversight of the Business Execution Divisions. We believe this helps ensure that the corporate governance can operate more effectively.

**General Meeting of Shareholders**

**Appointment/dismissal of directors**

**Management oversight function**

**Board of Directors**

Appointment/dismissal of Executive Officers  
Supervision of execution of duties

**3 committees**

- Nominating Committee** (chairperson: outside)  
Appointment/dismissal of directors
- Compensation Committee** (chairperson: outside)  
Determine compensation of directors and executives
- Audit Committee** (chairperson: outside)  
Audit of execution of duties of director & executives

**Audit Committee Office**

**Accounting Auditor**

**Business execution function**

**Global Management Committee**

**Executive Officer**

**Business Execution Divisions**

**Internal Audit Office**

**Subsidiaries**

**Relationships:**

- General Meeting of Shareholders → Appointment/dismissal of directors → Board of Directors
- Board of Directors → Appointment/dismissal of Executive Officers → Management oversight function
- Board of Directors → Supervision of execution of duties → Management oversight function
- Board of Directors → Appointment/dismissal of directors → Nominating Committee, Compensation Committee, Audit Committee
- Audit Committee → Audit of execution of duties of director & executives → Audit Committee Office
- Audit Committee Office → Report → Board of Directors
- Accounting Auditor → Appointment/dismissal → General Meeting of Shareholders
- Accounting Auditor → Report → Audit Committee
- Accounting Auditor → Cooperation → Internal Audit Office
- Internal Audit Office → Report → Board of Directors
- Internal Audit Office → Cooperation → Accounting Auditor
- Internal Audit Office → Internal audit → Business Execution Divisions
- Business Execution Divisions → Advice/supervision → Subsidiaries
- Internal Audit Office → Internal audit → Subsidiaries
- Global Management Committee → Consultation → Executive Officer
- Executive Officer → Business Execution Divisions



Analyzing and Evaluating the Effectiveness of Corporate Governance

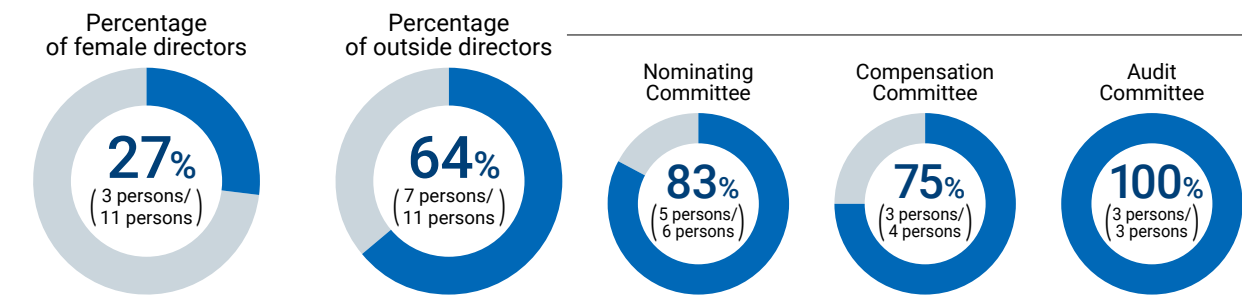
Since the fiscal year 2015, the Board of Directors and the Nominating Committee have analyzed and evaluated the effectiveness of the entire Board based on the results of an evaluation questionnaire that is given to each board member. Before presenting a list of board member candidates to the General Meeting of Shareholders held in June 2021, a questionnaire was given to each member between the end of December 2020 and the beginning of January 2021 in order to evaluate the Board of Directors. Based on the questionnaire's results, the Nominating Committee and the Board held a meeting in January 2021 to analyze and evaluate the effectiveness of the entire Board. A summary of said results is shown on the right.

No issues concerning the size or balance of the Board of Directors (9 directors including 6 independent outside directors) were identified. No issues were found with respect to the makeup or effectiveness of each committee. However, the board members mutually recognize that more diversity is needed on the Board, such as board members from a younger generation or board members with more financial expertise like fintech or more knowledge in areas like crypto assets. In addition, some believe succession planning should be looked at more as an important issue in corporate governance. Yet given the volatile business climate and the difficulty in making management decisions right now, others believe it is premature to make dramatic changes to the current members, because the current members have thorough knowledge of the ins and outs of the Group's businesses.

Appointment of new Board members at the General Meeting of Shareholders in June 2021

At the meeting, the Articles of Incorporation were partially amended, increasing the maximum number of directors to eleven. Yuko Seimei, a Representative Executive Officer, was appointed Internal Director and Naofumi Yamada was appointed as a new outside independent director. These changes to the makeup of the Board are part of the succession planning meant to enhance the supervisory function in the future. The reason our management vision has come to bear fruit and produce results in the fiscal year ended March 2021 was due in no small part to the oversight and excellent direction of the lead independent director Jun Makiyara and fellow long-term directors. However, after deliberation in the Nominating Committee and board meetings and to further strengthen the supervisory function of the Board, we believe that a rotation and change in the Board should be carried out at

the appropriate time to curtail overdependence on any one individual and guarantee the continuity of the supervisory function. One of the qualities needed in the next directors is expertise in technology, which will be essential for future business growth. Furthermore, appointing a board member from a younger generation to strengthen diversity will also be needed. Based on these recommendations, we appointed the following candidates. The two new members are Yuko Seimei and Naofumi Yamada. Ms. Seimei was a Representative Executive Officer and 43 years of age at the time of her appointment. Mr. Yamada, who was 31 years of age at the time of his appointment, founded an IT related venture company focused on machine learning and deep learning. In addition to being involved in operations as the Chief Technology Officer (CTO), he has extensive experience as a patent attorney. After these additions, the ratio of outside directors on the Board is now 64%, which we believe is quite progressive for a Board of Directors in Japan.



Remuneration System of Directors and Executive Officers

The Monex Group has opted for a governance system called "company with three committees" that offers a high degree of separation between the management oversight and the executives. Per this setup and as prescribed in the Companies Act, the Compensation Committee decides on the Monex Group's policy related to compensation and also on the specific compensation for each director and executive officer. The Compensation Committee is made up of 4 directors (3 of which are outside directors) and is chaired by the outside director Jun Makiyara. The Compensation Committee holds meetings when the need arises. Further information on our policy related to the remuneration of the board members and executive officers is noted on the following page of our website.

WEB ESG Information | Corporate Governance | Officers

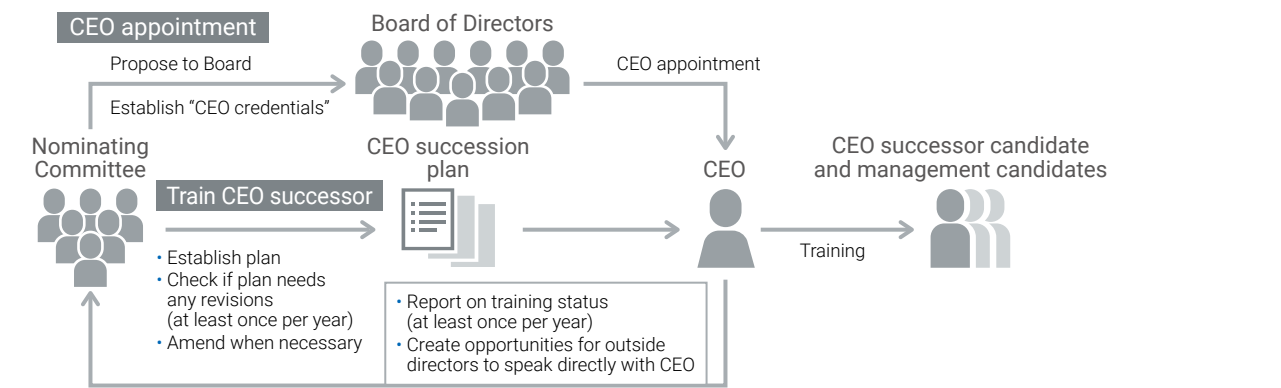
Breakdown of Remuneration for Executive Officers (Fiscal Year Ended March 2021)

		Basic Remuneration	Short-Term Incentive Remuneration	Medium-and-Long Term Incentive Remuneration
Compensation Breakdown (excluding outside directors)		70%	30%	
Summary		The salary range (¥1.5 to ¥3 million monthly salary) is pre-established and the exact amount is decided on an individual basis by the Compensation Committee. This amount is determined depending on whether an executive also fulfills a dual role as a director in the Monex Group, on his/her position within the Monex Group and on whether an executive also fulfills a dual role as a Board member or officer in a Monex Group subsidiary.	The profits for the Monex Group from a single fiscal year are reflected in this compensation. The payout is decided by the Compensation Committee, who generally use 2% of the year's profit attributable to owners of the Monex Group (¥14.354 billion for the fiscal year ended March 2021) as a guide.	The Compensation Committee uses at least 10% of the basic remuneration as a guide to decide on an amount. This incentive system reinforces an executive's ongoing commitment toward improving the corporate value over the medium-to-long term by using remuneration based on stock that is restricted on transfer during a certain time period (or "restricted stock").
Policy		This amount is a fixed amount plus an amount commensurate to his/her post.	This is an incentive for improving performance during a single fiscal year. The total amount of the incentive shall be determined by the company's performance and then shall be allocated based on merit for the duties and performance of each Board member or officer.	This is an incentive for improving the corporate value over the medium-to-long terms, and shall be allocated to each Board member or officer in shares restricted on transfer*.
Amount	Executive Officer holding a dual position as a director	¥59 million	¥9 million	¥9 million
	Executive Officer not holding a dual position as a director	¥97 million	¥24 million	¥33 million
	Outside & Independent Director	¥74 million	—	—

\* Note, in lieu of allocating shares restricted on transfer to directors who reside outside of Japan, phantom stock shall also be allocated, and the amount paid shall be calculated from the standard stock price of the Company.

Succession Plan

It is important to have a succession plan in place in order to continue to increase the Monex Group's corporate value. In the succession planning process at the Monex Group, the Nominating Committee reviews potential candidates to nominate to the Board or to management (i.e. representative executives and executive officers), and formulates "CEO Credentials" (requirements) and a CEO successor training plan, working in concert with the CEO's briefing on successor training.



Management Team    As of September 31, 2021 (number of shares held as of March 31, 2021)



**Oki Matsumoto**  
Member of the Board,  
Chairman of the Board  
Member of the Nominating Committee  
Member of the Compensation Committee  
Representative Executive Officer,  
President and Chief Executive Officer

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- Term of office: 16 years
- Number of shares owned: 7,556,800 shares

Important concurrent positions at other organizations

Managing Director and Chairman, Monex, Inc. (the Company's wholly owned subsidiary)  
Chairman of the Board of Directors, TradeStation Group, Inc. (the Company's wholly owned subsidiary)  
Chairman, Coincheck, Inc. (the Company's subsidiary)  
Outside Director, Mastercard Incorporated



**Yuko Seimei**  
Member of the Board  
Representative Executive Officer,  
Chief Operating Officer and  
Chief Financial Officer

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- New appointment
- Number of shares owned: 124,900 shares

Important concurrent positions at other organizations

Representative Director and President, Monex, Inc. (the Company's wholly owned subsidiary)  
Director, TradeStation Group, Inc. (the Company's wholly owned subsidiary)



**Masaaki Koizumi**  
Independent outside director  
Outside Director, Member of the Board  
Member (Chair) of  
the Audit Committee

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- Term of office: 3 years
- Number of shares owned: 0 shares

Important concurrent positions at other organizations

Certified Public Accountant, KOIZUMI C.P.A. OFFICE  
Outside Statutory Auditor, K.R.S. Corporation  
Director, TSUKUI HOLDINGS CORPORATION



**Shiho Konno**  
Independent outside director  
Outside Director, Member of the Board  
Member of the Audit Committee

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- Term of office: 3 years
- Number of shares owned: 0 shares

Important concurrent positions at other organizations

Attorney-at-law, Shiho Konno Habataki Law Office  
Outside Audit & Supervisory Board Member, Shinsei Bank, Limited  
Outside Director, LIXIL Corporation



**Shoji Kuwashima**  
Member of the Board,  
Vice Chairman of the Board  
Executive Officer and  
Chief Quality Officer

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- Term of office: 12 years
- Number of shares owned: 260,100 shares

Important concurrent positions at other organizations

Managing Director, Coincheck, Inc. (the Company's subsidiary)



**Takashi Oyagi**  
Member of the Board  
Executive Officer and  
Chief Strategic Officer

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- Term of office: 10 years
- Number of shares owned: 510,600 shares

Important concurrent positions at other organizations

Director and Chief Strategic Officer, TradeStation Group, Inc. (the Company's wholly owned subsidiary)



**Naofumi Yamada**  
Independent outside director  
Outside Director, Member of the Board  
Member of the Nominating Committee  
Member of the Audit Committee

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- New appointment
- Number of shares owned: 0 shares

Important concurrent positions at other organizations

Patent Attorney, Socidea Intellectual Property Office  
Director, BEDORE Inc.



**Jun Makihara**  
Independent outside director  
Outside Director, Member of the Board  
Member of the Nominating Committee  
Member (Chair) of the Compensation Committee, Lead Independent Director

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- Term of office: 15 years
- Number of shares owned: 20,000 shares

Important concurrent positions at other organizations

Director, TradeStation Group, Inc. (the Company's wholly owned subsidiary) (Outside Director in substance)  
Outside Director, Shinsei Bank, Limited  
Outside Director, Philip Morris International Inc.



**Nobuyuki Idei**  
Independent outside director  
Outside Director, Member of the Board  
Member (Chair) of the Nominating Committee, Member of the Compensation Committee

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- Term of office: 8 years
- Number of shares owned: 90,000 shares

Important concurrent positions at other organizations

Founder, Representative Director and Chairman, Quantum Leaps Corporation  
Outside Director, FreeBit Co., Ltd.



**Fujiyo Ishiguro**  
Independent outside director  
Outside Director, Member of the Board  
Member of the Nominating Committee

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- Term of office: 7 years
- Number of shares owned: 10,000 shares

Important concurrent positions at other organizations

Director, Chief Evangelist, Netyear Group Corporation  
Outside Director, Sampo Japan Insurance Inc.  
Outside Director, WingArc1st Inc.  
Director of the Board (External), SEGA SAMMY HOLDINGS INC.



**Nobuo Domae**  
Independent outside director  
Outside Director, Member of the Board  
Member of the Nominating Committee  
Member of the Compensation Committee

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- Term of office: 5 years
- Number of shares owned: 30,000 shares

Important concurrent positions at other organizations

President & Representative Director, Ryohin Keikaku Co., Ltd.

Three Committees

Nominating Committee	Chair	<b>Nobuyuki Idei</b> (Outside & Independent Director)
	Member	<b>Fujiyo Ishiguro</b> (Outside & Independent Director)
	Member	<b>Nobuo Domae</b> (Outside & Independent Director)
	Member	<b>Jun Makihara</b> (Outside & Independent Director)
Audit Committee	Member	<b>Naofumi Yamada</b> (Outside & Independent Director)
	Member	<b>Oki Matsumoto</b>
	Chair	<b>Masaaki Koizumi</b> (Outside & Independent Director)
	Member	<b>Shiho Konno</b> (Outside & Independent Director)
Compensation Committee	Member	<b>Naofumi Yamada</b> (Outside & Independent Director)
	Chair	<b>Jun Makihara</b> (Outside & Independent Director)
	Member	<b>Nobuyuki Idei</b> (Outside & Independent Director)
	Member	<b>Nobuo Domae</b> (Outside & Independent Director)
	Member	<b>Oki Matsumoto</b>

Executive Officers

Position	Name	Assignment	No. of shares held (shares)
Representative Executive Officer, President & Chief Executive Officer	<b>Oki Matsumoto</b>	Overall Management, Monex Zero, Asset Management	7,556,800
Representative Executive Officer, Chief Operating Officer and Chief Financial Officer	<b>Yuko Seimei</b>	Planning, Financial Controls, Japan Segment Investment Business	124,900
Executive Officer	<b>Kiminori Kaneko</b>	Information Security, Risk Management	50,600
Executive Officer, Chief Strategic Officer	<b>Takashi Oyagi</b>	U.S. Segment	510,600
Executive Officer	<b>John Bartleman</b>	U.S. Segment	0
Executive Officer, Chief Quality Officer	<b>Shoji Kuwashima</b>	Quality Controls, Crypto Asset Business, Corporate Communications, Crisis Management	260,100
Executive Officer, Chief Administrative Officer General Counsel	<b>Masayuki Okamoto</b>	Internal Controls, Legal	13,800
Executive Officer	<b>Katsuki Mandai</b>	Japan Segment, Asia-Pacific Segment	28,500
Executive Officer	<b>Takuya Yamanaka</b>	Human Resources	27,300



Skill Matrix of the Board Members

Name	Experience and Expertise						Attendance Record for FYE March 2021	
	Financial industry	Marketing	Technology	Management	Accounting and internal controls	Diversity *3	Board of Directors	Committee
Oki Matsumoto Member of the Board Chairman of the Board	●	●		●			9/9	Meetings of the Nominating Committee: 4/4 Meetings of the Compensation Committee: 6/6
Yuko Seimei Member of the Board *1	●	●		●		●	—	—
Shoji Kuwashima Member of the Board Vice Chairman of the Board	●		●	●			9/9	—
Takashi Oyagi Member of the Board	●			●		●	9/9	—
Jun Makihara Lead Independent Director *2	●			●		●	9/9	Meetings of the Nominating Committee: 4/4 Meetings of the Compensation Committee: 6/6
Nobuyuki Idei Outside Director		●	●	●			9/9	Meetings of the Nominating Committee: 4/4 Meetings of the Compensation Committee: 6/6
Fujiyo Ishiguro Outside Director		●		●		●	9/9	Meetings of the Nominating Committee: 4/4
Nobuo Domae Outside Director		●	●	●			9/9	Meetings of the Nominating Committee: 4/4 Meetings of the Audit Committee: 10/10
Masaaki Koizumi Outside Director					●		9/9	Meetings of the Audit Committee: 10/10
Shiho Konno Outside Director					●	●	9/9	Meetings of the Audit Committee: 10/10
Naofumi Yamada Outside Director *1			●	●		●	—	—

\*1 Appointed as a new member of the board at the General Meeting of Shareholders held on June 26, 2021.  
\*2 The Company's outside directors and independent directors voted to appoint Makihara as the Lead Independent Director effective from April 2015.  
\*3 Diversity: Gender, age, region, etc.

➤ Refer to the following for reasons for appointing directors and executive officers.  
WEB ESG Information | Corporate Governance | Officers

Nomination Policy for Director Candidates

The candidate must possess a high ethical standard.

The candidate must have knowledge, experience, aptitude or expertise in one or more of the following areas.

1. Financial industry 2. Marketing 3. Technology  
4. Management 5. Accounting and internal controls 6. Diversity

The candidate must have a good understanding of his/her duties.

The candidate must be fully aware of and able to make the necessary time commitment to contribute actively to the Board of Directors and affiliated committees.

Board Members

Ratio of outside and independent directors	The outside directors should make up at least one third of the Board.
Diversity	Nominations to the Board should consider the overall balance of experience, knowledge, and ability of the members.
Size	The size of the Board should be approximately 10 members.

Three-way Discussion Between Outside Directors



The Board of Directors at Monex Group is made up of a diverse set of members with the majority being outside independent directors.

The intrinsic value of this Board's diversity is an advantage for Monex Group.

Three directors: Jun Makihara (lead independent director), Nobuo Domae (outside independent director since 2016) and Naofumi Yamada (appointed in his thirties as a new outside independent director in 2021) discuss the future of the Board at Monex Group.

- How do the three of you as outside independent directors break down the strong performance for the fiscal year ended March 2021?



**Makihara:** Regardless of the global impact of COVID-19 and of the commission-free trend that has taken hold in the U.S. online securities industry, the merits of the online securities market were revealed, and as a result, trading has been booming and has led to a boost in performance in

the fiscal year ended March 2021. In addition, it is possible to evaluate to a great extent management’s execution, such as Coincheck, Inc. (hereafter referred to as Coincheck) being reorganized. Personnel were brought into Coincheck to improve management, and this change came at the perfect time as the crypto asset market began to grow.

**Domae:** I used to think of Monex Group’s performance being mostly tied to Monex, Inc. (hereafter referred to as Monex) and that the Group only dabbled in various businesses. However now, each business shows balanced growth and one could say the portfolio management is on track. Specifically, I think that the strategy to get a head start and invest in the crypto asset business, even when the market had still not fully understood its potential, was brilliant. In the past, we acquired the ownership of TradeStation Group under the Global Vision, and this also came together after seeing the need to support globalization of the financial business. The acquisition of Coincheck was also a decision made after considering how the financial business would change based on advances in technology and what these advances could bring to people’s lives. Carefully looking at each idea and planning beforehand allowed the Group to make the right decision for acquisitions. After some time, this type of strategic investment is finally bearing fruit.

**Yamada:** I was interested in Bitcoin prior to being appointed as a board member of Monex Group, and I saw the press conference of Coincheck in real time. When I saw the news of Monex Group acquiring Coincheck, I was absolutely astonished. But I thought that Mr. Matsumoto (CEO) seriously believed in crypto assets becoming a part of the clients’ portfolio and that is why he decided to acquire them. The leaking of crypto assets was still a big risk and repeating the same mistake would impact the entire Group. In spite of this, there has been no incidents since Coincheck joined the Group and growing the business and achieving this tremendous result should be credited to the Group’s management abilities.

- Monex Group was able to successfully acquire and develop a company. How were the discussions in the Board regarding the acquisition of Coincheck and what was the conclusion?

**Makihara:** The Coincheck proposal was a rapidly unfolding situation that required a quick decision to acquire it or not in a short period of time. When looking only at the risk at that time, the situation had cause for hesitancy. However, top management is excellent at risk management, giving a very convincing explanation to the Board of Directors, and in turn, the Board also showed very flexible thinking in their approach. Coincheck anted up and provided approximately ¥50 billion in compensation that had been stolen by using their own cash flow. A feat few venture businesses could do, Coincheck proved it was special and that it had a tremendous engine at its core. The directors were also quick to respond to this urgent matter. The decision to acquire it was made after many in-depth discussions in roughly 1 month.

**Domae:** The most pressing issue was whether security risk could be guaranteed or not in the future. If this point could be resolved, then we believed that the crypto asset market was promising and would grow more in the future. Governance and system are both essential for security. For internal controls, Monex Group being a financial institution has well-experienced personnel. Therefore, we thought we could resolve relevant issues with security by putting governance experts in place. In terms of the systems side, our global network together with the security experts we called in helped put our anxieties at ease. The Board of Directors determined that the security experts were extremely talented and could realistically handle the security issues, and ultimately the decision to acquire Coincheck was made.

**Makihara:** Coincheck is a nest of technical experts and engineers, which is the source of their competitive edge. After the acquisition, if those engineers were to quit because they were unhappy, it would do more harm than good. I suspect that if a large traditional financial institution were to acquire Coincheck and use a strict management style, it would not go over well with Coincheck. In this regard, I think that we were able to form a good relationship with Coincheck. Yet, if the financial institution was not an organization that was trusted by the authorities and external stake holders, then the acquisition would not be possible. Bearing this in mind, Monex Group has developed a good reputation and is a trusted financial institution, which is one of the reasons that this acquisition was successful.



**Domae:** I believe that Monex Group is in a good position by being able to blend the corporate culture of two worlds since its founding, a progressive one manifested by T-shirts and jeans as well as a traditional one accented by suits and neckties.

- The diversity of the Board of Directors made real progress during this last appointment, what type of credentials was the Board looking for?

**Makihara:** Age diversity is extremely important in the Board of Directors. I personally serve as an outside independent director on a few boards, and the fact is that appointing young directors is unrealistic at most places. That being said, a board that is full of members who are 50 years of age and older makes the board discussion inevitably partial. I truly believe the appointment of Mr. Yamada is a good thing, and we have really high hopes.

**Domae:** Monex Group is creating finance for the coming era. Those in their thirties and forties will be the generation that have to steer the ship and take charge of the coming era. Finance right now keeps on changing and evolving. Fundamentally speaking, finance is an information industry and the age of handling money as an actual or physical object is coming to an end. Management needs to be able to sense and understand what possibilities technology will bring. The Board needs to have members who can see the potential value even under normal situations when there is high risk involved. To be able to have this, diversity is needed and youth is also crucial in the field of technology.

**Yamada:** When the Internet came onto the scene, various industries had undergone a transformation. This transition is not a simple change in the information route, but it involves the notion of a first time for everything. For example, when looking at machine learning (my area of expertise) as the technology at hand, the hardware configuration can be changed at the design stage. Adding only a single camera can increase the possibilities exponentially. The finance industry is the same I think. If there is room to optimize it using technology, trading itself will undergo a major transformation. What will come out of this transformation? My role as a director is to look for this and make proposals based on new ideas.

- In the committee structure, what do you think about having a succession plan led by the Nominating Committee? How are the three committees Nominating, Audit and Compensation run?

**Domae:** Regarding the succession in management, it is going well thanks to the appointment of Ms. Seimei (Representative Executive Officer) as a director. This appointment was not decided like in one day, we have been

making preparations from before. Ms. Seimei is doing great on the tasks that have been given to her. We can see from her words and actions that her approach to tackle management issues involves working as a team, since she is not a founder of Monex. She is not imitating what the founder would do, nor is she just going through the motions. She is on a mission to pass the baton to the next generation, and in that sense, we are quite comforted and satisfied by her approach and work.

**Makihara:** Transferring power from the founder to a successor is extremely challenging. But if this cannot be done, then the company cannot survive. Each Board member understands and feels the gravity of this message. After the founder steps down, the Nominating Committee and Board have mulled for years over the following questions: What type of person should take the helm of Monex Group? Should one person manage it, or should it be managed by a team? As our talented personnel continue to develop including Ms. Seimei, the question of how to pass the reins smoothly to the next generation continues to be a major issue.

The committee structure with a Nominating Committee, etc. at Monex Group is a progressive governance system for Japan. I am currently working as an outside director for some Western companies, and I see how the Nominating, Audit and Compensation Committees work and fit well together. Right now, Monex Group is in the process of creating that structure for them. Speaking candidly, the Nominating and Compensation Committees are led by Mr. Matsumoto (CEO) and are still reliant on him, and this is the issue. For committee management as well, we need to do the right thing and construct a mechanism for running the committees.

**Domae:** The Audit Committee is run by spending quite a bit of time going deep into the details. When there is an issue, like a security related issue, that needs to be discussed by the entire Board but is difficult given the details involved, the Audit Committee takes the lead to help come to a solution. The Audit Committee works to resolve problems by always keeping a careful watch on issues and provides explanations in the form of reports from internal audits or from a Group company so that no serious problem is left ignored.

**Yamada:** As a newly appointed director, and particularly in my role on the Audit Committee, I will use my knowledge as an engineer and stay focused on points where there may be a problem in concerning areas such as internal system security.





- After welcoming the newest members, how do you think the Board of Directors will be managed going forward?

**Makihara:** This is linked to future issues in the company. To ensure we do not miss any business opportunity, we will continue to discuss questions such as: How will the crypto asset industry grow in the future? How will the U.S. grow? What should we do with Asia? And ultimately, how do we grow Japan? In addition, while it is important to create a new culture, some aspects should be preserved as we make progress toward passing the baton to the next generation. In general, the Board of Directors works to catch the big things and not focus on the details. If one focuses too much on detailed questions, it is hard to see the big picture. We are hoping that the newest directors will bring a fresh and different perspective to gain a handle on that big picture.

**Domae:** We have expanded the scope of our business principles and are looking to broaden our businesses from “creating the future of finance” to “optimizing personal balance sheets.” Our approach to achieve this shows how we are embracing additional means apart from finance. New technology, in particular, will be an important tool going forward, and therefore, the unknown risks related to new technology will also continue to grow. Which seed should we invest in and grow in order to align the corporate vision and the actions we are taking? We will continue supporting the company while also considering the risks that are involved.

**Yamada:** Technology will be invaluable for any business in the future, and the engineers who oversee the technology will continue to be a critical asset. Monex Group has a high ratio of engineers and many of the workers are also young. What I really see now is how these younger engineers are advancing their careers, which is an important issue even as it relates to the development of Japan’s economy. The industry itself is young, and consequently the engineers often do not have a clear career path or role model, but I want to help them build their careers working closely together with them. Monex Group is involved with fusing finance with technology and since the growth of the engineers is tied to the growth of the Group, I am looking to bring my hypotheses and proposals to the table and discuss them with the Board.

**Makihara:** Recently, the younger generation is thinking more seriously about investment, as they do not know about the fallout of a bubble economy. An environment to support these younger investors, such as single share investment, crypto assets and other instruments, is being developing more and more. And I think that the trend of moving “from savings to investments” will balloon. If one can predict and understand what the client needs or wants, then to the same extent, one would naturally be able to predict the future.

\*1 DEI: Diversity, Equity and Inclusion  
\*2 LGBTQ: Lesbian, Gay, Bisexual, Transgender and Questioning  
\*3 Mining: Work involved to check and validate crypto asset transactions

**Domae:** Finance, communications and power are regarded as an infrastructure of society in capital markets. However, recently the regulations for this shared capital in society have become more relaxed and therefore competition is more fierce, leaving the weak behind. In the world of the Internet, there are more companies popping up, for example, who provide cheaper services to gain a stronghold on the market, and then those companies raise the prices thereafter. This method is raising alarms and beginning to draw criticism. Shared capital or resources in society should be a safe and secure haven after all. More and more people feel that they should not be cheated here. Now more than ever, honesty and sincerity will become even more valuable in finance.

I believe that Monex Group has garnered an honest reputation and image. By being engaged in honest financial practices, the Group can make society better as a whole. This is also true for investment. Rather than using sleight of hand methods, it is being engaged in grounded business practices that will provide security in our lives. This is exactly the principle that the Group espouses, and this is the way and direction where we seem to be heading.

- As directors, how are you thinking about getting involved with ESG and sustainability?

**Yamada:** Overseas tech giants are becoming laser-focused on investing in ESGs. In their investment into ESGs, resources are being poured into becoming carbon neutral. For example, Microsoft is submerging and positioning a data center at the bottom of a seabed to achieve proof of concept to keep power consumption down with cooling. AWS is constructing multiple facilities for photovoltaic and wind power generation. Google is using renewable energy to cover 100% of the energy that they are consuming. Systems run on the assumption of power being consumed, and the companies that understand and tackle this issue are heading in the right direction.

**Makihara:** I think that Monex Group pursuing “E” (Environmental) and “S” (Societal) in ESGs is important. As far as society (“S”) is concerned, Monex Group has put its full weight behind diversity, equity and inclusion (DEI<sup>\*1</sup>) – which includes LGBTQ<sup>\*2</sup>. I believe the Group is ahead of other companies on this point. With regard to the environment (“E”), Coincheck is a market operator in the crypto asset business, which requires an enormous amount of power for crypto mining<sup>\*3</sup>, and I think that how the Group embraces preserving the environment is a large issue.

**Domae:** The environment (“E”) and society (“S”) have come to the forefront as social issues. Therefore, it is quite clear what we have to do about them. In terms of the environment, even though renewable energy costs are still high, if financial

support can be earmarked for technology development, a switchover from fossil fuels can be made in the future. And, I think this is one of the essential activities that Monex Group can take on. Regarding society (“S”), I personally think a social issue right now is society helping the stronger get stronger and allowing the weaker to stay weaker. I also believe in finding an ecosystem that permits and encourages superdiversity to ensure every person has a shot at being happy. That idea matches Monex Group’s vision to optimize personal balance sheets, which the Group set recently. The approach to achieve this is not necessarily through financial means but I think that pursuing this vision will naturally lead to a solution for societal (“S”) issues.

**Yamada:** I hope that Monex Group and the Group companies are a place where each and every employee can be proud of its principles and activities. While maximizing the earnings per share is a fundamental rule of capital markets, I think ESG elements in activities should be pursued. If investments in companies that embrace ESGs add to the performance of a portfolio, then those investments are advantageous for society and the Earth as well.

- What do you think about the functions of the Board of Directors as a monitoring board and strategic board?

**Makiahara:** I think both functions are important. One key role of the Board is to monitor as representatives of our minority shareholders. What is difficult in this role is making a decision on the appropriateness of information that comes from the business execution divisions. If the information that comes up is distorted, the decision of the Board of Directors will also be distorted or tainted. Assessing this is extremely difficult but that is what is required as a member of the Board.

As far as issues that confront the strategic board, the management team knows the ins and outs of the business better than anyone else, and it is not easy for the strategic board to go against what the management team advocates. Under these circumstances, the authority of the president becomes unlimited. But when the Board of Directors can offer advice to the president and help oversee things, this is

how good strategies can be formulated. Outside independent directors should offer both monitoring and strategic advice. That is, I think for the Board of Directors to truly function well, the outside independent directors need to be the majority on the Board.

**Domae:** I myself am a manager, and I will say that there is a difference between a decision that is made while having the courage to listen to all ideas and opinions from the outside independent directors (even those hard-to-hear opinions) and a decision where no opinions are considered. While both can be called a decision-making process, they are actually very different. It is crucial to have outside personnel in company management to be able to point out “if something is becoming dogmatic or autocratic.” Thankfully, we have that here. I think the role of the Board is more than just providing a new strategic direction. It also should give ideas and opinions from a third-party perspective, and I think the executive side is also hoping for that.

- How does the Board of Directors plan to improve its effectiveness to appeal to the investors?

**Domae:** I believe that this Board of Directors is more active in continuous improvements than any other company. This Board does not just record questions into the minutes of meetings. The Q&A session is quite lively, and in fact, there are times when Mr. Matsumoto (CEO) becomes quite irritated with questions from Mr. Makihara (director).

**Makihara:** I have experienced a lot of Board meetings at different companies, and there are those that just listen to the will of the president and also those where the Board holds too much control. On this point, I think that Monex Group has just the right balance. Mr. Matsumoto carefully listens to all the opinions of the directors. We too respond to this by trying to bring a certain perspective to the table and present our opinions.

Going forward, there will be turnover on the Board with some directors being replaced in the coming years. I believe it is vital for us to always be on the lookout for great candidates with the right credentials in order to keep what we have going.





Keeping risk that affects our management within a permissible range helps Monex Group achieve our business goals. Based on this approach, we appropriately identify, analyze and evaluate the risks established in the “Rules of integrated risk control.” Then, the Risk Control Manager, appointed by the CEO, reports every month to the Board about the risk control development status and the operations status (risk control response status is noted in the table below).

In addition, Monex Group calculates its Value at Risk (VaR) in order to understand the amount of risk that the Group holds. The balance of the crypto asset trading wallet has significant sway in the risk across the entire Monex Group. Therefore, we not only monitor the daily balance of that wallet, but set a risk ratio that corresponds to the how the wallet is managed for the assets in custody and then calculate the amount of risk for the crypto asset trading service.

➤ P.50: 1-3. Operation VaR

10 Risks Established in Rules of Integrated Risk Control and Corresponding Risk Response

Rules of integrated risk control	Group RCM* <sup>1</sup>	Group VaR* <sup>2</sup>	Executive officer in charge of risk
Market-related Risk	Market-related Risk	Market VaR ➡ P.50: 1-1. Market VaR	Financial Controls
Credit Risk	Credit Risk	Credit VaR ➡ P.50: 1-2. Credit VaR	
Liquidity Risk	Liquidity Risk	Operation VaR ➡ P.50: 1-3. Operation VaR	
Other Risks	Strategic Risk		
	Risk Related to Financial Controls		
	Risk Related to Organization		
	Information Disclosure Risk		
Information Security Risks	Other (Country, political risk, etc.)		
	Information Security Risks	Information Security	
	Cybersecurity Risk* <sup>3</sup>		
System Risk	System Architecture Risk	Quality Control	
Administrative Risk	Administrative Risk	Internal Controls	
Legal Risks* <sup>4</sup>	Risk of Money Laundering and Funding Terrorism		
	Compliance Risk		
Reputation Risk	Reputation Risk	Corporate Communications	
Disaster Risk* <sup>5</sup>	Natural Disaster Risk	Crisis Management	

<sup>\*1</sup> Risk Control Matrix: Table that shows the probability of a mistake occurring in a work process and the corresponding countermeasure  
<sup>\*2</sup> Value at Risk: Maximum possible loss for a given probability due to future price fluctuations assuming a specific position is held for a set time period  
<sup>\*3</sup> ➤ P.50: 2. Qualitative risk management and risk mitigation for Group RCM  
<sup>\*4</sup> WEB ESG Information | Ethics and Compliance  
<sup>\*5</sup> WEB ESG Information | Risk Management

1 Quantitative Risk Management for Group VaR

Monex Group calculates the Group VaR every month and performs quantitative risk management in order to monitor whether the amount of risk across the entire Group is within the set permissible range. Market risk is the maximum loss that can be sustained for a given probability (99% one-sided confidence interval) within a set time period (risk held for 2 weeks), and the credit and operational risks refer to the maximum losses per the conditions noted above. The status of these risks is reported every month to the Board based on whether the total losses is within the permissible range (half the amount after deducting fixed-type assets from consolidated shareholders’ equity) of Monex Group’s risk.

**1.Market VaR**  
In order to determine the probability of potential losses sustained due to the price fluctuations in assets (stocks, interest rates, exchange rates, crypto assets, etc.) held by Monex Group, the amount of market risk is calculated by multiplying the asset amount at the end of the month by the rate of price volatility for each financial instrument. Most of the revenue reported for the financial instruments business in the Group is from the brokerage operations. Yet, only a small portion of the instruments is held for trading and reported as revenue, thereby limiting the market risk exposure of the Group.

**2.Credit VaR**  
The credit risk is calculated based on the risk of the business partners and of clients, specifically on the bad debts risk involving the transactions of financial

instruments and crypto assets with each partner and client. The risk associated with business partners is based on the deposit balance in the corresponding financial institutions as well as the balance of guarantee deposits and margin deposits made from trading financial instruments. The amount of the risk is calculated by multiplying the balances by the default rate that is tied to the rating from an external rating organization that is issued to each financial institution. In addition, the amount of the risk associated with clients is calculated by multiplying the balance of the corresponding transactions by the default rate, based on the history of bad debts incurred from financial transactions in each company where credit was granted. The amount of risk is also calculated against the range of daily returns based on previous returns.

**3.Operation VaR**  
The operation VaR is determined by multiplying the wallet balance of the assets in custody for crypto asset trading by the risk probability of illegal money transfers (set for each cold wallet<sup>\*1</sup> and hot/warm wallet<sup>\*2</sup>) in order to calculate the amount of cyber security risk. Apart from the cyber security risk, the amount of the operational risk is calculated by multiplying a set percentage by the operating revenue after deducting financial expenses in each segment.

<sup>\*1</sup> This wallet is stored in an environment that is cut off and disconnected from external networks such as the Internet  
<sup>\*2</sup> This wallet is stored in an environment that is connected to an external network

2 Qualitative Risk Management and Risk Mitigation for Group RCM

In addition to the quantitative risk management for the Group VaR, qualitative risk management is performed for the Group by calculating the residual risk (Level of impact across group × Rate of occurrence / Control measures) on a regular basis and reporting that RCM that is assessed to the Board.  
Running an online financial instruments business and service, Monex Group considers the most important risk, cyber security risk. To handle this, we have a global system\* in place headed by Monex Group CSIRT

(Computer Security Incident Response Team) that works in conjunction with the CSIRT offices stationed at each subsidiary. At the same time, for the wallet management at Coincheck and TradeStation Crypto Inc. both of which run a booming crypto asset trade business, we are also mitigating risk with the perfect management system to battle illegal money transfers at each subsidiary.

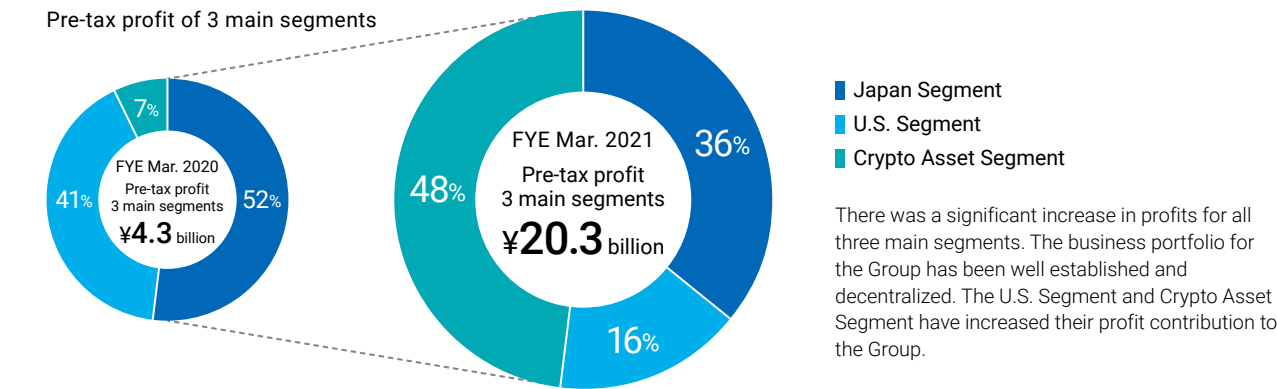
\* WEB ESG Information | Cyber Security

Monex Group businesses are made up of five segments: Japan, U.S., Crypto Asset, Asia-Pacific and Investment Segments. This section covers our understanding of the current financial status of Monex Group for profit and loss (PL) during the fiscal year ended March 2021 and the policies going forward in each business segment.

Consolidated Financial Results

Growing into a business entity with various revenue streams to establish a robust revenue base

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	Year on Year
Consolidated total operating revenue after deducting financial expenses	47,417	47,990	73,695	54%
Consolidated selling, general and administrative expenses	44,690	42,835	49,861	16%
Consolidated profit before income taxes	1,790	4,131	21,296	416%
ROE	1%	4%	17%	+13pt



With heightened demands for online services and asset management during the fiscal year ended March 2021, the three main segments (Japan, U.S., Crypto Asset) boosted revenue, and the consolidated operating revenue after deducting financial expenses rose to ¥73.7 billion, a 54% increase compared to the previous year. Consolidated profit before income taxes was ¥21.3 billion (up 416%), and EBITDA was ¥32 billion (up 141%), resulting in a huge increase in revenue and profit. ROE rose from 4% in the previous year to 17%, exceeding our target of 10%. In addition, the other segments apart from the Japan Segment contributed more to profits,

decentralizing the business portfolio and diversifying the revenue streams. In the Group, we have grown our business by following the course set by each vision, for example, we expanded our online securities business abroad starting in 2010 based on the “Global Vision,” and we also entered the crypto asset business in 2018 based on the “New Beginning.” These initiatives have borne fruit and made our revenue base stronger.

For the coming fiscal year ended March 2022, the three main segments will use their own growth strategy to advance our business model further and boost earnings.

Japan Segment

Business entity: Monex, Inc., etc.

Transform to asset management model

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	Year on Year
Total operating revenue after deducting financial expenses	25,739	24,342	29,099	20%
Brokerage commissions from Japan equity	10,046	9,152	12,462	36%
Brokerage commissions from U.S. equity	516	723	2,578	257%
Net financial income	7,818	6,601	6,605	0%
Other	7,360	7,866	7,453	- 5%
Selling, general and administrative expenses	23,013	21,671	24,136	11%
System related expenses	12,460	10,716	10,830	1%
Profit before income taxes	1,247	2,251	7,276	223%

The spread of COVID-19 infections kept the Japanese economy stagnate during the fiscal year ended March 2021. However, in the stock market, there was a big jump in the Nikkei Stock Average thanks to expectations of a V-shaped recovery in corporate performance and an inflow of excess monies from extensive monetary easing. The average stood in the ¥18,000 range at the beginning of the fiscal year, hit ¥30,000 by February 15, 2021 and then closed at ¥29,178 at the end of the fiscal year. Trading also increased, with the average daily trading volume for the 2 stock exchanges in Tokyo and Nagoya (equities, ETF and REIT) reaching ¥1.4949 trillion, up 42.7% compared to the previous fiscal year.

With this type of economic backdrop, Monex, Inc. had an active year of trading Japanese stocks. In addition, other revenue not based on the commissions from Japanese equities grew. For example, revenue from U.S. equities grew to 20% of the total revenue based in brokerage commissions, and stock-type assets in custody from mutual funds and margin balance also increased. Yet, with interest rates sliding, this led to a decrease in stock-lending income and FX revenue. Furthermore, the

DeFi project, an R&D initiative that Monex Group has adopted for the future, posted ¥1.1 billion in realized profit from the investment. In terms of expenses, fluctuating costs such as transaction-related costs increased, but any increase in fixed expenses such as system-related expenses was limited. Therefore, segment profits ballooned to ¥7.3 billion, up 223% compared to the previous fiscal year.

As we continue to transform to an asset management model, the Japanese equity commissions will make up relatively less of the overall pie and revenue streams will be more diversified. Asset-based revenue, which is less susceptible to market volatility, will make up more of the revenue for the Group, and therefore the revenue structure will be more robust. We saw steady gains for the fiscal year ended March 2021, including an increase in the balance from mutual funds and margin trading and a rise in U.S. equities as well. For the fiscal year ended March 2022, we shall remain committed to transitioning to an asset management model as part of our growth strategy.

P.26: Overview of Segments | Japan Segment

U.S. Segment

Business entity: Tradestation Group etc.

Steady business transformation despite the zero-comm and low interest rate

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	Year on Year
Total operating revenue after deducting financial expenses	19,338	19,887	22,958	15%
Brokerage commissions	8,573	8,838	11,322	28%
Transaction-based revenue besides brokerage commissions	3,441	3,431	6,666	94%
Other	7,324	7,617	4,970	-35%
Selling, general and administrative expenses	17,250	17,877	19,771	11%
Profit before income taxes	1,978	1,763	3,200	81%

The drop in the U.S. economy was severe for the fiscal year ended March 2021 due to the spread of the COVID-19 infections, but extensive government spending and unlimited quantitative easing helped the turnaround. Thanks to the Biden administration, the expectations from massive economic measures and infections peaking out after a push of vaccinations kept the stock prices steady in the market. The Dow Jones average was around \$21,000 at the outset of the fiscal year, topped at a record level and then finished at \$32,981 at the end of the fiscal year.

With an active market climate and commission-free plans, active accounts and assets in custody in the TradeStation Group rose 43% and 91%, respectively, since the end of the last fiscal year, while the trading volume also jumped. Brokerage commissions and other commissions received increased, and operating revenue after deducting financial expenses came to ¥23 billion, up 15% compared to the previous fiscal year. We increased advertising expenses to help acquire new customers and

strengthen new businesses. Yet, we focused more on developing digital marketing to establish a new customer base of casual traders, which our previous marketing approach could not catch sufficiently. We also successfully launched our new crypto asset business. This helped push our transformation to a revenue that does not rely on market volatility, and it propelled us toward further medium- to long-term growth. Segment profits increased to ¥3.2 billion, up 81% compared to the previous fiscal year.

Our customer base exploded in the fiscal year ended March 2021, and it made us recognize again the growth potential of the U.S. market. Our policy for the coming fiscal year ended March 2022 is to continue with our growth strategy by utilizing digital marketing, pouring resources into developing new clients and expanding the size of our crypto asset business.

P.29: Overview of Segments | U.S. Segment



### Crypto Asset Segment

Business entity: Coincheck

#### Successful customer expansion and the addition of coins

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	Year on Year
Total operating revenue after deducting financial expenses	2,077	3,812	20,822	446%
Net trading income	1,929	3,528	19,960	466%
Other	148	284	862	204%
Selling, general and administrative expenses	4,766	3,502	7,129	104%
Other income	957	-17	-3,825	-
Profit before income taxes	-1,732	293	9,868	3,268%

In the crypto asset market for the fiscal year ended March 2021, the Bitcoin price was at the ¥600,000 range at the outset of the fiscal year and then rocketed to the ¥6.5 million range.

With an active crypto asset market, new accounts at Coincheck increased, and the marketplace trading values of crypto assets grew significantly. The monthly marketplace trading values of crypto assets rose from ¥8.495 billion (April 2020) to ¥103.647 billion (February 2021), and then it dropped to ¥95.89 billion in March 2021. The increased trading volume at the Coincheck marketplace was a revenue driver, swelling profits and income and leading to ¥20.8 billion in operating revenue after deducting financial expenses, an increase of 446% compared to the previous fiscal year. We used TV commercials effectively in our marketing to gain clients. The advertising expenses rose to ¥2.1 billion, up ¥1.8 billion from the previous fiscal year. Yet, the number of the app downloads rose to 3.72 million (#1 in Japan<sup>\*1</sup>), up 30% compared to the end of the previous year. In addition, the number of verified accounts rose to 1.2 million (28% market share in Japan<sup>\*2</sup>), a 28% jump, showing our approach to be highly effective. Even as the scale of our business grows, our revenue and expense structure has

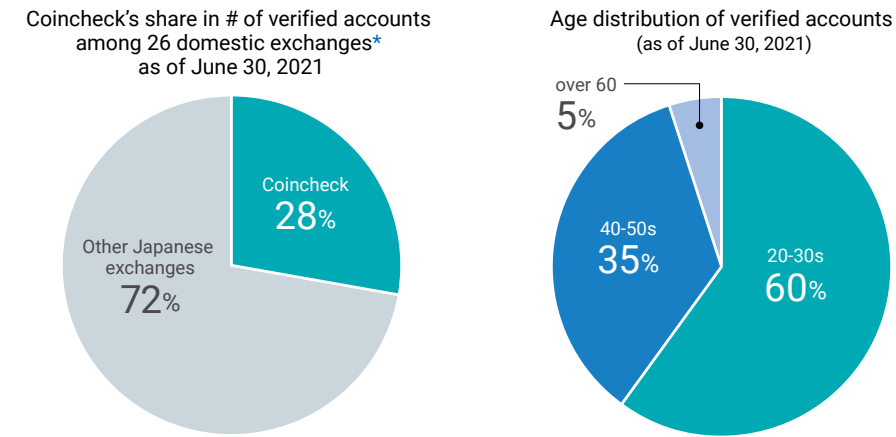
kept the level of fixed costs low with small fluctuating costs (besides advertising expenses), allowing our structure to boost profit while the market is active. The segment profits leaped up to ¥9.9 billion, up ¥9.6 billion from the previous fiscal year. Note that we posted an appraised loss of ¥3.8 billion due to the fluctuation of fair value for contingent consideration as part of the distribution of profits (earnout) to old shareholders, however the earnout period ended March 2021 and profits will contribute in full starting from April 2021.

In the fiscal year ended March 2021, the crypto asset market soared both inside and outside of Japan, thanks to factors such as the U.S. institutional investors adopting Bitcoin as one of their important invested assets. With this momentum, Coincheck was able to build support from younger customer demographics (twenties to thirties) and established Coincheck's status as a leading company in Japan. In the coming fiscal year ended March 2022, our policy is to continue with our growth strategy to gain market share and lead the industry even in cutting edge areas like NFTs and IEOs.

> P.31: Overview of Segments | Crypto Asset Segment

<sup>\*1</sup> Among Japanese crypto asset exchange apps. Term: Apr. 2020 to Mar. 2021. Source: AppAnnie

<sup>\*2</sup> Coincheck's share in # of verified accounts among 26 domestic exchanges as of March 31, 2021  
Source: Monthly crypto asset trading status table of Japan Virtual and Crypto assets Exchange Association (JVCEA)



\* Source: Monthly crypto asset trading status table of Japan Virtual and Crypto assets Exchange Association (JVCEA)

Monex Group has subsidiaries inside and outside of Japan that run a financial instruments business, and our balance sheet structure has features that are different from a standard business company. This section covers the fundamental structure and features of the consolidated balance sheet for Monex Group, our understanding of Monex Group's current financial status at the end of the fiscal year ended March 2021 and our capital allocation approach.

### Consolidated Balance Sheet Structure, Financial Strategy & Capital Policy

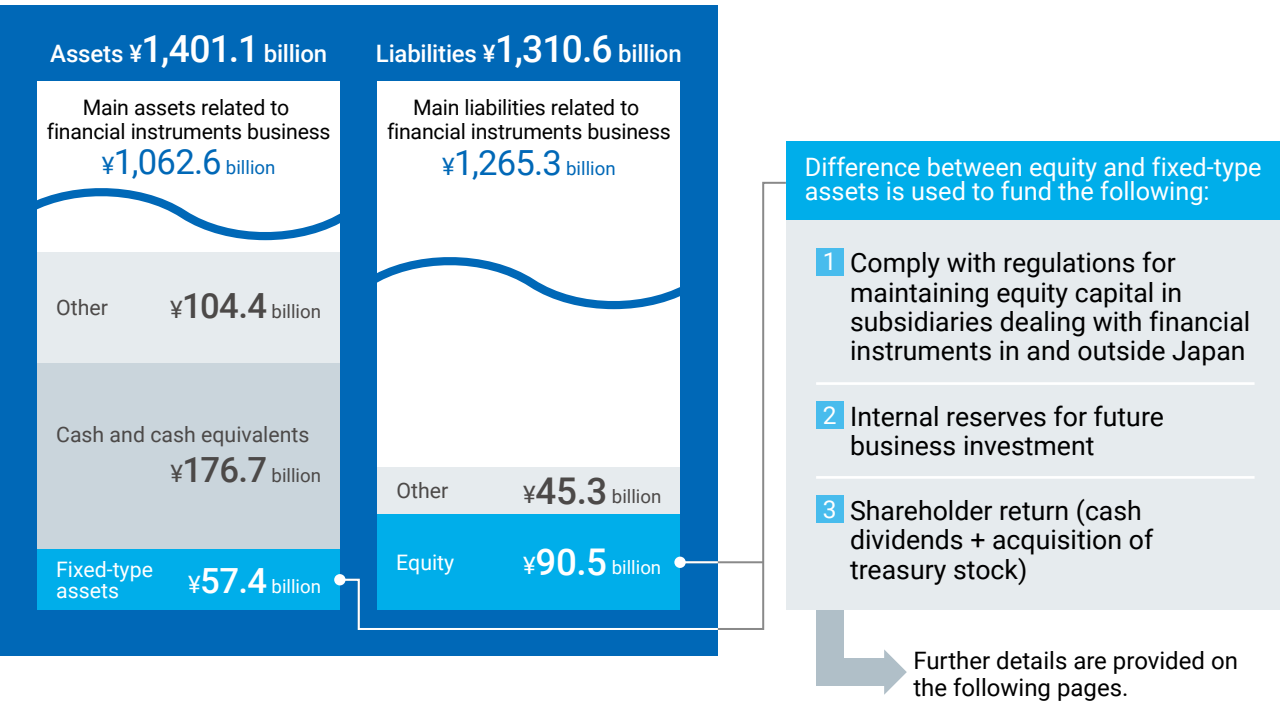
#### Business investments and shareholder returns over medium- to long-terms

The consolidated balance sheet of Monex Group covers ¥1.4 trillion in total assets as of the end of March 2021. Approximately 80% of those assets are related to the financial instruments business. They include cash segregated as deposits (segregation of client assets and guarantee deposits received) and margin transaction-related assets, and many of them straddle both sides of the books as both liabilities and assets. The remaining 20% of those assets can be categorized like in a typical balance sheet of a standard business company. Yet, Monex Group's main focus is in the financial instruments business, and when looking at the Group from the perspective of customer protection, it requires high financial solvency. The Group has a net worth (equity capital) of ¥90.5 billion, with our fixed-type assets (tangible fixed-type assets (property and equipment), the goodwill

or identifiable intangible assets of acquired subsidiaries that require a long time to collect, or intangible assets like software) totaling ¥57.4 billion. The difference after subtracting the fixed-type assets comes to ¥33 billion, which the Group earmarks for the three uses as indicated in the figure below.

However, the liabilities of our subsidiaries that run a financial instruments business are almost all related to financial instrument transactions, and are not allocated to operating capital or acquiring fixed assets, etc. As a result, the actual net interest-bearing liabilities (net debt) of these subsidiaries is extremely small, and only the holding company Monex Group, Inc. holds the actual net debt. As of the end of March 2021, Monex Group, Inc. holds ¥27.3 billion in interest-bearing liabilities and ¥8 billion in cash equivalents and ¥19.3 billion in net debt.

#### Financial Strategy and Capital Policy (Figures current as of March 31, 2021)



1

Comply with regulations for maintaining equity capital in subsidiaries dealing with financial instruments in and outside Japan

The main subsidiaries of Monex Group are located in Japan, the U.S. and Asia and are involved in securities trading, asset management and crypto asset trading. The Group's subsidiaries also strictly follow all regulations related to maintaining equity capital in each country. The regulations vary in each country, but at the same time, each country also values financial solvency. Maintaining the proper capital levels and the right liabilities and capital structure appropriate for the business risk is also required. For example, there is the capital adequacy ratio in Japan and the net capital rule in the U.S.

**Monex, Inc.**  
Maintain 120% or more of the capital adequacy ratio

Capital Adequacy Ratio	FYE Mar. 2020	FYE Mar. 2021
	384.8%	304.1%

**TradeStation Securities, Inc. (U.S.)**  
Maintain a net capital above the minimum required equity capital amount

	FYE Mar. 2020	FYE Mar. 2021
Net capital	133,656 thousands of U.S. Dollars	147,900 thousands of U.S. Dollars
Minimum required equity capital amount to be maintained	4,599 thousands of U.S. Dollars	11,400 thousands of U.S. Dollars
Excess net capital	129,057 thousands of U.S. Dollars	136,500 thousands of U.S. Dollars

Future direction

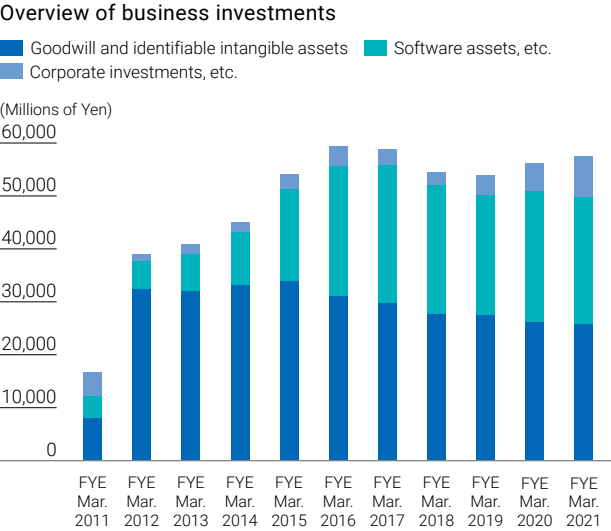
The regulation requirement level is expected to become higher going forward for crypto asset transactions that are provided by Coincheck and other similar companies. These regulation requirements apply to each subsidiary, but we also adopted the approach of financial solvency (required per these regulations) in our consolidated balance sheet. We ensure that the Group maintains a sufficient “amount of equity capital that is not fixed” (difference after deducting fixed assets from equity capital).

2

Internal reserves for future business investment

Monex Group creates visions for the future and engages in business investments to achieve those visions. During the last 10 years, we have made the following investments. Yet, as advancements in technology continue to progress faster and faster, we must implement our investments at the appropriate time going forward.

FYE Mar. 2011 –	<b>Achieving the Global Vision</b>
	After the Boom Group in Hong Kong and the TradeStation Group in the U.S. became subsidiaries, the goodwill or identifiable intangible assets increased.
FYE Mar. 2013 –	<b>Inhouse development of backbone brokerage systems</b>
	Monex, Inc. increased investment in software.
FYE Mar. 2018 –	<b>New Beginning progress</b>
	Coincheck, Inc. became a subsidiary. In addition, we accelerated investments into powerful startup companies that possess next-generation technologies like blockchain.



3

Shareholder return  
(cash dividends + acquisition of treasury stock)

The Group's basic policy on shareholder returns has been to hold onto investment capital needed for growing the business, and at the same time, pay out shareholder returns linked to each year's performance. While our payout target has been a total return ratio of 75% (including acquiring treasury stock) that spans several fiscal years, we have kept the lower limit of the DOE to 2% (annual ratio). Even if the profit levels fluctuate significantly due to market conditions, our approach allows us to be flexible because the number of fiscal years has not been decided for the payout. We believe that we have paid out the shareholder return following this policy, because when looking at the past performances over 3, 5 and 10 fiscal years, we had a total return ratio of 62%, 81% and 89%, respectively.

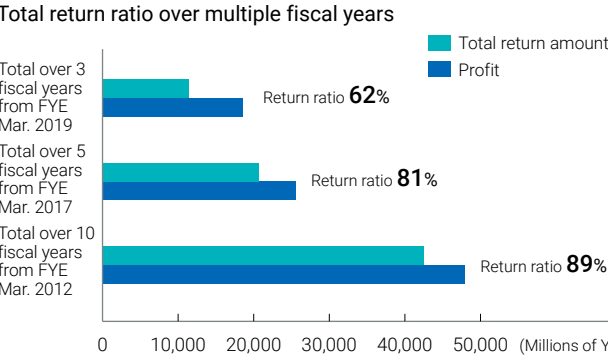
When paying out over 5 fiscal years

Total dividend payout over last 5 fiscal years + Total in share buybacks over last 5 fiscal years

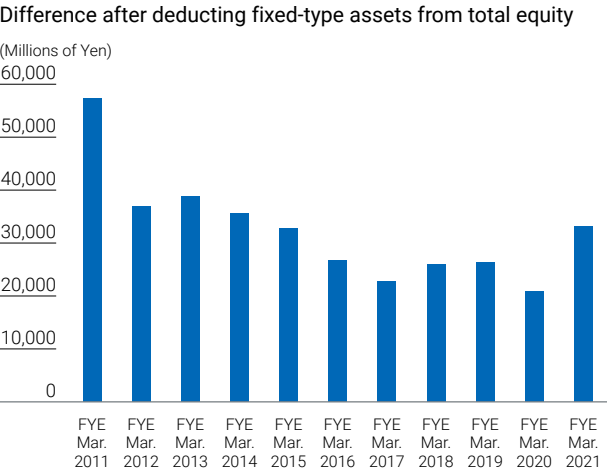
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Total profit attributable to owners of the parent company over last 5 fiscal years

×100



For these last 10 years, we have been able to actively invest in business as well as pay out shareholder returns. As a result, after deducting fixed assets from the total capital to ensure financial solvency, our cushion (difference after deducting) has been gradually dwindling. However, the investments up until now have finally bore fruit in terms of profits for the fiscal year ended March 2021, and our dwindling cushion has rounded the corner and is now increasing. We shall consider financial solvency moving forward, and at the same time, continue investing while providing returns.

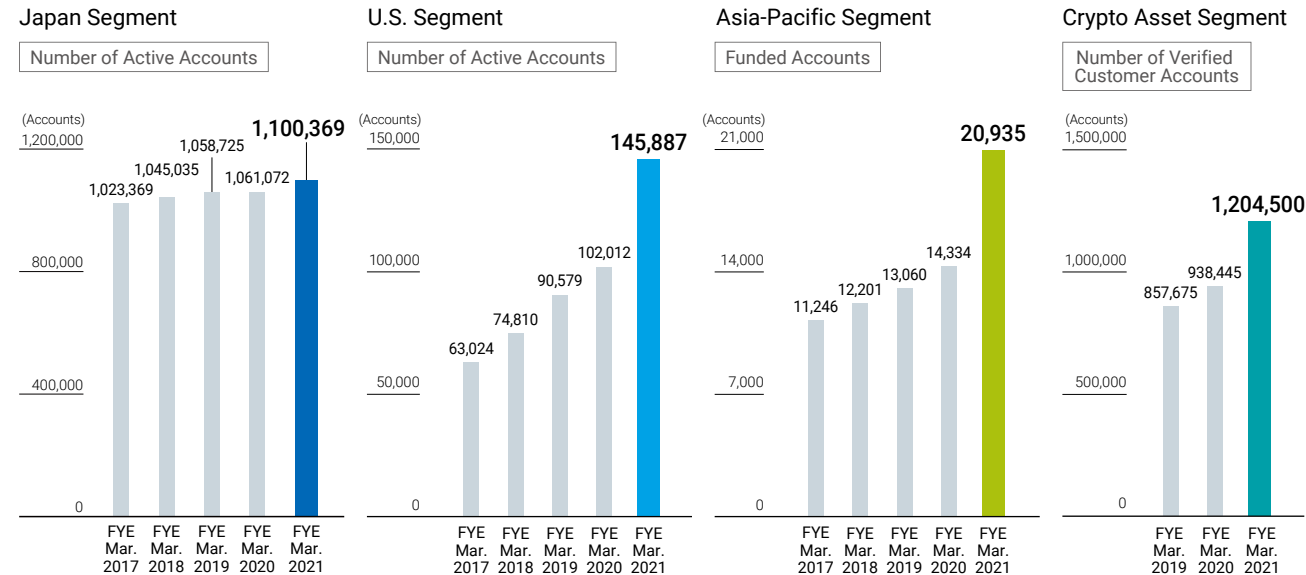


When looking at liabilities, there was approximately ¥250 billion in bonds and loans payable. 15% of that is financed directly from corporate bonds issued by the Monex Finance Corporation, a subsidiary that handles the Group's financing. The remainder is financed indirectly by syndicated loans and commercial bank loans. Capital is primarily used for our financial instruments business, such as margin trading, and it is also allocated to mergers and acquisitions as well as business investments. To ensure that our funding and fund operations are streamlined efficiently for the Group overall, we will continue to monitor and revise the ratio of these direct and indirect financing options in the future.



## Number of Active Accounts / Funded Accounts / Number of Verified Customer Accounts

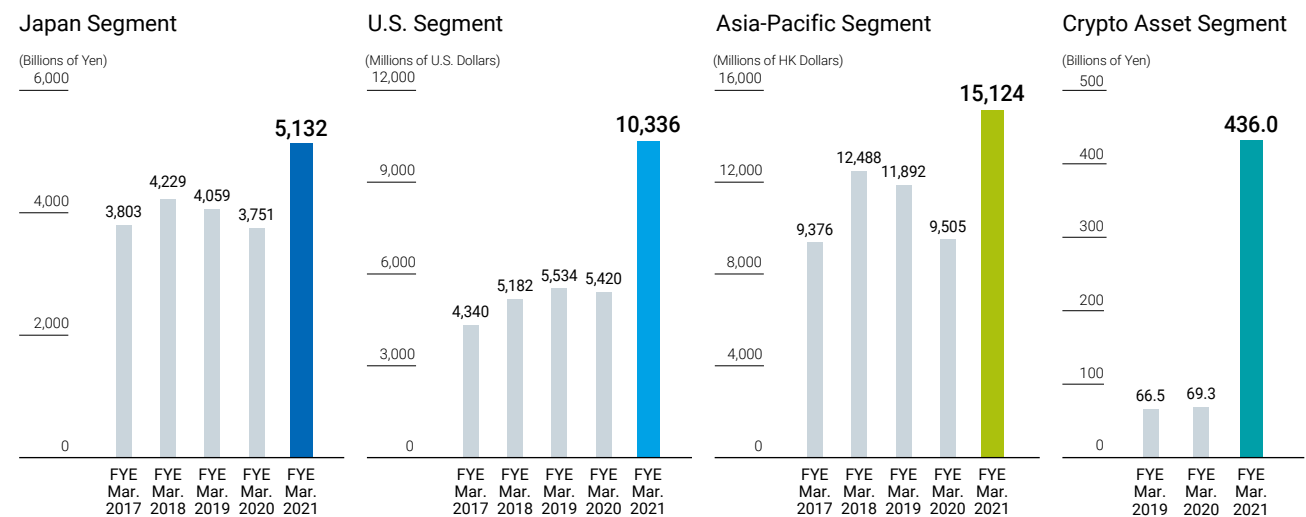
The number of active accounts (Japan and U.S.), funded accounts (Asia-Pacific) and verified customer accounts (Crypto Asset) represents the number of our customers who trade (or can trade) or have assets in custody. This is one key indicator of our customer base that drives growth in our securities and crypto asset business.



With the spread of the COVID-19 infections, there has been an increasing demand for online asset management all around the world, and this helped boost the number of accounts in each segment in Japan, the U.S. and Asia-Pacific for the Group. In particular, the number of accounts in the U.S. grew, reaching approximately 1.5 times more accounts than at end of the last fiscal year. We are also planning on continuing an active marketing approach for the next fiscal year as well. Furthermore, the Crypto Asset Segment started airing TV commercials since January 2021, and as the largest crypto asset exchange service provider in Japan, we are continuing to expand our customer base even more.

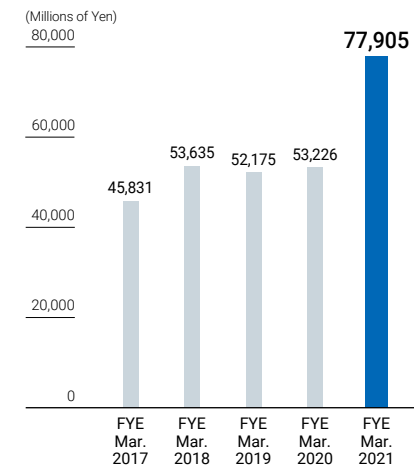
## Assets in Custody

The assets in custody are one key indicator of our customer base that drives growth in our securities and crypto asset business.

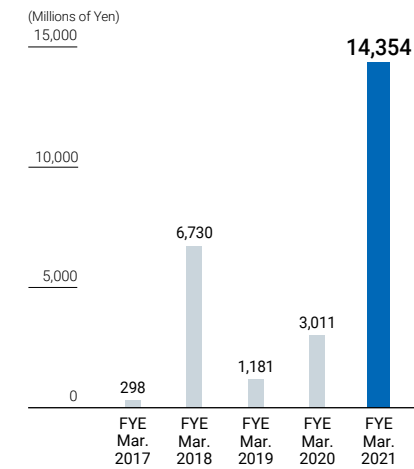


Assets in custody increased in all segments in Monex Group, an indication that the Group's initiative was successful in gaining new accounts and that the global economy was recovering. In the Japan Segment, new businesses such as IFA have helped accrue more assets in custody, which is part of our business model transition to the "asset management model." In the Crypto Asset Segment as well, customer growth and more crypto assets available in our services have led to a rise in crypto asset prices and thus increased our assets in custody.

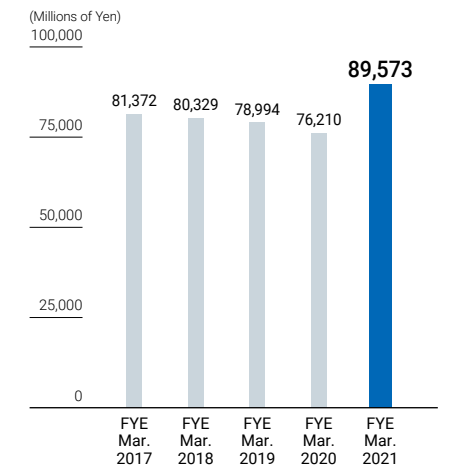
## Total Operating Revenue



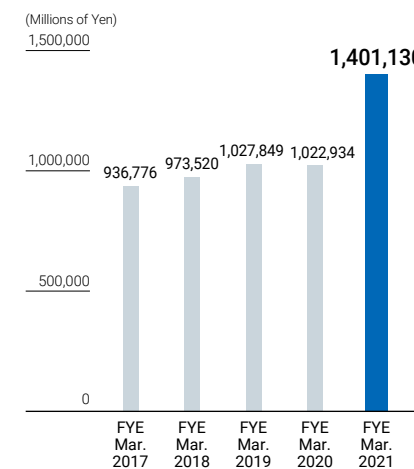
## Profit Attributable to Owners of the Company



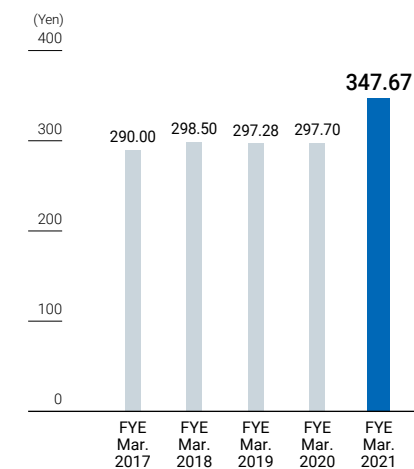
## Equity Attributable to Owners of the Company



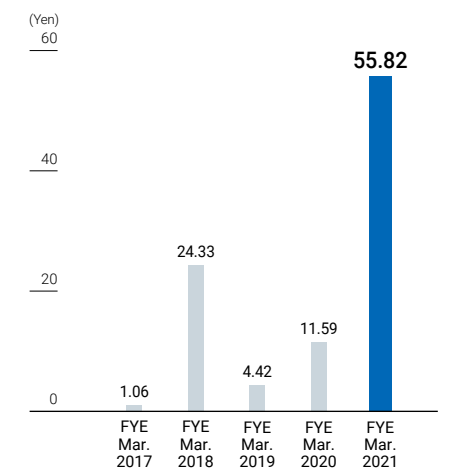
## Total Assets



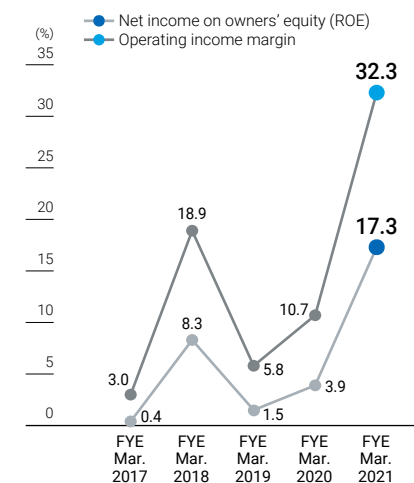
## Equity per Share Attributable to Owners of the Company (BPS)



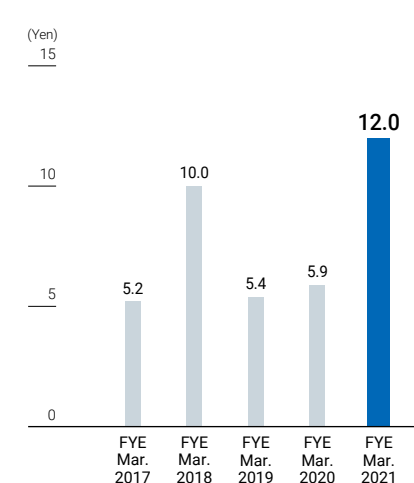
## Earnings per Share Attributable to Owners of the Company (EPS)



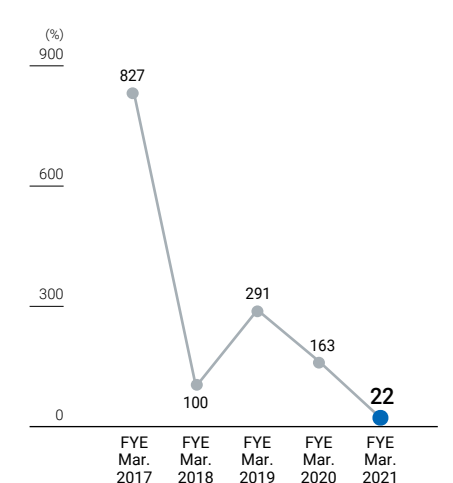
## Return on Equity (ROE) / Operating Income Margin



## Dividends per Share



## Total Return Ratio



Category	Accounting item, sub-item and title display (IFRS/JGAAP)	Unit	FYE Mar. 2009	FYE Mar. 2010	FYE Mar. 2011	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015	FYE Mar. 2016	FYE Mar. 2017	FYE Mar. 2018	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021
			JGAAP	JGAAP	JGAAP	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Consolidated	Total operating revenue	Millions of Yen	24,812	22,499	25,227	32,292	36,090	54,722	50,975	54,271	45,831	53,635	52,175	53,226	77,905
	Commission received	Millions of Yen	14,900	13,021	13,158	17,107	20,367	33,542	30,079	32,152	26,349	29,196	25,741	25,375	36,864
	Net trading income	Millions of Yen	1,100	3,414	4,724	6,199	6,974	8,011	6,242	6,671	4,498	3,865	6,461	8,550	24,504
	Financial income	Millions of Yen	8,611	6,007	7,155	8,382	8,195	12,583	13,987	14,610	14,313	19,349	19,242	18,579	15,394
	Other operating income	Millions of Yen	199	55	189	602	554	587	667	839	671	1,225	731	722	1,144
	Financial expenses	Millions of Yen	3,758	2,577	2,638	3,238	2,320	4,672	5,766	4,629	3,979	4,480	4,758	5,236	4,211
	Total operating revenue after deducting financial expenses/Net operating revenue	Millions of Yen	21,053	19,921	22,589	29,054	33,769	50,051	45,209	49,642	41,852	49,155	47,417	47,990	73,695
	Selling, general and administrative expenses	Millions of Yen	15,784	15,460	17,848	26,605	30,359	34,981	37,143	41,395	40,578	39,853	44,690	42,835	49,861
	Transaction-related expenses	Millions of Yen	4,639	4,219	5,008	8,865	10,223	12,235	13,236	13,862	11,281	11,963	12,051	11,975	15,986
	Compensation and benefits	Millions of Yen	2,907	3,268	3,386	6,051	8,503	9,613	9,538	10,651	10,393	10,854	13,111	13,413	15,614
	System related expenses <sup>*1</sup>	Millions of Yen	6,642	6,907	7,998	9,074	9,701	10,779	11,659	13,343	15,685	14,742	16,437	14,794	15,039
	Other	Millions of Yen	1,593	1,064	1,455	2,614	1,933	2,355	2,710	3,539	3,218	2,294	3,091	2,653	3,222
	The amount equivalent to operating income/ Operating income	Millions of Yen	5,269	4,461	4,741	2,448	3,410	15,069	8,066	8,247	1,274	9,302	2,727	5,155	23,833
	Other income/Expenses (net)	Millions of Yen	(5,233)	(601)	(1,466)	204	3,588	1,825	(1,951)	(3,146)	(203)	(671)	(937)	(1,025)	(2,537)
	Profit before income taxes/ Income before income taxes and minority interests	Millions of Yen	48	3,996	3,268	2,585	6,998	16,895	6,115	5,100	1,071	8,631	1,790	4,131	21,296
	Profit/Income before minority interests	Millions of Yen	(2,187)	3,764	1,995	1,485	3,907	10,356	3,494	3,516	161	6,579	1,029	2,820	14,385
	Profit attributable to owners of the company/Net income	Millions of Yen	(2,144)	3,776	1,992	1,422	3,901	10,354	3,494	3,554	298	6,730	1,181	3,011	14,354
	Total assets	Millions of Yen	235,694	374,688	365,730	535,663	682,193	939,270	1,055,242	888,116	936,776	973,520	1,027,849	1,022,934	1,401,130
	Total equity	Millions of Yen	40,066	66,310	71,025	72,459	79,667	80,701	86,932	86,022	81,687	80,493	80,142	77,024	90,524
	Operating income margin	%	25.0	22.4	21.0	8.4	10.1	30.1	17.8	16.6	3.0	18.9	5.8	10.7	32.3
	The difference between “Total equity” and “Fixed-type assets” <sup>*2</sup>	Millions of Yen	32,502	50,300	55,387	33,246	38,847	35,656	32,734	26,660	22,819	26,022	26,262	20,779	33,091
	Return on equity (ROE)	%	-5.0	7.1	2.9	2.0	5.0	12.9	4.2	4.1	0.4	8.3	1.5	3.9	17.3
	Earnings per share attributable to owners of the company/ Earnings per share (EPS) <sup>*3</sup>	Yen	(928.55)	1,527.41	647.82	467.45	1,301.73	35.76	12.15	12.46	1.06	24.33	4.42	11.59	55.82
	Equity per share attributable to owners of the company/ Book-value per share (BPS) <sup>*3</sup>	Yen	17,235.10	22,139.55	22,154.32	24,093.09	26,583.96	280.52	302.18	302.03	290.00	298.50	297.28	297.70	347.67
	Dividend per share <sup>*3, 4</sup>	Yen	400.00	700.00	500.00	200.00	410.00	18.00	8.20	9.60	5.20	10.00	5.40	5.90	12.00
	Total return ratio	%	—	48	77	260	31	103	68	109	827	100	291	163	22
Monex, Inc.	Capital adequacy ratio <sup>*5</sup>	%	400.9	386.0	483.6	396.5	459.3	394.9	422.7	335.3	297.8	310.4	340.6	384.8	304.1
TradeStation Securities, Inc.	Excess net capital <sup>*6</sup>	Thousands of U.S. Dollars	—	—	—	45,729	44,721	52,163	49,074	62,441	71,782	84,379	115,554	129,057	136,500
Consolidated	Number of employees	Persons	252	390	321	845	917	992	951	971	830	853	1,093	1,108	1,129
Monex Group, Inc. <sup>*7</sup>	Number of board members	Persons	9	10	10	9	10	11	11	11	11	9	9	9	11
	Independent director	Persons	3	4	4	5	5	6	6	7	6	6	6	6	7
Japan <sup>*8</sup>	Percentage of women	%	38	42	39	45	50	49	47	45	44	40	39	37	37
	Percentage of women in management positions	%	18	17	18	23	23	23	22	19	19	20	21	20	28
U.S.	Percentage of women	%	—	—	—	—	30	29	31	25	24	22	22	22	25
	Percentage of women in management positions	%	—	—	—	—	16	19	24	21	18	27	21	20	27
Asia-Pacific <sup>*9</sup>	Percentage of women	%	—	—	—	42	44	41	50	46	44	42	45	44	40
	Percentage of women in management positions	%	—	—	—	11	15	15	14	14	14	14	15	11	9
Crypto Asset	Percentage of women	%	—	—	—	—	—	—	—	—	—	—	19	19	22
	Percentage of women in management positions	%	—	—	—	—	—	—	—	—	—	—	0	0	0
Nikkei 225	Nikkei stock average		8,109.53	11,089.94	9,755.10	10,083.56	12,397.91	14,827.83	19,206.99	16,758.67	17,518.52	20,960.70	21,995.69	21,890.25	24,459.20

<sup>\*1</sup> System related expenses: Rental and maintenance + Data processing and office supplies + Amortization and depreciation

<sup>\*2</sup> Earmarked to fund the regulatory compliance of each group company, business investments and shareholder returns

<sup>\*3</sup> Stock split was carried out. 100 shares are defined as 1 share unit on Oct. 1, 2013.

<sup>\*4</sup> Stock split was carried out. 100 shares are defined as 1 share unit and the above figures were adjusted retroactively for the beginning of FYE Mar. 2014.

<sup>\*5</sup> This index measures the stability of securities companies in Japan, and it is based on the Financial Instruments and Exchange Act and the Cabinet Office Ordinance on Financial Instruments businesses.

<sup>\*6</sup> Based on the laws and regulations established by the U.S. Securities and Exchange Commission (SEC) and self-regulating organizations, U.S. financial companies are required to maintain a minimum net capital (equity capital calculated based on SEC regulations).

<sup>\*7</sup> Total number of persons after the General Meeting of Shareholders, based on the year-end reference

<sup>\*8</sup> Applies to Monex Group, Inc. & Monex, Inc.

<sup>\*9</sup> Applies to Monex Boom Securities Group



Investor Information

Stock listing	First section of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
No. of outstanding shares	258,998,600 shares
Trading unit	100
No. of shareholders	52,607
Administrator for shareholders' register	Mizuho Trust & Banking, Co., Ltd.
Fiscal year	From April 1 of each year to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
Ordinary shareholders' meeting	Every June

Major Shareholders

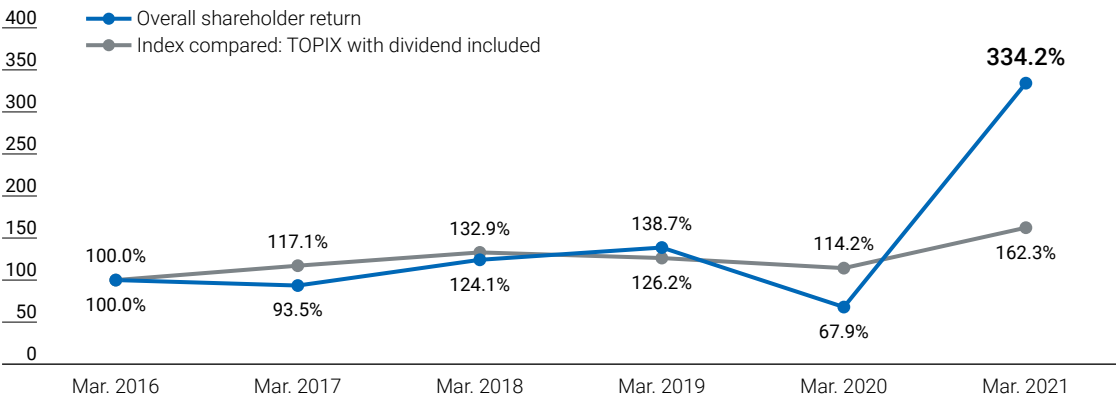
Name	No. of shares held (unit 1,000shares)	Percentage of shares held (%)
The Shizuoka Bank, Ltd.	61,536	23.88
MOMO & Co.	17,243	6.69
GOLDMAN, SACHS & CO. REG	14,450	5.60
The Master Trust Bank of Japan, Ltd. (trust account)	9,973	3.87
Oki Matsumoto	7,556	2.93
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	5,842	2.26
UEDA YAGI TANSHI Co., Ltd.	5,839	2.26
Recruit Holdings Co., Ltd.	5,720	2.22
MSCO CUSTOMER SECURITIES	3,788	1.47
RBC IST 15 PCT LENDING ACCOUNT - CLIENT ACCOUNT	3,743	1.45

\*1 Figures for the number of shares held are rounded down to the nearest one thousand and the figures for the percentage of shares held are rounded down to the nearest second decimal place.

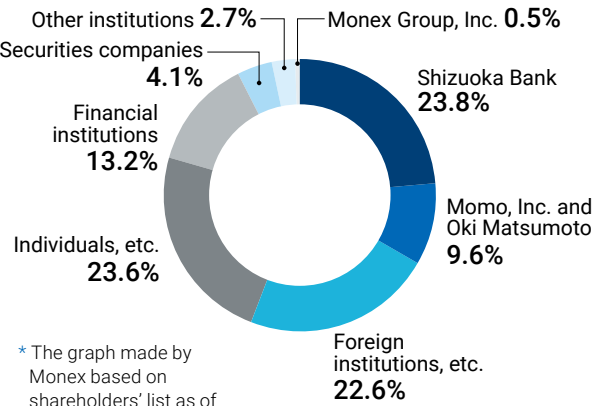
\*2 Treasury stock of 1,359,365 shares is excluded for calculating the percentage of the above list of major shareholders.

\*3 Nomura Securities Co., Ltd. reported in the Change Report Pertaining to Report of Possession of Large Volume it submitted on April 7, 2021 that, as of March 31, 2021, Nomura Securities Co., Ltd., Nomura International plc, Nomura Securities International Inc., and Nomura Asset Management Co., Ltd. owned 17,421 thousand shares (6.76% as of March 31, 2021) of Monex Group, Inc. However, we did not include their names in the list above as we could not confirm the reported ownership as of March 31, 2021.

Overall Shareholder Return (TSR: Total Shareholder Return)



Major Shareholders and Shareholder Breakdown



\* The graph made by Monex based on shareholders' list as of Mar. 31, 2021 and the Large shareholding report

Monex Group, Inc.

Established	August 2004	Business Description	Securities business and accompanying businesses
Representative	Oki Matsumoto	Location	ARK Mori Building 25F 1-12-32 Akasaka, Minato-ku, Tokyo 107-6025, Japan

Monex, Inc.

Established	May 1999
Representative	Yuko Seimei
Business Description	Securities business and accompanying businesses
Location	Minato-ku, Tokyo, Japan

Monex Asset Management, Inc.

Established	August 2015
Representative	Tomoshige Nakamura
Business Description	Asset building and management services
Location	Minato-ku, Tokyo, Japan

Monex Finance Corporation

Established	March 2017
Representative	Akira Inoue
Business Description	Finance and supply the funding needs of Monex group businesses
Location	Minato-ku, Tokyo, Japan

Coincheck, Inc.

Established	August 2012
Representative	Satoshi Hasuo
Business Description	Crypto asset exchange and R&D on new financial services
Location	Shibuya-ku, Tokyo, Japan

Monex Ventures, Inc.

Established	November 2005
Representative	Seiichiro Wada
Business Description	Venture capital business
Location	Minato-ku, Tokyo, Japan

Monex Crypto Bank, Inc.

Established	December 2017
Representative	Atsushi Mandai
Business Description	Researching, planning, studying, developing and consulting regarding crypto asset services
Location	Minato-ku, Tokyo, Japan

Monex SP Trust, Inc.

Established	Aug 2017
Representative	Yuki Yada
Business Description	Custodial trust business
Location	Minato-ku, Tokyo, Japan

Japan Catalyst, Inc.

Established	September 2019
Representative	Taro Hirano
Business Description	Investment Advisory and Agency Business
Location	Minato-ku, Tokyo, Japan

TradeStation Group, Inc.

Established	January 2000
Representative	John Bartleman
Business Description	Immediate holding company in the U.S.
Location	Florida, United States of America

TradeStation Securities, Inc.

Established	September 1995
Representative	Peter Korotkiy
Business Description	Financial instruments business
Location	Florida, United States of America

TradeStation Crypto, Inc.

Established	June 2018
Representative	John Bartleman
Business Description	Crypto asset trading business
Location	Florida, United States of America

You Can Trade, Inc.

Established	May 2019
Representative	John Bartleman
Business Description	Investment education media service and trading community
Location	Florida, United States of America

Monex International Limited

Established	August 2010
Representative	Keiji Okamoto
Business Description	Immediate holding company in Hong Kong
Location	Hong Kong Special Administrative Region of the People's Republic of China

Monex Boom Securities (H.K.) Limited

Established	March 1997
Representative	Ivan Law
Business Description	Financial instruments business
Location	Hong Kong Special Administrative Region of the People's Republic of China

Monex Securities Australia Pty Ltd

Established	February 2010
Representative	Alex Douglas
Business Description	Financial instruments business
Location	Sydney, Commonwealth of Australia

This is the Annual Report issued by Monex Group, Inc. ("the Company"). The descriptions for products, services, etc., that are handled by the Monex Group companies, are made only for disclosure purposes and are required for providing specific explanations about the Company. This presentation material contains forward-looking statements based on current expectations, assumptions, estimates and projections about our industry and the Company. Please note that these statements are based on current information but the actual performance results are subject to various risks and uncertainties, and therefore may be different than the material presented.

(published in October, 2021)