



MONEX GROUP INTEGRATED REPORT 2022



MONEX GROUP
Monex Group, Inc.

The Diversification of “Money” and Individual Self-fulfillment

In 2010 in Florida, a programmer exchanged 10,000 bitcoins for two pizzas. It was the first time in history that a blockchain-based crypto asset was recognized to have economic value. Now in 2022, there are more than 10,000 types of crypto assets with a market value well over 100 trillion yen. Blockchain technology is rapidly revolutionizing the concept of currency, assets (“money”) and economic activity. In an era where “money” is dynamically changing, we at Monex Group want to work with our customers as lifelong partners and provide a wide variety of solutions so they can manage their “money” in line with their values and realize self-fulfillment.

Blockchain uses consensus algorithms and programs to secure a reliable and trustworthy system that democratically manages “money.” The emergence of a system that issues and manages “money” without the backing of a centralized authority or power has created economic value in things that until now were difficult to assess – way of thinking, rights, ownership, information, convenience, trust, feelings, experience, personal connections and other things. Through programming, we are seeing the birth and circulation of countless types of “money” backed by different values. In the future where this trend will only grow, we will need to know how to safely and smoothly manage (own, exchange, utilize, invest, borrow, lend, etc.) diverse forms of “money” in line with our values. Furthermore, with the circulation of all types of value as “money,” we will need to identify a growing range of intangible things as assets or debt, such as a scientific thought process acquired through education, individuality, health and time. What will we perceive as having value? What types of “money” shall we earn and how? Where, with whom and for what will we use it? In addition, what types of assets or debt will we have and at what juncture in our lives? As part of our corporate philosophy of realizing individual self-fulfillment, we at Monex Group believe it is very important for the good of society that all people have a way to control these factors according to their will and desire. For this, we need a strong and stable infrastructure reconstructed using blockchain technology, convenient and easy-to-use applications that appropriately manage the diversifying concept of “money,” the right knowledge and highly transparent information. Financial institutions, including our own company, must add to their existing brokerage and crypto asset exchange services and develop and provide numerous new solutions to achieve this.

Since our founding, Monex Group has designed innovative ways of managing “money” for an ever-changing future. With a clear awareness of our role, our responsibilities and the expanding possibilities, we will actively pursue businesses that enable individual self-fulfillment.



Corporate Philosophy

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 Information 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.

CONTENTS

Who We are?

- 01 The Diversification of “Money” and Individual Self-fulfillment
- 02 Corporate Philosophy
- 03 Contents / Editing Policy
- 04 At a Glance
- 06 History | Growth Trajectory
- 07 Process of Creating Value for the Monex Group
- 08 Materiality Issues to Achieve Our Corporate Philosophy
- 09 Identifying & Promoting Materiality Issues

Increase Corporate Value

- 10 CEO Message
- 14 Co-CEO / CFO Message
- 18 Segment Strategy
 - 19 Japan Segment
 - 22 US Segment
 - 24 Crypto Asset Segment
 - 26 Asia-Pacific Segment
 - 27 Investment Segment

Corporate Value Resources

- 28 Information Disclosures Based on TCFD
- 29 Cyber Security
- 30 Risk Management
- 31 Creating Value Offering to Facilitate Individual Self-fulfillment
- 32 Human Resources Strategy
- 33 ART IN THE OFFICE
Employee Education & Social Contribution Through Art
- 34 Corporate Governance
 - 34 Overview of Corporate Governance
 - 37 Discussion on Governance
 - 40 Skill Matrix of the Board Members
 - 41 Management Team
 - 42 Stakeholder Engagement
 - 43 Our Profound Thanks to the Late Mr. Nobuyuki Idei and Our Plans Going Forward

Financial Section

- 44 Management Discussion & Analysis [Profit & Loss]
- 47 Management Discussion & Analysis [Balance Sheet]
- 50 Business KPIs
- 52 Past 11 Years
- 54 Stock Information
- 55 Overview of Group Companies

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, 2021 to March 31, 2022
(including some activities that started from April 2022)

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 2022.

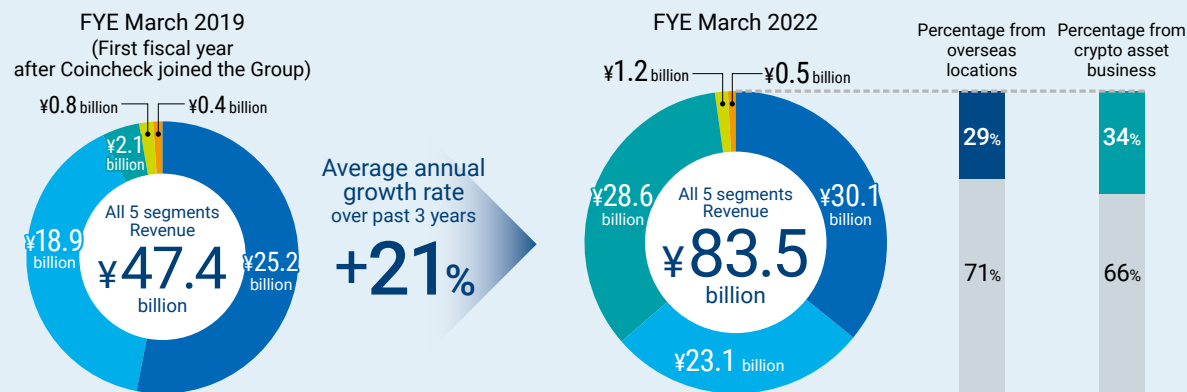
WEB For Investors | IR Library |
Integrated Report / Annual Report

At a Glance

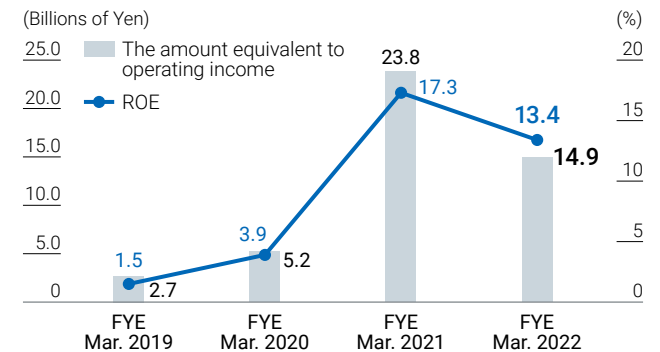
The Monex Group is made up of 5 segments. They include a domestic online securities business that offers a stable revenue stream, a U.S. based online securities business that is backed up by an army of engineers, a crypto asset business that will help propel growth globally, an Asia-Pacific Segment and an Investment Segment. Our three main segments: Japan, the U.S. and the Crypto Asset, in particular, have continued to grow steadily, supporting the consolidated revenue of the Group to grow by +21% annually on average over the last 3 years.

■ Japan Segment ■ US Segment ■ Crypto Asset Segment ■ Asia-Pacific Segment ■ Investment Segment

Total Operating Revenue After Deducting Financial Expenses and Cost of Sales

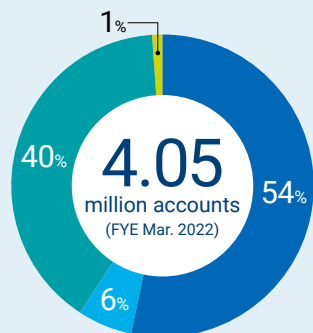


The Amount Equivalent to Operating Income and ROE

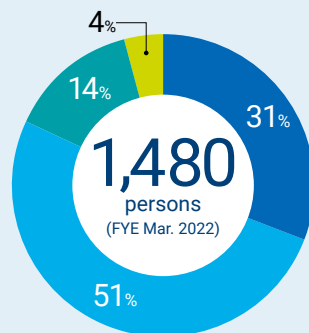


Started to make upfront investments in Coincheck and TradeStation Group for the fiscal year ended March 2022. At present, however, the Group is shifting to control its investments and spending to secure profits to ensure resilience under tough market conditions.

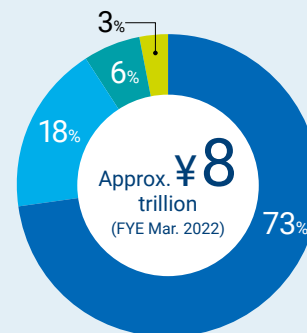
Number of Customers



Number of Employees



Assets in Custody



Third-Party Evaluations

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

JPX-NIKKEI 400

JPX-NIKKEI Mid Small



**FTSE Blossom
Japan Sector
Relative Index**

At a Glance

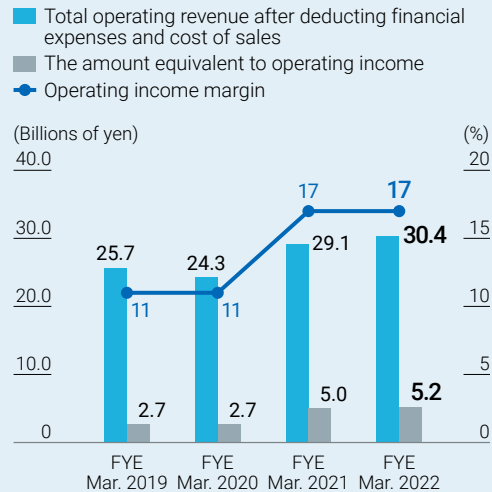
Japan Segment

Main Business Financial instruments business in Japan

Monex, Inc. established in 1999 is one of five major online securities businesses, which currently make up 90% of the value traded by Japanese retail investors. Monex's goal is to transition to an asset management model and increase revenue apart from the Japanese equity commission fees.



P.19: Segment Strategy | Japan Segment



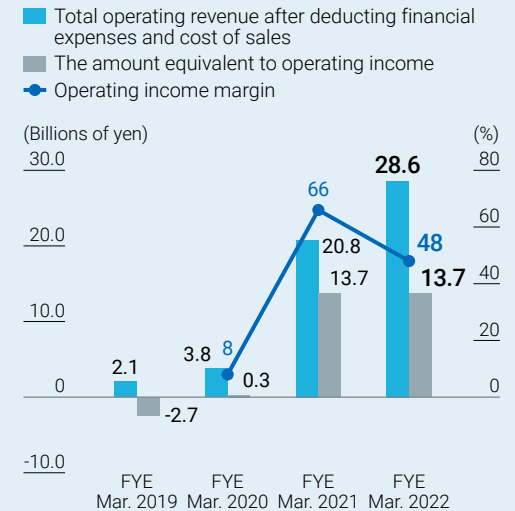
Crypto Asset Segment

Main Business Cryptocurrency exchange business in Japan

Coincheck joined the Monex Group in 2018 and offers services as a Cryptocurrency Exchange Agency to as many as two million customers that are primarily younger customers. The Coincheck trading app has the highest number of downloads in Japan.



P.24: Segment Strategy | Crypto Asset Segment

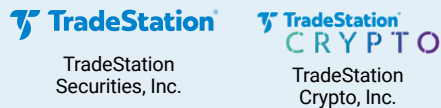


US Segment

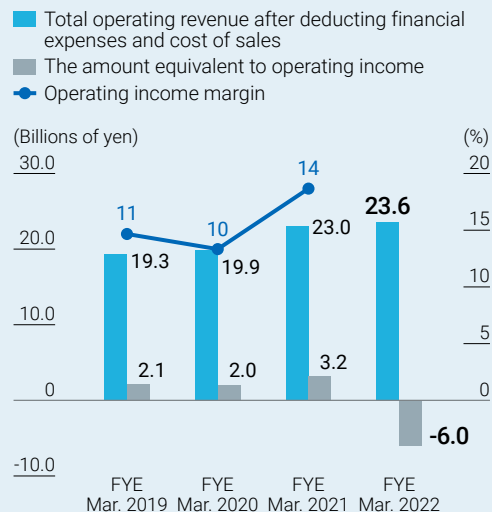
Main Business Financial instruments business in the U.S.

The TradeStation Group was first founded as a trading systems company in 1982. Later after transitioning to an online securities business, the TradeStation Group joined the Monex Group in 2011.

TradeStation made large upfront investments during the last fiscal year, and is looking to secure profits starting this fiscal year.



P.22: Segment Strategy | US Segment



Asia-Pacific Segment

Main Business Financial instruments business in Hong Kong and Australia

Hong Kong-based Monex Boom Securities merged with the Monex Group in 2010 and has developed an online securities business with access to stock from 12 different markets. Monex Securities Australia was formed in 2018 and uses the backbone system of Monex Boom Securities can provide services at a low running cost.



P.26: Segment Strategy | Asia-Pacific Segment

Investment Segment

Main Business Corporate venture capital business

Monex Ventures' principal VC investment business is supported by three investment arms. In addition to the active investments and support for the companies we invest in through the MV1 Investment Limited Partnership, Monex Ventures is now promoting investment through the new MV2 fund.

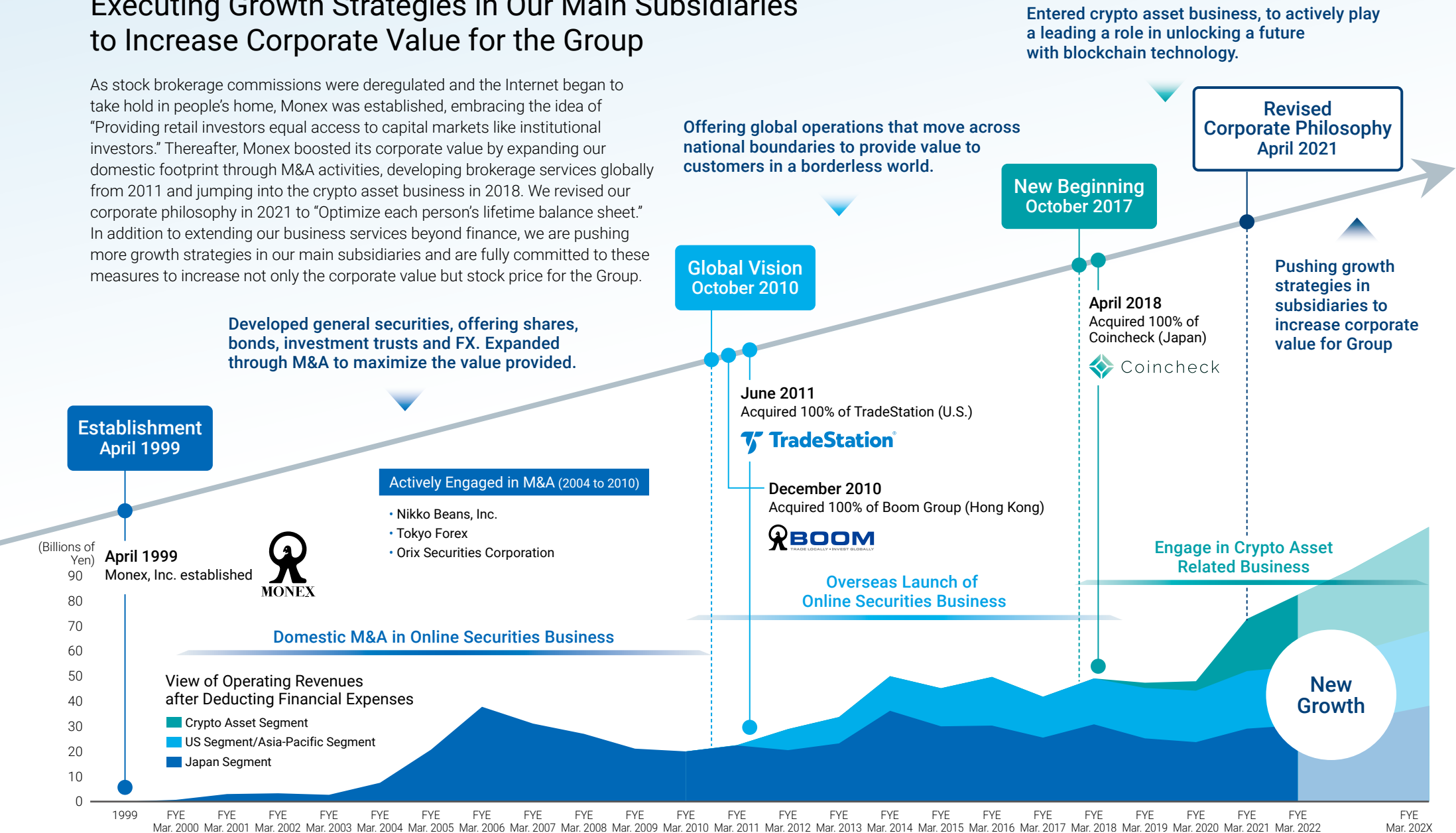


P.27: Segment Strategy | Investment Segment

History | Growth Trajectory

Executing Growth Strategies in Our Main Subsidiaries to Increase Corporate Value for the Group

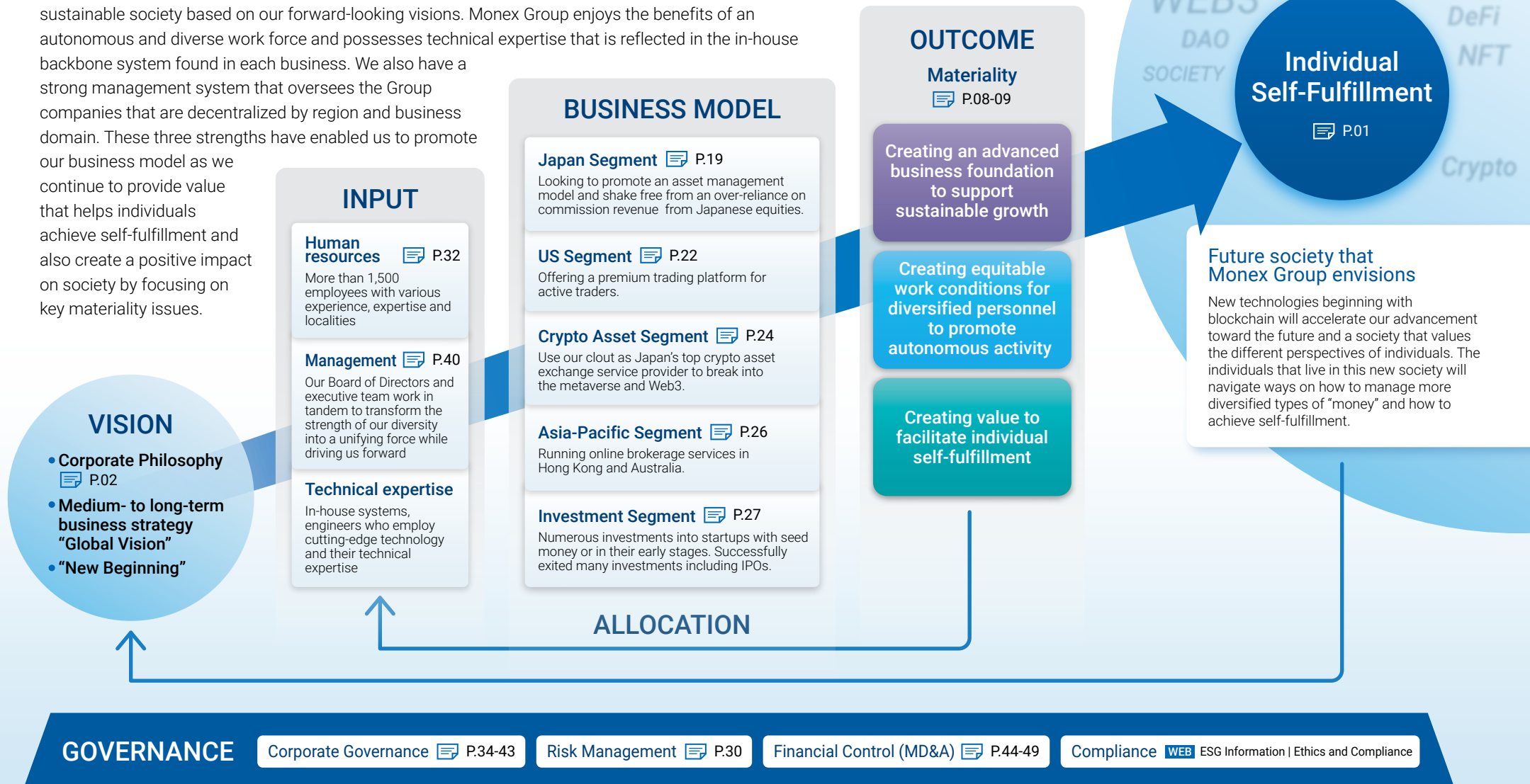
As stock brokerage commissions were deregulated and the Internet began to take hold in people's home, Monex was established, embracing the idea of "Providing retail investors equal access to capital markets like institutional investors." Thereafter, Monex boosted its corporate value by expanding our domestic footprint through M&A activities, developing brokerage services globally from 2011 and jumping into the crypto asset business in 2018. We revised our corporate philosophy in 2021 to "Optimize each person's lifetime balance sheet." In addition to extending our business services beyond finance, we are pushing more growth strategies in our main subsidiaries and are fully committed to these measures to increase not only the corporate value but stock price for the Group.



Process of Creating Value for the Monex Group

Realizing Our Corporate Philosophy and Offering New Value for Each Individual and Society

Since our founding, Monex Group has endeavored to bring value to individuals and to construct a sustainable society based on our forward-looking visions. Monex Group enjoys the benefits of an autonomous and diverse work force and possesses technical expertise that is reflected in the in-house backbone system found in each business. We also have a strong management system that oversees the Group companies that are decentralized by region and business domain. These three strengths have enabled us to promote our business model as we continue to provide value that helps individuals achieve self-fulfillment and also create a positive impact on society by focusing on key materiality issues.

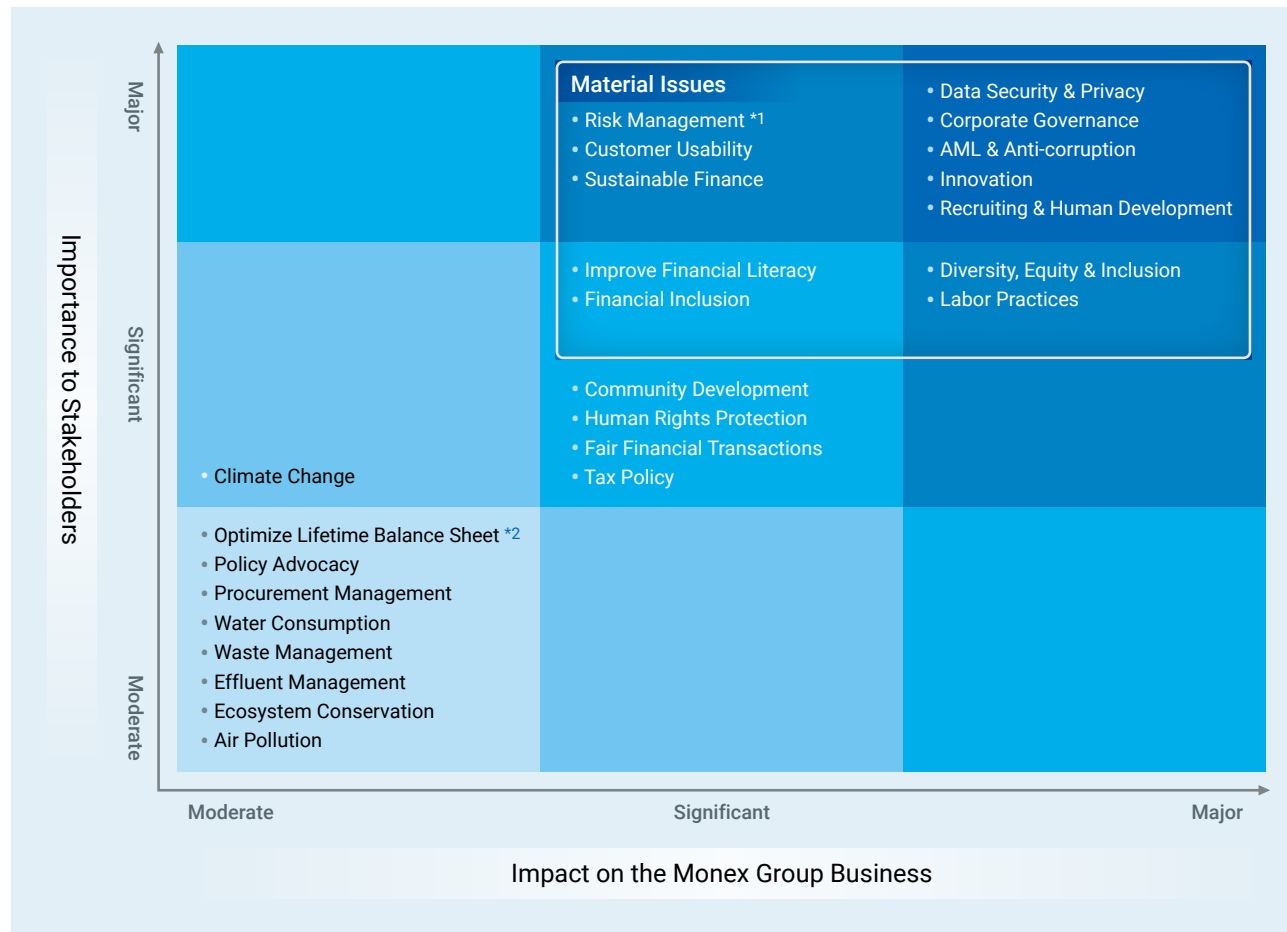


Materiality Issues to Achieve Our Corporate Philosophy

Target	Priority Item	Risk	Opportunity	Main Measure
Creating an advanced business foundation to support sustainable growth Our advanced business foundation offers comprehensive support throughout the process to create value from the allocating capital to providing value to society, with the goal of increasing corporate value sustainably.	Data Security & Privacy	System failure or error causes loss of customer confidence, and mishandling of personal information adversely affects brand reputation and/or causes economic loss.	Advanced governance system and Group-wide risk management reflects potential value of Monex Group more directly in corporate value	Set up Monex Group CSIRT (Computer Security Incident Response Team), integrate a 2-factor verification and comply with the amendments to the Act on the Protection of Personal Information.
	Corporate Governance	Success probability of management's strategy drops due to execution, checks and balances and/or monitoring functions not being appropriately implemented.		Set up 60% of Board with outside, independent directors, assign lead independent director and select Board members based on skill matrix and diversity.
	AML & Anti-corruption	Loss due to an undeveloped or non-existent anti-money laundering system regulated by the relevant authorities and/or system meant to curtail excessive entertainment from outside parties.		Implement corruption prevention training in both Japanese and English, and disclose anti-bribery and internal reporting system to the outside.
	Risk Management	Poor risk management system causes an accident, or its inability to mitigate loss leads to degradation of corporate value.		Identify in a timely manner the amount of risk using a Group VaR (Value at Risk), and be informed of the risk control status using a Group RCM (Risk Control Matrix).
Creating equitable work conditions for diversified personnel to promote autonomous activity We endeavor to make a fair and equitable working environment for diversified personnel and their different working styles, and ensure the well-being of "personnel," our most valuable asset, in order to achieve our corporate philosophy.	Recruiting & Human Development	Personnel strategy that does not follow our corporate philosophy leads to a drop in retention and/or work productivity as well as adversely affects the brand value.	Promote sustainable growth of our corporate value by improving our work productivity.	Carry out surveys to engage employees, conduct position-based training and implement support system to acquire qualifications.
	DEI	Late adoption of DEI approach leads to drop in recruitment appeal, employee retention and work productivity as well as adversely affects the brand value.	Ensure competitive edge in personnel by improving recruitment appeal, work productivity and brand value and by creating innovation through improving the well-being of employees.	Set up the DEI Global Steering Group, disclose percentage of female managers and disclose pay gap information.
	Labor Practices	Increase in turnover rate and a drop in work productivity due to no improvement in work environment (working style).	Improve work environment, recruitment appeal and work productivity.	Establish telecommuting regulations, and integrate a flex time system (alternative work schedule) as well as an open layout to use any desk space.
Creating value to facilitate individual self-fulfillment In addition to pursuing innovation in our main business, the financial domain, and acquiring new customer demographics, we are striving to create business that falls in line with our new corporate philosophy "realizing individual self-fulfillment and optimizing each person's lifetime balance sheet."	Innovation	Loss of opportunity to acquire customers or grow business. Delay in supporting requirements from society or regulators adversely affects brand value.	Provide completely new and innovative service to create new customer demographics and gain opportunities for revenue.	Based on our track record of developing and expanding our business domains (such as going from online securities in Japan to rolling out global operations and expanding into a crypto asset exchange service provider), we amend our corporate philosophy with the goal to achieve individual self-fulfillment and optimize each person's lifetime balance sheet.
	Sustainable Finance		Use asset management services related to climate change as a means to develop opportunities for revenue.	Set up Monex Climate Impact Fund, and provide Monex eGreen Fintech as well as renewable energy investment advisory services.
	Customer Usability		Improve customer satisfaction level by renewing the value offered to match the customers' demands.	Establish "Responsible Products and Services Offering Policy" and construct a system that reflects customer needs into product development in order to continuously improve products and services.
	Improve Financial Literacy		Extending the range of our customer base and increasing the trading volume leads to more opportunities to generate revenue with an increase of customers using our services.	Open Monex University (U.S. equities course, crypto assets course and FX course), and expand investment information services.
	Financial Inclusion		Extend the range of our customer base by enhancing the accessibility to minority demographics.	Push to acquire new customer demographics in each Group company ("Takusu Kabu" at Monex, Inc. targets new customers among senior citizens, and NFT business expansion at Coincheck attracts customers that are not crypto asset traders).

Identifying & Promoting Materiality Issues

Given the Group's big advancements in growth strategies and our PL structure, we recently updated the materiality issues. The materiality matrix below reflects the current "Importance to Stakeholders," which was confirmed in a questionnaire given to clients, employees and stakeholders, as well as the "Impact on the Monex Group Business," which was quantitatively and qualitatively analyzed based on the current status. Going forward, we will continue to carry out educational activities in the company, engage with stakeholders and expand the scale of relevant businesses in order to increase the level of importance for items like "Optimize Lifetime Balance Sheet" and "DEI," which are closely aligned with the corporate philosophy and goals of the Group.



Materiality Matrix Identification Process

(as revised July 2022)

STEP1 Identification of material issues

Referring to the survey items of ESG evaluation organizations and frameworks such as SASB and GRI guidelines, we quantified the priorities for the material issues that we had previously set forth.

STEP2 Evaluation of Importance

Vertical axis:

Questionnaires were sent to customers, shareholders, and employees (total number of responses: approximately 3,700) regarding the issues identified as a high priority in STEP1.

Horizontal axis:

We measured and evaluated the financial impact (from a quantitative perspective) and the impact on the realization of our corporate philosophy (from a qualitative perspective) of our efforts on each item.

STEP3 Identification of materiality

Based on the results of STEP2, the internal task force of the company held discussions and developed a new materiality matrix divided into 9 quadrants. Both the vertical and horizontal axes are expressed in three levels: "Moderate," "Significant," and "Major." The items in each quadrant are listed in descending order of impact value, with the items framed by a white square being our new most important items for which we will promote initiatives.

STEP4 Discussion and Decision by the Board

The decision was made after explanations and hearings with the person in charge of each material issue, as well as consulting with the CEO and other executive officers, and reporting and discussion at the Board of Directors meeting.

^{*1} Risk Management includes risk control and management of the impact from climate change.

^{*2} Includes STEAM education and custodian of whole genome information offered by group companies named Vilig, Inc. and Genex, Inc. respectively.

Note: Monex Group strives for saving energy in its crypto related businesses and does not operate any mining business at the moment.

CEO Message



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

Aiming to increase the Group's overall corporate value, by embracing a DEI approach and ensuring subsidiaries execute each growth strategy autonomously in order to expand business over the medium- and long-terms

Monex Group (hereafter referred to as "Group") posted a record year of total operating revenue* for the fiscal year ended March 2022, with the Japan, US and Crypto Asset Segments showing steady growth. In light of this performance, the Group is pushing a new strategy to achieve sustainable medium- and long-term growth, with a succession plan for management in place, our main subsidiary scheduled to be listed in the U.S. and realizing new business opportunities. We shall build upon the foundations of each segment, ensure a timely transition to a decentralized global outlook embodied by the up-and-coming Web3, and continue to create new businesses. Through these measures, we will accomplish the goal of our renewed corporate philosophy and "realize individual self-fulfillment for an ever-changing future and optimize each person's lifetime balance sheet." We shall increase corporate value and contribute to society at large with value only Monex Group can offer.

* Total operating revenue after deducting financial expenses and cost of sales

CEO Message

Promote Management Succession and Roll Out Measures for Further Growth

Accelerating globalization of crypto related businesses

The fiscal year ended March 2022 was filled with many critical actions to foster further growth. In our management system, a two-man CEO system was put in place with the former COO Yuko Seimei being designated one of the Co-CEOs, as part of a push to enhance our succession system. We announced our plans for one of our main subsidiaries in the crypto business Coincheck Group, Inc. (hereafter referred to as "Coincheck Group"), an intermediate holding company of the Group and a parent company of Coincheck, Inc. (hereafter referred to as "Coincheck") as well as TradeStation Group, Inc. (hereafter referred to as "TradeStation") to become listed in the U.S. market via a SPAC merger. Our asset management model continues to make progress in our domestic online securities subsidiary Monex, Inc. (hereafter referred to as "Monex"), and aside from the crypto asset trading, Coincheck also launched an NFT business.

Generally speaking, Monex Group is bustling with activity, but we do not believe that the corporate activities are sufficiently reflected in the stock price of the company. We understand the reason why these activities have not translated completely to returns for the shareholders is because there are not enough measures in place to accurately reflect them in the stock price. By listing our subsidiary on the market through a De-SPAC transaction, this public platform offers more opportunities to adequately explain the Monex Group's businesses and strategies to the market. This platform also helps fill in any gap between the company's fundamentals and the market's evaluation of the company. In turn, this will increase the corporate value of the subsidiary and connect it to the stock price of the company, making it a crucial strategy for management going forward.

We have plans to list our subsidiary Coincheck Group on NASDAQ via a De-SPAC transaction. Coincheck Group is a company that uses cutting-edge technology, such as Web3 and blockchain, to create new businesses. To achieve this, it is essential to not only have personnel familiar with this leading technology and information but also identify promising partners. To that end, the NASDAQ listing will elevate the company to a position to facilitate these tasks. If a leading start-up company presents itself in the crypto asset market, we believe that a listed position gives us the flexibility to use shares to buy them out. There are no companies in this field that are listed on world exchanges such as NASDAQ. Therefore, if Coincheck Group is listed, it would give us a tremendous advantage to secure personnel, identify partners, get information and acquire technology. In a two-man CEO system, I myself would direct resources particularly for developing new business and globalizing crypto related businesses that have huge hidden potential.

 P.24: Segment Strategy | Crypto Asset Segment

Clarify measures to take without changing the Group's value approach

Much of TradeStation's business is comprised of retail investors in the U.S., and being listed in the U.S. market could have boosted the company's visibility and recognition even more, also giving customers a sense of security. With these advantages in mind, we announced in November 2021 our plans for TradeStation to be listed on the NYSE via a De-SPAC transaction. However, in August 2022 we decided to forgo being listed on the NYSE via a SPAC merger based on multiple factors, including poor economic and market conditions.

Note that we still use a sum of the parts approach to ascertain the corporate value of the Monex Group, that is, summing the individual value of each subsidiary, and we believe that identifying the value of each is an important step to help improve the overall value of the Group. Going forward, we are steadily pursuing listing Coincheck Group on NASDAQ, while TradeStation will give due consideration to the current market conditions and revise its strategy to ensure further growth.

It is evident which steps we must complete as a group to achieve growth for the fiscal year ended March 2023 and beyond. With regard to Coincheck, we must create a Coincheck Group, get it listed on NASDAQ, globalize operations quickly and roll out the business, which is still unavailable domestically, to accelerate growth. In the Japan Segment, we are promoting an asset management model and are responding to the needs of our customers, by following suit and lowering the commission fees of cash transactions of Japanese equities. In the US Segment, we shall pursue a profit-driven growth strategy using the strength of our services for active traders. In addition, Monex Group even changed top management to a two-man CEO system to pave the way for future growth of the overall Group. We are excited to see what results we can produce in the coming year.

Monex Group has been confronted with dramatic changes, and now Web3 is on the cusp of overturning our global perspective and shaking the technology foundations that have been characterized and led by Web1 and Web2 for the last 20 years. Of course, we must adapt to this technological change, and will strengthen each of our segment's businesses and the management team that drives them to ensure our position in this new world.

 P.22: Segment Strategy | US Segment

CEO Message

Giving universal access to services to enrich the lives of individuals at a time when the concept of MONEY is evolving

Changes in society's framework present big opportunities for Monex

Web3 is knocking on the door of a new world. This presents a fantastic opportunity for Monex Group, but not without risk. Web3 features technology that espouses a decentralized perspective and direction. Traditionally, stock exchanges have offered a centralized location to buy and sell stocks, and therefore are the only locations where liquidity is generated and the price of items is determined. However, the Web3 platform is not centralized but decentralized, providing transactions that are executed freely and available at various locations. When this comes to fruition, it may upend the foundation of our main business, online securities. However, this does not mean equity trading that drives economic activity will be lost, even if the concept of an exchange becomes obsolete. Monex Group will need to investigate, develop and provide the services and financial instruments that will be required in that environment. To enjoy the benefits of this transition, we must first transform the business of the Monex Group, and as a result, we think the Group should act early and incorporate Web3 technology and the perspective it offers.

The question "What opportunities are there with Web3?" is reminiscent of the same question posed 20 years ago "What type of business can you do with the Internet?" Web3 is an incredibly broad concept, and there is still nothing that stands out as identifiable. I am personally trying to understand the perspective that Web3 brings to the table, but it is equally important for management to incorporate young personnel who have the same perspective. The former outside director Naofumi Yamada was assigned to an executive officer position exactly because we believe it is critical for our management team to include personnel who already understand this new technology and hold this perspective.

As this new world inches closer, it may be challenging for Monex Group to conduct business under this climate. However, if the basic framework of society changes, that represents a golden opportunity for Monex Group. How Monex Group embraces these exciting changes and rides that momentum will shape our destiny for the next 10 years. And, unless we continue to face this change with a sense of urgency, it really has the potential to threaten our future.

 P.40: Corporate Governance | Skill Matrix of the Board Members

Society where many individuals can reap the rewards through ideas and technology

When Monex was founded, our vision was manifested in our name "Replacing the 'Y' in MONEY with an 'X' to create the future of finance," and we have taken a firm stance to "Design innovative ways of managing money in this new era." However, now the concept of MONEY itself is changing. Something new other than money and with "exchange-value" has emerged. And as a result, we must include this value when designing innovative ways of managing money in this new era.

In 2021, we revised our corporate philosophy and announced that the Monex mission not only aimed to increase the balance of customer assets but also support the self-fulfillment of customers. As mentioned in our corporate philosophy, being active in online securities as well as getting involved in crypto and other new businesses will have a significant impact on optimizing each person's lifetime balance sheet. If we can create a system using crypto assets and blockchain to support various economic activities without going through the existing bank system, then we can offer a greater chance for individuals to have a better life in this new era, and that is at the core of our corporate philosophy.

Monex Group does not offer special service to a select number of customers but endeavors to provide high quality service to as many customers as possible. For instance, Monex, Inc. overcame many obstacles to finally give individual traders access to a variety of services that used to be only available to institutional investors. That approach is the same one adopted by our subsidiary Viling Inc., which is involved with the new business of STEAM education. This educational approach is not an advanced program only available to select children, but aims to create an environment with equal access to good quality education. Genex, Inc., which is involved in the genomics platform business, also aims to create a system that allows anyone, even people with incurable diseases, access to the appropriate treatment. And, all Monex Group's businesses are made in the same image. Monex's legacy is using ideas and technology to make a service, which had limited access to only certain people, accessible to everyone. Contributing to society in this image is the purpose that drives Monex.

CEO Message

Embracing DEI approach and using the sum of each subsidiary and their independent managements to increase our corporate value

Striving for group management with true balance between centralized and decentralized

Governance becomes vital to maximize the group's output and to improve the corporate value and stock price of Monex Group. The Group is also aiming for a decentralized governance, which is aligned with the perspective of Web3. At present, the younger generation holds a decentralized perspective on things. In other words, this younger generation does not wish to be a cog in the wheel for a big corporation but has a stronger desire to wield power from the perspective of an independent organization. Evidence of this trend can be seen in the top students choosing not to work as government officials or in big corporations. There are more and more people who no longer wish to "Serve the powerful for [their] own good" and who no longer pursue something overly centralized, and therefore, we believe that a decentralized management is required for the future.

Now, if efficiency is compromised by adopting a decentralized approach, then ultimately, returns will also go down. Of course, a centralized system will certainly improve efficiency and improve the P/L. While having a decentralized perspective and approach is important, having a unifying force in corporate management is also needed. We must strike the right balance between a centralized and decentralized approach, such as our holdings organization assuming certain functionality like improving efficiency and lowering costs overall. A company is a living thing and constantly evolves in a dynamic way. Bearing that in mind, we will strive to realize a group management system that follows the Monex way.


Ever since Monex was founded, we have always stayed true to our values, which is essentially the same concept as the DEI (Diversity, Equity & Inclusion) approach that is currently being adopted all over the world. While there may be organizations who do not embrace a DEI approach but still have been able to achieve high performance results, on the whole, I believe that this carries a high risk. Yet with a DEI approach, even if people have different types of abilities and levels of performance, if all employees give 100% or even 105%, no company can compete with that. On the one hand, it is important to entertain different opinions with a DEI approach, but even still, one must keep in mind the direction that a company or business should take. Being part of management, I must decide on that direction, keep the employees informed of our intent and get everyone on board to drive forward.

 P.32: Human Resources Strategy

Companies cannot survive with a management that does not prioritize ESG and sustainability

We shall continue to focus resources on ESG and sustainability initiatives. ESG and sustainability are not social initiatives that are supported by leftover resources, but are absolutely critical to get ahead as a company. Unless management prioritizes ESG and sustainability, funding will dry up, incorporating younger customers and personnel will be harder and the company will not survive. I may be oversimplifying things, but if we are not sustainable, we cannot compete with our rivals and ultimately will be unable to contribute to our stakeholders.

In terms of our succession plan, I am the type of person who prefers to have the successor shadow me and I believe I can present things clearly. If I see something that runs contrary to my perspective, I will point it out and discuss it with my successor. However, I have no intention of overstepping my role and tainting things too much. Nonetheless, I will ensure a DEI policy is followed to train the successors in the management team. While a transfer from the founding management team to the successors will have its challenges, having a smooth and successful succession will help us achieve our goal of sustainable medium- and long-term growth and continuing to improve our corporate value.

 P.09: Identifying & Promoting Materiality Issues



Co-CEO / CFO Message

Using both business and financial strategies to tackle issues that confront the Group to ensure continuous sustainable growth

Monex Group has its eye on the future, laying down plans to list a subsidiary on the NYSE and rolling out various other growth strategies. Going forward, the framework of the financial industry and society as a whole will undergo a major transformation, to which we ourselves must adapt accordingly. During this transition, we will face a number of obstacles that we must overcome to ensure growth. As the Co-CEO and CFO, I am committed to building a company, using both business and financial strategies to tackle issues that confront the Group, while making bold and strategic growth investments, in order to enhance the corporate value and ensure sustainable development. In addition, we are looking to the young leaders who will lead the next generation of Monex Group and pass them the baton to steer management into the future.



Yuko Seimei

Representative Executive Officer
Co-Chief Executive Officer
Chief Financial Officer
Monex Group, Inc.

Breaking away from our conventional securities business to accelerate growth and maintain a management team oriented toward the future

Creating a system to raise revenue regardless of external conditions

With my appointment starting as Co-CEO from April 2022, I am now in charge of managing Monex Group with the same authority as Matsumoto. Our company's portfolio features three main areas: "Global securities business," "Wealth management business" and "Crypto business." Our tandem roles include Matsumoto as the driving force behind the "Wealth management business" and "Crypto business" as well as new businesses, and I oversee the "Global securities business" and the Group's growth strategy. In addition, as the CFO, I am also in charge of the Group's financial strategy and ESG related matters.

The Monex Group started from securities business, which has propped up our M&A strategy that drives our growth. Our securities business not only creates cash flow but has allowed us to build networks and acquire personnel, and leveraging them has brought in the TradeStation Group, Boom Securities as well as Coincheck under the Monex Group's wing. While we did struggle a bit with the TradeStation Group in the red, we were able to overcome that thanks to the earning power of Monex, Inc. and the steady revenue that it has brought.

Our securities business still plays a key role, but I would never say that it is in stable condition. To begin with, the performance of the securities business has always been significantly swayed by the market. When there is higher volatility, customers trade more actively, but when the market does not really fluctuate, trading becomes stagnate. Having our performance tied to that volatility is not sustainable. Therefore, creating a system that can increase revenue regardless of the external conditions is a pressing issue for us. Right now, we are in the midst of establishing an asset management model, where we use the assets from the customer to earn revenue.

Recently, the decentralized finance (DeFi) concept is gaining momentum, and 10 or 20 years from now, stocks may be bought and sold without using a securities firm or exchange. Just because cash flow is being created right now does not mean we should be complacent. We must look to the future and find a way to break away from our traditional securities business and continue to grow. Beyond our first step to transitioning to an asset management model, we must also think of our next strategy and implement it.

Forming a management team that can make strategically bold decisions to raise the Group into a 100 billion JPY business

There are a number of topics that must be addressed to ensure growth going forward. Monex Group has leveraged the resources accumulated by Monex, Inc. to globalize operations and make advances in the crypto business. Right now, we are looking to list a subsidiary onto the NYSE via a De-SPAC transaction to create more efficient financing. This financial institution has developed a diversified business portfolio globally, and I believe that the Company has produced amazing results, whose equal cannot really be found anywhere else. However, what we do over the next 30 years is far more important than what we did over the last 20. Our CEO Matsumoto has led us up to this point, but creating a management that can usher us into the future remains a central issue.

The management teams for each Group company can decide on their own how to resolve the issues that they face. However, the situation changes when considering the Group as a whole. At present, the Group's revenue exceeds 80 billion JPY and we have set a goal to reach 100 billion JPY. For the company to reach 100 billion JPY, can we grow organically or do we engage in more mergers and acquisitions. At times, it is necessary to scrap rather than build up. How should we use our limited resources toward our goal and realize our vision? I believe we need to discuss this thoroughly without depending disproportionately on our founder Matsumoto, and form a management team that can decide on what to do without relying on a certain person too much.

One of Monex's strengths is how we have adopted a DEI (Diversity, Equity & Inclusion) approach throughout the Company. There is never just one absolutely right answer. We believe in a philosophy where there is meaning and value behind everything. Innovation is needed to achieve our corporate philosophy and goals that the Group has set, and innovation is not possible without a DEI approach. Developing into the company we are striving to be is entirely based on this premise. Going forward, we will continue to focus on hiring and training personnel following a DEI approach, and create an organization that can grow sustainably.

 P.32: Human Resources Strategy

Investing in growth to create new business while managing risk appropriately and using a definitive financial strategy

Increasing market capitalization is critical even for M&A

It is also important to manage risk in order to spur further growth. Our company used to only manage a domestic online securities business, which made it easy to manage risk. However, now our business has been developed worldwide and operates in more countries, and new businesses are being added to the portfolio. This forces companies to take different risks on different fronts. While a company should take risks, it is becoming far more difficult, compared to before, to understand what the appropriate risk should be. And unless we recognize that, shareholders will not get their returns and we will be unable to create an environment where employees can work with security. In addition, if the Coincheck Group is able to get listed via a De-SPAC transaction in the near future, then the Monex Group will become a listed company that has a U.S. listed company under our umbrella. How to provide governance for the Group as a listed company under these circumstances is extremely challenging, but I believe that we have to make a management system that can attract wide support from all types of investors.

The Group's risk control system must strengthen communication with each company even more, and ensure there are reports that predict the potential risk rather than looking at risk that is after the fact. This does not mean we should never take risk. Rather, we must foster a mutual understanding with each company about how to measure the amount of risk in order to take the appropriate risk. How we quantify the actual risk and the system we must implement is a fundamental issue going forward.

We must use this system to take the right risks so we can make bold, strategic investments for growth. Creating new business is the most important growth investment for the Group. Right now, our portfolio features 3 main businesses, and creating another one has been a principal topic going forward. One way we can do this is through M&A. If we make an acquisition with cash alone, we cannot benefit much from that leverage, but the bigger we make our market capitalization, the more effective our M&A will be. As a result, raising market capitalization is not just to invest in growth but is necessary.

Create a business foundation that can maintain a high ROE level

We are updating our financial strategy to ensure it always adapts to the external environment. The ideal amount of our cash position also changes depending on the business environment. Therefore, we must strive to always have a precise understanding of the situation and hold the appropriate amount of capital. After constantly hearing from traders and investors, we changed the strategy of our business activities between the first and second half of the last fiscal year. During the second half of the fiscal year, we transitioned to a strategy where we applied some cost control to build up profits. I believe that this flexibility during the fiscal year is a strength of the Monex Group.

The return on equity (ROE) must be above the minimum capital costs. The current capital costs of Monex Group are increasing due to the impact of the crypto business, but that still does not amount to 10%. Therefore, our goal is to push up the ROE to at least 10% and ideally up to 15%. Our revenue still remains dependent on the market, and the reality is that it is difficult to maintain the ROE at a high level. My mission is to create a foundation so that the Monex Group overall can generate reoccurring revenue even when the market is poor. If the Group is able to achieve that foundation, the ROE will also stabilize and I think it will be easier to draft better financial strategies, for example, on how we maintain our leftover capital.

The global economy is currently unstable, but if a large scale financial crisis were to occur, I think it would have minimal impact on the finances of Monex Group. The Group is not trading based on our own position. While we have working capital which is always required in the securities business, our system can raise a certain amount of funding from banks. Being able to borrow a lot is also a sign of business doing well. Apart from that, we have minimal external capital and have taken no financial risk as far as the balance sheet goes. Even if there were a global financial crisis, while there is concern about revenue slipping from less customer activity in our securities business, fundamentally speaking, the financial foundation of the Group will not become damaged.

 P.44-49: Management Discussion & Analysis

Co-CEO / CFO Message

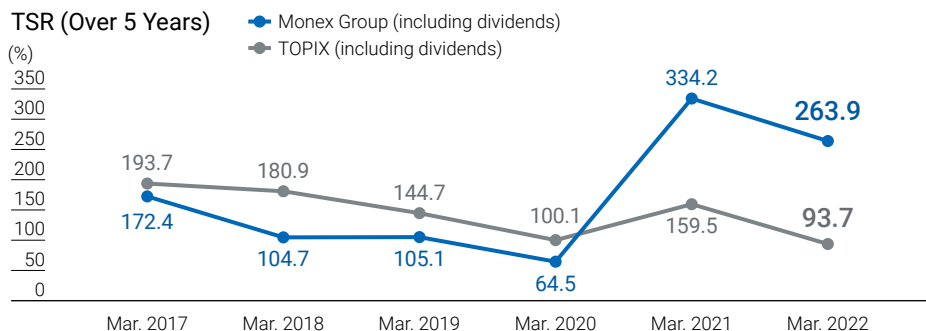
Monex sustainability depends on how capital is invested for the next generation and how that is continued

Committed to TSR to meet expectations of traders and investors

The majority of capital investment for Monex Group is systems investment. It is safe to say that the management strategy and systems investment is more or less equal. For example, right now Monex, Inc. is transitioning to an asset management model and we are trying to strengthen a service tailored to periodic purchase in an investment trust based on a global investment portfolio. As a result, we should be investing in systems development now and do what we can to keep that timeline. My role is to make sure that our strategic investment, return objective and timeline are in sync with each Group company.

We are concentrating on diversifying our business investments. These investments of course include M&A, with our subsidiary Monex Ventures carrying minority stakes in roughly 100 companies, and we are also allocating funds to our own internal R&D. Our strategy is designed to lower our risk as much as possible by distributing the funds for each project and staggering the timeline. In addition, we have set objectives and rules for when to pull out at the time of our investment. We will periodically monitor whether those conditions are met and manage the effectiveness of our investments against our management decisions.

Beyond growth, the stock price needs to be lifted, but there are also traders and investors who are expecting a dividend payout. We have announced our commitment to a total shareholder return (TSR), and we do not want our customers' expectations to stop at dividends but extend into capital gains. We are currently applying a sum-of-the-parts (SOTP) approach to help us see and ascertain our true corporate value, which I think is higher than when our stock price was in the 1,000 JPY range.



* Total shareholder return (TSR) for the previous 5 years shown above is calculated using the closing price value for the last day of each respective term.

Sustainability is the most critical issue in management

Moving forward, sustainability is something that Monex Group should still focus on. The fact is that implementing a sustainability approach throughout all businesses is challenging. In our pursuit of ESG, our revenue will not necessarily increase over the short term. However, as a company, any stance that is interested only in immediate profits is extremely unfair to those in Monex Group who will take over the reins in the future. Is it possible to create a business foundation to continue growth into the future? The underlying theme in the answer to that question lies sustainability. How should we invest capital for the next generation to ensure Monex Group continues development and does not adopt a defensive posture? Taking this into account and how we put this into action is sustainability realized in Monex Group, and we recognize this as the highest priority topic in management.



SEGMENT STRATEGY

Implement growth strategy using strengths from each segment to elevate the value across the entire Monex Group.

Monex Group draws upon cutting edge technology for innovation, takes advantage of its diversified work force and embraces a management approach that can transform diversity and independence into a unifying force that helps propel us forward. Our business group features 5 business entities that are decentralized around the world and drive each respective business independently. This section introduces each segment, offering an overview of our online securities being rolled out in Japan, the U.S., China (including Hong Kong) and Australia as well as a summary of our Group subsidiaries including one of the biggest crypto asset exchange service providers in Japan.

- 19 Japan Segment
- 22 US Segment
- 24 Crypto Asset Segment
- 26 Asia-Pacific Segment
- 27 Investment Segment



Segment Strategy

Japan Segment



Strengthen our “Asset management model” to help build assets, diversify revenue streams and evolve as a financial institution

Segment Summary

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 2022, Monex, Inc. reached 2.19 million accounts, with assets in custody totaling ¥6 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.

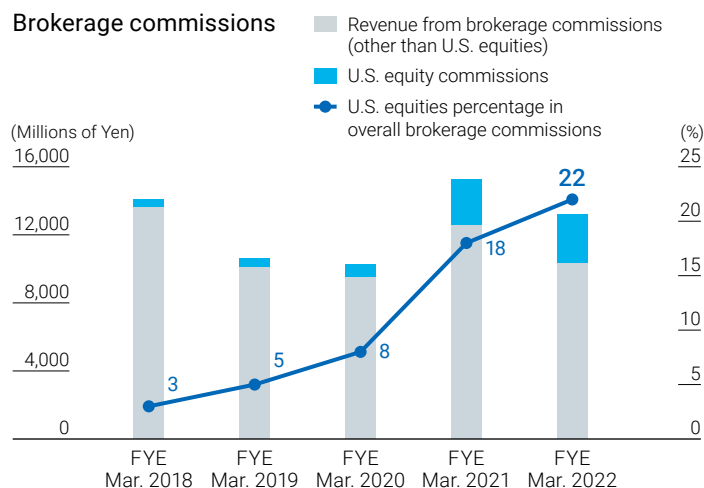
One unique advantage that we have is our backbone brokerage system was developed in-house. While many brokerage firms rely on vendors to build and maintain a system, we do not. The flexibility of developing the system internally gives us more control and mobility to add new services and eliminate those costs that incur from an outsourcer. Another benefit is being able to partner with other financial institutions via API connections with other companies.

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.

Review of fiscal year ended March 2022

During the fiscal year ended March 2022, the market price impacted by COVID-19 had settled down, and at the end of the fiscal year, a sense of uncertainty had clouded the future of the market, leading to a decrease in brokerage commissions on Japanese equities. However, there was more revenue thanks to asset-based revenue (recurring revenue based on the balance) going up like earnings from margin trading and management fees from mutual funds. Since we announced our plan to push toward an asset management model in the fiscal year ended March 2020, the breakdown in our revenue has changed, including an increase in assets like U.S. equities and mutual funds in particular, and our assets in custody grew 1.5 times in approximately 2 years, topping off at 6 trillion JPY. U.S. equities only made up 8% of our brokerage commissions in the fiscal year ended March 2020, but now account for 22% in the fiscal year ended March 2022.

Brokerage commissions



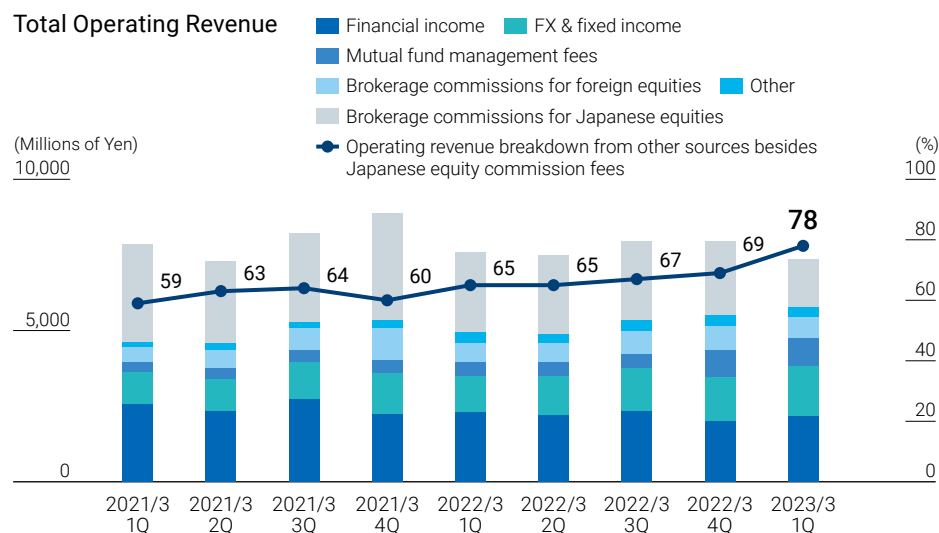
Yuko Seimei
Representative Director & President
Monex, Inc.

Segment Strategy

Japan Segment

Promoting an asset management model to diversify revenue streams

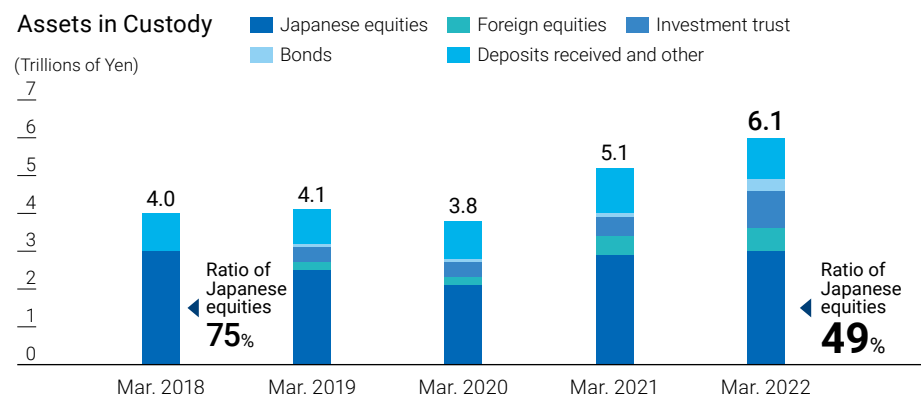
We are promoting our asset management model in order to reinforce our revenue base by building up mutual funds and the margin trading balance as well as stimulating U.S. equities trading. The revenue structure for the Japan Segment up until now has been an issue due to a heavy reliance on Japanese equity commission fees that is easily impacted by market price fluctuations. Now, the commission fee ratio based in Japanese equities has relatively decreased, producing a more balanced revenue structure. Revenue coming from another source other than brokerage commissions for Japanese equities made up 59% of operating revenue in the first quarter of the fiscal year ended March 2021 but two years later jumped to 78% in the first quarter of the fiscal year ended March 2023.



Strengthening our asset management model to meet customer expectations

Presently 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 instability 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. Despite this backdrop and in order for us to meet the customers' expectations, we believe that we must depart from our brokerage model that depends on trading volume, like the number of purchases and sales. It is imperative to transform our business model to an asset management model that focuses on increasing customer assets. Our asset management model helps customers make an ideal portfolio that meets their needs. We offer our customers the ability to diversify their risk preferences through our products and services to optimize their portfolio. Customers can diversify the timing of their investments (Periodic Investment), the markets (US, Japan) they target and use leveraged products to increase their risk profile investing in margin or leveraged products.

After we announced our push toward an asset management model at the end of March 2020, our assets in custody steadily rose, and the breakdown of those assets have also become more diversified. For example, Japanese equities made up 75% of the assets in custody at the end of March 2018, but by the end of March 2022, that percentage dropped to 49%. This reflects customers diversifying their portfolios more, a trend that can be characterized as desirable and positive.



Segment Strategy

Japan Segment

Bringing down commission fees to the lowest level with major online securities

Up until now, Monex, Inc. has always focused more on increasing the added value in our services versus lowering the price of commission fees. Good examples of this added value include trying to be the first to offer products not available at other brokerage firms or providing information that helped customers decide on their investments. However, we circled back to the idea that we should work toward lowering fees to customers as much as possible to promote our asset management model. Since setting our policy to promote an asset management model, we have lowered the commission fees as shown below and now our commission fee plan like the major online securities* is at the lowest level. This enables us to appeal to the needs of customers who prioritize low cost fees, and we expect this will boost our new accounts and assets in custody.

* Major online securities: au Kabucom Securities, SBI Securities, Matsui Securities, Rakuten Securities and Monex, Inc.

December 2019	Transaction fees waived for the purchase of mutual funds
June 2020	Some commission fees waived for Japanese equities (margin trading, ETFs, REITs)
November 2020	Lowered commission fees for Japanese equities (daily flat commission fee and commission fee per transaction in margin trading)
March 2021	Some commission fees waived for Japanese equities (execution price less than 100 thousand yen for cash equity trading)
July 2021	Some commission fees waived for Japanese equities (buying commission fees in One-Share service (share less than one unit) for cash equity trading)
August 2021	Lowered commission fees for Japanese equities (commission fee per margin trading transaction)
March 2022	Lowered commission fees for Japanese equities (commission fee per cash equity trading)

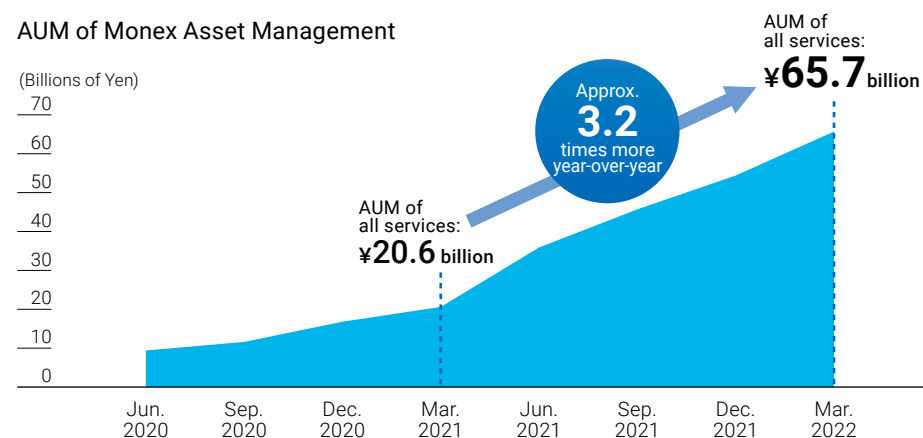
Continuing to offer new products and services to build customer assets

As a measure to reinforce our asset management model, we began expanding our informative and communication channels. In addition to kicking off our wealth management service, we started a comprehensive business partnership in financial instruments intermediary services with the Shinsei Bank Group in January 2022. Monex Group made its start as an online securities business, but going forward, we will roll out more services combined with informative and communication support so that we can meet the needs of a super ageing society and provide services that are in lockstep with the customer.

On another front, Monex Asset Management offers discretionary investment services and manages activist funds. Our partnerships with local banks and other financial institutions provides support and backing that has helped us expand our invested assets steadily. Our assets under management for the fiscal year ended March 2022 was 3.2 times higher than the previous year, reaching 65.7 billion JPY and hit 75 billion JPY in September 2022.

We must understand the goals of our customers as they try to build their assets and then provide the financial instruments and services that is appropriate for the estate planning. We are reminded again now more than ever that figuring out how to achieve this is key.

AUM of Monex Asset Management



Segment Strategy

US Segment



Pursuing effective marketing using our strengths and shifting to a growth strategy focused on better profitability

Segment Summary

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 provides transactions for equities, ETFs, stock market index options, commodities and futures, futures and options as well as crypto assets. The trading platform for these transactions has been developed for desktop, web and mobile devices and can also be accessed via an API from a third-party platform.

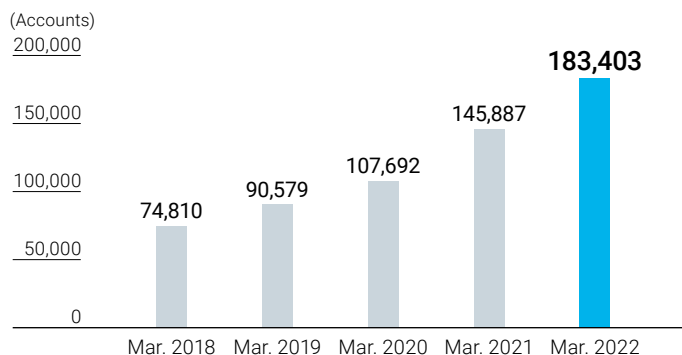
TradeStation's advanced trading platform and analysis tools have garnered high praise in the online securities industry with numerous awards. This advanced technology has won over enormous support from individual active traders as well as institutional investors, with active traders leading a larger segment of our customer base. In 2017, we also overhauled our financial instruments and branding strategy in order to gain more support from casual traders and millennial traders. By March 2022, we expanded our customer base with a total of 180 thousand accounts and more than 12 billion USD of assets in custody.

Review of Fiscal Year Ended March 2022

In the fiscal year ended March 2022, there was a slight decline in our USD based income. The market impacted by COVID-19 had settled down, its volatility had decreased and it was accompanied by an underlying drop in stock prices through the end of the fiscal year due to factors such as the Russo-Ukrainian War.

While TradeStation had not engaged in extensive advertising up until now, we announced our intent to become listed via a De-SPAC transaction in November 2021 (*In August 2022, it was decided not to pursue plans to become listed. See next page.), and as a result, invested heavily in marketing. We also actively hired more staff to expand the customer base and increased the number of accounts by 26% in one year.

Total Customer Accounts



John Bartleman

President and Chief Executive Officer,
and Member of the Board of Directors
TradeStation Group, Inc.

Segment Strategy

US Segment

Shifting Strategy to Focus on Securing Profits

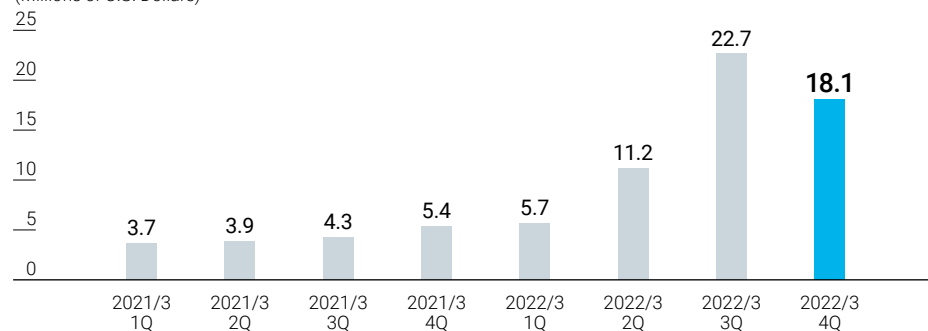
TradeStation announced plans to be listed on the NYSE via a De-SPAC transaction in November 2021. However, we decided to forgo being listed on the NYSE via a SPAC merger in August 2022 due to multiple factors, such as changes in the economic landscape and no foreseeable improvement in market conditions in the near future.

TradeStation has amassed more staff, and specifically engineers to develop financial instruments and services, and has invested in extensive marketing in order to attract a wider selection of customers. Yet, after looking at the investment results and market conditions in the fiscal year ended March 2022, we altered our strategy and started cost-cutting measures, limiting marketing expenses and targeting more effective means of increasing accounts. We prioritized our established strengths and focused on acquiring and maintaining accounts in the active trader market, shifting to a growth strategy centered more on profitability. Nevertheless, to continue to foster large scale growth, TradeStation will look to gain customers through API connections that we have been working on in recent years, offered by TradingView and other similar platforms.

The U.S. interest rates offer short-term advantages in terms of revenue.

Advertising Expenses

(Millions of U.S. Dollars)



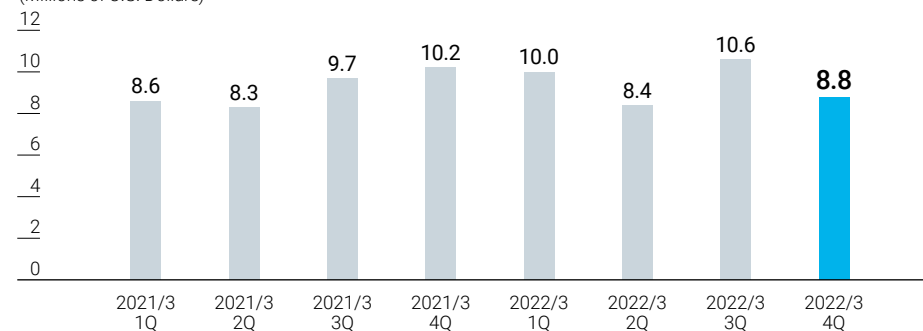
TradeStation holds 2.9 billion USD in deposits received as of the fiscal year ended March 2022, and those returns are attributed to TradeStation. The deposits received are stable and if interest rates rise 1%, that will add 20 to 30 million USD in interest income on an annual basis. When considering the net financial income for this fiscal year ended March 2022 was approximately 37.7 million USD, it is clear that a rise in interest rates will have a tremendous impact on income. Due to continued low interest rates in recent years, the net financial income has been stagnated. Yet, with more accounts and more funding available from deposits received, any rise in U.S. interest rates is expected to increase income.

The commission-fee based income has been stable for TradeStation even in a bear market, because our customer base has many active traders. Going forward, armed with our advanced platform and analysis tools, we will focus more on gaining high quality accounts and increasing profits per account.

As described above, TradeStation has shifted from a strategy of spending money to increase income to a strategy that now focuses on securing profits. Before adopting this strategy to invest in extensive marketing, the fiscal years ended March 2019, 2020 and 2021 had been profitable. We expect to get back in the black pre-taxes in the fiscal year ended March 2023 by cutting costs and improving profitability.

Net Financial Income

(Millions of U.S. Dollars)



Segment Strategy

Crypto Asset Segment



Beyond crypto asset trading, looking to expand new business with blockchain and pushing a global strategy moving forward

Segment Summary

Coincheck provides a crypto asset exchange service and is one of the largest class crypto asset exchanges in Japan. As of the end of March 2022, there are more than 1.62 million verified accounts, 60% of which are held and owned by younger customers in their twenties and thirties. In addition, Coincheck's 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^{*1} and primary listings (IEO^{*2}) of crypto assets.

The corporate mission of Coincheck, Inc. is "making the exchange of new values easier." Since the launch of the crypto asset trading service "Coincheck" in August 2014, Coincheck, Inc. has been providing customers with opportunities to become familiar with the "exchange of new values" by offering a service that is easy to use for everyone, regardless of their financial literacy. As crypto assets and blockchain technology continue to evolve every day, the "exchange of new values" is being realized more and more by individuals. However, the benefits that new technology brings only reaches some people, generating a disparity brought on by information literacy. Coincheck will continue creating better services so that any user can feel more familiar and acquainted with the "exchange of new values" brought from crypto assets and blockchain technology and see the future transformation evolving by the new technologies emerging next.

^{*1} Non-Fungible Token

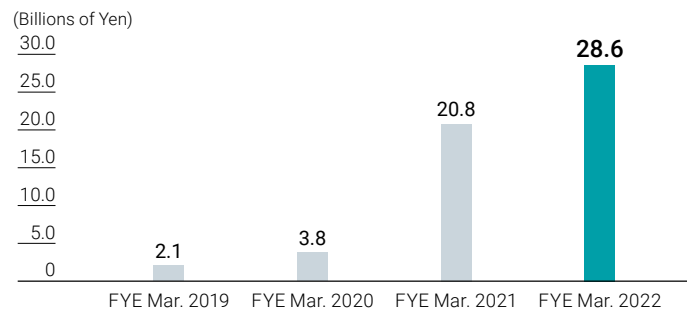
^{*2} Initial Exchange Offering: Method to help raise capital for a company through which a crypto asset exchange service provider oversees the token vetting process and sale.

Review of fiscal year ended March 2022

During the first half of the fiscal year ended March 2022, the crypto asset trading was quite active and NFT and IEO businesses also expanded a lot. This contributed to record setting revenue after Coincheck joined Monex Group. In addition, as competitors have reinforced marketing and began using TV commercials, Monex Group has also begun using our unique internal marketing resources to maintain a firm hold on the market share of Japanese accounts. Our customer base has grown, the sales value at the marketplace has increased by approximately 30% since the last fiscal year and the revenue also went up as a result. The NFT business expanded, and we undertook the first IEO in Japan.

With the goal to grow business further, the Coincheck Group (CCG) was formed, a plan to list the company on NASDAQ was announced in March 2022 and a policy was set forth to bring in personnel, technology and capital from around the world. The fiscal year ended March 2022 was a year of progress, that took us beyond crypto asset trading, expanded blockchain related business, and led to a major decision geared toward the future.

Total Operating Revenue After Deducting Financial Expenses and Cost of Sales



Satoshi Hasuo
Representative Director & President
Coincheck, Inc.

Segment Strategy

Crypto Asset Segment

Listing Coincheck Group on NASDAQ

Coincheck has led Japan for three 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. The crypto asset business is vulnerable to the market conditions much more than the securities business, but we shall grow trading values by building up the client base. We shall take advantage of our in-house marketing system to acquire new accounts by carefully watching the market conditions and adapt our marketing accordingly. During the last fiscal year, we actively advertised featuring TV commercials. However, while the market is down, we look at the cost-effectiveness and develop our marketing carefully. We also earmarked resources for new businesses, such as the NFTs, IEOs and the metaverse in the last fiscal year, but we focused on adding new currencies for the fiscal year ended March 2023, making more options available to our customers.

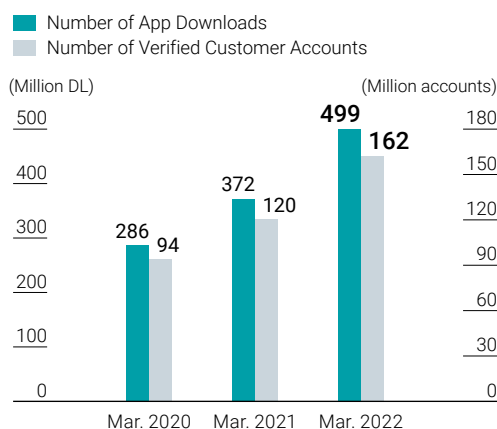
The NFT business uses Coincheck's crypto asset trading, allowing us to conduct cross-selling by using the customer base and the platform for trading crypto assets to settle NFT transactions. Furthermore, providing NFTs that are trending globally is an extremely

strong advantage.

Completing the first IEO in Japan the last fiscal year was the subject of much discussion at that time. We have one IEO scheduled for the fiscal year ended March 2023 and will focus resources on new funding going forward. Seeing crypto assets and NFTs being used for business specifically in listed companies is becoming increasingly common. As we move forward, Coincheck will adapt and support these needs.

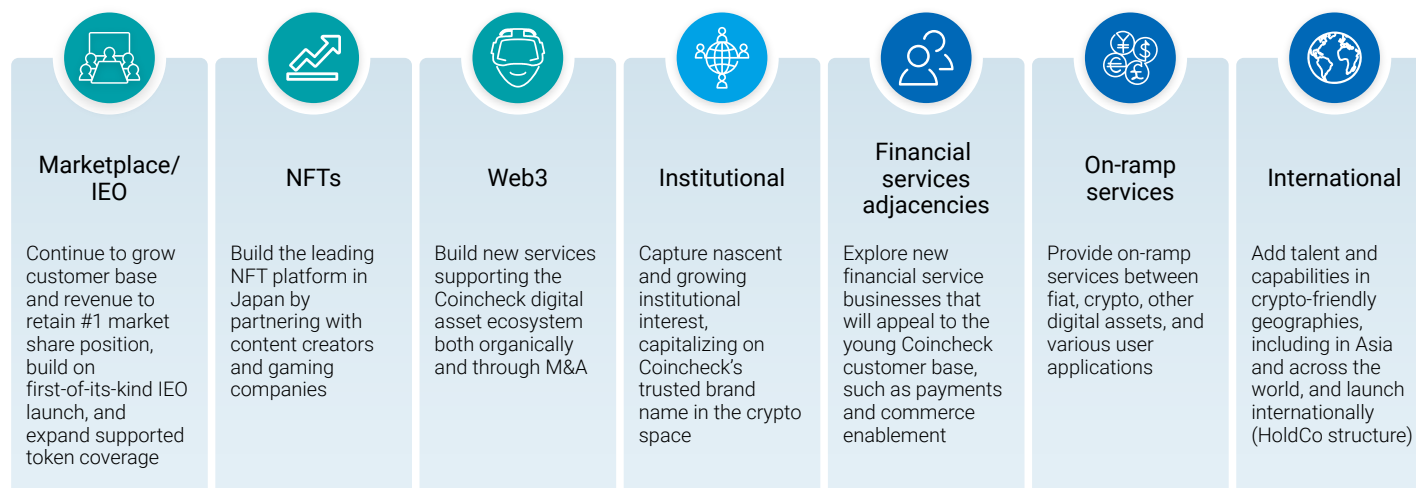
Coincheck has grown in Japan in the field of blockchains and crypto assets, yet it is imperative to press forward with a global strategy in the fields of blockchains, crypto assets and NFTs for even more growth. To embrace this expansion, we established Coincheck Group, Inc. (CCG) as a holding company for Coincheck and the merger with the U.S. SPAC company Thunder Bridge Capital Partners IV, Inc. (THCP) will enable us to list CCG onto the NASDAQ. We are looking to create many more growth opportunities through our alliance with THCP, growing organically, through M&A and partnerships with other companies. First, we will secure capital in the U.S., the largest capital market in the world, hire personnel globally, implement a world strategy and then drive toward the next stage.

Number of App Downloads /
Number of Verified Customer Accounts



Deepen Existing Offerings

Broaden Digital Asset Solutions



Segment Strategy

Asia-Pacific Segment

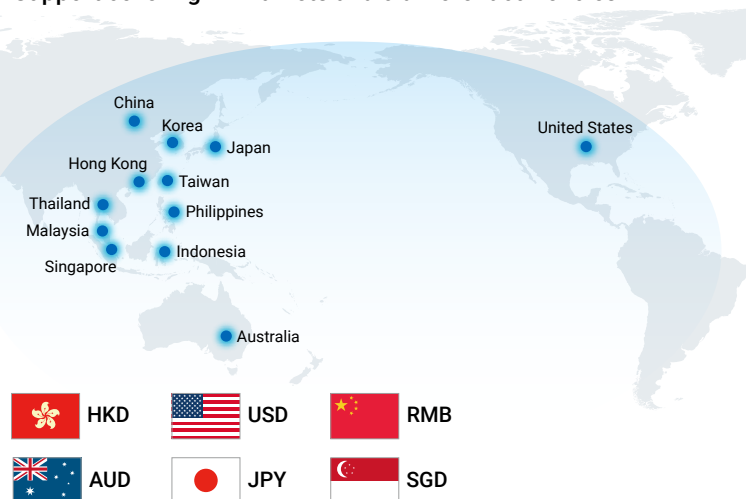


Developing online brokerage services in Hong Kong, Australia and China Pooling resources through Group synergy to boost revenue

Segment Summary

The Asia-Pacific Segment is comprised mainly of three companies: 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.

Support covering 12 markets and 6 different currencies



Review of fiscal year ended March 2022 and steps going forward

After growth in the Chinese economy slowed down, the Hong Kong market flattened out for the fiscal year ended March 2022. Despite this, the Asia-Pacific Segment stayed in the black. In Monex Boom Securities, in addition to Hong Kong stocks, U.S. 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. We are 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, we are 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.



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

Segment Strategy

Investment Segment



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

Segment Summary

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 fosters 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.

Main past investments

Companies listed on Tokyo Stock Exchange that Monex Ventures invested in

LIFENET INSURANCE COMPANY (March 15, 2012)

Uzabase, Inc. (October 21, 2016)

Money Forward, Inc. (September 29, 2017)

Mental Health Technologies Co., Ltd. (March 28, 2022)

Review of fiscal year ended March 2022 and steps going forward

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 addition, we were able to successfully exit a number of investments, including one IPO exit, for the fiscal year ended March 2022. Furthermore, we established the MV2 Investment Limited Partnership in April 2021 and have steadily increased the number of our investments. This fund and these investments are strategically focused on companies in business domains that offer services to local businesses and on the XR* field that will play a key role going forward with more time being spent in virtual reality. However, the business climate is 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 rebuild their businesses.

As technology continues to permeate throughout society, our newly formed fund targets further business expansion and looks to advance into areas with a social impact that helps solve social issues while ensuring economic benefits. The fund focuses its investments into areas hoping to resolve major social issues that have been difficult to overcome to date. 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.

* 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.



Seiichiro Wada
Representative Director
Monex Ventures, Inc.

Information Disclosures Based on TCFD

Monex Group recognizes the importance of climate related financial disclosures and is not only on board with the TCFD (Task Force on Climate-related Financial Disclosures) but is committed to expanding the disclosure of information based on this.

Governance and Risk Control

Monex Group is fully engaged in ESG activities, spearheaded by the ESG/Sustainability Task Force, which is a cross-functional team within the company. The ESG/Sustainability Task Force reviews and identifies overall sustainability issues, including environmental issues (E) such as climate change, and social issues (S) such as innovation and human capital resources. The ESG initiatives are regularly reported to the Board of Directors for approval and the Task Force engages all group companies to work on resolving issues and advocates for information disclosure. In addition, the risk assessment related to climate change is carried out in the risk control system in each Group company along with the other risks and reports those findings regularly to the Board.

Strategy (Scenario Analysis)

We have identified major risks and business opportunities from climate crisis, and analyzed the impact on our business as of 2030. Based on the scenarios published by the IPCC and the IEA, two scenarios were analyzed: the 4°C scenario, in which the average temperature rises 4°C by 2100 compared to the average temperature before the Industrial Revolution; and the 1.5°C scenario, in which the average temperature rise is controlled to less than 1.5°C through carbon neutral initiatives.

In the 4°C scenario, we have confirmed the expansion of physical risks such as floods and storm surges due to the intensification of abnormal weather. In the 1.5°C scenario, with the background of potential demands in capital markets of products which responds to climate change, such as ESG funds, and innovations in renewable energy business, we expect increased business opportunities within the group, and we believe our responses to climate change reduces turnover rate of our employees which leads to decreased costs for recruitment. However, it is expected that the cost of companies will increase due to the introduction of policy regulations such as new tax systems such as electricity prices and carbon tax.

Causes	Risk Impacts	4°C Scenario	1.5°C Scenario	Countermeasures
		Impact Level		
Intensified abnormal weather	Damages to the equipment or business operation suspension due to the intensification of abnormal weather	Medium	Small	Formulation of business continuity plan and preliminary examination of emergency response measures
Introduction of carbon pricing	Increased operating costs due to introduction of carbon tax and emissions trading transactions for the transition to a carbon-free society	Small	Medium	Efforts to reduce GHG emissions, including setting reduction targets and introducing renewable energy to the group companies
Changes in energy costs due to growing demand for renewable energy and energy conservation	Increased operating costs due to increased energy costs from main power companies	Small	Medium	Introduction of renewable energy
Changes in recruitment costs associated with lower turnover due to environmental initiatives	Reducing recruitment costs as the company's efforts toward the environmental initiatives lowers employee turnover	—	Medium	Group-wide ongoing efforts to address climate change

Note) Impact level: High: More than 100 million JPY Medium: Between 10 million and 100 million JPY
Small: Less than 10 million JPY

Energy consumption	FYE Mar. 2018 ^{*1}	FYE Mar. 2019 ^{*1}	FYE Mar. 2020 ^{*2}	FYE Mar. 2021 ^{*2}
Electricity consumption (kWh)	1,083,817	1,070,792	4,179,741	3,865,377
Indirect energy consumption (kL)	272	269	1,014	963
Scope 1: Direct emissions (t-CO ₂)	—	—	30	25
Scope 2: Direct emissions (t-CO ₂)	530	524	1,831	1,678
Scope 1 + Scope 2	530	524	1,861	1,704

Note 1) The scope 1, 2, and 3 classifications follow The Greenhouse Gas Protocol (GHG Protocol)

[WEB](#) Greenhouse Gas Protocol

Note 2) Consumption and emission factors from "Implementation Ordinances for Global Warming Policies (Japan)" and "the Law Concerning the Rational Use of Energy (Japan)"

Note 3) The electric energy consumption in both US Segment and Asia-Pacific Segment are converted into energy consumption volume with the crude oil equivalent standard in Japan (t-CO₂/kWh) for the estimated calculation.

^{*1} The figures for the fiscal years ending March 2018 and 2019 are calculated from the energy consumption generated from the offices in the Japan Segment

^{*2} The figures for the fiscal years later than March 2020 are calculated from all the energy consumption generated from the offices and data centers in all the segments

Cyber Security

Cyber Security Measures

The Monex Group, as a leader in the online securities and crypto asset businesses, considers cyber security as one of its most important issues. In light of the diversification of its businesses within the group, the Group recognizes the necessity to take stronger measures than ever before to address increasingly serious cyber threats.

With global business operations, the Group is striving to protect customers' information and customers' assets from increasingly serious cyber security threats and enable customers to securely conduct transactions. It is enhancing comprehensive cyber security measures by referring to supervisory guidance established by the Japanese Financial Services Agency for financial instruments business operators and the US National Institute of Science and Technology (NIST) SP 800 series of publications.

Monex Group's subsidiaries conduct risk-based assessments to take appropriate information security measures in accordance with risks, develop countermeasures for discovered risks, and conduct continuous improvement activities. These activities include audits conducted at least once a year by Monex Group. These assessments are internal and from external parties as well, adding to the reliability of our risk management activities. In addition, we plan to invest in minimizing business risks as a continuous effort to strengthen our system, such as applying vulnerability diagnoses and Red Team testing in response to recent changes in the risk environment.

Cyber Security System

We are creating a global system for responding to events and reducing damage arising due to cyberattacks throughout the entire Monex Group. Centered on the Monex Group CSIRT (Computer Security Incident Response Team) established within the Monex Group, CSIRTs have also been established in Monex Securities and Monex Group companies. Through cooperation between the Monex Group CSIRT and the CSIRTs in group companies, we are strengthening governance and CSIRTs in each company perform the functions for protecting the operations, information assets and systems of as we promote cyber security measures along the four axes of organizational operation, system response, human response and external collaboration.

Main measures to ensure cyber security

Information security and preventing unauthorized access

We are continuously striving to strengthen day-to-day information security measures by utilizing intelligence from external specialist institutions and monitoring cyber security. In addition, we are performing analysis and taking steps to minimize damage and quickly recover from damage. CSIRTs play a central role in the acquisition of information on dangerous threats and the analysis of causes, the minimization of damage and responses for rapid recovery in the event of an "emergency" when a cyberattack is detected.

We implement measures in multiple stages (multi-layer defense) such as implementing multiple mechanisms for detecting and defending against unauthorized access and malicious programs such as computer viruses. In addition, these measures are reviewed as appropriate to address the occurrence of new threats.

As a crypto asset exchange service provider, Coincheck constantly works to reinforce security. We ensure the customers' crypto assets are safe and secure by managing all amounts with cold wallets. We prevent fraud by guarding customer access with a two-factor authentication and using a system that monitors the sending of crypto assets. Furthermore, our wallet management technology and unauthorized access countermeasures have been cultivated in our role as a crypto asset exchange service provider, and have helped strengthen the security of NFTs used in the new domain called the metaverse. We shall continue to ensure the customer feels comfortable and safe when using the marketplace.

Cyber security training and partnering with relevant parties

As we are devoted to improving our information security, and in accordance with the "Monex Group Information Security Basic Policy," we hold ongoing training seminars on the required measures and on trending threats related to the information security for all employees and positions. Specifically, we carry out internal activities for all employees, such as providing e-learning and training to assess their response capabilities as well as issuing warnings and reminders related to information security. At the same time, we are prepared for threats and emergencies through our participation in training and cyber seminars hosted by the Financial Services Agency and Financials ISAC (Information Sharing and Analysis Center) Japan.

In addition, Monex Group has constructed a system to collect and share information related to vulnerabilities and threats, which we gather from our collaboration with information network organization in the finance industry Financials ISAC, from our participation in the Nippon CSIRT Association as well as from our relationship with computer security related groups such as JPCERT/CC (Japan Computer Emergency Response Team/Coordination Center).

Risk Management

Risk Control System

Keeping risk that affects our management within a permissible range helps us achieve our business goals. Based on this approach, we appropriately identify, analyze, and evaluate the risks established in the “Rules of integrated risk control” and have devised appropriate control systems for the different risks that confront the Monex Group and the group companies.



*1 The executive officer overseeing a segment decides on the specific control method and control system of the subsidiaries related to each risk.

*2 When a risk develops or the risk's probability is deemed high, the executive officer overseeing a segment reports this to the risk control manager and to the executive officer(s) responsible for that risk(s).

Risk Control Method

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 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). The credit and operational risks are the maximum possible losses that are calculated per the conditions noted above. That total value, which is the amount of risk across the entire Group, is compared to the permissible risk range (half the amount after deducting fixed-type assets from consolidated shareholders' equity). This comparison shows the company's risk exposure, which is reported and checked by the directors every month in the Board meetings.

Market VaR

We identify market risk as the 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 risk is calculated by multiplying the balance of assets at a base point in time by the rate of price volatility for each financial instrument. In the Group, most of the revenue reported is from brokerage operations. Yet, only a small portion of those transactions is held for trading and reported as revenue, thereby limiting the market risk exposure.

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. 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.

Operation VaR

We identify operational risk as a cyber security risk, that is, the possible losses that could occur due to a cyber attack or similar event. The amount of the risk is calculated 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 and hot wallet). Besides the operational risk noted above, we also calculate the amount of risk by multiplying a set percentage by the annual operating revenue after deducting financial expenses in each segment.

2 Qualitative Risk Management for Group RCM & Main Measures

In addition to the quantitative risk management for the Group VaR, qualitative risk management is performed for the Group by comprehensively calculating the residual risk (Level of impact across group × Rate of occurrence / Control measures) and reporting that RCM (Risk control matrix) 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 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 crypto asset trade business, we are also mitigating risk with the adequate management system to battle illegal money transfers at each subsidiary.

*3 [WEB](#) ESG Information | Risk Management | Risk Definitions and Main Measures

Creating Value Offering to Facilitate Individual Self-fulfillment

Always Customer-oriented

Based in an “Always customer-oriented” approach, Monex Group currently has the following code of conduct in place: “We shall use the customer’s voice as our guiding principle in corporate activities and shall always pay attention to maintaining and prioritizing communication, in order to provide the best financial services for each and every individual.” In light of this code of conduct, we as a group established the Monex Group Responsible Products and Services Offering Policy, and are committed to constructing a system that is “Always customer-oriented” in each Group company.

Responsible Products and Services Offering Policy

Business Management Policy

- 1** We shall create and provide financial products, education, healthcare, and other services that enhance individual well-being for an ever-changing future.
- 2** We shall disclose important information about risks and other factors of our financial products and other services in an easy-to-understand manner.
- 3** We shall seek out and utilize customer feedback for the development and management of our services to continuously refine our financial products, education, healthcare, and other services.
- 4** As the holding company, Monex Group shall encourage subsidiaries to put into place the above structure and have subsidiary top management take the lead in encouraging employees to actively participate in improving customer value.

PDF Feel free to reference the “Monex Group Responsible Products and Services Offering Policy” (PDF) to learn about our basic thinking as well.

Responsible Product Offering

Major Subsidiaries - Policy and Thinking

Major Subsidiaries	Specific Initiatives
Monex Securities (Monex, Inc.)	Monex Securities has established a “Customer-Oriented Business Conduct Policy” and strives to provide products and services based on key performance indicators (KPIs) such as the customer satisfaction indicator. In addition, we are improving our customer-oriented business operations by creating a mechanism to collect feedback from customers and implementing a PDCA cycle to utilize that feedback in the product development and services offered.
TradeStation Group	TradeStation Group employees work together in a high-performance culture with the goal of providing its customers with exceptional products and services. We focus on the continuous improvement and innovation of products and services. TradeStation Group keeps open lines of communication with customers. Based on that customer feedback, we have a process for evaluating our products and services and for making changes as needed in order to improve the customer experience.
Coincheck	Coincheck strives to build an operational structure that allows us to respond to customer requests and inquiries promptly. We hold weekly meetings to share customer feedback and make product and service improvements that are ultimately incorporated into the products we offer.

Human Resources Strategy

Rationale Behind Human Resources Strategy in Monex Group

During an era when VUCA plagues the environment with businesses facing drastic changes on an irregular basis and with uncertainty, it is essential for Monex Group to formulate a human resources strategy in line with the changes of a competitive setting, in order to grow our corporate value sustainably. Specifically, this translates into clarifying the type of worker we require, building an ideal portfolio of workers to foster business growth and constructing an organization that secures and nurtures personnel who can provide innovation and added value.

Monex Group embraces the understanding that each and every employee collectively makes up the driving force (human capital) that generates revenue, and increasing their output leads to maximizing our corporate value. Therefore, we shall work harder to actively invest in opportunities where employees can extend the breadth of their knowledge, skills and experience.

In order to create a highly productive organization, we have focused on a specific framework for our human resources strategy:

- (1) Raise the ability of each and every employee
- (2) Create an environment where the output of each and every employee is maximized
- (3) Promote autonomy and make a fair and equitable working environment for diversified personnel and their different working styles

In addition, we will apply a portfolio management approach to human resources to better understand in a timely manner which type of employee is needed, by mapping out the skills and abilities required for each department and position. This portfolio management approach will enable us to adapt and hire vital personnel in our business strategy and assign the right person for the right position.

Strengthening Human Resources Strategy and Human Capital (Japan Segment)

Human Resources Strategy	Policy	Measures Taken	Issues
Develop and cultivate personnel			
Personnel development	Cultivate independent personnel	Instill corporate philosophy	Apply portfolio management approach to HR (Personnel development policy) Cultivate digital personnel (IT personnel) Train management personnel Improve performance review system
Training and development	Design to encourage successful experience and sense of growth <ul style="list-style-type: none"> • Create environment for learning voluntarily • Build experiential learning model • Acquire basic skills and ability early on as member of society 	Start portal site to learn basic skills and ability as member of society Introduce and setup support system for employees to acquire qualifications Implement position-based training	Perform assessment (Stimulate learning motivation based in self-understanding) Talent management (Selection)
Personnel reassignment	Ideal assignment (Assign to posts to improve productivity)	Multi-track advancement system (general and specialist positions)	Systematizing job rotation and open recruitment
Recruiting	Recruit external personnel with abilities to create value	Understand recruitment posting and personnel requirements	Apply portfolio management approach to HR Acquire personnel with high level expertise (DX, marketing, development engineer, security and business development, etc.)
Work Environment			
Employment styles	Strengthen diversity of employment style and flexibility in organization overall to enrich private and public lives <ul style="list-style-type: none"> • Understanding and support of life events that require flexibility or adjustment of employment • Working environment without time or location restrictions 	Integrate telecommute working system Introduce alternative work schedule Create open layout to use any desk space (partial)	Full-time telecommuting / remote working Full-time alternative work schedule
Birth, child-rearing and family care support	Minimize impact on career track	Integrate reduced work schedule Encourage male employees to take child-care leave Introduce babysitter system Improve family care leave regulations	Extend eligibility of reduced schedules Encourage male employees to take child-care leave (more than 60 days on average) Performance review during child care and family care leave
Mental health care	Maintain both mental and physical health	Stress check Set up internal/external reporting system and harassment reporting system System to promote safety and health	Trainer system and mentor system
DEI			
Fair/Equitable working environment that promotes autonomy	Performance review centered solely on level of contribution to corporate value and business performance. Ensure mental and emotional health (Understand and respect perspective of others)	Formulate Monex Group Sustainability Statement and Monex Group Human Rights Policy Achieve 100% retention rate after maternity leave Disclose male-female ratio for average annual salary	Ensure accessibility for all personnel (including elderly and disabled), and employment rate of persons with disabilities Support official documents in Japanese and English Use older generation employees Set up all-gender toilets

ART IN THE OFFICE Employee Education & Social Contribution Through Art



At employee workshop

Cover Artwork

Fountain Seen from the Inside / Kanako Hiramatsu

2022 / Acrylic paints, colored pencils, and crayons / H1600xW8400xD40 (mm)

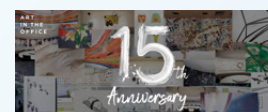
This art piece is exhibited along the circular wall in the meeting room, adding further to its “fountain” motif expression. The design aims to show a place rich with variety where different opinions clash and unite and where each individual sits together reacting to one another, mimicking the way a “fountain” is a collector of water’s motion spouting out and splashing. In the last stage before being completed, employees participated in a workshop, making their own works that were later incorporated into this piece. Their art experience and conversation with the artist Kanako Hiramatsu add a Monex character to the finished work.



Kanako Hiramatsu

PROFILE

Born in Osaka in 1997. Finished Oil Painting Study, Department of Painting, Fine Arts, Graduate School of Tokyo University of the Arts. With paintings and installation arts as her artistic expression, Kanako Hiramatsu is focused on re-imagining experiences of appreciating arts as such experiences change in action. Major exhibitions include Ghost of Peach (2021, Toritoki Haus Gallery, Tokyo), Innocent-P- (2019, Kyoto International Conference Center, Kyoto), Artist’s Tideland KYOTO (2019, Isetan Shinjuku, Tokyo). Awarded Encouragement Prize for the Graduation Exhibition of Kyoto University of the Arts in 2020.



WEB ART IN THE OFFICE
15th Anniversary

ART IN THE OFFICE was started in 2008 and celebrates its 15 year anniversary this year. This program will continue to exhibit pieces from up-and-coming artists and offer a place that considers the value of diversity and creativity at Monex Group. Feel free to browse through the videos and articles noted on the left to celebrate this program’s 15 year anniversary.

ART IN THE OFFICE

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 Governance

Overview of Corporate Governance

Outline of Corporate Governance



WEB ESG Information | Corporate Governance | Corporate Governance Structure

Changes in Corporate Governance (since the company's founding)

	*1	2000	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Institutional design		Structure with board of company auditors	Committee structure	Committee structure with nominating committee, etc.								
Total board members		6	10	11	11	11	11	9	9	9	11	10
Outside directors		3	5	6	6	7	6	6	6	6	7	6
Percent of outside directors on board		50	50	55	55	64	55	67	67	67	64	60
Advisory committees, etc.	Advisory	Board*2	Adopted Corporate Governance Code									
			Global Management Committee									
			Appointed lead independent director									
Board diversity (foreign nationals, women)		1	1	3	3	2	2	2	2	2	3	3
Percent of foreign nationals and women		17	10	27	27	18	18	22	22	22	27	30
Total executives		—	6	6	6	11	12	11	10	9	9	9

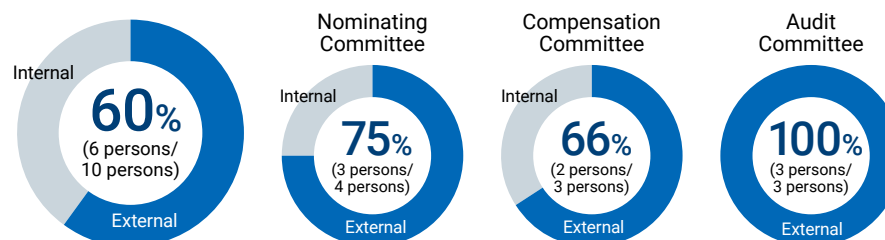
*1 Shows annual data from the end of June after the General Meeting of Shareholders.

*2 1999 to 2013; discontinued after shifting to committee structure

Committee Structure with Nominating Committee

We have structured the Board of Directors and Business Execution Divisions to focus on a global approach with the specialized expertise required to carry out our management strategies with a nimble posture that can adjust to drastic changes in the outside environment. To ensure the different and multi-sided opinions generated from this type of structure are actively integrated into our management, Monex Group has been committed to making the corporate governance mechanism more robust. For example, we adopted a system called “company with committees” (presently, “company with three committees”) in June 2013, and from June 2014, we made a system that keeps a constant majority of outside directors on the Board. With this system (“company with three committees”), 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. At the same time, it is possible to enhance the Board’s oversight of the Business Execution Divisions and to realize more effective corporate governance by taking full advantage of the independence and specific expertise of the outside directors.

Percentage of Outside Directors



Setting Up a Lead Independent Director

Our distinctive approach to improving corporate governance at Monex Group lies in our commitment to strengthening governance spearheaded by our lead independent director. Since a lead independent director was appointed in 2015, the lead independent director's role in our system has been to listen to and summarize the opinions of the outside independent directors and then communicate their candid and sometimes harsh input to the executive team. This role plays a heavy hand in strengthening the Group's governance, acting like the core of a monitoring board, including hosting meetings from time to time only in attendance by the outside directors and the CEO.

Corporate Governance

Overview of Corporate Governance

Analysis and Evaluation of the Board's Effectiveness

The Board of Directors and the Nominating Committee analyze and evaluate the effectiveness of the entire Board of Directors based on the results of an evaluation questionnaire distributed to each director.

WEB ESG Information | Corporate Governance | Officers | Evaluating Effectiveness of Board Meetings

Summary of Our Analysis and Evaluation Related to the Board's Overall Effectiveness

Evaluation Details

A questionnaire was distributed to each director between September 2021 and October 2021 to evaluate the Board of Directors. Based on the questionnaire's results, the effectiveness of the entire Board was analyzed and evaluated by the Nominating Committee and the Board of Directors in October 2021.

Analysis and Evaluation Results

No issues were identified regarding the effectiveness of the Board of Directors or the composition and effectiveness of the various committees. No issues were identified regarding the size of the Board of Directors or the balance between internal and external directors (11 directors, including 7 independent outside directors). Based on discussions at past meetings of the Board of Directors and the Nominating Committee, there was a consensus that the current balance between internal and external directors should be maintained, but that a Board of Directors with a capacity of about 9 members would be desirable. On the other hand, with regard to the diversity of knowledge, experience, and generation of each director, it was shared that knowledge and expertise in finance-related areas such as fintech, crypto assets, asset management, and investment banking, English language skills and overseas experience due to accelerated globalization at subsidiaries, and the appointment of female directors were all considered necessary. In addition, there was a suggestion to consider generational changes in the Board of Directors and replacement of outside directors, taking into account the attributes of the next generation of management executives, from the perspective of the Succession Plan, which is an important issue in corporate governance.

Succession Approach and Progress

As shown in the "Analysis and Evaluation of the Board's Effectiveness," Monex Group recognizes our Succession Plan of management as one of the most critical topics in our corporate governance.

Given this view, Monex Group has proceeded with our succession of management by appointing Yuko Seimei the position of Co-CEO, beginning from the current term. Oki Matsumoto, the founder and CEO, will be overseeing the crypto asset business, new businesses and our wealth management business, while Seimei will take on the global securities business. This marks the start of our system in which the authority and workload of the CEO is shared by both.

Before Yuko Seimei's ascension to the new Co-CEO position, she established the investment business after joining the Company, she successfully steered us through the acquisition of Coincheck and was the president of the Group's subsidiary Monex Hambrecht (currently Monex Asset Management) as well as Monex, Inc. (current position). As a manager of both subsidiaries, she has spearheaded a number of initiatives that have helped us improve our corporate value time and time again, including keeping each business in the black and taking decisive action to lowering commission fees at Monex, Inc. Furthermore, she has shown her strategic prowess, unifying force and Group-wide stewardship as COO and CFO, while taking full advantage of the authority and related duties as an executive officer, and helped steer and improve the Group's management. Taking into account her extensive and compelling record, Yuko Seimei now holds the position of Co-CEO & Representative Executive Officer, possessing and sharing the same authority as Oki Matsumoto.

In our main subsidiaries TradeStation Group and Coincheck Group, we have laid out a system where each management team runs the respective businesses autonomously and independently develops the management personnel in each company. In this way, we are pushing to deepen and enhance the Monex Group management that has various business entities under its arm. In addition, each Group company steadily presses forward to also cultivate the next generation of managers, actively delegating them posts, such as assigning younger personnel to manager roles at each division and department level, or appointing our elite employees (recruited straight out of university and internally tracked) to executive officer positions.

Monex Group shall continue this course moving forward enhancing our management system to ensure sustainable growth, by developing personnel from the management level to the department and division level. In this process, the Nominating Committee discusses potential candidates to nominate to the Board or to management (i.e., representative executives and executive officers), formulates "CEO Credentials" and a CEO successor training plan, and then debates the CEO's briefing on successor training.

Corporate Governance

Overview of Corporate Governance

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 3 directors (2 of which are outside directors, as of September 2022) and is chaired by the outside director Jun Makihara. 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 | Officer Remuneration System

Overview and policy concerning remuneration for executive officers/directors and executive officers (Fiscal year ended March 2022)

	Basic Remuneration	Short-Term Incentive Remuneration	Medium-and-Long Term Incentive Remuneration
Compensation Breakdown	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 (¥13.017 billion for the fiscal year ended March 2022) 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. ^{*1}

Breakdown of Remuneration, etc. (Fiscal Year Ended March 2022)

	Basic Remuneration	Short-Term Incentive Remuneration	Medium-and-Long Term Incentive Remuneration
Executive Officer holding a dual position as a director	¥86 million	¥16 million	¥17 million ^{*2}
Executive Officer not holding a dual position as a director	¥76 million	¥41 million	¥13 million ^{*2}
Outside & Independent Director	¥71 million	¥22 million ^{*2}	—

^{*1} 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.

^{*2} All medium- and long-term incentive remuneration here is non-monetary (restricted stock). However, the period of restriction on transfer is one year for restricted stock granted to the outside directors and it is posted as an expense for the fiscal year under review. Therefore, this is included in the Short-Term Incentive Remuneration in Japan.

Discussion on Governance

Monex Group Board of Directors
Continues to Pursue the Essence of
Management

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



Since our founding, Monex Group has pursued a governance system centered on forward-looking and diversity. This begs the question, how are issues debated and what is the decision-making process in the Board room? To get a feel for what actually goes on, we had a discussion on various topics with Oki Matsumoto, the Chairman of the Board and CEO, and Nobuo Domae, outside independent director since 2016 and chairman of the Nominating Committee.



Nobuo Domae
Outside Director
(Independent)

Corporate Governance

Discussion on Governance

What is the atmosphere like in the Monex Group (hereafter referred to as “Group”) Board of Directors?

Domae: The outside directors speak frankly to everyone when giving their opinions in the Board meetings. I often hear that outside directors at other companies just make superficial, formal comments to show that they did something, but that is not the case here. In addition, if something cannot be decided according to the rules and regulations, then we complete and pass a written resolution first, in order to devote more time discussing the substance in the meetings. If a measure is believed to pass and is without risk, a written resolution is sent out beforehand to the other Board members and then is passed right then and there. This allows us to manage the meetings more efficiently and opens up more time for discussion.

Matsumoto: The Board adopted this style based on a recommendation from the internal directors more than ten years ago. At that time, the company still did not have committees like the current committee structure with a Nominating Committee, etc. And, I received a request to change the Board to a different format. Rather than just having meetings based on reports from each department, they wanted me as the CEO to present major issues that impact the company as a whole and have discussions on them. That request initially prompted me to integrate a CEO report. I tried to keep that report concise between 1 and 3 pages

long, covering the issues that the Board would then discuss.

Domae: There are also Boards at other companies that get into discussions about operations. For example, on one Board that I previously experienced, there was a Systems Department that would report on its development and their schedule, and all the directors, including the outside directors, would discuss issues related to individual operations at the meeting. I wondered if this format was really the most efficient way, and furthermore, was this really supposed to be part of the director’s role in the first place. In contrast, Monex Group tends to be fairly straight forward with the role of the directors, where the Board has a mandate to oversee top management.

What makes the Board at the Group distinct from others?

Matsumoto: The Board at the Group does not get involved with the operational details of the company but focuses on big picture discussions. However, if one were to ask if the Board leans more toward checks and balances or running management, we are a rare case among Japanese corporations, leaning more toward strategic business management, where the Board discusses actual strategy and makes decisions on it.

Domae: That is definitely what it should be. It is unproductive for the secretariat of the Board of Directors to spend time and energy on matters that do not require discussion at the meetings.

Matsumoto: The highest decision-making body in the Group is the Board of Directors. A basic organizational structure tends to have a General Meeting of Shareholders, a Board and then a CEO. If one had to say which is actually the most powerful among those three, I would say that the Board of Directors is in our Group. In terms of influence, Nobuyuki Idei also played a big role on the Board in deciding overall strategy.

Domae: When I first joined the Board, Mr. Idei really stirred things up asking “Mr. Matsumoto, are you enjoying the way things are?” or “Are you really running Monex to do things this way?”

Matsumoto: Mr. Idei came at me and told me “It is your



responsibility to try something new” and strongly urged me to “present what you think the Board should be looking at and deciding.” Ultimately, the current format and style of the Board is the result of that action. As a result, our Group’s Board often gives direction to executive management or modifies policy. For example, during one particular fiscal period there was a proposal to not pay out dividends, and a claim came out of the Board of Directors. Thereafter, a measure to pay out dividends was quickly created by the Finance Department during the Board meeting and passed and announced on that same day.

Domae: Recently, executive management has been attempting to get one step ahead and create a measure that would impact the Board of Directors. I get the feeling that the Board is pressing executive management to stay on top of things, and that is also very typical of Monex Group.

What steps have you taken to make the Board function properly?

Matsumoto: I believe that achieving a good balance of Board members is crucial. Diversity on the Board is extremely important, and having a variety of personalities among the outside directors is particularly helpful.

Domae: That is absolutely right. The Board would lean more toward a role of checks and balances, unless there are forward-thinking, aggressive members or those with the frame of mind that it is “Better to have tried and failed than to have never tried at all.”



Corporate Governance

Discussion on Governance

Matsumoto: I believe that both offense and defense are needed, and it is critical to have those “qualities” that are not part of the skill set of our directors. I feel that Monex Group has always tried to ensure that all type of qualities must be represented and heard on the Board. In addition, Monex Group appointed Jun Makihara as the lead independent outside director. To give some perspective, if outside directors only make comments when they are motivated, like when they have a motivational level of 50 percent or more, as it were, then there is a chance that no discussion takes place even if their motivational level is at about 49 percent. However, with our lead independent director, he has put in place an executive session, where the CEO has a chance to discuss matters with the outside directors (but without the internal Board members) allowing them to express their opinions freely. The opportunities afforded with executive sessions boost the motivation of outside directors, making it easier for them to speak out and ensuring active discussion. In that sense, the existence of the lead independent outside director is absolutely key.

Domae: When there is a tense atmosphere and it is hard to participate in the Board discussion, the lead outside director Mr. Makihara steps in to confront Matsumoto with a firm tone, paving the way for everyone to speak out more easily and contribute. I also believe that Mr. Makihara plays a tremendous role on the Board.

What business risks does Monex Group face right now and what countermeasures have you taken?

Domae: Any significant structural changes in society pose a potential risk to Monex Group, and I think they should be the focus of Board discussions. Our focus should not be to simply raise the short-term performance levels, but discuss the structural issues that are behind them. For example, if securities brokerages are changing, we should be discussing how to adapt to these changes. Executive management is in charge of performance levels, and therefore I believe that the Board of Directors should help lead the company down a path based on

those structural changes in society.

Matsumoto: The Board at Monex Group tends to discuss the risks of not doing something more than the risks of doing something. In the last 2 to 3 years, one of the bigger topics of discussion on the table is having another CEO. In this example as well, discussions about the risk of not having another CEO were more frequent. Previously, when we were looking to expand into the U.S. market or to enter into the crypto business, the Board discussions continued to ensue but remain centered on the risks of not doing something. In the first place, our field of business has never been one that just grows like an escalator without actively doing anything. The Group must constantly develop ways to carve out new growth. As the Board puts pressure and argues about the risks of not doing something, executive management always responds after careful thought and consideration, and that back-and-forth has always characterized us at Monex. Up until now, I have stood at the head of the table, but going forward, we need to create an internal system that will continue to pursue challenges without fearing changes regardless of who is at the top, and that is what I am committed to doing right now.

What current ESG issues do you see and what will be your approach going forward?

Matsumoto: I think that the Board still needs more discussion concerning ESG.

Domae: The truth is that ESG as it relates to the financial industry is ambiguous, and it is difficult to identify and understand what we should do. The other day, there was talk about launching a fund to promote ESG in a company, not a fund that invests into a business involved in ESG. I believe that this is exactly what financial ESG looks like. And, I would like us to think about how our business can contribute to this.

Matsumoto: I think that the power of money will offer tremendous influence on promoting ESG. As an investor and the owner of a financial company, I think it is important to manage the ESG-related funds being keenly aware of their

power. In addition, I think that there are many things that can be done, such as explain to our retail investors and customers that “their investment has the potential to change society.” Apart from that, the most consequential issue that concerns sustainability in the Group is “personnel.” The most important topic in our company is how to make the Monex Group which is essentially a cluster of personnel, into a sustainable entity. Our attempt thus far has included a DEI approach, the appointment of young leaders as well as implementing a succession plan. I believe it is equally important for shareholders and stakeholders to understand and share our fervor in this endeavor.

Domae: I think it is wonderful that Monex Group actively supports young workers and leaders. One example of this support is the ascension of an employee fresh out of college and who is now an executive officer. However, even if a young leader was appointed out of the blue, it does not necessarily mean that he or she can be effective right away. This appointment demonstrates our commitment and is the result of spending time to develop a younger worker properly. As previously mentioned, the sustainability of personnel is the most critical issue, and I believe we must continue bringing this up in the Board meetings as well.



Corporate Governance

Skill Matrix of the Board Members

Name	Position	Experience and Expertise					Attendance Record for FYE March 2022	
		Financial industry	Marketing	Technology	Management	Accounting and internal controls	Board of Directors	Committee
Oki Matsumoto	Chairman of the Board	●			●		16/16	Meetings of the Nominating Committee: 3/3 Meetings of the Compensation Committee: 5/5
Yuko Seimei	Member of the Board	●	●		●		14/14 ^{*3}	—
Takashi Oyagi	Member of the Board	●			●		16/16	—
Naofumi Yamada	Member of the Board			●	●		14/14 ^{*3}	Meetings of the Nominating Committee: 3/3 ^{*3} Meetings of the Audit Committee: 8/8 ^{*3}
Jun Makiyara	Lead Independent Director ^{*1}	●					16/16	Meetings of the Nominating Committee: 3/3 Meetings of the Compensation Committee: 5/5
Fujiyo Ishiguro	Independent outside director		●		●		16/16	Meetings of the Nominating Committee: 3/3
Nobuo Domae	Independent outside director		●	●	●		16/16	Meetings of the Nominating Committee: 3/3 Meetings of the Audit Committee: 3/3 ^{*3} Meetings of the Compensation Committee: 4/4 ^{*3}
Masaaki Koizumi	Independent outside director					●	16/16	Meetings of the Audit Committee: 11/11
Shiho Konno	Independent outside director					●	16/16	Meetings of the Audit Committee: 11/11
Ungyong Shu	Independent outside director ^{*2}	●			●		—	—

^{*1} The Company's outside directors and independent directors voted to appoint Makiyara as the Lead Independent Director effective from April 2015.

^{*3} Attendance while on Board

^{*2} Appointed as a new member of the board at the General Meeting of Shareholders held on June 25, 2022.

Basic composition of Board is diverse

Since our founding, Monex Group has always prioritized DEI (Diversity, Equity & Inclusion) in our managerial approach. I believe that diversity is representative even on our Board of Directors, which provides an ideal model since it is the highest managerial body in the company. The backbone of diversity is to avoid partiality toward one group, such as a specific gender, country, region or age range. This diversity is part of our core process for appointing candidates. One example of this, as far as age is concerned, can be seen in our appointment of a director in his early thirties. Diversity is the mother of innovation, and it brings constructive discussions to the table. We are convinced it helps provide more thorough risk management, leads to more sustainable growth over the medium- and long-terms and is also linked to higher corporate value for the Group.

INTERVIEW



Shooting for cutting-edge technology and innovation

Naofumi Yamada
Member of the Board, Executive Officer

Recently, crypto assets and the fringe markets, generically referenced as Web3, are suddenly gaining a lot of attention and continuing to change rapidly. For example, the NFT industry has reached a value of several trillion yen in a very short span, and even at this very moment, we can see signs of an unknown, nascent market taking shape. In this type of society, the competitive edge of an organization rests in its "ability to continuously learn" and its "ability to adapt to change." I will use my experience to help the Group research cutting-edge technology and realize innovation.



Digest all information without prejudice to help ensure the best decision-making

Ungyong Shu
Outside Director

After my appointment as an outside independent director, an urgent issue confronted the Board about the appropriateness of listing a U.S. subsidiary on the NYSE. Only after holding detailed discussions with all relevant parties did the Board come to a final decision in early August of 2022. Governance at Monex Group is not just a formality, rather this experience proved it to be real and effective. Going forward, I am committed to help ensure the best decision-making, where we digest all available information without holding any prejudices so that the Group's potential is reflected accurately in the stock price.

Corporate Governance

Management Team As of August 31, 2022 (number of shares held as of March 31, 2021)

**Oki Matsumoto**

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

- Term of office: 17 years
- Number of shares owned: 7,566,500 shares

Important concurrent positions at other organizations

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

**Yuko Seimei**

Member of the Board, Representative Executive Officer,
Co-Chief Executive Officer and Chief Financial Officer

- Term of office: 1 year
- Number of shares owned: 166,700 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)

**Takashi Oyagi**

Member of the Board, Executive Officer

- Term of office: 11 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**

Member of the Board, Executive Officer

- Term of office: 1 year
- Number of shares owned: 6,900 shares

Important concurrent positions at other organizations

Executive Director Chief Strategy Officer, Coincheck, Inc. (the Company's subsidiary)
Patent Attorney, Socidea Intellectual Property Office
Director, PKSHA Workplace Inc.

**Jun Makihara**

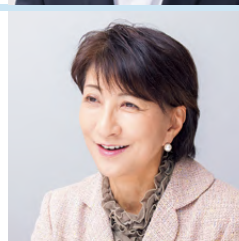
Independent outside director

Outside Director, Member of the Nominating Committee,
Member (Chair) of the Compensation Committee, Lead Independent Director

- Term of office: 16 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, Philip Morris International Inc.

**Fujiyo Ishiguro**

Independent outside director

Outside Director, Member of the Nominating Committee

- Term of office: 8 years
- Number of shares owned: 16,900 shares

Important concurrent positions at other organizations

Director, Chief Evangelist, Netyear Group Corporation
Outside Director, WingArc1st Inc.
Director of the Board (Outside), SEGA SAMMY HOLDINGS INC.
Outside Director, The Shoko Chukin Bank, Ltd.

**Nobuo Domae**

Independent outside director

Outside Director, Member (Chair) of the Nominating Committee,
Member of the Audit Committee, Member of the Compensation Committee

- Term of office: 6 years
- Number of shares owned: 36,900 shares

Important concurrent positions at other organizations

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

**Masaaki Koizumi**

Independent outside director

Outside Director, Member (Chair) of the Audit Committee

- Term of office: 4 years
- Number of shares owned: 6,900 shares

Important concurrent positions at other organizations

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

**Shiho Konno**

Independent outside director

Outside Director, Member of the Audit Committee

- Term of office: 4 years
- Number of shares owned: 6,900 shares

Important concurrent positions at other organizations

Attorney-at-law, Shiho Konno Habataki Law Office
Outside Director, LIXIL Corporation

**Ungyong Shu**

Independent outside director

Outside Director, Member of the Audit Committee

- Term of office: New appointment
- Number of shares owned: 0 shares

Important concurrent positions at other organizations

Representative Director, Core Value Management, Co., Ltd.
Outside Director, Dai-ichi Life Holdings, Inc.
Outside Director, Sojitz Corporation

Corporate Governance

Stakeholder Engagement

Engaging Traders
& Investors

Q&A

As part of our engagement with the market involving the exercise of voting rights, Monex Group holds ongoing discussions about the proposals presented in the General Meeting of Shareholders with institutional investors.

The following Q&A covers proposals presented in the General Meeting of Shareholders for this fiscal year.

Q Explain the proposal for appointing directors.

A Last year, the executive officer Yuko Seimei and Naofumi Yamada originally from PKSHA Technology were appointed as internal and external directors, respectively. We considered the changeover of external directors for long-term service and making the internal/external Board ratio 3:6 for a total of 9 directors. This last April in accordance with our business strategy and plan to list subsidiaries on the U.S. stock exchange, Seimei was appointed a Co-CEO and Yamada was appointed a dual role as an internal director and executive officer in order to push business forward harder. At the General Meeting of Shareholders in June, we took a step forward in improving the outside director ratio and the succession of outside directors by appointing Ungyong Shu as an outside and independent director.

Q Explain the policy about the term length of a director.

A The longest serving current director is Makihara with 14 terms. In the Monex Group Nominating Committee, which includes personnel with outside directorial experience in a U.S. listed company, while the term length is something that we should think about, we believe that making a substantial contribution to improve corporate value and governance of the Board is even more important. Of course Monex Group bases its selection of candidates mainly on their character, yet for the company to improve corporate value sustainably, we believe that a succession that includes a changeover in outside directors is also required. Therefore, we will promote a more dynamic succession of outside directors going forward while taking into account the changeover time.

Q Can you share the progress made regarding the management succession?

A With the appointment of Seimei as the Co-CEO in April, her scope of management has been expanded to the online securities business in Japan and in the U.S. Therefore going forward, the founder and CEO Matsumoto will be able to invest more resources in the expansion of Coincheck globally and into new business development. While this Co-CEO system advances the internal succession further, we were also able to make progress on the succession of outside directors. Based on criteria for selecting candidates with expertise in M&A and risk management, Shu was appointed outside director and can draw from his wealth of experience as an outside director and auditor for large, listed companies.

Q It was stated that the appropriate number of directors on the Board is 9. Has that policy changed?

A The transition period in the succession must overlap so that new appointments can learn about the Monex Group while the current directors are still serving. However, our policy going forward takes into account the appropriate number of directors for an effective Board and will stay close to a capacity of 9 directors. It is also worth noting that since Seimei began sharing the CEO position in April, there are now more chances for her to facilitate the Board meetings and this has led to active discussions even with more than 9 directors participating. On the Nominating Committee and on the Board, we will discuss whether the current 9 directors is the appropriate capacity as quickly as possible going forward.

ESG questionnaire for shareholders and clients

We distributed a questionnaire to stakeholders to gauge the importance of each issue related to ESG and sustainability with the goal of sustainably increasing the corporate value. Based on the responses provided by approximately 3,600 participants (Shareholders: Approx. 2,000, Clients: Approx. 1,000 and Employees: Approx. 600), the Board discussed the priority of materiality topics as well as issues going forward. As Monex Group eyes medium- to long-term growth, the management team will actively engage with the stakeholders to hear and collate their feedback and then hold constructive discussions around that.

Briefing for retail investors

Together with the earnings announcement for each quarter, Monex Group holds an online results briefing for retail investors. After our CEO as well as our Co-CEO go over the performance and the state of the business, we provide an opportunity for the retail investors and the management team to engage in a direct dialogue, allowing time for the team to listen to their feedback and to personally field most of their questions.



WEB Earnings announcement for retail investors covering fiscal year ended March 2022 (video) (Japanese version only)

Corporate Governance

Our Profound Thanks to the Late Mr. Nobuyuki Idei and Our Plans Going Forward



Mr. Nobuyuki Idei
Former Outside Director

The outside independent director at Monex Group Nobuyuki Idei passed away in June of 2022. In the late 1990s when we initially started Internet financial services, which was still a nascent field with many unknowns, Mr. Idei was the first to advocate it and was instrumental as if playing a parental role in the birth of Monex Group. Monex was able to launch these services thanks in no small part to the support of Mr. Idei, who was the President of Sony Corporation at the time.

Thereafter, Mr. Idei continued to be involved in the management of Monex Group. From 2013, he became an outside director who held a lot of weight with his suggestions to the Board, at times he led discussions and even pushed us to challenge ourselves. Seven years ago, he was also the one who pressed us to launch a project called “Monex Zero” with the goal of coming up with new businesses besides our online securities. Through this project, we took notice of the tremendous potential in blockchain and also decided to merge with Coincheck and go after the crypto asset business. Of course, Mr. Idei as always pushed us forward in this endeavor, and despite being the eldest member on the Board, he was the most future oriented.

We feel a profound sense of gratitude for the leadership that Mr. Idei offered to us. We hope to continue his legacy of innovative ideas and actions as well as keep his spirit and future oriented approach alive.

Oki Matsumoto

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



Ensuring the Legacy of Nobuyuki Idei Lives on

Fujiyo Ishiguro

Independent Outside Director

At the Board meetings, Mr. Idei sat next to me and always looked a bit scared of me. His expression seemed a little funny, and at one time, even prompted me to ask “What?” But it was actually me who was scared. Mr. Idei often would speak last in the room and probe us with “Do you think this is really a good idea?” and then speak of more active growth strategies. Every time I spoke up during the meetings, I would glance at Mr. Idei, checking his expression for approval.

On the Monex Group Board, Mr. Idei fit perfectly into his role like a glove, offering advice to management as a deep thinking strategist constantly focused on growth plans. My personal view is that there should be someone who is older than the president on the Board to help monitor discussions. Mr. Idei played this part for Monex and his incredibly active approach really produced growth strategies for the management team.

His absence has really hit me harder than I could have ever imagined. His impact will stay alive in me, as I will ask myself and continue to challenge my views as a director, wondering if I am looking at a future that it is in line with the one that he envisioned. I will ensure his legacy lives on, striving to get that approving face from the great man who sat next to me.

EPISODE



1999

At a press conference when Monex was founded. Matsumoto and Sony made headlines with their joint investment.



1999

Mr. Idei, the President of Sony then, visits the Monex office.



2019

Discussion on future technology trends in an interview at Monex's 20th anniversary.



2019

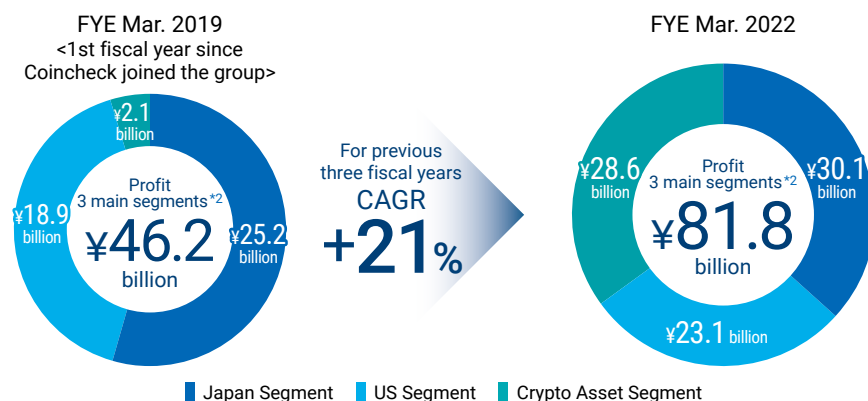
Mr. Idei on the Board of Directors. Outside director Fujiyo Ishiguro is on his left.

Monex Group businesses are made up of five segments: Japan, US, 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) and cash flow during the fiscal year ended March 2022.

Consolidated Financial Results Record High in Operating Revenue

	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022	Year on Year
	(Millions of Yen)			
Consolidated total operating revenue after deducting financial expenses	47,900	73,695	83,549	13%
Consolidated selling, general and administrative expenses	42,835	49,861	68,601	38%
Consolidated profit before income taxes	4,131	21,296	20,801	-2%
ROE	4%	17%	13%	-4pt

For the fiscal year ended March 2022, operating revenue^{*1} came to ¥83.549 billion, a 13% increase year on year and posting a record high for the second year in a row. There was a marginal rise of 1% in commissions received, totaling ¥37.361 billion. However, active crypto asset trading gave rise to a 24% increase in the net trading income for a total of ¥30.477 billion. More margin trading based income boosted the financial income to ¥18.886 billion for a 23% increase. In all, these increases had a significant impact on the rise in operating revenue.

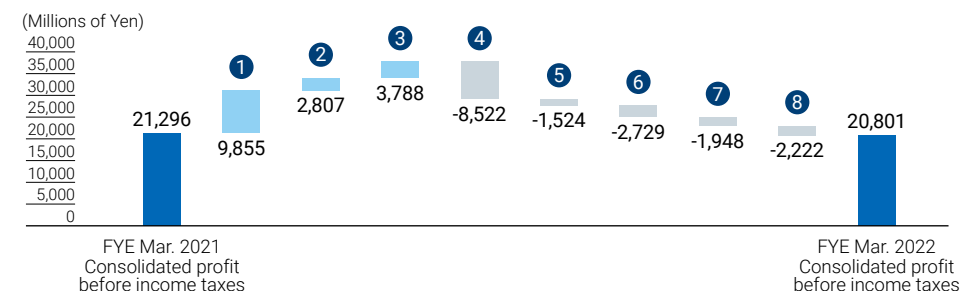


Since the inception of the Crypto Asset Business in the fiscal year ended March 2019, each of our three main segments has grown steadily every term, generating an average annual growth rate of +21% over the past 3 years for the total revenue of the said segments.

^{*1} Total operating revenue after deducting financial expenses and cost of sales

^{*2} Revenue was calculated cancelling out the transactions between Group companies from the segments' operating revenue after deducting financial expenses and cost of sales.

The graph below shows the fluctuation in revenue and expenses between the fiscal years ended March 2021 and 2022. During the fiscal year ended March 2022, we were active in marketing and strengthened our workforce to accelerate growth, and posted temporary expenses related to listing a subsidiary via a De-SPAC transaction. Yet, a boost in revenue absorbed these costs, producing a consolidated profit before income taxes of ¥20.801 billion, which was on par with the previous fiscal year.



1 Total operating revenue after deducting financial expenses and cost of sales

Operating revenue had an increase of ¥7.799 billion for Crypto Asset Segment and an increase of ¥1.339 billion for the Japan Segment.

2 Increase in gains on sales of DeFi tokens

"Monex Group, Inc." in the Japan Segment sold off tokens in a DeFi^{*3} project that we invested in order to develop a blockchain business.

3 Expiration of the earn-out^{*4} clause

¥3.788 billion resulted from earn-out and was posted as other financial expenses in the fiscal year ended March 2021. However, the earn-out term expired during the same period and therefore will not be posted as an expense starting from the fiscal year ended March 2022.

4 Advertising expenses

In order to accelerate growth particularly in the US and Crypto Asset Segments, we engaged actively in marketing to acquire new accounts. As a result, advertising expenses increased by ¥4.66 billion for the US Segment and ¥3.69 billion for the Crypto Asset Segment.

5 One-time compensation & benefits related to De-SPAC listing

As part of our efforts in restructuring capital for listing the Coincheck Group via a De-SPAC transaction, we cancelled stock options that we usually issue and posted a temporary expense in personnel expenses.

6 Other compensation & benefits

Personnel was increased to strengthen our sales system and management system particularly in the US and Crypto Asset Segments. Between March 2021 and 2022, there was an increase of 224 people in the US Segment and 65 people in the Crypto Asset Segment.

7 Professional fees

Compensation for experts such as attorney and accountant fees rose due to preparations needed for the De-SPAC listing of our subsidiary.

8 Other expenses

^{*3} Decentralized finance (DeFi)

^{*4} Earn-out summary: The earn-out maximum shall be one half of Coincheck's total net income for a period of 3 years between the fiscal years ended March 2019 and 2021. The amount shall be calculated after deducting for the specified business risk and then paid out to former shareholders.

(Millions of Yen)

Consolidated Cash Flow	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022
Cash flows from operating activities	34,454	-63,818	51,701
(Profit before income taxes + Depreciation and amortization)	12,253	29,445	29,219
Cash flows from investing activities	-7,068	-7,158	-6,026
Cash flows from financing activities	-48,399	95,483	13,763
Net increase/decrease in cash and cash equivalents	-21,103	24,506	59,438
Cash and cash equivalents at the beginning of period	150,926	158,765	186,683
Effect of exchange rate change on cash and cash equivalents	-2,080	3,412	7,337
Cash and cash equivalents at the end of period	127,832	186,683	253,458

Note) Due to an accounting policy change (starting from the fiscal year ended March 2022) in the way demand deposits with restrictions on use (related to IAS 7) are recognized as cash and cash equivalents, the numerical values used here reflect the said accounting policy change, which has been applied retroactively for the fiscal year ended March 2021.

Since any increase or decrease in assets and liabilities related to securities trading, etc., impacts the business cash flow, that cash flow fluctuates drastically depending on the trading activity of the customers. When looking at the total for profit before income taxes, depreciation and amortization, without considering the aforementioned impact, it amounted to ¥29.219 billion in the fiscal year ended March 2022 and stayed at the same level as the fiscal year ended March 2021. The balance on loans for margin transactions rose sharply, posting a negative business cash flow for the fiscal year ended March 2021, totaling minus ¥63.818 billion. Yet, there is low risk in the capital recovery of loans on margin transactions and one can expect sufficient return. Therefore, one might even say that a brokerage firm prefers a rise in the balance of loans on margin transactions.

Cash flow generated from investment activity relies mainly on the acquisition of software assets, such as the online securities system.

Cash flow generated from financial activity depends mainly on funding for increasing customer trading, such as for margin trading. Since trading fluctuates depending on the market conditions, we come up with the necessary funding in order to ensure there is always sufficient liquidity. Note that the majority of loans is tied to assets with high security, liquidity and profitability, such as loans for margin transactions. Therefore, one could say that actual net interest-bearing liabilities (net debt) is small.

Japan Segment

Business entity: Monex, Inc., etc.

Increase revenue steadily by diversifying revenue and increasing assets in custody

(Millions of Yen)

	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022	Year on Year
Total operating revenue after deducting financial expenses	24,342	29,099	30,438	5%
Brokerage commissions from Japan equity	9,152	12,462	10,339	-17%
Brokerage commissions from U.S. equity	723	2,578	2,687	4%
Mutual fund agency fees	1,565	1,459	2,212	52%
Net financial income	6,601	6,605	8,729	32%
Selling, general and administrative expenses	21,671	24,136	25,250	5%
System related expenses	10,716	10,830	11,071	2%
Other revenue and expenses, etc. (net amount)	-420	2,313	6,777	193%
Segment profits (profit before income taxes)	2,251	7,276	11,965	64%

In the Japan Segment, "Asset-based revenue," which can provide consistent revenue, increased from balance of mutual funds building up. The balance of mutual funds* in Monex, Inc. topped ¥1 trillion. Year on year, the mutual fund agency fees increased by 52% for a total of ¥2.212 billion, the balance of margin trading (average balance outstanding) increased by 22%, and the net financial income increased by 32% for a total of ¥8.729 billion. U.S. equity trading continues to perform well, reaching a record high of 25% of all brokerage commissions in the 4th quarter. Japanese equity commissions came to ¥10.339 billion, a 17% drop in the same period. However, that loss in revenue was offset, for example by asset-based revenue, with operating revenue after deducting financial expenses, etc. reaching ¥30.438 billion (up 5% in same period).

In terms of expenses, payment fees based on trading volume increased due to expanding IFA and PB businesses as well as more accounts that were transferred over from Shinsei Bank in January 2022. For system related expenses, we strengthened our U.S. equity services, producing a rise of 2% during the same period. In addition, with a selling profit of ¥3.956 billion for DeFi tokens, other revenue and expenses (net amount) reached ¥6.777 billion.

As a result of the factors above, the segment profits came to ¥11.965 billion, up 64% year on year.

* Balance of Japanese registered mutual funds (excluding MRF), foreign registered mutual funds (excluding MMF), iDeCo and ON COMPASS

US Segment

Business entity: Tradestation Group etc.

Investing actively in marketing and strengthening personnel to achieve medium- to long-term growth

(Thousands of U.S. Dollars)

	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2021	Year on Year
Total operating revenue after deducting financial expenses	183,080	215,978	209,144	-3%
Brokerage commissions	81,367	106,508	100,104	-6%
Other commissions	31,589	62,714	64,723	3%
Net financial income	60,474	36,837	37,719	2%
Selling, general and administrative expenses	164,579	185,996	262,437	41%
Advertising expenses	11,049	17,395	57,733	232%
Compensation and benefits	66,435	72,079	88,021	22%
Other income and expenses (net amount)	-2,267	120	4,000	3,234%
Segment profits (profit before income taxes)	16,233	30,101	-49,293	-

In the US Segment, there was less market volatility, as indicated by a 26% drop in the VIX index year on year, resulting in less equity trading for the TradeStation Group. Other commissions and net financial income increased, but the total operating revenue after deducting financial expenses came to 209.144 million USD (down 3% in same period).

However, in order to achieve medium- to long-term growth, we invested actively in marketing to get new accounts and strengthened personnel to enhance our products and services. In same period, advertising expenses came to 57.733 million USD (up 232%), compensation and benefits reached 88.021 million USD (up 22%) and selling, general and administrative expenses totaled 262.437 million USD (up 41%).

As a result of the factors above, the segment profit and loss came to negative 49.293 million USD (last fiscal year was 30.101 million USD).

Crypto Asset Segment

Business entity: Coincheck etc.

Highest operating revenue* since joining the Group.
Moving forward with preparations for De-SPAC listing.

(Millions of Yen)

	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2021	Year on Year
Total operating revenue after deducting financial expenses	3,812	20,822	28,621	37%
Net trading income	3,528	19,960	26,144	31%
Commission received	287	853	1,494	75%
Selling, general and administrative expenses	3,502	7,129	14,909	109%
Advertising expenses	264	2,055	5,745	180%
Other income and expenses (net amount)	-17	-3,825	157	-
Segment profits (profit before income taxes)	293	9,868	13,870	41%

In the Crypto Asset Segment, the number of verified accounts in Coincheck increased 35% year on year, the marketplace trading values of crypto assets rose 29% and the net trading income reached ¥26.144 billion, up 31%. In addition, revenue grew from new businesses such as IEOs and NFTs with commission fees reaching ¥1.494 billion (up 75% year on year), and total operating revenue after deducting financial expenses came to ¥28.621 billion (up 37%), a record high since joining the Group.

Selling, general and administrative expenses totaled ¥14.909 billion (up 109%), with the advertising expenses targeting new accounts and the compensation and benefits associated with the De-SPAC listing both rising.

As a result of the factors above, the segment profits came to ¥13.87 billion, up 41% year on year.

* Total Operating Revenue After Deducting Financial Expenses and Cost of Sales

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 2022 and our capital allocation approach.

Consolidated Balance Sheet Structure, Financial Strategy & Capital Policy

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

1 Consolidated Balance Sheet Structure

The consolidated balance sheet of Monex Group covers ¥1.6 trillion in total assets as of the end of March 2022. Approximately half includes cash from customers and deposits for segregation of received guarantee money. The other remaining half includes assets related to customer transactions, such as margin trading, and many of those assets straddle both sides of the books as both liabilities and assets. This has been broken down for easier understanding in the consolidated balance sheet table below. The table rearranges and tallies the items from the consolidated balance sheet for financial accounting.

Net debt (¥18.8 billion - ¥3.4 billion = ¥15.4 billion)		(Billions of Yen)	
Cash and cash equivalents (holding company)	3.4	Bonds and loans payable (holding company)	18.8
Segregation of cash (deposits received) from customers			
Cash segregated as deposits (Segregation of cash (deposits received) from customers)	843.6	Deposits received and Guarantee deposits received (Mainly cash (deposits received) from customers)	940.9
Assets and liabilities related to securities trading, etc.			
Assets related to securities trading, etc. (Loans to customers for margin trading, etc.)	346.6	Liabilities related to securities trading, etc. (Cash collateral received)	200.0
Assets related to crypto assets (Loan and possession of crypto assets for customer transactions)	76.3	Liabilities related to crypto assets (Loan and holding of crypto assets for customer transactions)	73.5
Cash and cash equivalents (subsidiaries)	250.1	Bonds and loans payable (subsidiaries)	243.8
Other assets and liabilities			
Other assets	24.9	Other liabilities	24.7
Fixed-type assets and equity capital			
Fixed-type assets*	63.0	Equity	106.0
Total assets	1,607.8	Total liabilities and equity	1,607.8

* Property and equipment + Intangible fixed assets + Equity method investments + Level 3 investments in securities (non-listed shares, etc.)

Net debt (net interest-bearing liabilities)

Bonds and loans payable for the Monex Group came to ¥262.6 billion, but ¥243.8 billion of that amount is funding for our business subsidiary to carry out securities trading, etc. Therefore, many of those liabilities straddle both sides of the books as both liabilities and assets. For example, when a customer for Monex, Inc. buys equities on credit, the purchasing amount is a loan for margin transactions posted as an asset, and the funds raised through bonds and loans payable is allocated there. Since loans on margin transactions are secured by collateral with high liquidity, there is low probability of bad debt loss and there is sufficient return. Therefore, the ¥243.8 billion in bonds and loans payable for our securities subsidiary, etc. is linked with high security, liquidity and profitability assets. For that reason, in the consolidated balance sheet table breakdown, our approach excludes it from the net debt (net interest-bearing liabilities).

On the other hand, ¥18.8 billion of the bonds and loans payable belongs to Monex Group as the holding company, which does not carry out securities trading itself. Since cash and cash equivalents belonging to Monex Group come to ¥3.4 billion, after deducting that, the actual net debt totals ¥15.4 billion.

Segregation of cash (deposits received) from customers

The majority of the ¥940.9 billion in deposits received and guarantee money is cash (deposits received) from customers, etc. In accordance with laws and regulations, the cash segregated as deposits comes to ¥843.6 billion, making up approximately half of the ¥1.6 trillion in total assets.

Assets and liabilities related to securities trading, etc.

Assets and liabilities related to securities trading, etc. include loans for margin transactions previously mentioned, trading securities for selling to customers and the derivative assets and liabilities that are the product of providing FX transactions to customers. None of them represent proprietary trading that targets a pure investment return. As a result, the risk is limited to price fluctuation. For the assets and liabilities related to crypto assets as well, the loan and possession of crypto assets are for trading with customers, and the loan is secured by collateral with high liquidity.

Since the balance of the assets and liabilities related to securities trading, etc. always changes depending on the trading status of the customer, funding is provided from bonds and loans payable, thereby securing sufficient liquidity. Our business subsidiaries hold ¥250.1 billion in cash and cash equivalents against ¥243.8 billion in bonds and loans payable.

Fixed assets and capital

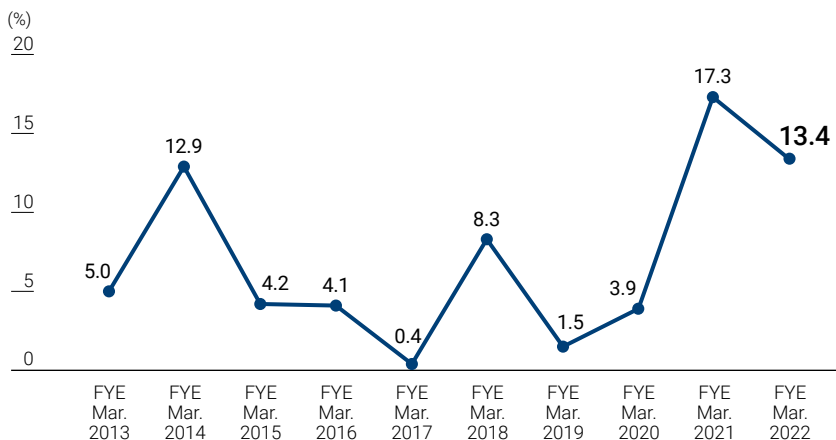
¥63 billion in fixed-type assets can be categorized as the goodwill from the acquisition of a subsidiary, intangible assets such as a backbone brokerage system and level 3 investments in securities (non-listed shares, etc.), representing 60% of the ¥106 billion in total capital. The acquisition of fixed-type assets is completely covered by equity capital, giving us high financial solvency.

2 Financial Strategy and Capital Policy

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. Fixed-type assets that require a longer time for collection are all covered by capital, and the remainder is earmarked for the following uses and its allotment has been decided taking into account the ROE. We are targeting at least a 10% ROE.

- 1 Comply with regulations for maintaining equity capital in subsidiaries dealing with financial instruments in and outside Japan
- 2 Internal reserves for future business investment
- 3 Shareholder return (cash dividends + acquisition of treasury stock)

Return on equity (ROE)



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. (Japan)

Maintain 120% or more of the capital adequacy ratio

Capital Adequacy Ratio	FYE Mar. 2021	FYE Mar. 2022
	304.1%	327.8%

TradeStation Securities, Inc. (U.S.)

	FYE Mar. 2021	FYE Mar. 2022
Net capital	147,900 thousand U.S. Dollars	143,800 thousand U.S. Dollars
Minimum required equity capital amount to be maintained	11,400 thousand U.S. Dollars	11,100 thousand U.S. Dollars
Excess net capital	136,500 thousand U.S. Dollars	132,700 thousand U.S. Dollars

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. While we have a record of large business investments up until now such as acquiring the subsidiaries TradeStation Group and Coincheck, both subsidiaries have been able to leverage various management resources in Monex Group for growth and significantly increased their value.

	Accounting Period	Number of Accounts	Assets in Custody	Total Operating Revenue
TradeStation® • Joined Group in June 2011 • Takeover price: 411 million USD	FYE Mar. 2012	49 thousand accounts ^{*1}	2.5 billion US dollars ^{*1}	135 million US dollars
	FYE Mar. 2022	230 thousand accounts	12 billion US dollars	209 million US dollars
Coincheck • Joined Group in April 2018 • Share transfer: ¥3.6 billion (Excluding earn-out)	FYE Mar. 2019	830 thousand accounts ^{*2}	¥152.2 billion ^{*2}	¥2.1 billion
	FYE Mar. 2022	1.62 million accounts	¥481.0 billion	¥28.6 billion

^{*1} Data as of the end of June 2011 ^{*2} Data as of the end of March 2018

As advancements in technology continue to progress faster and faster, we believe our investments need to continue being implemented at the appropriate time going forward.

3: Shareholder return (cash dividends + acquisition of treasury stock)

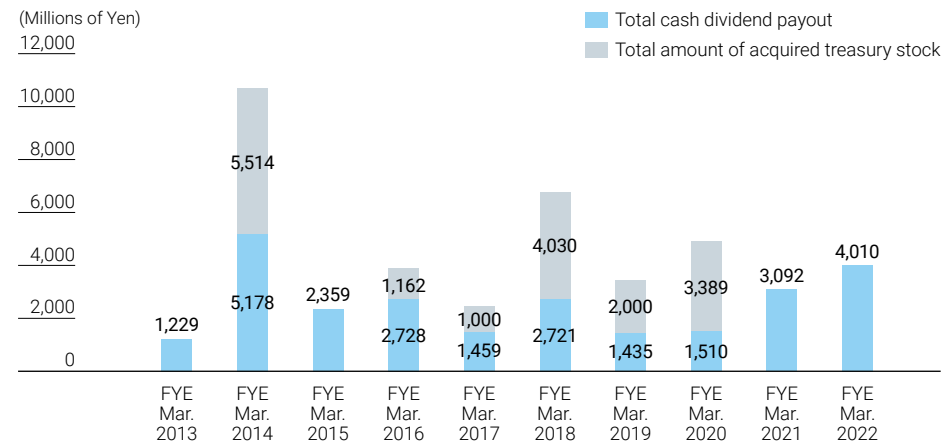
The basic policy of Monex Group is to constantly pursue and increase our corporate value, by actively and appropriately investing in growth areas and strengthening our business foundation and at the same time maintaining a good balance of profit return to shareholders. Our policy on shareholder profit return is to provide stable dividend payout of at least ¥7.5 per share of cash dividends semiannually and maintain a flexible posture to acquire treasury stock as decided by management. In addition, we are looking to improve the TSR*.

* Total shareholder return = (total capital gain + total dividends paid) / invested amount

The dividend payout between the fiscal years ended March 2021 and 2022 was as follows and our target is to steadily increase it.

Dividends per Share (Yen)	FYE Mar. 2021	FYE Mar. 2022
Interim dividends	4.50	7.60
Year-end dividends	7.50	7.70
Total	12.00	15.30

Total cash dividend payout / Total amount of acquired treasury stock



There is ¥262.6 billion in bonds and loans payable for funding from interest-bearing liabilities. 10% 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.

Business KPIs

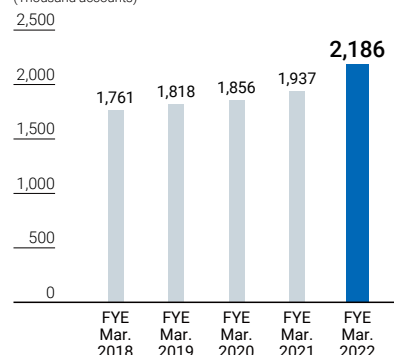
Total Accounts / Number of Verified Accounts / Accounts with Balances

The total number of accounts (Japan and U.S.), verified accounts (Crypto Asset) and accounts with balances (Asia-Pacific) represent 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 businesses.

Japan Segment

Total Accounts

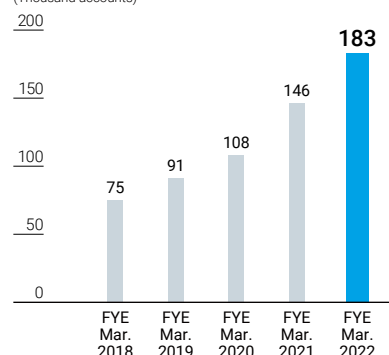
(Thousand accounts)



US Segment

Total Accounts

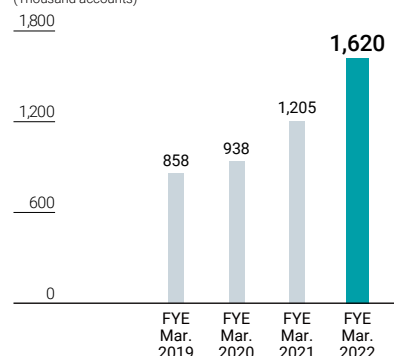
(Thousand accounts)



Crypto Asset Segment

Number of Verified Accounts

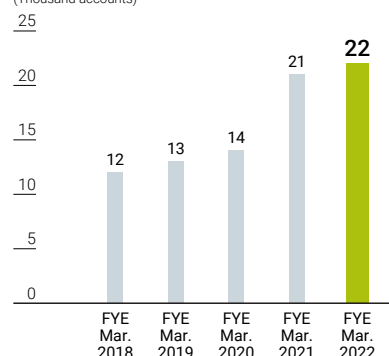
(Thousand accounts)



Asia-Pacific Segment

Accounts with Balances

(Thousand accounts)



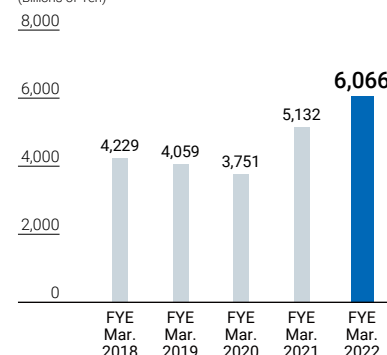
While the market impacted by COVID-19 has settled down, our measures to acquire new accounts at each company have been successful. The number of accounts in each of our three main segments: Japan, US and Crypto Asset Segments, has grown substantially. In the Japan Segment, we were able to make big gains in expanding our customer base through a comprehensive business partnership in the financial instruments intermediary business between Monex, Inc. and the Shinsei Bank Group. In the US and Crypto Asset Segments, these gains were attributed to active marketing measures.

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.

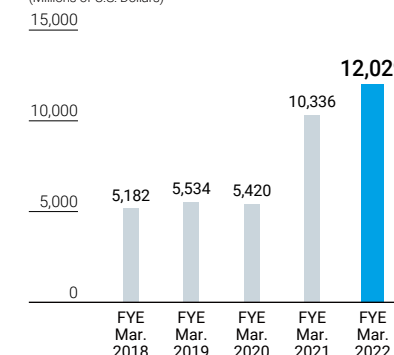
Japan Segment

(Billions of Yen)



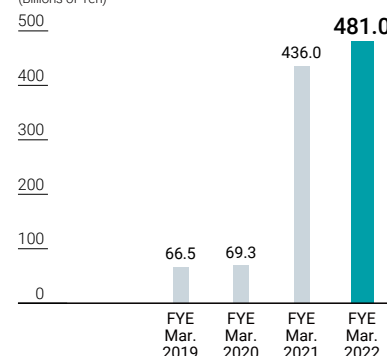
US Segment

(Millions of U.S. Dollars)



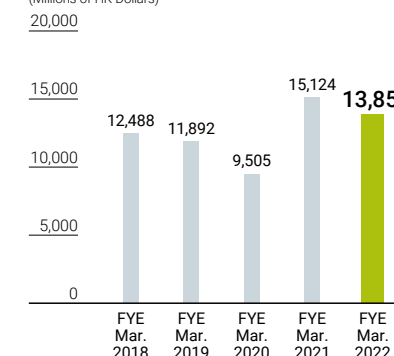
Crypto Asset Segment

(Billions of Yen)



Asia-Pacific Segment

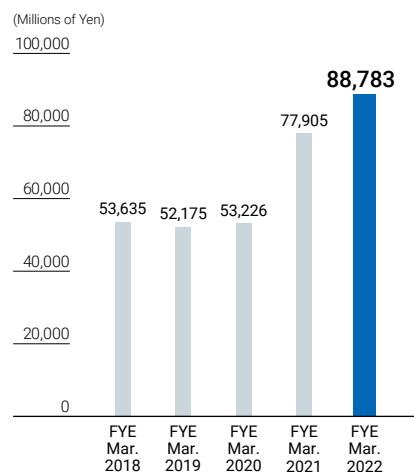
(Millions of HK Dollars)



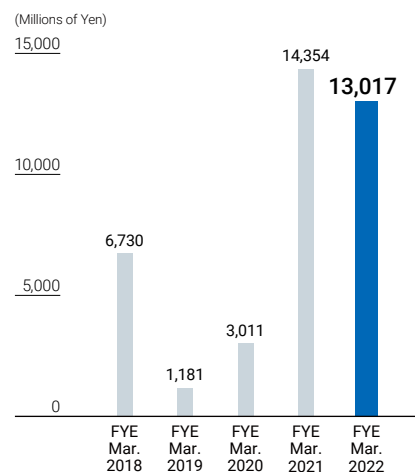
Assets in custody increased in each segment for Japan, US and Crypto Asset Segments, thanks to the success of the Group's initiative in gaining new accounts. In the Japan Segment, a transfer of accounts from the Shinsei Bank and our business model transition to the "asset management model" have both helped accrue more assets in custody. In the US and Crypto Asset Segments, growth in the customer base has boosted our assets in custody.

Business KPIs

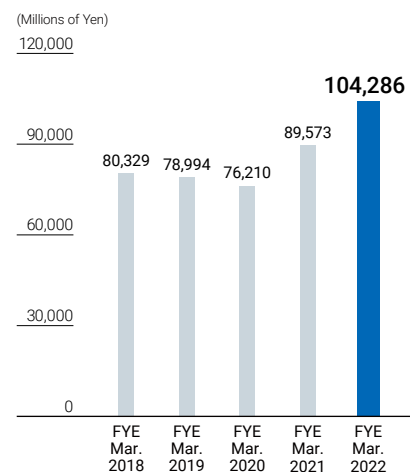
Total Operating Revenue



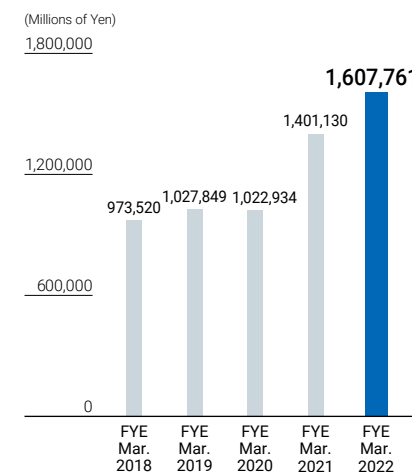
Profit Attributable to Owners of the Company



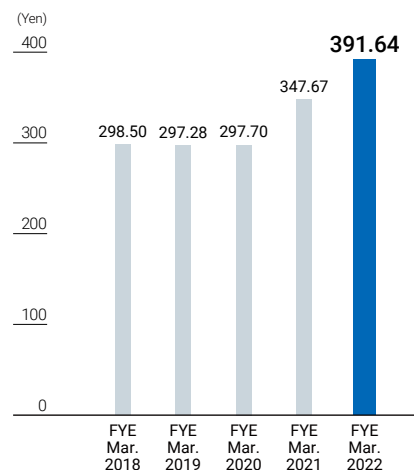
Equity Attributable to Owners of the Company



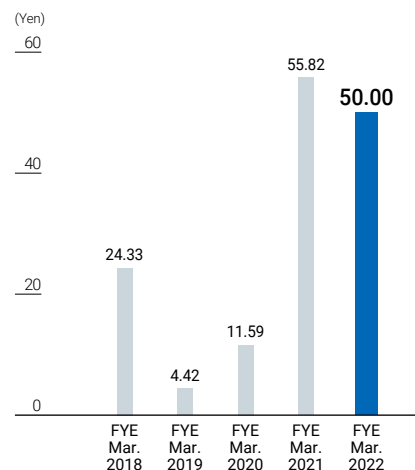
Total Assets



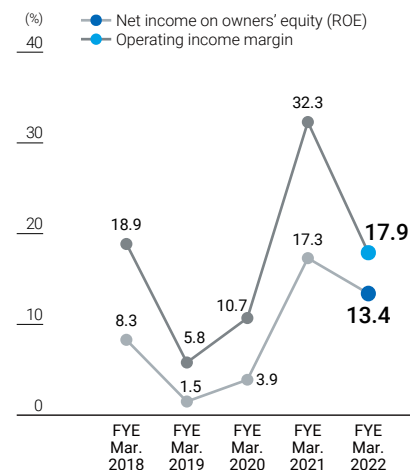
Equity per Share Attributable to Owners of the Company (BPS)



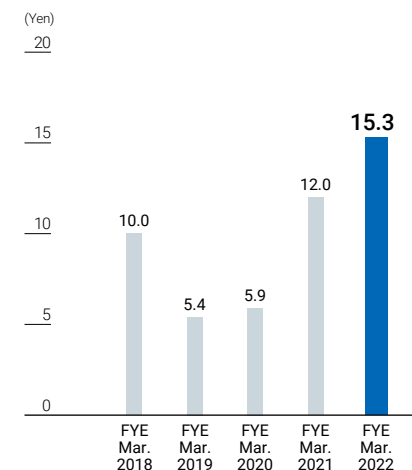
Earnings per Share Attributable to Owners of the Company (EPS)



Return on Equity (ROE) / Operating Income Margin



Dividends per Share



Past 11 Years

Category	Accounting item, sub-item and title display (IFRS/JGAAP)	Unit	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	FYE Mar. 2022
			JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Consolidated	Total operating revenue	Millions of Yen	32,292	36,090	54,722	50,975	54,271	45,831	53,635	52,175	53,226	77,905	88,783
	Commission received	Millions of Yen	17,107	20,367	33,542	30,079	32,152	26,349	29,196	25,741	25,375	36,864	37,361
	Net trading income	Millions of Yen	6,199	6,974	8,011	6,242	6,671	4,498	3,865	6,461	8,550	24,504	30,477
	Financial income	Millions of Yen	8,382	8,195	12,583	13,987	14,610	14,313	19,349	19,242	18,579	15,394	18,886
	Sales	Millions of Yen	—	—	—	—	—	—	—	—	—	—	950
	Other operating income	Millions of Yen	602	554	587	667	839	671	1,225	731	722	1,144	1,109
	Financial expenses	Millions of Yen	3,238	2,320	4,672	5,766	4,629	3,979	4,480	4,758	5,236	4,211	5,183
	Total operating revenue after deducting financial expenses/Net operating revenue	Millions of Yen	29,054	33,769	50,051	45,209	49,642	41,852	49,155	47,417	47,990	73,695	83,549
	Selling, general and administrative expenses	Millions of Yen	26,605	30,359	34,981	37,143	41,395	40,578	39,853	44,690	42,835	49,861	68,601
	Transaction-related expenses	Millions of Yen	8,865	10,223	12,235	13,236	13,862	11,281	11,963	12,051	11,975	15,986	26,742
	Compensation and benefits	Millions of Yen	6,051	8,503	9,613	9,538	10,651	10,393	10,854	13,111	13,413	15,614	19,866
	System related expenses ^{*1}	Millions of Yen	9,074	9,701	10,779	11,659	13,343	15,685	14,742	16,437	14,794	15,039	16,441
	Other	Millions of Yen	2,614	1,933	2,355	2,710	3,539	3,218	2,294	3,091	2,653	3,222	5,551
	The amount equivalent to operating income/ Operating income	Millions of Yen	2,448	3,410	15,069	8,066	8,247	1,274	9,302	2,727	5,155	23,833	14,949
	Other income/Expenses (net)	Millions of Yen	204	3,588	1,825	△ 1,951	△ 3,146	△ 203	△ 671	△ 937	△ 1,025	△ 2,537	5,852
	Profit before income taxes/Income before income taxes and minority interests	Millions of Yen	2,585	6,998	16,895	6,115	5,100	1,071	8,631	1,790	4,131	21,296	20,801
	Profit/Income before minority interests	Millions of Yen	1,485	3,907	10,356	3,494	3,516	161	6,579	1,029	2,820	14,385	13,032
	Profit attributable to owners of the company/ Net income	Millions of Yen	1,422	3,901	10,354	3,494	3,554	298	6,730	1,181	3,011	14,354	13,017
	Total assets	Millions of Yen	535,663	682,193	939,270	1,055,242	888,116	936,776	973,520	1,027,849	1,022,934	1,401,130	1,607,761
	Total equity	Millions of Yen	72,459	79,667	80,701	86,932	86,022	81,687	80,493	80,142	77,024	90,524	106,018
	Operating income margin	%	8.4	10.1	30.1	17.8	16.6	3.0	18.9	5.8	10.7	32.3	17.9
	The difference between "Total equity" and "Fixed-type assets" ^{*2}	Millions of Yen	33,246	38,847	35,656	32,734	26,660	22,819	26,022	26,262	20,779	33,091	5,376
	Return on equity (ROE)	%	2.0	5.0	12.9	4.2	4.1	0.4	8.3	1.5	3.9	17.3	13.4
	Earnings per share attributable to owners of the company/Earnings per share (EPS) ^{*3}	Yen	467.45	1,301.73	35.76	12.15	12.46	1.06	24.33	4.42	11.59	55.82	50.00
	Equity per share attributable to owners of the company/Book-value per share (BPS) ^{*3}	Yen	24,093.09	26,583.96	280.52	302.18	302.03	290.00	298.50	297.28	297.70	347.67	391.64
	Dividend per share ^{*3,4}	Yen	200.00	410.00	18.00	8.20	9.60	5.20	10.00	5.40	5.90	12.00	15.30
	Total return ratio	%	260	31	103	68	109	827	100	291	163	22	31

^{*1} System related expenses: Rental and maintenance + Data processing and office supplies + Amortization and depreciation

^{*2} Earmarked to fund the regulatory compliance of each group company, business investments and shareholder returns

^{*3} Stock split was carried out. 100 shares are defined as 1 share unit on Oct. 1, 2013.

^{*4} 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.

Past 11 Years

Category	Accounting item, sub-item and title display (IFRS/JGAAP)	Unit	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	FYE Mar. 2022
			JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Monex, Inc.	Capital adequacy ratio ^{*5}	%	396.5	459.3	394.9	422.7	335.3	297.8	310.4	340.6	384.8	304.1	327.8
TradeStation Securities, Inc.	Excess net capital ^{*6}	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	132,700
Consolidated	Number of employees	Persons	845	917	992	951	971	830	853	1,093	1,108	1,129	1,480
Monex Group, Inc. ^{*7}	Number of board members	Persons	9	10	11	11	11	11	9	9	9	11	11
	Independent director	Persons	5	5	6	6	7	6	6	6	6	7	7
Japan ^{*8}	Percentage of women	%	45	50	49	47	45	44	40	39	37	37	39
	Percentage of women in management positions	%	23	23	23	22	19	19	20	21	20	28	31
US	Percentage of women	%	—	30	29	31	25	24	22	22	22	25	25
	Percentage of women in management positions	%	—	16	19	24	21	18	27	21	20	27	25
Crypto Asset	Percentage of women	%	—	—	—	—	—	—	—	19	19	22	19
	Percentage of women in management positions	%	—	—	—	—	—	—	—	0	0	0	13
Asia-Pacific ^{*9}	Percentage of women	%	42	44	41	50	50	45	45	45	44	41	42
	Percentage of women in management positions	%	40	45	36	36	45	42	42	42	38	31	31
Nikkei 225	Nikkei stock average		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	28,389.64

^{*5} 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.

^{*6} 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).

^{*7} Total number of persons after the General Meeting of Shareholders, based on the year-end reference

^{*8} Applies to Monex Group, Inc. & Monex, Inc.

^{*9} Applies to Monex Boom Securities Group

Stock Information

As of March 31, 2022

Investor Information

Stock listing	Prime Market of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
No. of outstanding shares	267,447,100 Shares
Trading unit	100
No. of shareholders	61,679
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

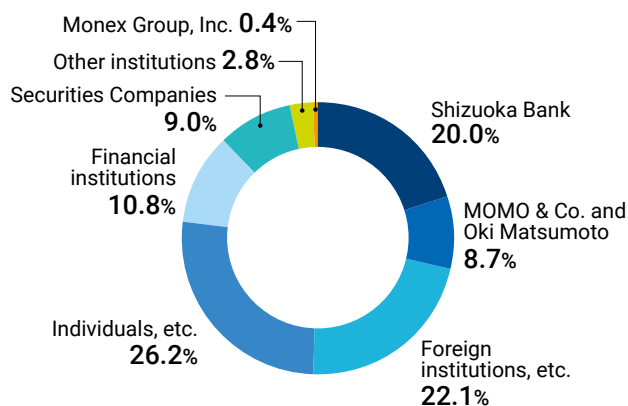
Name	No. of shares held (unit 1,000shares)	Percentage of shares held (%)
Shizuoka Financial Group, Inc.	53,491	20.08
The Master Trust Bank of Japan, Ltd. (trust account)	21,494	8.07
MOMO & Co.	15,588	5.85
GALAXY DIGITAL LP	8,448	3.17
J.P. MORGAN BANK LUXEMBOURG S.A. 385598	7,700	2.89
Oki Matsumoto	7,566	2.84
Recruit Holdings Co., Ltd.	5,720	2.14
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	4,314	1.62
Custody Bank of Japan, Ltd. (trust account)	3,903	1.46
STATE STREET BANK AND TRUST COMPANY 505103	3,782	1.42

*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 1,179,565 shares is excluded for calculating the percentage of the above list of major shareholders.

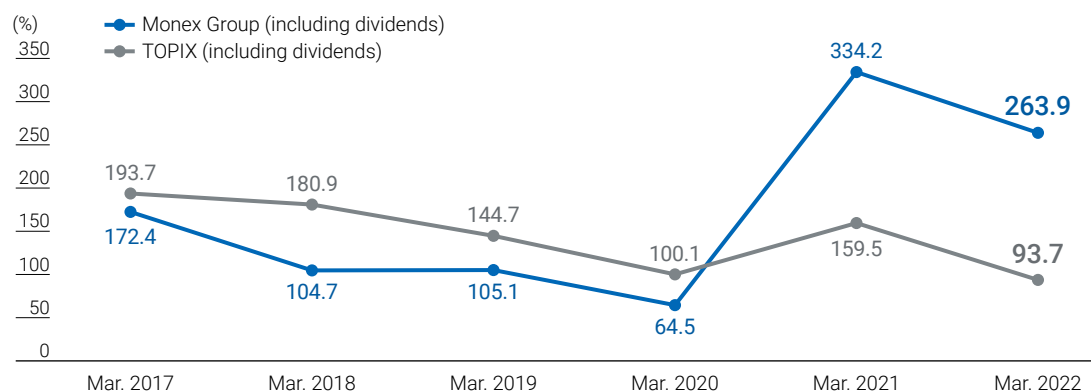
*3 The Report of Large Volume Holding that was made available for public inspection on February 28 2022 reports that Oasis Management Company Ltd. owned 13,594 thousand shares of Monex Group Inc. as of February 18 2022. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2022.

Major Shareholders and Shareholder Breakdown



* The graph made by Monex based on shareholders' list as of Mar. 31, 2022 and the Large shareholding report

TSR (Over 5 Years)



* Total shareholder return (TSR) for the previous 5 years shown above is calculated using the closing price value for the last day of each respective term.

Overview of Group Companies

As of August 31, 2022

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

Japan Segment

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	Katsuki Mandai
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

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

Genex, Inc.

Established	August 2019
Representative	Ken Yagi
Business Description	Providing services for the secure management and utilization of genomic, medical and healthcare data
Location	Minato-ku, Tokyo, Japan

Viling, Inc.

Established	October 2012
Representative	Kazuaki Nakamura
Business Description	Education and childcare businesses
Location	Suginami-ku, Tokyo, Japan

US Segment

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

Crypto Asset Segment

Coincheck Group B.V.

Established	February 2022
Representative	Akira Inoue
Business Description	Holding company
Location	Amsterdam, the Netherlands

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

Asia-Pacific Segment

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

Investment Segment

Monex Ventures, Inc.

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

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, 2022)



Monex Group, Inc.

ARK Mori Building 25F
1-12-32 Akasaka, Minato-ku, Tokyo 107-6025, Japan
www.monexgroup.jp/en/