MONEX GROUP

Monex Group, Inc.

Annual Financial Statements 2023

For the year ended March 31, 2023

Contents

Consolidated Financial Statements

Consolidated Statement of Income

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Revenue:			
Operating income *(Note 7, 8, 9, 10, 11)*	¥88,783	**¥79,304**	**$597,056**
Other financial income *(Note 10)*	2,401	**369**	**2,779**
Other income *(Note 13)*	5,128	**1,548**	**11,658**
Total revenue	96,311	**81,221**	**611,492**
Expenses:			
Financial expenses *(Note 10, 23)*	5,183	**5,778**	**43,498**
Cost of sales	51	**210**	**1,583**
Selling, general and administrative expenses *(Note 12, 21, 22, 23, 27, 29)*	68,601	**68,487**	**515,621**
Other financial expenses *(Note 10)*	102	**98**	**739**
Other expenses *(Note 13, 24)*	1,560	**1,970**	**14,829**
Equity in losses of equity method investments *(Note 25)*	14	**9**	**71**
Total expenses	75,510	**76,553**	**576,342**
Profit before income taxes	20,801	**4,669**	**35,151**
Income tax expense *(Note 26)*	7,770	**1,345**	**10,123**
Profit	13,032	**3,324**	**25,028**
Profit attributable to:			
Owners of the Company	13,017	**3,392**	**25,539**
Non-controlling interests	14	**(68)**	**(511)**
Profit	13,032	**3,324**	**25,028**

	Yen		U.S. Dollars
Earnings per share attributable to owners of the Company: ***(Note 33)***			
Basic earnings per share	¥50.00	**¥12.85**	**$0.10**
Diluted earnings per share	—	**—**	**—**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Profit	¥13,032	**¥3,324**	**$25,028**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments measured at fair value through other comprehensive income *(Note 32)*	63	**(140)**	**(1,053)**
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of debt instruments measured at fair value through other comprehensive income *(Note 32)*	(814)	**(1,334)**	**(10,046)**
Foreign currency translation adjustments in foreign operations *(Note 32)*	2,526	**2,434**	**18,323**
Share of other comprehensive income of equity method investments *(Note 25, 32)*	3	**2**	**16**
Other comprehensive income after income taxes	1,778	**962**	**7,240**
Total comprehensive income	14,810	**4,286**	**32,268**
Total comprehensive income attributable to:			
Owners of the Company	14,795	**4,354**	**32,779**
Non-controlling interests	14	**(68)**	**(511)**
Total comprehensive income	¥14,810	**¥4,286**	**$32,268**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Assets:			
Cash and cash equivalents *(Note 14, 15, 16, 19)*	¥253,458	**¥175,159**	**$1,318,723**
Money held in trust *(Note 14, 15, 17)*	843,590	**863,834**	**6,503,553**
Trading securities and other *(Note 14, 15)*	7,843	**5,863**	**44,139**
Derivative assets *(Note 14, 15)*	15,335	**15,101**	**113,690**
Inventories *(Note 15, 18)*	56,463	**18,972**	**142,838**
Investments in securities *(Note 4, 14, 15)*	12,008	**13,149**	**98,992**
Margin transaction assets *(Note 14, 15)*	162,285	**182,491**	**1,373,923**
Loans secured by securities *(Note 14, 15)*	91,376	**85,206**	**641,490**
Other financial assets *(Note 4, 14, 15, 19)*	105,492	**87,142**	**656,065**
Property and equipment *(Note 21, 23)*	6,564	**6,043**	**45,493**
Intangible assets *(Note 22,24)*	45,350	**46,918**	**353,228**
Equity method investments *(Note 25)*	344	**577**	**4,346**
Deferred tax assets *(Note 26)*	1,552	**1,119**	**8,421**
Other assets	6,100	**2,536**	**19,093**
Total assets	¥1,607,761	**¥1,504,110**	**$11,323,994**
Liabilities and Equity:			
Liabilities:			
Trading securities and other *(Note 14, 15)*	45	**69**	**523**
Derivative liabilities *(Note 14, 15)*	8,997	**6,242**	**46,995**
Margin transaction liabilities *(Note 14, 15, 20)*	29,004	**33,949**	**255,591**
Loans payable secured by securities *(Note 14, 15)*	159,317	**174,647**	**1,314,865**
Deposits received *(Note 14, 15)*	592,373	**535,150**	**4,028,984**
Guarantee deposits received *(Note 14, 15)*	348,569	**373,233**	**2,809,957**
Bonds and loans payable *(Note 4, 14, 15, 20)*	262,627	**241,062**	**1,814,881**
Other financial liabilities *(Note 4, 14, 15)*	29,898	**13,877**	**104,476**
Provisions *(Note 28)*	463	**627**	**4,721**
Income taxes payable	4,510	**1,316**	**9,907**
Deferred tax liabilities *(Note 26)*	1,959	**836**	**6,291**
Other liabilities *(Note 7)*	63,981	**22,348**	**168,255**
Total liabilities	1,501,742	**1,403,355**	**10,565,445**
Equity:			
Common stock *(Note 30)*	13,144	**13,144**	**98,954**
Additional paid-in capital *(Note 30)*	41,174	**41,027**	**308,881**
Treasury stock *(Note 30)*	(383)	**(714)**	**(5,375)**
Retained earnings *(Note 30, 31)*	39,268	**34,509**	**259,811**
Other components of equity *(Note 32)*	11,084	**11,675**	**87,895**
Equity attributable to owners of the Company	104,286	**99,641**	**750,167**
Non-controlling interests	1,732	**1,113**	**8,383**
Total equity	106,018	**100,754**	**758,550**
Total liabilities and equity	¥1,607,761	**¥1,504,110**	**$11,323,994**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the fiscal years ended March 31, 2022 and 2023

Millions of Yen

	Equity attributable to owners of the Company										
					Other components of equity Total						
	Common stock	Additional paid—in capital	Treasury stock	Retained earnings	Changes in fair value of equity instruments measured at fair value through other comprehensive Income	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Foreign currency translation adjustments in foreign operations	Share—based payments	Share of other comprehensive income of equity method investments	Sub—total	Total
Balance as of April 1, 2021	¥10,394	¥40,253	¥(446)	¥30,148	¥717	¥656	¥8,153	¥(324)	¥23	¥9,225	¥89,573
Profit	—	—	—	13,017	—	—	—	—	—	—	13,017
Other comprehensive income	—	—	—	—	63	(814)	2,526	—	3	1,778	1,778
Total comprehensive income	—	—	—	13,017	63	(814)	2,526	—	3	1,778	14,795
Transactions with owners:											
Issuance of new shares *(Note 30)*	2,750	2,750	—	—	—	—	—	—	—	—	5,500
Dividends paid *(Note 31)*	—	—	—	(3,892)	—	—	—	—	—	—	(3,892)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Disposition of treasury stock *(Note 30)*	—	75	63	—	—	—	—	(138)	—	(138)	—
Recognition of share—based payments *(Note 29)*	—	—	—	(6)	—	—	—	219	—	219	214
Recognition of share acquisition rights	—	—	—	—	—	—	—	—	—	—	—
Changes of interests in subsidiaries without losing control	—	(1,904)	—	—	—	—	—	—	—	—	(1,904)
Total of transactions with owners	2,750	921	63	(3,897)	—	—	—	81	—	81	(82)
Balance as of March 31, 2022	¥13,144	¥41,174	¥(383)	¥39,268	¥780	¥(159)	¥10,679	¥(242)	¥26	¥11,084	¥104,286
Profit	—	—	—	**3,392**	—	—	—	—	—	—	**3,392**
Other comprehensive income	—	—	—	—	**(140)**	**(1,334)**	**2,434**	—	**2**	**962**	**962**
Total comprehensive income	—	—	—	**3,392**	**(140)**	**(1,334)**	**2,434**	—	**2**	**962**	**4,354**
Transactions with owners:											
Dividends paid *(Note 31)*	—	—	—	**(4,136)**	—	—	—	—	—	—	**(4,136)**
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock *(Note 30)*	—	—	**(5,073)**	—	—	—	—	—	—	—	**(5,073)**
Disposition of treasury stock *(Note 30)*	—	**257**	**382**	—	—	—	—	**(639)**	—	**(639)**	—
Cancellation of treasury stock *(Note 30)*	—	**(4,360)**	**4,360**	—	—	—	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	**3,956**	—	**(3,956)**	—	—	—	—	—	—	—
Recognition of share—based payments *(Note 29)*	—	—	—	**(59)**	—	—	—	**268**	—	**268**	**209**
Changes of interests in subsidiaries without losing control	—	**1**	—	—	—	—	—	—	—	—	**1**
Total of transactions with owners	—	**(147)**	**(331)**	**(8,150)**	—	—	—	**(371)**	—	**(371)**	**(8,999)**
Balance as of March 31, 2023	**¥13,144**	**¥41,027**	**¥(714)**	**¥34,509**	**¥640**	**¥(1,493)**	**¥13,113**	**¥(614)**	**¥28**	**¥11,675**	**¥99,641**

	Non—controlling interests	Total equity
Balance as of March 31, 2021	¥952	¥90,524
Profit	14	13,032
Other comprehensive income	—	1,778
Total comprehensive income	14	14,810
Transactions with owners:		
Issuance of new shares *(Note 30)*	—	5,500
Dividends paid *(Note 31)*	—	(3,892)
Dividends to non-controlling interests	(32)	(32)
Disposition of treasury stock *(Note 30)*	—	—
Recognition of share—based payments *(Note 29)*	—	214
Recognition of share acquisition rights	60	60
Changes of interests in subsidiaries without losing control	738	(1,166)
Total of transactions with owners	766	684
Balance as of March 31, 2022	¥1,732	¥106,018
Profit	**(68)**	**3,324**
Other comprehensive income	—	**962**
Total comprehensive income	**(68)**	**4,286**
Transactions with owners:		
Dividends paid *(Note 31)*	—	**(4,136)**
Dividends to non-controlling interests	**(550)**	**(550)**
Purchase of treasury stock *(Note 30)*	—	**(5,073)**
Disposition of treasury stock *(Note 30)*	—	—
Cancellation of treasury stock *(Note 30)*	—	—
Transfer from retained earnings to additional paid-in capital	—	—
Recognition of share—based payments *(Note 29)*	—	**209**
Changes of interests in subsidiaries without losing control	**(1)**	—
Total of transactions with owners	**(551)**	**(9,550)**
Balance as of March 31, 2023	**¥1,113**	**¥100,754**

Thousands of U.S. Dollars

	Equity attributable to owners of the Company										
					Other components of equity Total						
	Common stock	Additional paid—in capital	Treasury stock	Retained earnings	Changes in fair value of equity instruments measured at fair value through other comprehensive Income	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Foreign currency translation adjustments in foreign operations	Share—based payments	Share of other comprehensive income of equity method investments	Sub—total	Total
Balance as of March 31, 2022	**$98,954**	**$309,984**	**$(2,886)**	**$295,635**	**$5,874**	**$(1,194)**	**$80,399**	**$1,824**	**$196**	**$83,450**	**$785,138**
Profit	—	—	—	**25,539**	—	—	—	—	—	—	**25,539**
Other comprehensive income	—	—	—	—	**(1,053)**	**(10,046)**	**18,323**	—	**16**	**7,240**	**7,240**
Total comprehensive income	—	—	—	**25,539**	**(1,053)**	**(10,046)**	**18,323**	—	**16**	**7,240**	**32,779**
Transactions with owners:											
Dividends paid *(Note 31)*	—	—	—	**(31,139)**	—	—	—	—	—	—	**(31,139)**
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock *(Note 30)*	—	—	**(38,190)**	—	—	—	—	—	—	—	**(38,190)**
Disposition of treasury stock *(Note 30)*	—	**1,936**	**2,874**	—	—	—	—	**(4,810)**	—	**(4,810)**	—
Cancellation of treasury stock *(Note 30)*	—	**(32,827)**	**32,827**	—	—	—	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	**29,781**	—	**(29,781)**	—	—	—	—	—	—	—
Recognition of share—based payments *(Note 29)*	—	—	—	**(443)**	—	—	—	**2,015**	—	**2,015**	**1,572**
Changes of interests in subsidiaries without losing control	—	**6**	—	—	—	—	—	—	—	—	**6**
Total of transactions with owners	—	**(1,103)**	**(2,490)**	**(61,362)**	—	—	—	**(2,795)**	—	**(2,795)**	**(67,750)**
Balance as of March 31, 2023	**$98,954**	**$308,881**	**$(5,375)**	**$259,811**	**$4,820**	**$(11,240)**	**$98,722**	**$(4,619)**	**$212**	**$87,895**	**$750,167**

	Non—controlling interests	Total equity
Balance as of March 31, 2022	**$13,043**	**$798,181**
Profit	**(511)**	**25,028**
Other comprehensive income	—	**7,240**
Total comprehensive income	**(511)**	**32,268**
Transactions with owners:		
Dividends paid *(Note 31)*	—	—
Dividends to non-controlling interests	—	**(31,139)**
Purchase of treasury stock *(Note 30)*	**(4,143)**	**(4,143)**
Disposition of treasury stock *(Note 30)*	—	**(38,190)**
Cancellation of treasury stock *(Note 30)*	—	—
Transfer from retained earnings to additional paid-in capital	—	—
Recognition of share—based payments *(Note 29)*	—	**1,572**
Changes of interests in subsidiaries without losing control	**(6)**	—
Total of transactions with owners	**(4,149)**	**(71,899)**
Balance as of March 31, 2023	**$8,383**	**$758,550**

See accompanying notes to the consolidated financial statements

Consolidated Statement of Cash Flows

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Cash flows from operating activities:			
Profit before income taxes	¥20,801	**¥4,669**	**$35,151**
Depreciation and amortization	8,418	**8,542**	**64,310**
Impairment loss on non-financial assets	671	**370**	**2,789**
Financial income and financial expenses	(16,002)	**(23,906)**	**(179,980)**
Decrease/increase in derivative assets/liabilities	107	**(2,520)**	**(18,976)**
Decrease/increase in assets/liabilities for margin transaction	11,099	**(15,262)**	**(114,902)**
Decrease/increase in loans/loans payable secured by securities	(6,994)	**21,399**	**161,107**
Decrease/increase in money held in trust	(63,684)	**7,738**	**58,255**
Decrease/increase in deposits received and guarantee deposits received	81,132	**(66,721)**	**(502,320)**
Decrease/increase in short-term loans receivable	7,711	**2,262**	**17,031**
Decrease/increase in short-term guarantee deposits	17,854	**14,908**	**112,239**
Other, net	(9,515)	**2,670**	**20,100**
Sub-total	51,598	**(45,851)**	**(345,195)**
Interest and dividend income received	16,382	**26,487**	**199,412**
Interest expenses paid	(4,984)	**(5,475)**	**(41,222)**
Income taxes refunded/paid	(11,295)	**(6,139)**	**(46,215)**
Net cash provided by (used in) operating activities	51,701	**(30,977)**	**(233,220)**
Cash flows from investing activities:			
Payments into time deposits	—	**(13,035)**	**(98,133)**
Purchase of investments in securities	(703)	**(696)**	**(5,240)**
Proceeds from sales and redemption of securities	1,719	**495**	**3,725**
Purchase of property and equipment	(646)	**(889)**	**(6,695)**
Purchase of intangible assets	(5,964)	**(6,919)**	**(52,089)**
Payments for acquisition of subsidiaries	(361)	**(227)**	**(1,706)**
Payments for acquisition of associates	—	**(200)**	**(1,506)**
Payments for acquisition of joint ventures	—	**(15)**	**(113)**
Other, net	(71)	**(388)**	**(2,920)**
Net cash provided by (used in) investing activities	(6,026)	**(21,873)**	**(164,676)**
Cash flows from financing activities:			
Proceeds from issuance of shares *(Note 30)*	5,470	**—**	**—**
Net increase/decrease in short-term loans payable *(Note 20)*	38,181	**(25,665)**	**(193,221)**
Proceeds from short-term debt *(Note 20)*	—	**200**	**1,506**
Repayment of short-term debt *(Note 20)*	—	**(200)**	**(1,506)**
Proceeds from issuance of bonds payable *(Note 20)*	10,667	**5,196**	**39,121**
Redemption of bonds payable *(Note 20)*	(20,800)	**(5,700)**	**(42,914)**
Proceeds from long-term loans payable *(Note 20)*	24,610	**3,000**	**22,586**
Repayment of long-term loans payable *(Note 20)*	(38,857)	**(15)**	**(111)**
Purchase of treasury stock	—	**(5,073)**	**(38,190)**
Cash dividends paid	(3,884)	**(4,130)**	**(31,095)**
Proceeds from stock issuance to non-controlling interests	392	**—**	**—**
Payments for acquisition of non-controlling interests	(1,343)	**—**	**—**
Dividends paid to non-controlling interests	(32)	**(550)**	**(4,143)**
Repayments of lease obligations	(1,056)	**(1,185)**	**(8,918)**
Other, net	416	**(35)**	**(264)**
Net cash provided by (used in) financing activities	13,763	**(34,156)**	**(257,148)**
Net increase/decrease in cash and cash equivalents	59,438	**(87,006)**	**(655,044)**
Cash and cash equivalents at the beginning of the fiscal year	186,683	**253,458**	**1,908,214**
Effect of exchange rate change on cash and cash equivalents	7,337	**8,707**	**65,553**
Cash and cash equivalents at the end of the fiscal year *(Note 16)*	¥253,458	**¥175,159**	**$1,318,723**

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Reporting Entity

Monex Group, Inc. (the “Company”) is a Company located in Japan. The registered address of the head office and principal business office is 1-12-32, Akasaka, Minato-ku, Tokyo. The consolidated financial statements as of and for the year ended March 31, 2023 comprise the financial statements of the Company and its subsidiaries (the “Group”) and the interests in associates and joint ventures. The Group engages in the online securities brokerage business as its core business, and has its major subsidiaries in Japan, United States and Asia-Pacific.

2 Basis of Preparation of Financial Statements

(1) Statement of compliance with International Financial Reporting Standards (IFRSs)

The Company meets the criteria of a “Specified Company that is allowed to prepare financial statements in accordance with designated IFRS” defined in Article 1-2 of the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976) and the Group’s financial statements are prepared in accordance with IFRSs as stipulated in Article 93 of the ordinance.

(2) Basis of presentation

The accompanying consolidated financial statements have been translated into English from the consolidated financial statements of the Company prepared in accordance with IFRSs with certain additional disclosures as required by the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2023, which was ¥132.825 to U.S. $1. For translation purposes, amounts in Japanese yen before rounding to the millions are used and financial information presented in U.S. dollars is rounded to the nearest thousand. As a result, the amounts in U.S. dollars do not necessarily agree with the Japanese yen amounts in millions when divided by ¥132.825. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(3) Basis of measurement

The consolidated financial statements are prepared based on the historical cost except for the following significant items.

- Derivatives are measured at fair value
- Financial assets/liabilities measured at fair value through profit or loss are measured at fair value
- Financial assets measured at fair value through other comprehensive income are measured at fair value
- Inventories for trading are measured at fair value less cost to sale
- Liabilities related to cash-settled share-based payments are measured at fair value

(4) Functional currency and reporting currency

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. All financial information presented in Japanese yen is rounded to the nearest million.

(5) Use of estimates and judgments

The Group’s management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses when preparing financial statements in accordance with IFRSs. Actual results could differ from these estimates.

Accounting estimates and their underlying assumptions are continually reviewed. The impact of revisions to accounting estimates is prospectively recognized in the period when the revision is made and in the subsequent period.

The information on significant judgments when applying significant accounting policies that have a significant impact on the amounts recognized in the consolidated financial statements is described in the following notes.

- “Note 14. Financial Instruments”
- “Note 15. Fair Value Measurement”
- “Note 18. Inventories”

The information on uncertainties of assumptions and estimates with a significant risk that could result in significant

modification in the next fiscal year is described in the following notes.
- “Note 22. Intangible Assets”
- “Note 26. Deferred Tax and Income Tax Expense”

3 Significant Accounting Policies

Unless otherwise noted, the accounting policies set forth below are applied continuously to all periods indicated in the consolidated financial statements.

(1) Basis of consolidation

(a) Business combinations

Business combinations are accounted for by applying the acquisition method on the date that control is obtained (the acquisition date). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Except for the following items, identifiable assets and liabilities of acquired companies are measured at fair value on the acquisition date.
- Deferred tax assets and liabilities measured in accordance with IAS 12 “Income Taxes.”
- Assets and liabilities relating to employee benefit agreements measured in accordance with IAS 19 “Employee Benefits.”
- Liabilities relating to stock compensation agreements of acquired companies measured in accordance with IFRS 2 “Share-based Payments.”
- Non-current assets or disposal groups classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.”

Goodwill is measured at the fair value of the consideration transferred including the amount of non-controlling interests in the acquired Company recognized on the acquisition date minus the net amount (ordinarily fair value) of identifiable acquired assets and assumed liabilities recognized on the acquisition date. If this amount is negative, it is immediately recognized in profit or loss.

Acquisition-related costs for business combinations other than costs relating to the issuance of debt or equity securities are recognized as an expense when the costs are incurred.

If the initial accounting of a business combination is not completed by the end of the fiscal year in which the business combination occurred, provisional amounts for those items that are not completed are reported. If facts or circumstances that existed on the acquisition date are obtained during a period (the “measurement period”) and, if known, would have had an impact on the recognized amounts that were initially determined on the acquisition date, that information is reflected and the provisional amounts recognized on the acquisition date are adjusted retrospectively. If the newly acquired information results in additional recognition of assets and liabilities, such assets and liabilities are recognized. The measurement period is within one year.

If consideration transferred in a business combination includes assets or liabilities arising from a contingent consideration arrangement, the contingent consideration is measured at fair value on the acquisition date as part of the consideration transferred. Changes in the fair value of contingent consideration for measurement period are adjusted retrospectively, and the corresponding amount of goodwill is adjusted. Changes in the fair value of contingent consideration beyond the measurement period are not re-measured when the contingent consideration is classified as equity, and subsequent settlements are accounted for within equity. When the contingent consideration is classified as an asset or liability, the consideration is appropriately remeasured in accordance with IFRS 9 “Financial Instruments” or IAS 37 “Provisions, Contingent Liabilities and Contingent Assets, and the gain or loss is recognized in profit or loss.”

The Group elected not to retroactively apply IFRS 3 “Business Combinations” (2008) to business combinations occurring before December 27, 2010. Carrying amount of goodwill in business combinations occurring before December 27, 2010 is recognized in accordance with generally accepted accounting principles in Japan (JGAAP).

(b) Changes in interests that do not result in loss of control

Changes in interests that do not result in loss of control occurring on or after December 27, 2010 are accounted for within equity. The carrying amount of the Group’s interests and non-controlling interests are adjusted to reflect changes in interests in subsidiaries and goodwill is not recognized.

(c) Loss of control

If control of a subsidiary is lost as a result of disposal of the Group’s investment, a gain or loss on the disposal is calculated and recognized as the difference between the total of the fair value of the consideration received and remaining interests and the carrying amount of the assets including goodwill, liabilities, and non-controlling interests of the subsidiary. Amounts relating to subsidiaries previously recognized in other comprehensive income are reported in the same manner as direct disposal by the Group of related assets and liabilities.

(d) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control until the date control is lost. The accounting policies of subsidiaries are adjusted where necessary to ensure conformity with the accounting policies applied by the Group.

(e) Money held in trust
Trust accounts included in money held in trust are consolidated when it is concluded that the accounts are controlled by the Group.

(f) Associates and joint arrangements
Associates are entities over which the Group has significant influence concerning financial and operating policies but does not have control or joint control. If the Group owns between 20% and 50% of the voting power of another company, it is presumed that the Group has significant influence on that company.
Joint arrangements are the contractually agreed sharing of control of arrangements, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of joint arrangements as either joint operations or joint ventures depends upon the rights and obligations of the parties to the arrangements. Joint operations are the joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements, and joint ventures are the joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangements.
The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.
Investments in associates and joint ventures are reported using the equity method and are measured at acquisition cost on the date of acquisition.
The consolidated financial statements include the Group's share of the profit or loss and the changes in interests of companies subject to the equity method from the date that the Group obtained significant influence or the date that joint control began until such influence or joint control terminates. The accounting policies of companies subject to the equity method are adjusted where necessary to ensure conformity with the accounting policies applied by the Group. If the Group's share of losses in companies subject to the equity method exceeds the interest in the same companies, the carrying amount of that investment is reduced to zero and no further losses are recognized, except in cases where the Group assumes liabilities or makes payment on behalf of the investee.

(g) Transactions eliminated in consolidation
Receivables, payables and transactions within the Group and unrealized income or losses arising from transactions within the Group are eliminated when preparing the consolidated financial statements. Unrealized income arising from transactions with companies subject to the equity method is deducted from investments up to the amount of the Group's interest in the investee. Unrealized losses are treated in the same manner as for unrealized income as long as there is no evidence of impairment.

(2) Foreign currency

(a) Transactions in foreign currencies
Transactions in foreign currencies are translated into the functional currency of the respective Group companies at the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies on the closing date of the fiscal year are re-translated to the functional currency using the exchange rate on the closing date of the fiscal year.

Assets and liabilities denominated in foreign currency measured at fair value are translated to a functional currency using the exchange rate on the date of the fair value measurement. Exchange differences arising from re-translation are recognized in profit or loss. Exchange differences arising from translation of financial instruments that are measured at fair value and whose changes are recognized in other comprehensive income are recognized in other comprehensive income. Non-monetary items measured using foreign currency acquisition costs are translated using the exchange rate on the date of the transaction.

(b) Foreign operations

The assets and liabilities of foreign operations (including goodwill arising from acquisition and adjustments to fair value) are translated to Japanese yen using the exchange rate on the closing date of the fiscal year and income and expenses are translated to Japanese yen using the average exchange rate.

Currency translation adjustments are recognized in “Foreign currency translation adjustments in foreign operations” of other comprehensive income. The Group elected to deem cumulative foreign currency translation adjustments from foreign operations at the date of transition to the IFRSs to be zero.

Currency translation adjustments after the date of transition to IFRSs have been included in other components of equity.

If foreign operations are disposed of, amounts relating to the foreign currency translation adjustments in foreign operations are reclassified to profit or loss as a portion of the disposal gain or loss.

(3) Financial instruments

(a) Recognition of financial assets and financial liabilities

The Group recognizes financial assets measured at Fair Value Through Profit or Loss (FVTPL) (excluding investments in securities) that are traded within the time frame established generally by regulation or convention in the marketplace concerned on the settlement date.

Transactions of other financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instruments.

(b)Classification and measurement of financial assets

Financial assets are classified into the following categories on initial recognition.

(i)Financial assets measured at amortized cost

Financial assets shall be measured at amortized cost if both of the following conditions are met

・The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

・the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at its fair value plus transaction costs directly attributable to the acquisition. Subsequent to the initial recognition, they are measured at an amortized cost using the effective interest method.

(ii)Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

For investments in equity instruments that are not held for trading, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of equity instruments measured at FVTOCI at initial recognition. And the Group makes the election on an instrument-by-instrument basis.

Equity instruments measured at FVTOCI are initially recognized at fair value plus transaction costs directly attributable to the acquisition.

Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as “Gains (losses) on equity instruments measured at FVTOCI” in other components of equity.

At derecognition of equity instruments measured at FVTOCI or when the significant decline in fair value below the initial cost occurs, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to retained earnings and not reclassified to profit or loss.

Dividends from equity instruments at FVTOCI are recognized in profit or loss as part of financial income.

(iii)Debt instruments measured at FVTOCI

Debt instruments shall be classified as debt instruments measured at FVTOCI if both of the following conditions are met

・the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

・the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments measured at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value excluding Impairment gain/loss and Foreign exchange gain/loss are recognized in other comprehensive income and presented as "Gains (losses) on debt instruments measured at FVTOCI" in other components of equity until the derecognition or reclassification of debt instruments measured at FVTOCI is conducted. At derecognition of debt instruments measured at FVTOCI, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to profit or loss.

(iv) Financial assets measured at FVTPL

Financial assets other than those above are classified as financial assets measured at FVTPL.

Financial assets measured at FVTPL are initially recognized at fair value and attributable transaction costs are recognized as profit/loss when incurred. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized as profit and loss.

(c) Impairment of financial assets

For financial assets measured at amortized cost and debt instruments measured at FVTOCI, an allowance for expected credit losses is recognized. At the end of each reporting period, the Group assesses whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group recognizes the loss allowance at an amount equal to 12-month expected credit losses. Meanwhile, if the credit risk has increased significantly since initial recognition, the Group recognizes the loss allowance at an amount equal to the lifetime expected credit losses.

There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group assumes that the credit risk on the financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. Financial assets, all or part of which cannot be collected or are presumed difficult to be collected or financial assets that are more than 90 days past due are defined to be default.

Credit losses are measured as the present value of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, and expected credit loss is weighted average of the credit losses with the probability of the default occurring used as the weights.

The Group directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof.

For Financial assets measured at amortized cost, expected credit loss is recognized as allowance for doubtful accounts.

The provision and the reversal of a loss allowance are recognized in profit/loss as impairment gain/loss.

(d) Classification and measurement of financial liabilities

(i) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially recognized at fair value minus directly attributable transaction costs. Subsequent to the initial recognition, they are measured at an amortized cost using the effective interest method.

(ii) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are initially recognized at fair value and attributable transaction costs are recognized as profit/loss when incurred.

Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized as profit and loss.

(e) Derecognition of financial assets and financial liabilities

When contractual rights to cash flows from financial assets are expired, or when contractual rights to receive cash flows from financial assets are transferred substantially in transactions that transfer all risks and rewards of ownership of the financial assets, the Group derecognizes the relevant financial assets. Also, when financial liabilities are extinguished, i.e., when contractual obligations are discharged, cancelled, or expired, the financial liabilities are derecognized.

(f) Offsetting
Financial assets and financial liabilities are set off and the net amount is presented in the consolidated statement of financial position only when the Group has the legal right to set off the recognized amount and the Group has the intent to settle on a net basis or to realize the asset and settle the liability simultaneously.

(g) Fair value measurement
The fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

(h) Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of cash flows comprise cash and highly liquid investments that are readily convertible to a known amount with an insignificant risk of change in value.

(i) Money held in trust
Some of the trust accounts for money held in trust held by the Group are within the scope of consolidation. Money held in trust is money that is segregated and invested in accordance with the laws and regulations of each jurisdiction to preserve deposits from customers, and accordingly, money held in trust is reported as such in the consolidated statement of financial position.

(j) Trading securities and other
Trading securities and other are securities held by the Group primarily for short-term trading purpose.

(k) Derivative assets and derivative liabilities
The Group's derivatives assets and derivative liabilities are initially recognized at fair value and subsequent fair value changes are recognized in profit or loss.

(l) Investments in securities
Investments in securities are investments in securities held by the Group other than "trading securities and other."

(m) Margin transaction assets and margin transaction liabilities
Margin transaction assets and margin transaction liabilities are claims and obligations arising against customers and securities finance companies in conjunction with domestic margin transaction.

(n) Loans secured by securities and loans payable secured by securities
Loans secured by securities and loans payable secured by securities are claims and obligations arising against customers, counterparty financial institutions, and clearing agencies in conjunction with the Group's transactions of loans secured by securities or loans payable secured by securities other than domestic margin transactions.

(4)Inventories
Crypto assets that are principally held with the purpose of selling in the near future and generating a profit from fluctuations in price or Brokers' margin are recognized as inventories, measured at acquisition cost at initial recognition and subsequently measured at fair value less cost to sell. Subsequent to the initial recognition, changes in fair value are recognized in profit or loss in the period in which the change occurs.
Fair value of crypto assets that are held as inventories is measured at the transaction prices of main cryptocurrency exchanges.
Inventories other than the above are measured at cost at initial recognition and subsequently measured at the lower of cost or net realisable value. The net realizable value is estimated based on expected selling price with the consideration of market trends less reasonably predictable costs of the sale or disposal.
Crypto assets deposited by customers are not recognized as assets in the consolidated statement of financial position.

(5) Property and equipment
(a) Recognition and measurement
Property and equipment are reported at the acquisition cost less accumulated depreciation and accumulated impairment losses.
Acquisition costs include the costs directly related to acquisition of the asset and the costs for dismantling and removing.

(b) Depreciation

Depreciation and amortization are calculated on the basis of the depreciable amount. The depreciable amount is calculated as the acquisition cost of an asset less its residual value.

Property and equipment are depreciated over the estimated useful life of each part of a property item, and depreciation is recognized in profit or loss applying the straight-line method. The straight-line method is applied because this is considered to be the most similar to the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of major property and equipment in the fiscal year ended March 31, 2022 (the “previous fiscal year”) and the fiscal year ended March 31, 2023 (the “the current fiscal year”) are as follows.

Buildings: 3–18 years

Equipment and fixtures: 2–15 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, and adjustments are made when required.

(6) Intangible assets

(a) Goodwill

Goodwill arising through the acquisition of subsidiaries is reported as an intangible asset. The measurement method of goodwill at the initial recognition is described in “(1) Basis of consolidation (a) Business combinations.”

Goodwill relating to acquisitions prior to December 27, 2010 is calculated based on the carrying amount according to JGAAP on the date of transition to the IFRSs.

Subsequent to the initial recognition, goodwill is measured at the acquisition cost less accumulated impairment losses.

(b) Internally generated intangible assets

The Group recognizes as intangible assets those software development costs if the development costs can be reliably determined, implementation is technologically feasible, there is a high probability for generating future economic benefit, and there are adequate resources to develop and use them. Subsequent to the initial recognition, internally generated intangible assets are measured at the acquisition cost less accumulated depreciation and accumulated impairment losses.

(c) Cryptocurrency not corresponding to inventories

Cryptocurrency not corresponding to inventories are recognized as intangible assets and measured at acquisition cost, and after initial recognition, they are reported at the acquisition cost less accumulated impairment losses. Cryptocurrency classified as intangible assets are considered intangible assets with indefinite useful lives and are not depreciated.

(d) Other intangible assets

Other intangible assets acquired by the Group with finite useful lives are measured at the acquisition cost less accumulated depreciation and accumulated impairment losses.

(e) Subsequent expenditures

Subsequent expenditures are recognized as assets only if future economic benefit from a specific asset relating to the expenditure can be increased. Other subsequent expenditures including goodwill and brands internally generated by the Group are all recognized as expenses when incurred.

(f) Amortization

Amortization is based on the acquisition cost of an asset less its residual value.

Amortization of intangible assets other than goodwill is recognized in profit or loss applying the straight-line method over the estimated useful life from the time when the asset is available for use.

The estimated useful lives of major intangible assets in the previous fiscal year and the current fiscal year are as follows.

Internally generated intangible assets: 5–7years

Customer relationships: 18 years

Technology assets: 18 years

Other assets: 18 years

Amortization methods, useful lives, and residual values are reviewed at each reporting date, and adjustments are made when required.

The Group considers the useful life of intangible assets to be indefinite only if there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash inflows for the Group based on analysis of all relevant factors. Intangible assets with indefinite useful lives are not amortized and are subject to impairment tests at the same time each year and when there are indications of impairment.

(7) Leases

The Group recognizes a right-of-use asset and its corresponding lease liability at the lease commencement date.
A right-of-use asset is measured at cost of the commencement date. Subsequently, the Group measures a right-of-use asset applying the cost model, such that a right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. After initial recognition, the right-of-use asset is depreciated using the straight-line method over the estimated useful life of the asset or the relevant lease term, whichever is shorter. The Group determines the lease term as the sum of the non-cancellable period and the periods covered by an option to extend (or terminate) the lease term if the lessee is reasonably certain to exercise (or not exercise) the option. The estimated useful lives of right-of-use assets in the previous fiscal year and the current fiscal year are as follows.

- Right-of-use asset: 1–8 years

The Group measures a lease liability at the present value of the lease payments that are not paid at the commencement date. Subsequently, the lease liability is measured by adjusting the carrying amount to reflect interest on the lease liability and/or the lease payments paid. When reassessing or modifying a lease, the Group remeasures the carrying amount of the lease liability and accordingly adjusts the carrying amount of the related right-of-use asset.
For short-term leases and leases of low-value assets, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

(8) Impairment of non-financial assets

With the exception of deferred tax assets, the Group assesses whether there is any indication of impairment of nonfinancial assets on each reporting date. If there is any indication of impairment, the recoverable amount of the relevant asset is estimated. The recoverable amount of goodwill and intangible assets with indefinite useful lives, or that are not yet available for use, is estimated at the same time each year.
The recoverable amount of an asset or cash-generating unit (CGU) is the higher value of either the value in use or the fair value less cost of disposal. The value in use is calculated as the discounted present value of the estimated future cash flows using a pre-tax discount rate that reflects the time value of money and the risks specific to the relevant asset.
A CGU is the smallest group of assets that generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets used continuously.
The Group determines CGUs in accordance with the units used to monitor goodwill for internal reporting purposes, and such units do not exceed operating segments before aggregation.
Corporate assets do not generate independent cash inflows. Consequently, if there is an indication of impairment of corporate assets, the recoverable amount is determined for the CGU to which the corporate asset belongs.
If the carrying amount of an asset or CGU exceeds its recoverable amount, impairment losses are recognized in profit or loss. Impairment losses recognized in relation to CGU initially reduce the carrying amount of the goodwill allocated to the CGU, and then proportionally reduce the carrying amount of other assets within the CGU.
Impairment losses relating to goodwill are not reversed. For other assets for which impairment was previously recognized, the Group assesses on each reporting date whether there is an indication of reduction or elimination of the impairment loss. If there were changes in the estimates used to determine the recoverable amount, the impairment losses are reversed. Impairment losses are reversed to the extent of the carrying amount less depreciation and amortization, that would have been determined if no impairment loss had been recognized.

(9) Employee benefits

(a) Defined contribution pension plan

The Company and some of its subsidiaries adopt defined contribution pension plans. The defined contribution pension plans are post-retirement benefit plans where the employer contributes a fixed amount into a separate entity with no legal or constructive obligations to pay further contributions. Contributions made to defined contribution pension plans are recognized in profit or loss during the employee’s period of service.

(b) Short-term employee benefits
Discount calculations are not performed with respect to short-term employee benefits, and the benefits are recognized in profit or loss when the associated services were rendered.

(10) Share-based payments
Equity-settled share-based payment plan
The Company provides equity-settled share-based payment plan that allocates restricted stock to the officers and certain employees. The amounts of equity-settled share-based payments are measured the fair value as of the grant date, and are recognized in profit or loss as well as in capital over the vesting period.

(11) Provisions
Provisions are recognized when the Group has legal and constructive obligations as a result of past events, there is a high probability that an outflow of resources embodying economic benefits will be required to settle those obligations, and the amounts of those obligations can be reasonably estimated. Provisions are discounted to the present value of the estimated future cash flows using a pre-tax rate that reflects the time value of money and the risks specific to the relevant liabilities. Reversal of discounts to reflect the passage of time is recognized in profit or loss.

(12) Equity
(a) Common stock
The issue price of equity instruments issued by the Company is recorded as “Common stock” and “Additional paid-in capital,” with expenses directly related to the issuance being deducted from the “Additional paid-in capital.”

(b) Treasury stock
Treasury stock is measured at the acquisition cost and deducted from equity. No gains or losses arising from the purchase, sale, or cancellation of the treasury stock are recognized in profit or loss. The difference between the carrying amount and the consideration at the time of sale is recognized as “Additional paid-in capital.”

(13) Income and expense
The Group earns revenue from commissions, etc. that arise from the provision of financial services to customers.
Revenues from transactions with counterparties for trading of financial instruments, interest, dividend income, etc. are recognized in accordance with IFRS 9.
Other revenues that arise from contracts with customers are recognized applying the five-step approach of IFRS 15, as shown below. Major components of revenue amounts include revenues from commissions received for executing transactions and those from transactions of crypto assets. Besides, considerations received from customers do not include significant financing components, because the Group receives payments from its customers soon after it fulfills its performance obligations.:
Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation
Details of revenue and revenue recognition criteria for each of major revenue items recorded in the consolidated statement of income are summarized as follows:

(a)Commission received

In accordance with IFRS 15, brokerage commission is recognized as income, when the performance obligation that arise from the customers' order to buy and sell in the secondary market is satisfied. Revenue from the brokerage commissions is recognized at a point in time, because the performance obligation is considered to be satisfied at the trade date etc. In addition, brokerage commissions that arise from transactions at cryptocurrency exchanges are recognized in accordance with IFRS15 and are presented as part of commission received.

(b) Net trading income

In accordance with IFRS 9, changes in fair value of "Trading securities and other" is recognized through profit or loss. Likewise, for FX margin transactions, changes in fair value of the related derivative asset and liabilities are recognized through profit or loss .

Furthermore, in accordance with IFRS 15, gains and losses from crypto assets of the Group are recognized when the performance obligation to deliver the crypto assets to or receive the crypto assets from the customer is satisfied. Since the performance obligation is satisfied on the day when the sales agreement is concluded, the revenue is recognized at a point in time.

(c) Financial income and financial expenses

"Financial income" includes income from margin transactions, income from securities lending transactions, interest income, dividend income, gains on sale of investments in securities, and changes in the fair value of derivatives other than trading instruments. "Financial expenses" include expenses from margin transactions, expenses from securities lending transactions, interest paid, losses on the sale of investments in securities, and changes in the fair value of derivatives other than trading instruments.

In accordance with IFRS 9, interest income , dividend income, and gain on sales of investments in securities, which are part of "Financial income" are recognized when incurred or over the period such revenues correspond to.

In accordance with IFRS 15, stock lending fee from external brokers is recognized over the period when the performance obligation to lend stocks to external brokers during the lending period is satisfied, and is presented as part of income from securities lending transactions. Since the performance obligation is satisfied over the lending period, the revenue is recognized over time.

(d) Offsetting income and expenses

Income and expenses that arise from transactions for which the Group is not considered to act as a principal are set off, and thus are presented on a net basis.

(14) Income tax expense

Income tax expense includes current tax expense and deferred tax expense. These expenses other than the items recognized in business combinations and recognized directly in equity or other comprehensive income are recognized in profit or loss.

Current income tax expense is the estimated taxes to be paid or refunded relating to taxable income or losses for the current fiscal year by applying the enacted tax rate or the substantively enacted tax rate at the end of the reporting period, adjusted for estimated taxes to be paid or refunded for prior years.

Deferred tax assets and liabilities are recognized with respect to the temporary difference between the carrying amount and the tax bases of assets and liabilities. Deferred tax assets and liabilities are not recognized with respect to temporary differences arising from the initial recognition of assets and liabilities in transactions (other than business combinations) that affect" neither the accounting profit nor the taxable profit (tax loss) and temporary differences arising from investments in subsidiaries and associates, if the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax liabilities are not recognized with respect to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are calculated using the tax rate that is expected to be applied at the time when the temporary difference is reversed based on tax laws that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible differences can be utilized. Deferred tax assets are reassessed at the end of each reporting period, and recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are set off when the Group has a legally enforceable right to set off deferred tax assets against deferred tax liabilities, and the deferred tax assets and deferred tax liabilities relate to corporate income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity, which intends to settle the deferred tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously.

(15) Earnings per share

Basic earnings per share are calculated as profit attributable to the Company's ordinary shareholders, divided by the weighted average number of shares outstanding after adjusting the effect of treasury stock during the reporting period.
Diluted earnings per share (earnings per share after adjustment for potential shares) are calculated after adjustment for the dilutive effects of all potential common stock.

(16) Segment information

Operating segments are components of business activities from which income are earned and expenses incurred including income and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available and is regularly reviewed by the Company's Chief Executive Officer to make decisions about resources to be allocated to each segment and assess business performance.
Segment operating results reported to the Chief Executive Officer include items directly attributable to the segment and items allocated to the segment based on reasonable grounds.

(17) New accounting standards and interpretations

The new accounting standards and interpretations that have been issued but not applied to the fiscal year ended March 31, 2023 are as follows.
The Company is currently assessing the impact of applying the new standard below to the Group but estimates that the impact will not be significant.

Standards		Mandatory adoption (Annual period beginning on or after)	The Group's adoption period (For the fiscal year)	New/revised requirements
IAS 1	Presentation of Financial Statements	January 1, 2023	March 31, 2024	Revised to require disclosure of material accounting policies rather than significant accounting policies.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023	March 31, 2024	Clarify the distinction between accounting policies and accounting estimates
IAS 12	Income tax	January 1, 2023	March 31, 2024	Clarify accounting for deferred taxes on leases and disposal obligations
IAS 1	Presentation of Financial Statements	January 1, 2024	March 31, 2025	Clarify requirements for classification of liabilities as current or non-current Revised to require disclosure of information about long-term debt with covenants
IFRS 16	Lease	January 1, 2024	March 31, 2025	Clarify accounting after the date of the transaction for a sale and leaseback
IFRS 10 IAS 28	Consolidated Financial Statement Investments in associates and Joint Ventures	Not determined	Not determined	Revised accounting for the sale or contribution of assets between an investor and its affiliate or jointly controlled entity

(Changes in accounting policies)
The Group has adopted the following standards from the current fiscal year.

Standards	New/revised requirements

IAS 16	Property, Plant and Equipment	Prohibited the deduction of income before intended use from the cost of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Specified which costs an entity should include when assessing whether a contract is loss-producing
IFRS 3	Business Combinations	Updated references to the Conceptual Framework for Financial Reporting in IFRS 3
IFRS 9	Financial Instruments	Clarified fees to be included in the 10% test for derecognition of financial liabilities

There was no material impact in the current fiscal year.

(Changes in the method of presentation)

"Decrease/increase in short-term guarantee deposits," which was included in "Other, net" of "Cash flow from operating activities" in the prior fiscal year, is presented separately in the current fiscal year due to its increased importance in terms of amount.

To reflect this change in the method of presentation, the consolidated statements of cash flows for the prior fiscal year have been reclassified.

As a result, "Other, net" of "Cash flow from operating activities" ¥8,339 million, which was presented in the consolidated statements of cash flows for the prior fiscal year, have been reclassified to "Decrease/increase in short-term guarantee deposits" ¥17,854 million and "Other, net" ¥(9,515) million.

4 Financial Risk Management

The Group is exposed to the following risks arising from financial instruments in the course of its business activities:
- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk.

This note presents information about the impact of each of these risks on the Group, the policies on the identification, analysis and assessment of risk, and the equity management on the Group.

(1) Organizations for managing risks arising from financial instruments

To limit risks that have an impact on the Group's management within an acceptable range, risks are appropriately identified, analyzed and assessed, and appropriate management organizations are designed to respond to each risk.

The Company establishes rules for managing all risks that affect the Group's operations. Each risk including those arising from financial instruments are managed in accordance with specific management policies and management structures determined by the executive officer responsible for overseeing the division that manages the risk, and each subsidiary is instructed to adopt risk management policies and establish risk management systems. The Company appointed a risk manager, and the risk manager monitors the status of the design and the operation of risk management systems within the Company and at major subsidiaries, and periodically reports the status to the Company's Board of Directors.

(a) Credit risk

Credit risk is the risk of financial loss arising from the nonperformance of a counterparty to an agreement or for other reasons. Credit risk arises principally from the counterparty risks of the Group's customers and the counterparty financial institutions and issuer risks.
The carrying amounts of financial assets after impairment are presented in the consolidated financial statements and are the amounts of maximum exposure of the Group to financial asset credit risks before taking into consideration the value of associated collateral. Information concerning collateral is set forth in "Note 19. Collateral."

(Risks relating to customer transactions)
The Group has a globally diversified customer base and sets a limit for the transaction volume. As such, the Group does not have an excessive credit risk with any specific customers. Most of the claims against customers comprise (i) receivables pursuant to open contracts, (ii) loans secured by securities including loans for margin transactions, (iii) futures and option transactions, and (iv) FX margin transactions. The Group receives advances, guarantee deposits, and collateral. The Group also identifies risks relating to position imbalances through the ongoing monitoring of trading conditions, and has introduced systems to control the occurrence of overdue claims by setting appropriate margin requirements and establishing systems for compulsory settlement; hence credit risks relating to claims against customers are limited.

(Risks relating to counterparty financial institutions and cryptocurrency exchange brokers)
The Group's counterparty financial institutions and cryptocurrency exchange brokers are well-known, healthy domestic and overseas financial institutions, thus the credit risks concerning claims against these institutions are limited. If the Group obtains information that may lead to credit uncertainty, such as a downgrade of the credit rating of a counterparty financial institution or cryptocurrency exchange broker, necessary measures are taken in collaboration with all concerned divisions to avoid those risks.

(Risks relating to issuers)
The Group holds securities, such as Japanese government bonds and U.S. treasury bills, for investment purposes. The Group also holds securities as inventory of financial instruments offered to customers. The Group conducts ongoing monitoring of the credit risks relating to the issuers of these securities, and the credit risks relating to those issuers are limited.

For the fiscal years ended March 31, 2022

Carrying amount by credit risk of financial assets is as follows.

As of March 31, 2022

Millions of Yen

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Financial assets measured at amortized cost		
Other financial assets	**¥960**	**¥960**

Notes: Mainly advance payment to customers

Changes in allowance for doubtful receivables for other financial assets

For the fiscal years ended March 31, 2022

Millions of Yen

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Balance at beginning of period	**¥388**	**¥388**
Increase	**22**	**22**
Decrease (reversal)	**(56)**	**(56)**
Decrease (usage)	**(6)**	**(6)**
Foreign currency translation adjustment	**27**	**27**
Balance at end of period	**¥375**	**¥375**

For the fiscal years ended March 31, 2023

Carrying amount by credit risk of financial assets is as follows.

As of March 31, 2023

Millions of Yen

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Financial assets measured at amortized cost		
Other financial assets	**¥1,183**	**¥1,183**

Notes: Mainly advance payment to customers

Thousands of U.S. Dollars

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Financial assets measured at amortized cost		
Other financial assets	**$8,903**	**$8,903**

Changes in allowance for doubtful receivables for other financial assets

For the fiscal years ended March 31, 2023

Millions of Yen

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Balance at beginning of period	**¥375**	**¥375**
Increase	**31**	**31**
Decrease (reversal)	**(38)**	**(38)**
Decrease (usage)	—	—
Foreign currency translation adjustment	**28**	**28**
Balance at end of period	**¥395**	**¥395**

Thousands of U.S. Dollars

	Allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses	Total
	Credit-impaired financial assets	
Balance at beginning of period	**$2,821**	**$2,821**
Increase	**231**	**231**
Decrease (reversal)	**(288)**	**(288)**
Decrease (usage)	—	—
Foreign currency translation adjustment	**212**	**212**
Balance at end of period	**$2,975**	**$2,975**

(b) Liquidity risk

Liquidity risk is the risk of an entity being unable to settle obligations using cash, other financial assets or other means.
The Group finances the funds necessary for operations by obtaining loans from a number of financial institutions including major financial institutions and interbank markets and by issuing bonds in capital markets, and invests temporary surplus funds into highly liquid, short-term financial assets.
The Group regularly monitors the status and outlook of cash flows and reduces liquidity risks by entering into contracts such as overdraft arrangements and commitment line agreements with a number of financial institutions. In addition, the Group aims to further reduce liquidity risks using internal systems that allow timely financing among the companies within the Group.
"Deposits received" and "Guarantee deposits received" from customers are segregated in customer trust accounts that are established based on relevant laws and regulations, and which are composed of highly liquid assets such as government bonds and cash deposits to provide adequate liquidity.

(i) Bonds and loans payable

Bonds and loans payable by maturity

As of March 31, 2022

Millions of Yen

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Short-term loans payable and other	¥156,071	¥156,071	¥156,071	¥—	¥—	¥—	¥—	¥—
Bonds payable	27,436	28,820	5,700	5,000	4,464	5,010	4,346	4,300
Long-term loans payable	79,119	79,307	—	30,350	30,957	10,000	8,000	—
Total	¥262,627	¥264,199	¥161,771	¥35,350	¥35,422	¥15,010	¥12,346	¥4,300
(Margin transaction liabilities)								
Borrowings on margin transactions	¥1,933	¥1,933	¥1,933	¥—	¥—	¥—	¥—	¥—

As of March 31, 2023

Millions of Yen

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Short-term loans payable and other	**¥162,364**	**¥162,385**	**¥162,385**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**
Bonds payable	**26,787**	**28,288**	**8,500**	**4,455**	**6,700**	**4,333**	**—**	**4,300**
Long-term loans payable	**51,910**	**51,987**	**—**	**30,913**	**10,014**	**8,012**	**3,011**	**36**
Total	**¥241,062**	**¥242,659**	**¥170,885**	**¥35,368**	**¥16,713**	**¥12,345**	**¥3,011**	**¥4,336**
(Margin transaction liabilities)								
Borrowings on margin transactions	**¥2,813**	**¥2,813**	**¥2,813**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**

Thousands of U.S. Dollars

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Short-term loans payable and other	**$1,222,391**	**$1,222,545**	**$1,222,545**	**$—**	**$—**	**$—**	**$—**	**$—**
Bonds payable	**201,673**	**212,970**	**63,994**	**33,542**	**50,440**	**32,621**	**—**	**32,373**
Long-term loans payable	**390,817**	**391,392**	**—**	**232,737**	**75,389**	**60,322**	**22,671**	**272**
Total	**1,814,881**	**1,826,907**	**1,286,539**	**266,279**	**125,829**	**92,943**	**22,671**	**32,646**
(Margin transaction liabilities)								
Borrowings on margin transactions	**$21,178**	**$21,178**	**$21,178**	**$—**	**$—**	**$—**	**$—**	**$—**

(ii) Lease liabilities

Lease liabilities

As of March 31, 2022

Millions of Yen

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Lease liabilities	¥4,692	¥4,774	¥1,110	¥837	¥776	¥678	¥605	¥768
Total	**4,692**	**4,774**	**1,110**	**837**	**776**	**678**	**605**	**768**

As of March 31, 2023

Millions of Yen

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Lease liabilities	¥4,079	¥4,307	¥1,139	¥871	¥737	¥642	¥171	¥747
Total	**4,079**	**4,307**	**1,139**	**871**	**737**	**642**	**171**	**747**

Thousands of U.S. Dollars

	Carrying amount	Contractual cash flows	Within one year	From one year to two years	From two years to three years	From three years to four years	From four years to five years	More than five years
Lease liabilities	**$30,708**	**$32,427**	**$8,575**	**$6,560**	**$5,551**	**$4,835**	**$1,285**	**$5,620**
Total	**30,708**	**32,427**	**8,575**	**6,560**	**5,551**	**4,835**	**1,285**	**5,620**

There are no significant financial liabilities (including derivatives) with maturity over one year other than bonds and loans payable. Lease liabilities are included in "Other financial liabilities" in the consolidated statement of financial position

(c) Market risk

Market risk is the risk of fluctuations in the fair value of securities and other investments or future cash flows as a result of changes in market price. Market risk includes foreign exchange risk, interest rate risk and other risk.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk for over-the-counter FX margin transactions and foreign exchange risk relating to assets and liabilities denominated in foreign currencies, such as foreign currency financial instrument inventories of financial instruments business operators, as well as for the Group's net investments in foreign operations.
The Group controls its foreign exchange position appropriately by setting rules on cover transactions for over-the-counter FX margin transactions. The foreign exchange risk relating to assets and liabilities denominated in foreign currencies, such as foreign currency financial instrument inventories, is limited since the Group identifies the risks, such as position imbalances through ongoing monitoring, and hedges the risks on a net position with financial instruments, such as foreign exchange forwards.

(ii) Interest rate risk

The Group is exposed to the risk of changes in interest rates on long-term financing since it obtains necessary funding through loans from financial institutions and by issuing bonds in capital markets.
The main financial assets exposed to interest rate risks are money held in trust. To manage the risks, the results of quantitative analysis are reported to the Board of Directors.
Investments in segregated customer money trusts and separate customer money trusts are generally held to maturity with the aim of earning interest income for the investment period. Investment instruments currently include securities, such as Japanese government bonds and U.S. treasury notes, bank deposits and call loans.
The Group monitors the interest rate risks arising from these assets and liabilities, and if a drastic change in interest rates occurs, the Group has mechanism in place that allows for timely hedging of changes in profit and loss through use of interest rate swaps and other derivatives.

• Fixed interest rate financial instruments

The table below shows the impact on equity in the consolidated statement of financial position from changes in fair value in the event of a 10 basis point increase in interest rates with respect to Japanese government bonds and U.S. treasury bills in the previous fiscal year and the current fiscal year.

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Japanese government bonds	¥(236)	**¥(213)**	**$(1,607)**
U.S. treasury notes and other	(20)	**(93)**	**(697)**
Effect on equity	¥(255)	**¥(306)**	**$(2,304)**

The above includes the effects from changes in fair value of financial assets measured at FVTOCI in the previous fiscal year and the current fiscal year, but there is no impact on profit or loss unless the decrease in fair value results in recognition of impairment.

• Variable interest rate financial instruments

The following table shows the impact on pre-tax profit in the consolidated statement of income and equity in the consolidated statement of financial position from changes in fair value in the event of a 10 basis point increase in interest rates with respect to long-term loans payable in the previous fiscal year and the current fiscal year. This analysis is performed by multiplying the balance of variable interest rate financial instruments, held by the Group at the end of the previous fiscal year and the current fiscal year, by 10 basis points assuming that other variables are constant and without taking into consideration: future changes in balances, the effects of changes in exchange rates, the dispersion effects of the timing of refinancing variable interest rate loans or the timing of interest rate changes.

For variable interest financial instruments with interests that are substantively fixed by interest rate swap transactions, the impact on the financial instruments are adjusted.

Sensitivity analysis

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Effect on profit before income taxes	¥(25)	**¥(18)**	**$(133)**
Effect on equity	(17)	**(12)**	**(92)**

(iii) Other risks

The Group is exposed to risks from changes in the value of securities that were recognized on the consolidated statement of financial position, but manages the status of these risks by monitoring the changes in value for securities held by the Group.

The following table shows the impact on equity in the consolidated statement of financial position from changes in the value of security investments in the event of a 10% decrease in the fair value of marketable securities held by the Group. This analysis is performed by multiplying the balance of investments in securities held by the Group at the end of the previous fiscal year and the current fiscal year by 10%, assuming that other variables including the effects of future balance changes and exchange rate changes are constant.

Sensitivity analysis

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Profit before income taxes	¥(102)	**¥(106)**	**$(797)**
Effect on equity	(90)	**(90)**	**(678)**

The above includes the effects from changes in fair value of available-for-sale financial assets, but there is no impact on profit or loss unless the decrease in fair value results in recognition of impairment.

(d) Operational risk

The Group is exposed to operational risk arising from a wide variety of factors associated with business processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as changes in legal and regulatory requirements.

To identify and manage operational risks, the Company's risk manager monitors the status of the design and the operation of risk management systems within the Company and at the major subsidiaries, and periodically reports the status to the Company's Board of Directors. Subsidiaries reduce operational risks by specifying segregation of duties, adopting document management rules and acting in compliance with laws and regulations. Furthermore, the Internal Audit Department identifies the presence of risks, requests improvements when necessary and reports the status to the Board of Directors to reduce operational risk.

(2) Capital management

To maintain management soundness and efficiency and achieve continuous growth, the Group focuses on maintaining appropriate levels of capital as well as a liability and capital structure commensurate with the business risks. There are subsidiaries within the Group that are required under the Japanese Financial Instruments and Exchange Act and other similar foreign laws to maintain their capital-to-risk ratios or net assets at or above certain levels.

The principal laws of specific countries and jurisdictions that are applicable to the Group's main subsidiaries for each operating segment are as follows.

Country/territory	Name of law
Japan	Financial Instruments and Exchange Act
United States	Securities Act of 1933 Securities Exchange Act of 1934 Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 Commodity Exchange Act of 1936
Hong Kong	Securities and Futures Ordinance (Cap. 571)

The level of capital for each subsidiary satisfies the requirements under the laws of each country and territory.

During the current fiscal year, there were no changes to the laws that could have a significant impact on the calculation of capital requirements.

Based on the information available at the end of May subsequent to each fiscal year end, summaries of the capital requirements applicable to Monex, Inc., and TradeStation Securities, Inc., which are the main Group subsidiaries, and figures relating to capital requirements at the end of each fiscal year are set forth below.

(a) Monex, Inc.

Monex, Inc., is required by the Financial Instruments and Exchange Act and related laws and regulations in Japan to maintain a level of 120% or more that is equal to the amount of non-fixed capital (current assets) divided by the total amount for the three risks indicated below.

i) Market risk (risk arising from a decrease in the value of instruments held as a result of changes in market prices) amount;

ii) Counterparty risk (risk arising from counterparties to financial instrument transactions) amount; and

iii) Fundamental risk (risk arising from administrative processing errors or in the performance of other day-to-day operations) amount.

As of March 31, 2022 and 2023

	2022	**2023**
Capital-to-risk ratio	327.8%	**325.5%**

(b) TradeStation Securities, Inc.

TradeStation Securities, Inc., a broker-dealer subsidiary in the U.S., is required to maintain minimum net capital (SEC Rule 15c3-1) calculated under the rules of the United States Securities and Exchange Commission (SEC) and self-regulatory organizations.

Under these rules, TradeStation Securities, Inc., calculates its net capital requirements using the “alternative method,” for which a minimum net capital must be maintained, as defined by the rules, and equal to the highest of:

i) U.S. $1.5 million;

ii) 8% of U.S. domestic and foreign based customers’ and non-customers’ (creditors whose claims against TradeStation Securities, Inc., are subordinate to claims against other creditors; excluding proprietary portions) risk maintenance of margin/performance bond requirements for all U.S. domestic and foreign futures, futures options, and over-the-counter derivative positions, excluding risk margin associated with a naked and long position; or

iii) 2% of aggregate customer debit items.

Excess net capital is calculated by deducting the minimum net capital required from the net capital.

As of March 31, 2022 and 2023

Thousands of U.S. Dollars

	2022	**2023**
Net capital	$143,800	**$166,200**
Minimum net capital required	11,100	**9,200**
Excess net capital	$132,700	**$157,000**

5 Acquisition of Subsidiaries and Non-controlling Interests

For the fiscal year ended March 31, 2022

There were no significant acquisition of subsidiaries or non-controlling interests.

For the fiscal year ended March 31, 2023

There were no significant acquisition of subsidiaries or non-controlling interests.

6 Segment Information

(1) Operating segment

The main businesses of the Group are the financial instruments business, cryptocurrency exchange service provider and investment business of securities. The disclosed segments are the 5 segments of "Japan," "U.S.," "Asia-Pacific," "Crypto Asset," and "Investment."

Segment	Main business	Main company
Japan	Financial instruments business in Japan	Monex, Inc. Monex Asset Management, Inc.
U.S.	Financial instruments business in U.S.	TradeStation Securities, Inc.
Crypto Asset	Crypto currency exchange service	Coincheck, Inc.
Asia-Pacific	Financial instruments business in Hong-Kong and Australia	Monex Boom Securities(H.K.) Limited Monex Securities Australia Pty Ltd
Investment	Investment business of securities	Monex Ventures, Inc. MV Ⅰ Investment Limited Partnership MV Ⅱ Investment Limited Partnership

Notes: Each entity is an independent management unit that establishes comprehensive strategies and conducts business activities.

The Group's operating results by reporting segment

For the fiscal year ended March 31, 2022

Millions of Yen

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total			
Operating revenue from external customers	¥31,565	¥26,271	¥28,656	¥1,213	¥1,079	¥88,783	¥—	¥—	¥88,783
Internal operating revenue or transferred amount between segments	300	944	18	12	—	1,273	9,583	(10,856)	—
Total	31,865	27,214	28,673	1,225	1,079	90,056	9,583	(10,856)	88,783
Financial expenses	(1,427)	(3,520)	(1)	(3)	(614)	(5,565)	—	382	(5,183)
Cost of sales	—	(115)	(51)	—	—	(166)	—	115	(51)
Depreciation and amortization	(5,107)	(2,604)	(600)	(107)	—	(8,418)	—	—	(8,418)
Other selling, general and administrative expenses	(20,143)	(26,984)	(14,309)	(976)	(89)	(62,500)	—	2,317	(60,183)
Other income and expenses (net amount)	6,819	451	157	5	(0)	7,432	—	(1,565)	5,867
Equity in profits or losses of equity method investments	(42)	—	—	27	—	(14)	—	—	(14)
Segment profit or loss (profit before income taxes)	¥11,965	¥(5,557)	¥13,870	¥171	¥376	¥20,825	¥9,583	¥(9,607)	¥20,801

The following financial income and sales revenue are included in the operating revenue.

Millions of Yen

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total			
Financial income	¥10,156	¥7,773	¥—	¥131	¥1,079	¥19,137	¥9,583	¥(9,835)	¥18,886
Sales revenue	—	132	950	—	—	1,082	—	(132)	950

Notes:(*1) Others are dividends from reporting segment to the Company.
(*2) Adjustment refers to elimination between segments.
(*3) Transactions between segments are made by arm's length price.
(*4) Segment profit or loss is profit or loss before income taxes.

For the fiscal year ended March 31, 2023

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Operating revenue from external customers	¥31,968	¥37,979	¥7,559	¥1,094	¥705	¥79,304	¥—	¥—	¥79,304
Internal operating revenue or transferred amount between segments	667	1,297	24	10	—	1,998	4,450	(6,448)	—
Total	32,635	39,276	7,583	1,103	705	81,302	4,450	(6,448)	79,304
Financial expenses	(1,695)	(4,309)	(3)	(50)	(397)	(6,454)	—	676	(5,778)
Cost of sales	—	(464)	(210)	—	—	(674)	—	464	(210)
Depreciation and amortization	(4,713)	(3,219)	(483)	(127)	—	(8,542)	—	—	(8,542)
Other selling, general and administrative expenses	(22,432)	(29,957)	(7,607)	(1,078)	(91)	(61,165)	—	1,220	(59,945)
Other income and expenses (net amount)	2,028	(1,554)	(155)	(45)	4	278	—	(428)	(150)
Equity in profits or losses of equity method investments	(42)	—	—	38	(5)	(9)	—	—	(9)
Segment profit or loss (profit before income taxes)	¥5,781	¥(227)	¥(876)	¥(158)	¥216	¥4,735	¥4,450	¥(4,517)	¥4,669

Thousands of U.S. Dollars

	Reporting segment								
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Operating revenue from external customers	$240,677	$285,932	$56,906	$8,233	$5,307	$597,056	$—	$—	$597,056
Internal operating revenue or transferred amount between segments	5,019	9,767	184	73	—	15,043	33,503	(48,546)	—
Total	245,696	295,699	57,090	8,306	5,307	612,098	33,503	(48,546)	597,056
Financial expenses	(12,761)	(32,443)	(26)	(375)	(2,986)	(48,591)	—	5,093	(43,498)
Cost of sales	—	(3,493)	(1,583)	—	—	(5,076)	—	3,493	(1,583)
Depreciation and amortization	(35,483)	(24,239)	(3,635)	(953)	—	(64,310)	—	—	(64,310)
Other selling, general and administrative expenses	(168,885)	(225,534)	(57,272)	(8,119)	(683)	(460,492)	—	9,181	(451,311)
Other income and expenses (net amount)	15,270	(11,698)	(1,169)	(337)	26	2,093	—	(3,225)	(1,132)
Equity in profits or losses of equity method investments	(316)	—	—	284	(39)	(71)	—	—	(71)
Segment profit or loss (profit before income taxes)	$43,521	$(1,708)	$(6,596)	$(1,193)	$1,626	$35,651	$33,503	$(34,004)	$35,151

The following financial income and sales revenue are included in the operating revenue.

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Financial income	¥12,412	¥16,693	¥—	¥212	¥705	¥30,022	¥4,450	¥(5,059)	¥29,413
Sales revenue	—	534	962	¥—	—	1,495	—	(535)	960

Thousands of U.S. Dollars

	Reporting segment								
	Japan	U.S.	Crypto-Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Financial income	$93,444	$125,674	$—	$1,599	$5,307	$226,025	$33,503	$(38,090)	$221,438
Sales revenue	—	4,017	7,242	$—	—	11,258	—	(4,027)	7,231

Notes: (*1) Others are dividends from reporting segment to the Company.
(*2) Adjustment refers to elimination between segments.
(*3) Transactions between segments are made by arm's length price.
(*4) Segment profit or loss is profit or loss before income taxes.

(2) Non-current assets (other than financial assets and deferred tax assets) by segment

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Japan	¥24,879	**¥25,195**	**$189,688**
U.S.	26,170	**27,096**	**203,996**
Other	987	**979**	**7,371**
Total	¥52,036	**¥53,270**	**$401,054**

7 Operating Income

(1) Revenue breakdown

Revenue breakdown by reporting segment for the fiscal year ended March 31, 2022 is as follows.

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Commission received	¥16,978	¥18,583	¥1,494	¥771	¥—	¥37,826	¥—	¥(465)	¥37,361
Net trading income	4,350	—	26,144	(0)	—	30,494	—	(18)	30,477
Financial income	10,156	7,773	—	131	1,079	19,137	9,583	(9,835)	18,886
Sales	—	132	950	—	—	1,082	—	(132)	950
Other operating income	381	727	85	323	—	1,516	—	(406)	1,109
Total operating income	¥31,865	¥27,214	¥28,673	¥1,225	¥1,079	¥90,056	9,583	¥(10,856)	¥88,783

In operating income, income from contracts with customers and other sources is as follows.

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Revenue arising from contracts with customers	¥19,400	¥23,522	¥28,673	¥1,094	¥—	¥72,689	¥—	¥(1,021)	¥71,668
Commission received	16,978	18,583	1,494	771	—	37,826	—	(465)	37,361
Net trading income	—	—	26,144	—	—	26,144	—	(18)	26,127
Financial income	2,040	4,080	—	—	—	6,121	—	—	6,121
Sales	—	132	950	—	—	1,082	—	(132)	950
Other operating income	381	727	85	323	—	1,516	—	(406)	1,109
Other sources	¥12,465	¥3,692	¥—	¥131	¥1,079	¥17,367	¥9,583	¥(9,835)	¥17,115

Notes:(*1) Others are dividends from reporting segment to the Company.
(*2) Income of reporting segment refers to income before elimination of transactions between segments.
(*3) Revenue arising from other sources refers to interest, dividend and revenue from FX margin transactions in accordance with IFRS 9.

Revenue breakdown by reporting segment for the fiscal year ended March 31, 2023 is as follows.

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Commission received	¥14,322	¥21,335	¥1,055	¥630	¥—	¥37,341	¥—	¥(388)	¥36,953
Net trading income	5,244	—	5,567	(0)	—	10,811	—	(23)	10,788
Financial income	12,412	16,693		212	705	30,022	4,450	(5,059)	29,413
Sales	—	534	962	—	—	1,495	—	(535)	960
Other operating income	657	715		261	—	1,633	—	(443)	1,190
Total operating income	¥32,635	¥39,276	¥7,583	¥1,103	¥705	¥81,302	¥4,450	¥(6,448)	¥79,304

Thousands of U.S. Dollars

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Commission received	$107,824	$160,622	$7,939	$4,743	$—	$281,129	$—	$(2,922)	$278,206
Net trading income	39,484	—	41,909	(1)	—	81,392	—	(174)	81,218
Financial income	93,444	125,674		1,599	5,307	226,025	33,503	(38,090)	221,438
Sales	—	4,017	7,242	—	—	11,258	—	(4,027)	7,231
Other operating income	4,944	5,386	—	1,965	—	12,294	—	(3,332)	8,962
Total operating income	$245,696	$295,699	$57,090	$8,306	$5,307	$612,098	$33,503	$(48,546)	$597,056

In operating income, income from contracts with customers and other sources is as follows.

Millions of Yen

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Revenue arising from contracts with customers	¥17,251	¥26,200	¥7,583	¥891	¥—	¥51,924	¥—	¥(1,389)	¥50,536
Commission received	14,322	21,335	1,055	630	—	37,341	—	(388)	36,953
Net trading income	—	—	5,567	—	—	5,567	—	(23)	5,543
Financial income	2,272	3,616	—	—	—	5,888	—	—	5,888
Sales	—	534	962	—	—	1,495	—	(535)	960
Other operating income	657	715	—	261	—	1,633	—	(443)	1,190
Other sources	¥15,384	¥13,077	¥—	¥212	¥705	¥29,378	¥4,450	¥(5,059)	¥28,768

Thousands of U.S. Dollars

	Reporting segment								
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total	Others	Adjustment	Consolidated
Revenue arising from contracts with customers	$129,876	$197,249	$57,090	$6,708	$—	$390,923	$—	$(10,456)	$380,467
Commission received	107,824	160,622	7,939	4,743	—	281,129	—	(2,922)	278,206
Net trading income	—	—	41,909	—	—	41,909	—	(174)	41,735
Financial income	17,109	27,224	—	—	—	44,333	—	—	44,333
Sales	—	4,017	7,242	—	—	11,258	—	(4,027)	7,231
Other operating income	4,944	5,386	—	1,965	—	12,294	—	(3,332)	8,962
Other sources	$115,819	$98,450	$—	$1,598	$5,307	$221,176	$33,503	$(38,090)	$216,589

Notes:(*1) Others are dividends from reporting segment to the Company.

(*2) Income of reporting segment refers to income before elimination of transactions between segments.

(*3) Revenue arising from other sources refers to interest, dividend and revenue from FX margin transactions in accordance with IFRS 9.

(2) Contract balance

Balance of contract liability is as follows.

	Millions of Yen			Thousands of U.S. Dollars
	2021	2022	**2023**	**2023**
Contact liability	¥165	¥176	**¥134**	**$1,011**

Notes: Contract liability is related to Monex points.

In the previous and current fiscal years, there were no significant receivables from contracts with customers.

In the income recognized in the previous and current fiscal years, revenue included in the contract liability balance at the beginning of the period was not significant.

In the previous and current fiscal years, there is no income recognized for performance obligations fulfilled (or partially fulfilled) in the past.

(3) Transaction price allocated to the remaining performance obligations

The Group does not have any important contracts in which the projected initial contract period was longer than one year.

(4) Assets recognized from the costs to obtain or fulfil contracts with customers

The Group does not have any significant costs to obtain or fulfill contracts with customers.

8 Commission Received

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Brokerage	¥24,809	**¥22,338**	**$168,176**
Underwriting and distribution	115	**76**	**574**
Subscription and distribution	77	**95**	**719**
Other commission	12,360	**14,443**	**108,737**
Total	¥37,361	**¥36,953**	**$278,206**

Other commission includes the agent fee for the customer’s investment trust trading and administrative fee for margin transactions.

9 Net Trading Income

Net trading income by classification for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Financial assets and financial liabilities measured at FVTPL	¥4,350	**¥5,244**	**$39,483**
Inventories	26,127	**5,543**	**41,735**
Total	¥30,477	**¥10,788**	**$81,218**

Net trading income by nature for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Foreign exchange (primarily FX margin transactions)	¥3,303	**¥4,398**	**$33,108**
Crypto Asset	26,293	**5,533**	**41,657**
Other	880	**857**	**6,453**
Total	¥30,477	**¥10,788**	**$81,218**

10 Financial Income and Expenses

(1) Financial income and expenses

Financial income and expenses by classification for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Financial income:			
Financial assets and financial liabilities measured at FVTPL	¥2,193	**¥1,139**	**$8,578**
Debt instruments measured at FVTOCI	330	**2,078**	**15,648**
Financial assets measured at amortized cost	16,363	**26,195**	**197,212**
Total	¥18,886	**¥29,413**	**$221,438**
Financial expenses:			
Financial assets and financial liabilities measured at FVTPL	¥614	**¥428**	**$3,225**
Financial liabilities measured at amortized cost	4,569	**5,349**	**40,273**
Total	¥5,183	**¥5,778**	**$43,498**

Financial income and expenses by nature for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Financial income:			
Interest income (*1)	¥4,194	**¥13,995**	**$105,365**
Income from securities lending transactions	6,139	**6,014**	**45,277**
Income from margin transactions	6,400	**5,976**	**44,994**
Exchange gains	1,022	**2,600**	**19,573**
Gain on valuation of investments in securities	1,000	**782**	**5,890**
Gains on sale of investments in securities	78	**(79)**	**(592)**
Other	52	**124**	**930**
Total	¥18,886	**¥29,413**	**$221,438**
Financial expenses:			
Expenses from securities lending transactions	2,712	**2,479**	**18,660**
Interest paid (*2)	1,561	**2,464**	**18,547**
Expenses from margin transactions	244	**372**	**2,804**
Losses on investments in funds	614	**397**	**2,986**
Other	53	**66**	**500**
Total	¥5,183	**¥5,778**	**$43,498**

Notes: (*1) For the previous fiscal year, interest income from financial assets measured at amortized cost was ¥2,749 million and from debt instruments measured at FVTOCI was ¥330 million. For the current fiscal year, interest income from financial assets measured at amortized cost was ¥11,506 million ($86,627 thousand), and interest income from debt instruments measured at FVTOCI was ¥2,078 million ($15,648 thousand).

(*2) Interest paid is related to financial liabilities not measured at FVTPL.

(2) Other financial income and expenses

Other financial income and expenses by classification for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Other financial income:			
Financial assets and financial liabilities measured at FVTPL	¥2,391	**¥352**	**$2,650**
Equity instruments measured at FVTOCI	3	**7**	**51**
Debt instruments measured at FVTOCI	1	**—**	**—**
Financial assets measured at amortized cost	6	**10**	**78**
Total	¥2,401	**¥369**	**$2,779**
Other financial expenses:			
Financial assets and financial liabilities measured at FVTPL	¥102	**¥98**	**$739**
Total	¥102	**¥98**	**$739**

Other financial income and expenses by nature for the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Other financial income:			
Dividend income	¥14	**¥16**	**$120**
Gain on valuation of investments in securities	2,227	**128**	**960**
Interest income (*)	4	**6**	**45**
Gains on sale of investments in securities	151	**210**	**1,581**
Other	5	**10**	**73**
Total	¥2,401	**¥369**	**$2,779**
Other financial expenses:			
Loss on valuation of investments in securities	¥102	**¥94**	$709
Other	—	**4**	**31**
Total	¥102	**¥98**	**$739**

Notes: (*) All amounts are interest income from financial assets measured at amortized cost.

11 Other Operating Income

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Trading tool usage fee and information service fee	¥433	**¥393**	**$2,961**
Other	676	**797**	**6,001**
Total	¥1,109	**¥1,190**	**$8,962**

12 Selling, General and Administrative Expenses

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Transaction related costs	¥26,742	**¥24,262**	**$182,665**
Personnel expenses	19,866	**21,727**	**163,574**
Data processing and office supplies	2,889	**3,029**	**22,807**
Depreciation and amortization	8,418	**8,542**	**64,310**
Rental and maintenance	5,134	**5,622**	**42,327**
Other	5,551	**5,305**	**39,939**
Total	¥68,601	**¥68,487**	**$515,621**

13 Other Income and Expenses

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Other income			
Gain on sale of crypto assets	¥4,027	**¥16**	**$122**
Exchange gains	716	**959**	**7,221**
Other	384	**573**	**4,314**
Total	¥5,128	**¥1,548**	**$11,658**
Other expenses			
Impairment loss on non-financial assets	¥671	**¥370**	**$2,789**
Loss on disposal of fixed assets	97	**1,346**	**10,134**
Other	791	**253**	**1,906**
Total	¥1,560	**¥1,970**	**$14,829**

Notes: "Gain on sale of crypto assets" ¥3,956 million in the Japan segment were recognized for the previous fiscal year.

14 Financial Instruments

(1) Fair value measurement

The fair values of financial assets and liabilities are determined as follows. Information about the fair value hierarchy is described in “Note 15. Fair Value Measurement.”

(a) Cash and cash equivalents

Since these instruments have short-term maturities, the carrying amount approximates its fair value, and its fair value measurement is categorized into Level 1.

(b) Money held in trust

The fair value of money held in trust is measured by each invested asset pursuant to its nature, and its fair value hierarchy is categorized into Level 1 or Level 2 according to its input to valuation techniques.

(c) Trading securities and other, Investments in securities

Marketable securities that are traded in active markets are measured at the quoted prices, and their fair value measurement is categorized into Level 1.

The other securities are measured using the most recent transaction price between independent third parties, comparable companies’ method, net asset value based on the most recent available information or present value of future cash flows. Their fair value measurement is categorized into Level 2 or 3 according to their inputs to valuation techniques.

(d) Derivative assets and liabilities

FX margin transactions are measured at fair value using a method based on the spot exchange rate on the reporting date, and foreign exchange forwards are measured at fair value using a method based on the forward exchange rate on the reporting date. Interest rate swaps are measured at fair value using the future cash flow discounted by the discount rate over the maturity date.

Derivative assets and liabilities are categorized into Level 2.

(e) Margin transaction assets, Margin transaction liabilities, Loans secured by securities, Loans payable secured by securities, Other financial assets, Deposits received, Guarantee deposits received, Bonds and loans payable, and Other financial liabilities

The carrying amount of instruments with short-term maturity approximates its fair value. The fair value of instruments with long-term maturity is measured using discounted future cash flows by a discount rate reflecting the counterparty or the Group’s credibility. The fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis is categorized into Level 1 or Level 2 according to their inputs to valuation techniques. The fair value measurement of financial assets and liabilities measured at fair value on a non-recurring basis is categorized into Level 2.

(2) Carrying amount and fair value

As of March 31, 2022

Millions of Yen

	Financial assets and liabilities measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets and liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	¥—	¥—	¥—	¥253,458	¥253,458	¥253,458
Money held in trust	—	—	320,183	523,408	843,590	843,590
Trading securities and other	7,843	—	—	—	7,843	7,843
Derivative assets	15,335	—	—	—	15,335	15,335
Investments in securities	10,596	1,412	—	—	12,008	12,008
Margin transaction assets	—	—	—	162,285	162,285	162,285
Loans secured by securities	—	—	—	91,376	91,376	91,376
Other financial assets	470	—	—	105,023	105,492	105,492
Total	¥34,243	¥1,412	¥320,183	¥1,135,550	¥1,491,387	¥1,491,387
Trading securities and other	¥45	¥—	¥—	¥—	¥45	¥45
Derivative liabilities	8,997	—	—	—	8,997	8,997
Margin transaction liabilities	—	—	—	29,004	29,004	29,004
Loans payable secured by securities	—	—	—	159,317	159,317	159,317
Deposits received	—	—	—	592,373	592,373	592,373
Guarantee deposits received	—	—	—	348,569	348,569	348,569
Bonds and loans payable	—	—	—	262,627	262,627	262,572
Other financial liabilities	—	—	—	29,898	29,898	29,898
Total	¥9,041	¥—	¥—	¥1,421,788	¥1,430,829	¥1,430,774

As of March 31, 2023

Millions of Yen

	Financial assets and liabilities measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets and liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	¥—	¥—	¥—	¥175,159	¥175,159	¥175,159
Money held in trust	—	—	407,592	456,243	863,834	863,834
Trading securities and other	5,863	—	—	—	5,863	5,863
Derivative assets	15,101	—	—	—	15,101	15,101
Investments in securities	11,932	1,217	—	—	13,149	13,149
Margin transaction assets	—	—	—	182,491	182,491	182,491
Loans secured by securities	—	—	—	85,206	85,206	85,206
Other financial assets	2	—	—	87,140	87,142	87,142
Total	¥32,897	¥1,217	¥407,592	¥986,239	¥1,427,945	¥1,427,945
Trading securities and other	¥69	¥—	¥—	¥—	¥69	¥69
Derivative liabilities	6,242	—	—	—	6,242	6,242
Margin transaction liabilities	—	—	—	33,949	33,949	33,949
Loans payable secured by securities	—	—	—	174,647	174,647	174,647
Deposits received	—	—	—	535,150	535,150	535,150
Guarantee deposits received	—	—	—	373,233	373,233	373,233
Bonds and loans payable	—	—	—	241,062	241,062	240,951
Other financial liabilities	—	—	—	13,877	13,877	13,877
Total	¥6,311	¥—	¥—	¥1,371,917	¥1,378,228	¥1,378,118

Thousands of U.S. Dollars

	Financial assets and liabilities measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets and liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	$—	$—	$—	$1,318,723	$1,318,723	$1,318,723
Money held in trust	—	—	3,068,637	3,434,917	6,503,553	6,503,553
Trading securities and other	44,139	—	—	—	44,139	44,139
Derivative assets	113,690	—	—	—	113,690	113,690
Investments in securities	89,830	9,162	—	—	98,992	98,992
Margin transaction assets	—	—	—	1,373,923	1,373,923	1,373,923
Loans secured by securities	—	—	—	641,490	641,490	641,490
Other financial assets	16	—	—	656,049	656,065	656,065
Total	$247,675	$9,162	$3,068,637	$7,425,101	$10,750,574	$10,750,574
Trading securities and other	$523	$—	$—	$—	$523	$523
Derivative liabilities	46,995	—	—	—	46,995	46,995
Margin transaction liabilities	—	—	—	255,591	255,591	255,591
Loans payable secured by securities	—	—	—	1,314,865	1,314,865	1,314,865
Deposits received	—	—	—	4,028,984	4,028,984	4,028,984
Guarantee deposits received	—	—	—	2,809,957	2,809,957	2,809,957
Bonds and loans payable	—	—	—	1,814,881	1,814,881	1,814,051
Other financial liabilities	—	—	—	104,476	104,476	104,476
Total	$47,517	$—	$—	$10,328,754	$10,376,271	$10,375,441

(3) Derivatives and hedge accounting

(a) Derivatives not designated for hedge accounting

The Group's derivative assets and derivative liabilities not designated for hedge accounting are primarily for the FX margin trading business, and the fair value is as follows.

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Derivative assets	¥15,335	¥15,101	$113,690
Derivative liabilities	8,997	6,242	46,995

(4) Equity instruments measured at FVTOCI

Within investments in equity instruments, the Group designates investment in equity instruments held for the purpose of maintaining business relationship as equity instruments measured at FVTOCI.

Fair value of equity instruments measured at FVTOCI for major investees is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Japan Securities Depository Center, Incorporated	¥1,063	¥904	$6,804

Dividends income of equity instruments measured at FVTOCI is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Derecognized investment	¥—	¥—	$—
Investment held	3	8	59
Total	¥3	¥8	$59

At derecognition of equity instruments measured at FVTOCI or when there is a significant decline in fair value, the cumulative amount of gains and losses of the equity instruments measured at FVTOCI are reclassified directly to retained earnings and not reclassified to profit or loss.
There are no cumulative gains or losses of other comprehensive income (after tax) reclassified to retained earnings for the current fiscal year.

The Group sells equity instruments measured at FVTOCI in order to utilize assets efficiently or as a result of the review of the operational relationship. However, the Group did not sell equity instruments measured at FVTOCI in the previous year and the current fiscal year.

(5) Offsetting financial assets and financial liabilities

Reconciliation of gross amounts and net amounts of financial instruments subject to an enforceable master netting arrangement or similar agreement is as follows.

As of March 31, 2022

Financial assets

Millions of Yen

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral received	Net amount		
Cash and cash equivalents	¥2,698	¥34	¥2,664	¥—	¥—	¥2,664	¥250,795	¥253,458
Derivative assets	16,387	1,052	15,335	3,608	10,498	1,229	—	15,335
Margin transaction assets	162,285	—	162,285	147,591	11,832	2,862	—	162,285
Loans secured by securities	91,376	—	91,376	78,685	—	12,691	—	91,376
Other financial assets	59,211	—	59,211	18,702	3,317	37,192	46,282	105,492
Total	¥331,957	¥1,086	¥330,870	¥248,586	¥25,647	¥56,638	¥297,076	¥627,947

Financial liabilities

Millions of Yen

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral pledged	Net amount		
Derivative liabilities	¥10,083	¥1,086	¥8,997	¥3,608	¥223	¥5,166	¥—	¥8,997
Margin transaction liabilities	29,004	—	29,004	28,908	—	97	—	29,004
Loans payable secured by securities	159,317	—	159,317	150,124	—	9,193	—	159,317
Deposit received	574,249	—	574,249	3,070	—	571,179	18,124	592,373
Guarantee deposit received	346,434	—	346,434	40,260	—	306,175	2,135	348,569
Total	¥1,119,087	¥1,086	¥1,118,001	¥225,969	¥223	¥891,809	¥20,259	¥1,138,259

The above (d) is not set off in the statement of financial position, because rights of set-off associated with the financial assets and liabilities subject to an enforceable master netting arrangement and similar agreement are enforceable only in the event of a default or other certain situation that is not expected in the ordinary course of business, and are not currently enforceable, or the Group has no intention to settle in net amounts.

"Deposits received" and "Guarantee deposits received" from customers included in (e) are segregated into customer trust accounts.

As of March 31, 2023

Financial assets

Millions of Yen

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
				Related amounts not set off in the statement of financial position				
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount		
Cash and cash equivalents	¥2,148	¥44	¥2,104	¥—	¥—	¥2,104	¥173,055	¥175,159
Derivative assets	15,687	586	15,101	1,631	13,192	278	—	15,101
Margin transaction assets	182,491	—	182,491	164,769	10,769	6,953	—	182,491
Loans secured by securities	85,206	—	85,206	69,235	—	15,971	—	85,206
Other financial assets	46,635	—	46,635	17,969	4,279	24,387	40,507	87,142
Total	¥332,167	¥630	¥331,537	¥253,603	¥28,240	¥49,694	¥213,562	¥545,099

Thousands of U.S. Dollars

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
				Related amounts not set off in the statement of financial position				
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount		
Cash and cash equivalents	$16,172	$331	$15,842	$—	$—	$15,842	$1,302,881	$1,318,723
Derivative assets	118,101	4,411	113,690	12,277	99,320	2,094	—	113,690
Margin transaction assets	1,373,923	—	1,373,923	1,240,493	81,079	52,350	—	1,373,923
Loans secured by securities	641,490	—	641,490	521,250	—	120,240	—	641,490
Other financial assets	351,099	—	351,099	135,281	32,214	183,604	304,966	656,065
Total	$2,500,785	$4,742	$2,496,043	$1,909,300	$212,613	$374,130	$1,607,848	$4,103,891

Financial liabilities

Millions of Yen

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount		
				Financial instruments	Cash collateral pledged			
Derivative liabilities	¥6,872	¥630	¥6,242	¥1,631	¥44	¥4,567	¥—	¥6,242
Margin transaction liabilities	33,949	—	33,949	33,795	—	154	—	33,949
Loans payable secured by securities	174,647	—	174,647	165,781	—	8,866	—	174,647
Deposit received	522,443	—	522,443	4,126	—	518,317	12,707	535,150
Guarantee deposit received	373,181	—	373,144	38,094	—	335,050	89	373,233
Total	¥1,111,091	¥630	¥1,110,425	¥243,426	¥44	¥866,954	¥12,796	¥1,123,220

Thousands of U.S. Dollars

	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)	(f)	(g) = (c) + (f)
	Financial instruments subject to an enforceable master netting arrangement or similar agreement						Financial instruments not subject to an enforceable master netting arrangement or similar agreement	Carrying amounts in the statement of financial position
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount		
				Financial instruments	Cash collateral pledged			
Derivative liabilities	$51,736	$4,742	$46,995	$12,277	$331	$34,387	$—	$46,995
Margin transaction liabilities	255,591	—	255,591	254,433	—	1,158	—	255,591
Loans payable secured by securities	1,314,865	—	1,314,865	1,248,115	—	66,750	—	1,314,865
Deposit received	3,933,317	—	3,933,317	31,065	—	3,902,252	95,667	4,028,984
Guarantee deposit received	2,809,568	—	2,809,290	286,796	—	2,522,494	667	2,809,957
Total	$8,365,077	$4,742	$8,360,057	$1,832,685	$331	$6,527,041	$96,334	$8,456,391

The above (d) is not set off in the statement of financial position, because rights of set-off associated with the financial assets and liabilities subject to an enforceable master netting arrangement and similar agreement are enforceable only in the event of a default or other certain situation that is not expected in the ordinary course of business, and are not currently enforceable, or the Group has no intention to settle in net amounts.

"Deposits received" and "Guarantee deposits received" from customers included in (e) are segregated into customer trust accounts.

15 Fair Value Measurement

(1) Fair value hierarchy

Fair value hierarchy used for fair value measurement is defined as follows.

Level 1: Quoted prices without adjustments in an active market for identical assets or liabilities
Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly
Level 3: Unobservable inputs for the assets or liabilities

The level of fair value hierarchy is determined by the lowest level input that is significant to the measurement of the fair value.
Transfers between levels in the fair value hierarchy of assets and liabilities are deemed to have occurred at the end of the reporting period.

(2) Valuation techniques

Valuation techniques for fair value measurement of financial instruments are described in “Note 14. Financial Instruments.”
Crypto assets recognized as inventories are categorized into Level 1 because the fair value is calculated based on the transaction prices of the main cryptocurrency exchanges.

(3) Valuation process

For fair value measurements categorized within Level 3, external valuation specialists or appropriate persons for the valuation perform fair value valuation and analyze the valuation results in accordance with the valuation policies and procedures approved by the head of the Financial Control Department. The valuation results are reviewed and approved by the head of the Financial Control Department.

(4) Quantitative information for assets categorized in Level 3

The valuation techniques and information about inputs for the assets measured at fair value on a recurring basis using significant unobservable inputs and categorized in Level 3 at the end of the previous fiscal year and at the end of the current fiscal year are as follows.

As of March 31, 2022

	Valuation techniques	Unobservable inputs	Rates
Investments in securities	Income approach	Earnings growth rate Discount rate	0% 5.9%

As of March 31, 2023

	Valuation techniques	Unobservable inputs	Rates
Investments in securities	Income approach	Earnings growth rate Discount rate	0% 6.1%

(5) Sensitivity analysis for volatility in significant unobservable inputs

For the fair value of assets measured at fair value on a recurring basis and categorized within Level 3, the fair value of investments in securities measured using income approach increases when the discount rate decreases, and decreases when the earning growth rate decreases.

(6) Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position

As of March 31, 2022

Millions of Yen

	Level 1	Level 2	Level 3	Total
Money held in trust	¥320,183	¥—	¥—	¥320,183
Trading securities and other	4,363	3,480	—	7,843
Derivative assets	—	15,335	—	15,335
Inventories	56,463	—	—	56,463
Investments in securities	1,281	—	10,727	12,008
Other financial assets	470	—	—	470
Total	¥382,759	¥18,815	¥10,727	¥412,301
Trading securities and other	45	—	—	45
Derivative liabilities	—	8,997	—	8,997
Total	¥45	¥8,997	¥—	¥9,041

As of March 31, 2023

Millions of Yen

	Level 1	Level 2	Level 3	Total
Money held in trust	**¥407,592**	**¥—**	**¥—**	**¥407,592**
Trading securities and other	**2,849**	**3,013**	**—**	**5,863**
Derivative assets	**—**	**15,101**	**—**	**15,101**
Inventories	**18,802**	**—**	**—**	**18,802**
Investments in securities	**1,278**	**—**	**11,871**	**13,149**
Other financial assets	**2**	**—**	**—**	**2**
Total	**¥430,523**	**¥18,114**	**¥11,871**	**¥460,508**
Trading securities and other	**69**	**—**	**—**	**69**
Derivative liabilities	**—**	**6,242**	**—**	**6,242**
Total	**¥69**	**¥6,242**	**¥—**	**¥6,311**

Thousands of U.S. Dollars

	Level 1	Level 2	Level 3	Total
Money held in trust	**$3,068,637**	**$—**	**$—**	**$3,068,637**
Trading securities and other	**21,452**	**22,687**	**—**	**44,139**
Derivative assets	**—**	**113,690**	**—**	**113,690**
Inventories	**141,557**	**—**	**—**	**141,557**
Investments in securities	**9,619**	**—**	**89,372**	**98,992**
Other financial assets	**16**	**—**	**—**	**16**
Total	**$3,241,281**	**$136,377**	**$89,372**	**$3,467,030**
Trading securities and other	**523**	**—**	**—**	**523**
Derivative liabilities	**—**	**46,995**	**—**	**46,995**
Total	**$523**	**$46,995**	**$—**	**$47,517**

Reconciliation of assets and liabilities measured using significant unobservable inputs (Level 3) on a recurring basis from the beginning balances to the ending balances for the previous fiscal year and the current fiscal year

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen				Thousands of U.S. Dollars	
	2022		**2023**		**2023**	
	Investments in securities	Other financial liabilities	Investments in securities	Other financial liabilities	Investments in securities	Other financial liabilities
Beginning balance	¥7,266	¥3,788	**¥10,727**	**¥—**	**$80,759**	**$—**
Total gains or losses	3,435	—	**888**	—	**6,689**	—
Profit or loss	3,397	—	**947**	—	**7,133**	—
Other comprehensive income	38	—	**(59)**	—	**(444)**	—
Acquisition	2,050	—	**788**	—	**5,936**	—
Sales and collections	(1,921)	—	**(533)**	—	**(4,012)**	—
Payment	—	(3,788)	—	—		—
Transfer from level 3 to level 1 (*1)	(102)	—	—	—	—	—
Ending balance	¥10,727	¥—	**¥11,871**	**¥—**	**$89,372**	**$—**
Net amount of unrealized gains and losses included in profit or loss relating to assets and liabilities held at the end of the fiscal year	¥3,345	¥—	**¥816**	**¥—**	**$6,144**	**$—**

Notes: (*1) This is due to the listing of stocks held.

In the previous fiscal year, the amounts recognized in profit or loss of investments in securities are included in "Operating income (Financial income)," “Other financial income” or “Other financial expenses” in the consolidated statement of income, and other comprehensive income is included in “Changes in fair value of financial assets” in the consolidated statement of comprehensive income. The amounts recognized in profit or loss of other financial liabilities are included in “Other financial expense” in the consolidated statement of income.

In the current fiscal year, the amounts recognized in profit or loss of investments in securities are included in “Operating income (Financial income),” “Other financial income,” or “Other financial expenses” in the consolidated statement of income, and other comprehensive income is included in “Changes in fair value of equity instruments measured at FVTOCI” in the consolidated statement of comprehensive income.

(7) Fair value hierarchy of assets and liabilities that are not measured at fair value but are in the scope of fair value disclosure

Fair value hierarchy of assets and liabilities that are not measured at fair value in the consolidated statement of financial position, but are within the scope of fair value disclosure

As of March 31, 2022

Millions of Yen

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥253,458	¥—	¥—	¥253,458
Money held in trust	523,310	97	—	523,408
Margin transaction assets	—	162,285	—	162,285
Loans secured by securities	—	91,376	—	91,376
Other financial assets	—	105,023	—	105,023
Total	¥776,769	¥358,781	¥—	¥1,135,550
Margin transaction liabilities	—	29,004	—	29,004
Loans payable secured by securities	—	159,317	—	159,317
Deposits received	—	592,373	—	592,373
Guarantee deposits received	—	348,569	—	348,569
Bonds and loans payable	—	262,572	—	262,572
Other financial liabilities	—	29,898	—	29,898
Total	¥—	¥1,421,733	¥—	¥1,421,733

As of March 31, 2023

Millions of Yen

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥175,159	¥—	¥—	¥175,159
Money held in trust	456,134	109	—	456,243
Margin transaction assets	—	182,491	—	182,491
Loans secured by securities	—	85,206	—	85,206
Other financial assets	—	87,140	—	87,140
Total	¥631,293	¥354,946	¥—	¥986,239
Margin transaction liabilities	—	33,949	—	33,949
Loans payable secured by securities	—	174,647	—	174,647
Deposits received	—	535,150	—	535,150
Guarantee deposits received	—	373,233	—	373,233
Bonds and loans payable	—	240,951	—	240,951
Other financial liabilities	—	13,877	—	13,877
Total	¥—	¥1,371,806	¥—	¥1,371,806

Thousands of U.S. Dollars

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$1,318,723	$—	$—	$1,318,723
Money held in trust	3,434,094	822	—	3,434,917
Margin transaction assets	—	1,373,923	—	1,373,923
Loans secured by securities	—	641,490	—	641,490
Other financial assets	—	656,049	—	656,049
Total	$4,752,817	$2,672,284	$—	$7,425,101
Margin transaction liabilities	—	255,591	—	255,591
Loans payable secured by securities	—	1,314,865	—	1,314,865
Deposits received	—	4,028,984	—	4,028,984
Guarantee deposits received	—	2,809,957	—	2,809,957
Bonds and loans payable	—	1,814,051	—	1,814,051
Other financial liabilities	—	104,476	—	104,476
Total	$—	$10,327,923	$—	$10,327,923

(8) Fair value hierarchy of assets and liabilities measured at fair value on a non-recurring basis

There are no significant assets or liabilities measured at fair value on a non-recurring basis at the end of the previous fiscal year.

Assets measured at fair value on a non-recurring basis at the end of current fiscal year are mainly NFTs that are not held for sale and classified as Level 2 in the fair value hierarchy. In addition, there are no liabilities measured at fair value on a non-recurring basis at the end of current fiscal year.

16 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position

Cash and cash equivalents as of March 31, 2022 and March 31, 2023 includes deposits with restrictions on use of ¥26,091 million and ¥20,612 million($155,181 thousands) respectively, which the subsidiaries of our Group hold with financial institutions for the customer protection and other purposes.

17 Money held in trust

Assets included in money held in trust

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Cash and cash equivalents	¥523,310	**¥456,134**	**$3,434,094**
Call loans	41	**78**	**587**
Government and corporate bonds	47,183	**131,592**	**990,714**
Joint investment trust	273,000	**276,000**	**2,077,922**
Others	56	**31**	**235**
Total	¥843,590	**¥863,834**	**$6,503,553**

18 Inventories

Under IFRS, there are no accounting standards related to the transactions of crypto assets. In order to determine the accounting treatment, the Group follows the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and refers to the "Conceptual Framework for Financial Reporting" and standards related to similar matters. In this context, the Group considers various factors to evaluate whether the Group has control for accounting purpose over crypto assets, and accounts for these transactions accordingly.

The Group’s holdings of crypto assets that are considered to be controlled by the Group for accounting purpose are presented as part of assets in the consolidated statement of financial position. On the other hand, the Group’s holdings of crypto assets that are deposited by customers and considered not to be controlled by the Group as a result of comprehensive consideration of the following matters as well as their corresponding liabilities are not recognized in the statement of financial position.

Crypto assets as defined by the “Payment Services Act” and deposited by customers are mainly held in the electronic wallets administered by the Group in the same way as the Group’s holdings of crypto assets on its’s own account. Although the Group has the private keys that are necessary to dispose of crypto assets deposited by customers, the Group is obliged to purchase and sell crypto assets under the instructions of the customers based on the contractual arrangement with the customers, and the use of the private keys without permission from customers is prohibited. Additionally, in terms of crypto assets as defined by the “Payment Services Act”, following the requirements of the "Payment Services Act", "Cabinet Office Order on Virtual Currency Exchange Service Providers" and other laws and regulations, the Group segregates these crypto assets deposited by customers from those of the Group on its’s own account, and manages each of the balance of customers. In addition, the Group clearly distinguishes between the wallets for the Group’s holdings of crypto assets on its’s own account and the wallets for those deposited by customers and manage them separately. Furthermore, the economic benefits related to these crypto assets deposited by customers belong, in principle, to the customers, and the Group is not exposed to risks of significant changes in the fair value of these crypto assets.

In addition, the "Payment Services Act", "Cabinet Office Order on Virtual Currency Exchange Service Providers" and other laws and regulations, allows customers the right to receive repayment of Deposited Crypto Assets and Redemption Guarantee Crypto Assets as defined by the “Payment Services Act” in advance of other creditors in preparation for the bankruptcy risk of Coincheck, Inc.

Other than crypto assets as defined by the “Payment Services Act” and deposited by customers are recorded on the Group’s database and internal records in the account of the depositing customers. Furthermore, the economic benefits and risks related to these crypto assets deposited by customers belong, in principle, to the customers, and the Group is not exposed to risks of significant changes in the fair value of these crypto assets. On the other hand, legal rights of these crypto assets are not entirely clear.

The amounts of crypto assets deposited by customers not recognized in the statement of financial position are ¥425,126 million and ¥301,545 million ($2,270,244 thousand) at the end of the previous and current fiscal years, respectively. These amounts are calculated based on the transaction prices at the end of the reporting period of the main cryptocurrency exchanges.

Out of the holdings of crypto assets that are considered to be controlled by the Group for accounting purpose, the crypto assets held mainly for the purpose of sales in the near future, earning profits from price fluctuations or earning margins as a broker are recognized as inventories in the consolidated statement of financial position and they are measured at acquisition cost at initial recognition and measured at fair value less cost to sell after initial recognition as the Group has the ability to direct the use of these crypto assets and the economic benefits resulting from sales attribute to the Group. Crypto assets that are not measured at fair value are measured at cost at the initial recognition and subsequently measured at the lower of cost or net realizable value. Out of the crypto assets that are recognized as inventories in the consolidated statement of financial position, the amounts of those held by Coincheck, Inc. at the end of the previous and current fiscal years are ¥37,501 million and ¥19,054 million ($143,452 thousand), respectively. In addition, the amounts of liabilities corresponding to the crypto assets under loan agreements with customers at the end of the previous and current fiscal years are ¥56,611 million and ¥18,756 million ($141,209 thousand), respectively. These amounts are presented as part of “Other liabilities” in the consolidated statement of financial position.

Please refer to “15. Fair Value Measurement” for the fair value measurement method and fair value hierarchy.

19 Collateral

(1) Collateral provided by the Group

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Cash and cash equivalents (*1)	¥26,091	**¥20,612**	**$155,181**
Other financial assets (*2)	48,344	**35,755**	**269,185**
Total	¥74,436	**¥56,367**	**$424,367**

(2) Fair value of securities accepted from customers or other counterparties for services provided by the Group which are permitted to be sold or repledged

For securities accepted which are permitted to be sold or to be repledged as collateral, contractual terms generally requires that the equivalent securities be returned when transactions are settled.

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Collateral securities for loans on margin transactions (*3)	¥145,394	**¥161,661**	**$1,217,099**
Securities borrowing on margin transactions (*4)	4,714	**9,695**	**72,989**
Securities borrowing on loan contracts	249,712	**243,833**	**1,835,748**
Substitute securities for guarantee deposits received	479,342	**545,636**	**4,107,933**
Total	¥879,161	**¥960,825**	**$7,233,770**

(3) Fair value of crypto assets accepted from other counterparties for services provided by the Group which are permitted to be sold or repledged

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Crypto assets received as collateral	¥26,442	**¥—**	**$—**
Total	¥26,442	**¥—**	**$—**

(4) Fair value of securities pledged to customers or other counterparties to sell or repledge the collateral included in (2)

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Securities lending on margin transactions (*4)	¥28,836	**¥33,298**	**$250,694**
Collateral securities for borrowings on margin transactions (*3)	1,908	**2,747**	**20,683**
Securities lending on loan contracts	167,916	**165,781**	**1,248,115**
Securities pledged as other collateral (*5)	16,232	**12,312**	**92,696**
Total	¥214,892	**¥214,139**	**$1,612,188**

Notes:(*1) Restricted deposits placed to a counterparty financial institution for FX margin transactions.

(*2) Collateral pledged to a counterparty financial institution for FX margin transactions, collateral pledged to a securities finance company for lending of margin transactions and collateral pledged to clearing houses for settlement of financial instrument trading, collateral and deposit pledged to a counterparty financial institution, exchange, and collateral for financial instrument trading.

(*3) Securities company lends money for the purchase of securities to the customer and accepts the securities purchased by the customer as collateral. If the securities company borrows money from a securities finance company for the purchase, the securities company provides the securities to the securities finance company as collateral.

(*4) Securities company lends securities for the sale of securities to the customer and accepts money received by the customer as collateral. If the securities company borrows securities from a securities finance company for the sale, the securities company provides the accepted money to the securities finance company as collateral.

(*5) When a securities company bids for a lending transaction with a securities finance company, the securities company provides securities to the securities finance company and accepts money equivalent to the fair value of the securities.

20 Bonds and Loans Payable

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars	%	
	2022	**2023**	**2023**	Average interest rate (*1)	Due date
Short-term loans payable and other	¥156,071	**¥162,364**	**$1,222,391**	0.79%	
Bonds payable	27,436	**26,787**	**201,673**	—	
Long-term loans payable	79,119	**51,910**	**390,817**	0.44%	From June 2023 to Jan 2028
Total	¥262,627	**¥241,062**	**$1,814,881**		
(Margin transaction liabilities) Borrowings on margin transactions	¥1,933	**¥2,813**	**$21,178**	0.60%	

Notes: (*1) Weighted average interest rate on contractual borrowings at the end of the current fiscal year.
(*2) Short-term loans payable and other includes the current portion of long-term loans payable outstanding.
(*3) Short-term loans payable and other and long-term loans payable include syndicate loans at the end of the previous fiscal year and at the end of the current fiscal year, amounting to ¥54,117 million and ¥54,176 million ($407,874 thousand), respectively.

Summary of the terms of bonds payable

As of March 31, 2022 and 2023

			Millions of Yen		Thousands of U.S. Dollars	%	
Company	Description	Issue date	2022	**2023**	**2023**	Rate	Redemption date
Monex Finance Corporation	Yen-denominated bond due on November 1, 2023	October 31, 2018	5,000	**5,000**	**37,644**	0.60	November 1, 2023
Monex Finance Corporation	Australian dollar-denominated bond due on September 18, 2024	September 17, 2019	364	**355**	**2,674**	2.00	September 18, 2024
Monex Finance Corporation	Australian dollar-denominated bond due on June 18, 2025	June 18, 2020	410	**400**	**3,009**	1.66	June 18, 2025
Monex Finance Corporation	Yen-denominated bond due on August 3, 2022	August 2, 2021	3,500	**—**	**—**	0.14	August 3, 2022
Monex Finance Corporation	Yen-denominated bond due on October 13, 2026	October 12, 2021	3,000	**3,000**	**22,586**	0.70	October 13, 2026
Monex Finance Corporation	Australian dollar-denominated bond due on October 13, 2025	October 12, 2021	546	**533**	**4,012**	1.67	October 13, 2026
Monex Finance Corporation	Yen-denominated bond due on August 2, 2023	August 1, 2022	—	**3,500**	**26,350**	0.33	August 2, 2023
Monex Finance Corporation	Privately-placed bonds	From April 2019 to June 2022	16,000	**15,500**	**116,695**	0.44 ~ 1.00	From April 2024 to August 2029

The Group complies with the contract terms for all bonds and loans payable.

Changes in liabilities arising from financing activities are as follows.

Millions of Yen

	Loans payable	Bonds	Total
As of April 1, 2021	¥209,611	¥36,609	¥246,220
Changes from financing cash flow			
Net increase/decrease in short-term loans payable	38,181	—	38,181
Proceeds from issuance of bonds payable	—	10,667	10,667
Redemption of bonds payable	—	(20,800)	(20,800)
Proceeds from long-term loans payable	24,610	—	24,610
Repayment of long-term loans payable	(38,857)	—	(38,857)
Total changes from financing cash flow	23,934	(10,133)	13,801
Interest expense	86	24	110
Effect of changes in foreign exchange rates	1,496	121	1,617
Other	64	816	879
As of March 31, 2022	¥235,191	¥27,436	¥262,627

Millions of Yen

	Loans payable	Bonds	Total
As of April 1, 2022	¥235,191	¥27,436	¥262,627
Changes from financing cash flow			
Net increase/decrease in short-term loans payable	**(25,665)**	—	**(25,665)**
Proceeds from short-term loans payable	**200**	—	**200**
Repayment of short-term loans payable	**(200)**	—	**(200)**
Proceeds from issuance of bonds payable	—	**5,196**	**5,196**
Redemption of bonds payable	—	**(5,700)**	**(5,700)**
Proceeds from long-term loans payable	**3,000**	—	**3,000**
Repayment of long-term loans payable	**(15)**	—	**(15)**
Total changes from financing cash flow	**(22,679)**	**(504)**	**(23,183)**
Interest expense	**91**	**24**	**115**
Effect of changes in foreign exchange rates	**1,616**	**(33)**	**1,583**
Other	**56**	**(136)**	**(80)**
As of March 31, 2023	**¥214,274**	**¥26,787**	**¥241,062**

Thousands of U.S. Dollars

	Loans payable	Bonds	Total
As of April 1, 2022	**$1,770,681**	**$206,559**	**$1,977,239**
Changes from financing cash flow			
Net increase/decrease in short-term loans payable	**(193,221)**	—	**(193,221)**
Proceeds from short-term loans payable	**1,506**	—	**1,506**
Repayment of short-term loans payable	**(1,506)**	—	**(1,506)**
Proceeds from issuance of bonds payable	—	**39,121**	**39,121**
Redemption of bonds payable	—	**(42,914)**	**(42,914)**
Proceeds from long-term loans payable	**22,586**	—	**22,586**
Repayment of long-term loans payable	**(111)**	—	**(111)**
Total changes from financing cash flow	**(170,746)**	**(3,793)**	**(174,539)**
Interest expense	**686**	**180**	**866**
Effect of changes in foreign exchange rates	**12,164**	**(247)**	**11,918**
Other	**424**	**(1,027)**	**(603)**
As of March 31, 2023	**$1,613,208**	**$201,673**	**$1,814,881**

21 Property and Equipment

Changes in the acquisition cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment are as follows.

Millions of Yen

	Buildings	Equipment and fixtures	Total
Acquisition cost			
As of March 31, 2021	¥5,103	¥5,626	¥10,729
Increase for the consolidated fiscal year (Purchase)	17	4	21
Increase for the fiscal year (Purchase)	2,861	661	3,522
Disposal	(1,152)	(890)	(2,042)
Foreign currency translation adjustments in foreign operations	275	268	543
As of March 31, 2022	¥7,104	¥5,669	¥12,773
Increase for the fiscal year (Purchase)	**1,054**	**413**	**1,467**
Disposal	**(613)**	**(248)**	**(861)**
Foreign currency translation adjustments in foreign operations	**288**	**268**	**556**
As of March 31, 2023	**¥7,834**	**¥6,102**	**¥13,935**

Millions of Yen

	Buildings	Equipment and fixtures	Total
Accumulated depreciation and accumulated impairment loss			
As of April 1, 2021	¥2,373	¥3,395	¥5,768
Depreciation	1,194	706	1,899
Disposal	(1,125)	(626)	(1,751)
Foreign currency translation adjustments in foreign operations	110	182	292
As of March 31, 2022	¥2,552	¥3,657	¥6,209
Depreciation	**1,245**	**734**	**1,979**
Disposal	**(339)**	**(252)**	**(591)**
Foreign currency translation adjustments in foreign operations	**116**	**180**	**296**
As of March 31, 2023	**¥3,574**	**¥4,319**	**¥7,893**

Millions of Yen

	Buildings	Equipment and fixtures	Total
Carrying amount			
As of April 1, 2021	¥2,730	¥2,231	¥4,961
As of March 31, 2022	4,552	2,012	6,564
As of March 31, 2023	**4,260**	**1,783**	**6,043**

Thousands of U.S. Dollars

	Buildings	Equipment and fixtures	Total
Acquisition cost			
As of March 31, 2022	**$53,483**	**$42,682**	**$96,165**
Increase for the fiscal year (Purchase)	**7,937**	**3,108**	**11,045**
Disposal	**(4,614)**	**(1,867)**	**(6,480)**
Foreign currency translation adjustments in foreign operations	**2,172**	**2,014**	**4,186**
As of March 31, 2023	**$58,978**	**$45,938**	**$104,915**

Thousands of U.S. Dollars

	Buildings	Equipment and fixtures	Total
Accumulated depreciation and accumulated impairment loss			
As of March 31, 2022	$19,210	$27,534	$46,744
Depreciation	**9,376**	**5,525**	**14,900**
Disposal	**(2,554)**	**(1,895)**	**(4,449)**
Foreign currency translation adjustments in foreign operations	**876**	**1,352**	**2,228**
As of March 31, 2023	**$26,907**	**$32,515**	**$59,422**

Thousands of U.S. Dollars

	Buildings	Equipment and fixtures	Total
Carrying amount			
As of March 31, 2022	$34,273	$15,148	$49,421
As of March 31, 2023	**32,071**	**13,423**	**45,493**

Notes: (*1) Depreciation on property and equipment is included in “Selling, general and administrative expenses” in the consolidated statement of income.

(*2) There are no property and equipment with restricted ownership or pledged as collateral at the end of the previous fiscal year and at the end of the current fiscal year.

(*3) The book value of right-of-use-assets are described in "23. Leases."

22 Intangible Assets

(1) Acquisition cost and accumulated amortization and accumulated impairment loss of intangible assets

Acquisition cost and accumulated amortization and accumulated impairment loss of intangible assets are as follows. For impairment losses, please refer to "24. Impairment of non-financial assets."

Millions of Yen

	Goodwill	Internally generated intangible assets	Others	Total
Acquisition cost				
As of April 1, 2021	¥20,011	¥38,083	¥27,734	¥85,828
Increase by business combination	395	—	—	395
Increase (not by business combination)	—	4,540	850	5,389
Disposal	—	(2,100)	(237)	(2,338)
Foreign currency translation adjustments in foreign operations	1,248	985	1,989	4,221
As of March 31, 2022	¥21,655	¥41,507	¥30,335	¥93,496
Increase by business combination	**287**	—	**6**	**293**
Increase (not by business combination)	—	**4,865**	**2,707**	**7,571**
Disposal	—	**(1,498)**	**(1,121)**	**(2,619)**
Foreign currency translation adjustments in foreign operations	**1,189**	**984**	**2,079**	**4,252**
As of March 31, 2023	**¥23,132**	**¥45,857**	**¥34,005**	**¥102,994**

Millions of Yen

	Goodwill	Internally generated intangible assets	Others	Total
Accumulated amortization and accumulated impairment loss				
As of April 1, 2021	¥2,788	¥21,212	¥16,966	¥40,966
Amortization	—	4,646	1,872	6,518
Impairment loss	—	671	—	671
Disposal	—	(1,613)	(390)	(2,003)
Foreign currency translation adjustments in foreign operations	277	496	1,221	1,994
As of March 31, 2022	¥3,065	¥25,412	¥19,669	¥48,147
Amortization	—	**4,396**	**2,166**	**6,563**
Impairment loss	—	**286**	**84**	**370**
Disposal	—	**(575)**	**(433)**	**(1,008)**
Foreign currency translation adjustments in foreign operations	**280**	**490**	**1,235**	**2,005**
As of March 31, 2023	**¥3,345**	**¥30,010**	**¥22,721**	**¥56,076**

Millions of Yen

	Goodwill	Internally generated intangible assets	Others	Total
Carrying amount				
As of April 1, 2021	¥17,223	¥16,870	¥10,768	¥44,861
As of March 31, 2022	18,589	16,095	10,666	45,350
As of March 31, 2023	**19,786**	**15,848**	**11,284**	**46,918**

Thousands of U.S. Dollars

	Goodwill	Internally generated intangible assets	Others	Total
Acquisition cost				
As of March 31, 2022	$163,032	$312,492	$228,382	$703,906
Increase by business combination	**2,164**	**—**	**43**	**2,207**
Increase (not by business combination)	**—**	**36,625**	**20,377**	**57,002**
Disposal	**—**	**(11,276)**	**(8,440)**	**(19,716)**
Foreign currency translation adjustments in foreign operations	**8,955**	**7,405**	**15,653**	**32,013**
As of March 31, 2023	**$174,151**	**$345,247**	**$256,013**	**$775,411**

Thousands of U.S. Dollars

	Goodwill	Internally generated intangible assets	Others	Total
Accumulated amortization and accumulated impairment loss				
As of March 31, 2022	$23,078	$191,320	$148,083	$362,481
Amortization	**—**	**33,100**	**16,311**	**49,410**
Impairment loss	**—**	**2,154**	**631**	**2,785**
Disposal	**—**	**(4,331)**	**(3,259)**	**(7,590)**
Foreign currency translation adjustments in foreign operations	**2,108**	**3,690**	**9,296**	**15,094**
As of March 31, 2023	**$25,186**	**$225,933**	**$171,062**	**$422,181**

Thousands of U.S. Dollars

	Goodwill	Internally generated intangible assets	Others	Total
Carrying amount				
As of March 31, 2022	$139,954	$121,172	$80,299	$341,425
As of March 31, 2023	**148,965**	**119,314**	**84,951**	**353,230**

The above "Others" includes customer relationships and technology assets held by TradeStation Group, Inc., acquired in June 2011. The table below shows the carrying amount and remaining amortization periods of these assets.

As of March 31, 2022

Class	Carrying amount (Millions of Yen)	Remaining amortization periods
Customer relationships	¥1,765	7 years
Technologies assets	5,147	7 years

As of March 31, 2023

Class	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars)	Remaining amortization periods
Customer relationships	**¥1,660**	**$12,500**	**6 years**
Technologies assets	**4,843**	**36,458**	**6 years**

Intangible assets other than goodwill with definite useful lives are amortized over their useful lives. The amortization of intangible assets is included in "Selling, general and administrative expenses" in the consolidated statement of income.

Carrying amount of intangible assets other than goodwill with indefinite useful lives

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Exchange membership and others	¥800	**¥818**	**$6,161**
Crypto assets	301	**479**	**3,605**

Exchange memberships are intangible assets with indefinite useful lives. These are essential for the financial service business that provides financial instruments and infrastructure through the Internet to customers. As long as the financial service business continues, these basically subsist, and are considered to have indefinite useful lives. Crypto assets are also intangible assets with indefinite useful lives because they do not have a use by date.

There are no intangible assets with restricted ownership or that are pledged as collateral at the end of the previous fiscal year and at the end of the current fiscal year.

(2) Impairment testing of goodwill and intangible assets with indefinite useful lives

In accordance with the requirements of IAS 36, "Impairment of Assets", goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year and whenever there is any indication of impairment. Since the value in use of cash-generating units (CGUs) including goodwill and intangible assets with indefinite useful lives exceeded the fair value less costs of disposal, the recoverable amount of goodwill and intangible assets with indefinite useful lives was calculated based on the value in use in the impairment test. “Goodwill” arising from business combination is allocated to the relevant group of CGUs that are expected to benefit. The carrying amounts before impairment of the goodwill and intangible assets with indefinite useful lives are allocated to the following groups of CGUs.

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
Groups of CGUs	2022	**2023**	**2023**
(Goodwill)			
Japan	¥8,182	**¥8,470**	**$63,765**
U.S.	9,938	**10,806**	**81,354**
China	469	**511**	**3,846**
Total	¥18,589	**¥19,786**	**$148,965**
(Intangible assets with indefinite useful lives)			
Japan	¥292	**¥699**	**$5,264**
U.S.	515	**557**	**4,192**
Crypt	295	**41**	**309**
Total	¥1,101	**¥1,297**	**$9,766**

The asset’s value in use is calculated by discounting the estimated operating future cash flows by the following discount rate.
The operating future cash flows are estimated based on the Group’s financial plan approved by management for the first five years and assuming the following long-term average growth rate for the subsequent years. This growth rate does not exceed the long-term average growth rate of the market.
The discount rate is a pre-tax rate that reflects the weighted average cost of capital for each group of CGUs and the appropriate risk premium.

Discount rates before tax used for calculating the value in use for each group of CGUs

For the fiscal years ended March 31, 2022 and 2023

Groups of CGUs	2022	**2023**
Japan	3.9 %	**5.1 %**
U.S.	11.2 %	**15.2 %**
China	8.6 %	**13.8 %**

Growth rate used for calculating the operating future cash flows for the years subsequent to the first five years
As of March 31, 2022 and 2023

Groups of CGUs	2022	**2023**
Japan	1.0 %	**1.0 %**
U.S.	2.2 %	**2.2 %**
China	3.0 %	**3.0 %**

In Japan and China, the value in use of CGUs including goodwill and intangible assets with indefinite useful lives which was used in the impairment test at the end of current fiscal year sufficiently exceed its carrying amounts respectively, therefore the Group considers that impairment loss is unlikely to occur for these groups of CGUs, even if the key assumptions used in impairment testing were to change within a reasonably possible range.
In the U.S., the value in use of goodwill and intangible assets with indefinite useful lives which was used in the impairment test at the end of current fiscal year exceed its carrying amounts by ¥59,041 million ($435,627 thousand). However, if the discount rate were to increase to 43.3%, impairment loss would occur for the goodwill and intangible assets with indefinite useful lives in the U.S. segment. Furthermore, plans for a projected increase in the number of customer accounts and future growth in customers' deposit balances, which are key assumptions underlying the business plan used for estimating the future cash flows in the U.S. segment, involve a high degree of uncertainty and are significantly affected by external circumstances including future interest rate levels, market volatility, and the growth rate of the U.S. market.

23 Leases

The Group leases office buildings.

As of March 31, 2022 and 2023

(1) Profit or loss and cash flows for leases
Profit or loss and cash flows for leases:

	Millions of Yen		Thousands of U.S. Dollars
Depreciation of right-of-use assets	2022	**2023**	**2023**
Buildings	¥929	**¥1,092**	**$8,218**
Equipment	51	**63**	**475**
Total	¥980	**¥1,155**	**$8,693**

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Interest expense for lease liability	¥55	**¥64**	**$480**
Total of cash outflow for lease	1,056	**1,185**	**8,918**

Depreciation of right-of-use assets is included in "Selling, general and administrative expenses" in the Consolidated Statement of Income. Interest expense for lease liability is included in "Financial expenses" in the Consolidated Statement of Income.

(2) Right-of-used assets
Carrying amount of right-of-use assets are as follows.

Millions of Yen

	Buildings	Equipment and fixtures	Total
As of April 1, 2021	**¥2,140**	**¥182**	**¥2,322**
As of March 31, 2022	**4,187**	**159**	**4,346**
As of March 31, 2023	**3,399**	**120**	**3,519**

Thousands of U.S. Dollars

	Buildings	Equipment and fixtures	Total
As of March 31, 2022	**$31,526**	**$1,194**	**$32,720**
As of March 31, 2023	**25,593**	**902**	**26,495**

The amount of right-of-use-asset increased in the previous year and in the current fiscal year, respectively are ¥2,853 million and ¥410 million ($3,084 thousand).
There are agreements that include renewals in the lease agreement. There are no restrictions imposed by variable lease payments, escalation clauses and lease agreements (such as restrictions related to dividends, additional leases and additional borrowings).

(3) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.
Not applicable

(4) Restrictions or covenants imposed by leases
Not applicable

(5) Sale and leaseback transactions
Not applicable

24 Impairment of Non-financial Assets

The breakdown of impairment loss by asset type for the fiscal year ended March 31, 2022 and 2023 is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Intangible assets			
Internally generated intangible assets	671	**286**	**2,154**
others	—	**84**	**631**
Total	¥671	**¥370**	**$2,785**

In the previous fiscal year, ¥671 million of impairment loss on fixed assets in the U.S. segment as a result of the review of the valuation that reflected the revenue performance and the decision to terminate the service.
Impairment loss is included in "Other expenses" in the consolidated statement of income.

25 Companies Subject to Equity Method

(1) Summary of associates

As of March 31, 2022 and 2023

Company name	Business description	Segment	Ownership interest %	
			2022	**2023**
Triangle Partners (silent partnership Triangle Partners)	Investment management	Japan	33.3	**33.3**

Carrying amount of associates that are not individually material

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Carrying amount	¥46	**¥200**	**$1,507**

Profit or loss and other comprehensive income recognized for associates that are not individually material

For the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Equity in profits or losses of equity method investments	¥(42)	**¥(46)**	**$(347)**
Share of other comprehensive income of equity method investments	(31)	**—**	**—**
Total	¥(73)	**¥(46)**	**$(347)**

There are no associates that are material at the end of previous fiscal year and at the end of current fiscal year.

(2) Joint ventures

As of March 31, 2022 and 2023

Company name	Business description	Segment	Ownership interest %	
			2022	**2023**
Cherry Technology Co., Ltd.	Technical supports	Asia-Pacific	49.0	**49.0**

Carrying amount of joint ventures that is not individually material

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Carrying amount	¥298	**¥377**	**$2,839**

Profit or loss and other comprehensive income recognized for joint ventures that are not individually material

For the fiscal year ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Equity in profits or losses of equity method investments	¥27	**¥37**	**$276**
Share of other comprehensive income of equity method investments	35	**2**	**16**
Total	¥62	**¥39**	**$292**

There are no joint ventures that are material at the end of previous fiscal year and at the end of current fiscal year.

26 Deferred Tax and Income Tax Expense

(1) Deferred tax

Major components of deferred tax assets and deferred tax liabilities

Millions of Yen

	As of March 31, 2021	Recognized through profit or loss	Recognized through other comprehensive income	As of March 31, 2022
Deferred tax assets:				
Tax loss carried forward	¥26	¥1,203	¥—	¥1,229
Property and equipment and intangible assets	377	(118)	—	259
Accounts payable and accrued expenses	1,103	255	—	1,358
Accrued enterprise tax	355	(13)	—	342
Deferred income	51	(47)	—	4
Investments in securities	64	(24)	(25)	16
Allowance for doubtful receivables	19	(11)	—	9
Crypto assets	740	356	—	1,097
Others	379	174	—	552
Total deferred tax assets	¥3,114	¥1,776	¥(25)	¥4,864
Deferred tax liabilities:				
Property and equipment and intangible assets	(3,233)	(138)	—	(3,371)
Investments in securities	(1,042)	(718)	334	(1,427)
Goodwill	(312)	2	—	(310)
Others	(144)	(19)	—	(163)
Total deferred tax liabilities	¥(4,732)	¥(873)	¥334	¥(5,271)

Millions of Yen

	As of March 31, 2022	Recognized through profit or loss	Recognized through other comprehensive income	As of March 31, 2023
Deferred tax assets:				
Tax loss carried forward	¥1,229	**¥672**	**¥—**	**¥1,901**
Property and equipment and intangible assets	259	**448**	—	**706**
Accounts payable and accrued expenses	1,358	**(635)**	—	**723**
Accrued enterprise tax	342	**(322)**	—	**19**
Deferred income	4	**146**	—	**149**
Investments in securities	16	**(29)**	**542**	**529**
Allowance for doubtful receivables	9	**(5)**	—	**3**
Crypto assets	1,097	**(1,041)**	—	**56**
Others	552	**189**	—	**741**
Total deferred tax assets	¥4,864	**¥(578)**	**¥542**	**¥4,828**
Deferred tax liabilities:				
Property and equipment and intangible assets	(3,371)	**1,248**	—	**(2,123)**
Investments in securities	(1,427)	**(20)**	**(9)**	**(1,456)**
Goodwill	(310)	—	—	**(310)**
Others	(163)	**(493)**	—	**(657)**
Total deferred tax liabilities	¥(5,271)	**¥735**	**¥(9)**	**¥(4,545)**

Thousands of U.S. Dollars

	As of March 31, 2022	Recognized through profit or loss	Recognized through other comprehensive income	As of March 31, 2023
Deferred tax assets:				
Tax loss carried forward	$9,254	**$5,056**	**$—**	**$14,309**
Property and equipment and intangible assets	1,947	**3,372**	**—**	**5,319**
Accounts payable and accrued expenses	10,225	**(4,780)**	**—**	**5,445**
Accrued enterprise tax	2,572	**(2,426)**	**—**	**146**
Deferred income	27	**1,098**	**—**	**1,124**
Investments in securities	117	**(215)**	**4,082**	**3,983**
Allowance for doubtful receivables	66	**(40)**	**—**	**25**
Crypto assets	8,256	**(7,838)**	**—**	**418**
Others	4,158	**1,423**	**—**	**5,582**
Total deferred tax assets	$36,621	**$(4,351)**	**$4,082**	**$36,352**
Deferred tax liabilities:				
Property and equipment and intangible assets	(25,378)	**9,396**	**—**	**(15,982)**
Investments in securities	(10,741)	**(151)**	**(67)**	**(10,959)**
Goodwill	(2,336)	**—**	**—**	**(2,336)**
Others	(1,231)	**(3,713)**	**—**	**(4,944)**
Total deferred tax liabilities	$(39,686)	**$5,532**	**$(67)**	**$(34,221)**

Note: The difference between the total amount recognized in profit or loss and the total income taxes expense is due to fluctuation of the foreign exchange rate and other reasons.

Deferred tax assets and deferred tax liabilities in the consolidated statement of financial position

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Deferred tax assets	¥1,552	**¥1,119**	**$8,421**
Deferred tax liabilities	(1,959)	**(836)**	**(6,291)**
Net amount	¥(407)	**¥283**	**$2,131**

Amount of deductible temporary differences and tax loss carried forward for which no deferred tax asset is recognized

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Tax loss carried forward	¥2,885	**¥3,538**	**$26,638**
Deductible temporary differences	610	**396**	**2,982**
Total	¥3,495	**¥3,934**	**$29,620**

Amount and Expiration date for tax loss carried forward for which no deferred tax asset is recognized

As of March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Year 1	¥—	**¥16**	**$118**
Year 2	—	**87**	**652**
Year 3	84	**311**	**2,344**
Year 4	289	**330**	**2,482**
Over year 5	¥2,513	**¥2,795**	**$21,043**

The Company considers whether it is probable that taxable profit will be available against any or all of the deductible temporary differences or tax loss carried forward to recognize deferred tax assets. When the Company assesses the recoverability of a deferred tax asset, the Company considers the timing of the expected reversal of the taxable temporary differences.

For deductible and taxable temporary differences associated with investments in subsidiaries, deferred tax assets and liabilities are basically not recognized at the end of the previous fiscal year and at the end of the current fiscal year, because the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries for which a deferred tax asset is not recognized at the end of the previous fiscal year and at the end of the current fiscal year are ¥5,433 million and ¥4,871 million ($36,673 thousand), respectively. The taxable temporary differences associated with investments in subsidiaries for which a deferred tax liability is not recognized at the end of the previous fiscal year and at the end of the current fiscal year are ¥17,969 million and ¥13,023 million ($98,043 thousand), respectively.

(2) Income tax expense

Current income tax expense and deferred tax expense

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Current income tax expense:			
For the fiscal year	¥8,776	**¥1,633**	**$12,295**
Total current income tax expense	8,776	**1,633**	**12,295**
Deferred tax expense:			
Increase and decrease in temporary differences	¥(1,006)	**¥(288)**	**$(2,172)**
Changes in applicable tax rate	—	**—**	**—**
Total deferred income tax expense	(1,006)	**(288)**	**(2,172)**
Total income tax expense	¥7,770	**¥1,345**	**$10,123**

The current tax expense includes the amount of benefit arising from a previously unrecognized tax loss carried forward or the temporary difference of a past period that is used to reduce the current tax expense, and the related current income tax expense for the previous fiscal year and the current fiscal year decreased by ¥503 million and ¥389 million ($2,925 thousand), respectively.

The deferred tax expense includes the write-down or reversal of the previous write-down for the deferred tax assets, and the related deferred tax expense for the previous fiscal year and the current fiscal year increased by ¥618 million and ¥443 million ($3,338 thousand), respectively.

Corporate tax, inhabitant tax and deductible enterprise tax are levied to the Company, and the statutory effective tax rates calculated based on the taxes for the previous fiscal year and the current fiscal year are 30.6% in Japan. Corporate tax and other taxes for foreign subsidiaries are levied under the relevant jurisdiction.

Tax amount for other tax jurisdiction is calculated based on the general tax rate of the relevant jurisdiction.

Reconciliation between statutory effective tax rate and average effective rate in the consolidated statement of income

For the fiscal years ended March 31, 2022 and 2023

%

	2022	2023
Statutory effective tax rate	30.6	**30.6**
Unrecognized deferred tax assets	0.6	**1.2**
Difference in applicable tax rate of foreign subsidiaries	2.6	**1.3**
Permanent difference in profit or loss	0.7	**1.4**
Tax deduction of overseas subsidiary	0.2	**(1.8)**
Others	2.7	**(3.8)**
Average effective tax rate	37.4	**28.8**

27 Post-employment Benefits

The Group has a defined contribution plan to provide post-employment benefits to the employees under which the employees have right to receive benefits for the related service periods.

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Contribution to defined contribution plan	¥248	**¥327**	**$2,460**

28 Provisions

Provisions consist of asset retirement obligations.

Changes in provisions

For the fiscal years ended March 31, 2023

Millions of Yen

	Asset retirement obligation	other	Total
As of April 1, 2022	**¥208**	**¥255**	**¥463**
Increases	**164**	—	**164**
Decreases (usage)	—	—	—
Reversal of discounted amounts by the passage of time	—	—	—
As of March 31, 2023	**¥373**	**¥255**	**¥627**

Thousands of U.S. Dollars

	Asset retirement obligation	other	Total
As of April 1, 2022	**$1,569**	**$1,916**	**$3,485**
Increases	**1,236**	—	**1,236**
Decreases (usage)	—	—	—
Reversal of discounted amounts by the passage of time	—	—	—
As of March 31, 2023	**$2,805**	**$1,916**	**$4,721**

29 Share-based Payments

(1) Restricted Stock (Equity-settled)
The Company provides a remuneration system that allocates restricted stock to the officers and certain employees (collectively referred to as "Target Officers")

The Target Officers shall pay in all of the claims for monetary compensation entitled by the Company under the system as contributions in kind and receive the Company's common stocks issued or disposed.

Upon issuing or disposing the Company's common stocks based on this system, an allocation agreement for restricted stocks shall be executed between the Company and the Target Officer who will be allocated such restricted stocks.

Such agreement shall include provisions stipulating that: (a) the Target Officer shall not transfer, create any security interests in or otherwise dispose of the Company's common stocks allocated in accordance with the allocation agreement for restricted stocks for a certain period determined by the remuneration committee, and (b) the Company shall acquire such common stocks without cost upon the occurrence of certain events.

	Granted July 29, 2020	Granted July 28, 2021
Number of shares granted	1,705,200 share	136,700 share
Fair value	217 yen per share	717 yen per share
Method of calculating fair value	Closing price of common stock of the Company	Closing price of common stock of the Company
Period of restriction	From July 29, 2020 to August 1, 2023	From July 28, 2021 to August 1, 2024

	Granted August 20, 2021	Granted July 28, 2022
Number of shares granted	55,700 share	58,000 share
Fair value	717 yen per share	455 yen per share
Method of calculating fair value	Closing price of common stock of the Company	Closing price of common stock of the Company
Period of restriction	From July 28, 2021 to August 1, 2022	From July 28, 2022 to August 1, 2023

	Granted July 28, 2022	Granted July 28, 2022
Number of shares granted	1,065,000 share	281,200 share
Fair value	455 yen per share	455 yen per share
Method of calculating fair value	Closing price of common stock of the Company	Closing price of common stock of the Company
Period of restriction	From July 28, 2022 to August 2, 2032	From July 28, 2022 to August 1, 2025

Notes: (1) Restrictions on transfer will be released on the condition that the transfer restriction period has expired as well as the subject officers and others have continued to be either a director, executive officer, corporate auditor, executive officer or employee of the Company or its subsidiary.
(2) Expected dividends are not included in the measurement of fair value.

Expenses pertaining to share-based payment agreement are as follow

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Expenses pertaining to the share-based payment agreement	**¥219**	**¥268**	**$2,015**

Notes: Expenses pertaining to share-based payment agreement are included in "Selling, general and administrative expenses" in the Consolidated Statement of Income.

30 Paid-in Capital and Other Equity

The numbers of shares authorized and issued

For the fiscal years ended March 31, 2022 and 2023

Number of shares

	2022	**2023**
Numbers of shares authorized		
Common stock	880,000,000	**880,000,000**
Numbers of shares issued		
Beginning balance	258,998,600	**267,447,100**
Issuance of new shares (*1)	8,448,500	—
Cancellation of treasury stock(*4)	—	**(9,500,000)**
Ending balance	267,447,100	**257,947,100**
Numbers of treasury stock		
Beginning balance	1,359,365	**1,179,565**
Acquisition of treasury stock (*2)	12,600	**11,306,599**
Disposition of treasury stock (*3)	(192,400)	**(1,404,200)**
Cancellation of treasury stock(*4)	—	**(9,500,000)**
Ending balance	1,179,565	**1,581,964**

Note:(*1) The increase of 8,448,500 shares in the total number of shares issued in the previous fiscal year is due to the issuance of new shares to Galaxy Digital LP through a third-party allotment on December 7, 2021. As a result of the payment for this third-party allotment, common stock and additional paid-in capital increased by ¥2,750 million and ¥ 2,750 million, respectively, in the previous fiscal year.

(*2) 12,600 shares of treasury stock were acquired following the expiration of the right to restricted stock remuneration in the previous fiscal year and 270,500 shares of treasury stock were acquired following the expiration of the right to restricted stock remuneration in the current fiscal year. 11,036,099 shares of treasury stock were mainly acquired from the securities market.

(*3) The Company disposed of 192,400 shares of treasury stock in the previous fiscal year and 1,404,200 shares of treasury stock in the current fiscal year as restricted stock remuneration to the directors, executive officers and corporate officers of the Company as well as directors and executive officers of the Company's subsidiaries.

(*4) In the current fiscal year, 9,500,000 shares of treasury stock were cancelled on March 31, 2023.

Common stock

All shares are no-par value shares and all shares issued are paid in. Shareholders of common stock have the right to receive declared dividends and one voting right per 100 shares at shareholders' meetings. All rights for shares held by the Company (treasury stock) are suspended until reissuance.

Treasury stock

The Company held 1,179,565 shares of treasury stock at the end of the previous fiscal year and 1,581,964 at the end of current fiscal year.

Additional paid-in capital

Under the Japanese Companies Act (the Act), additional paid-in capital consists of legal capital surplus and other capital surplus. The Act requires the amounts that are not recorded as common stock at stock issuance to be included in legal capital surplus. Legal capital surplus can be transferred to common stock by resolution at shareholders' meetings. Other capital surplus includes surplus due to reversal of common stock and legal capital surplus and gain on disposal of treasury stock.

Retained earnings

Retained earnings include legal earnings reserved and other retained earnings. The Act requires one-tenth of dividends paid in legal capital surplus and legal earnings to be reserved to the extent that the aggregate amount of legal capital surplus and legal earnings reserved become one-fourth of the amount of common stock.

31 Dividends

The Company's dividends policy is to pay out dividends twice a year as interim dividends and year-end dividends.

Latest actual performance for dividends paid

		Millions of Yen	Yen		
Resolution date	Class of shares	Paid amount	Dividends per share	Record date	Effective date
May 25, 2021	Common stock	1,932	7.50	March 31, 2021	June 7, 2021
October 29, 2021	Common stock	1,960	7.60	September 30, 2021	December 1, 2021
May 25, 2022	Common stock	2,050	7.70	March 31, 2022	June 6, 2022
October 28, 2022	Common stock	2,086	7.80	September 30, 2022	December 1, 2022

		Thousands of U.S. Dollars	U.S. Dollars		
Resolution date	Class of shares	Paid amount	Dividends per share	Record date	Effective date
May 25, 2021	Common stock	**$14,548**	**$0.06**	March 31, 2021	June 7, 2021
October 29, 2021	Common stock	**14,753**	**0.06**	September 30, 2021	December 1, 2021
May 25, 2022	Common stock	**15,436**	**0.06**	March 31, 2022	June 6, 2022
October 28, 2022	Common stock	**15,703**	**0.06**	September 30, 2022	December 1, 2022

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year

		Millions of Yen	Yen		
Resolution date	Class of shares	Paid amount	Dividends per share	Record date	Effective date
May 24, 2023	Common stock	**¥2,025**	**¥7.90**	March 31, 2023	June 6, 2023

		Thousands of U.S. Dollars	U.S. Dollars		
Resolution date	Class of shares	Paid amount	Dividends per share	Record date	Effective date
May 24, 2023	Common stock	**$15,248**	**$0.06**	March 31, 2023	June 6, 2023

32 Other Components of Equity and Other Comprehensive Income

Changes in other components of equity

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Changes in fair value of equity instruments measured at FVTOCI			
Beginning balance	¥717	**¥780**	**$5,874**
Other comprehensive income before reclassification	63	**(140)**	**(1,053)**
Reclassification to profit or loss	—	**—**	
Ending balance	¥780	**¥640**	**$4,820**
Changes in fair value of debt instruments measured at FVTOCI			
Beginning balance	¥656	**¥(159)**	**$(1,194)**
Other comprehensive income before reclassification	(814)	**(1,334)**	**(10,046)**
Reclassification to profit or loss	—	**—**	**—**
Ending balance	¥(159)	**¥(1,493)**	**$(11,240)**
Foreign currency translation adjustments in foreign operations			
Beginning balance	¥8,153	**¥10,679**	**$80,399**
Other comprehensive income before reclassification	2,526	**2,434**	**18,323**
Reclassification to profit or loss	—	**—**	**—**
Ending balance	¥10,679	**¥13,113**	**$98,722**
Share of other comprehensive income of equity method investments			
Beginning balance	¥23	**¥26**	**$196**
Other comprehensive income before reclassification	3	**2**	**16**
Reclassification to profit or loss	—	**—**	**—**
Ending balance	¥26	**¥28**	**$212**
Other components of equity (Excluding share-based payments)			
Beginning balance	¥9,549	**¥11,327**	**$85,275**
Other comprehensive income before reclassification	1,778	**962**	**7,240**
Reclassification to profit or loss	—	**—**	**—**
Ending balance	¥11,327	**¥12,288**	**$92,515**

Notes: (*1) In addition to the above, there are other components of equity pertaining to share-based payments.
(*2) There is no other comprehensive income attributable to non-controlling interests for the previous fiscal year and for the current fiscal year.

Other comprehensive income (including amounts attributable to non-controlling interests) and the related tax effects

For the fiscal years ended March 31, 2022 and 2023

Millions of Yen

	2022			**2023**		
	Before related tax effects	Tax effect	Net of related tax effects	Before related tax effects	Tax effect	Net of related tax effects
Changes in fair value of equity instruments measured at FVTOCI						
Other comprehensive income before reclassification	¥91	¥(28)	¥63	**¥(204)**	**¥64**	**¥(140)**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes for the reporting period	¥91	¥(28)	¥63	**¥(204)**	**¥64**	**¥(140)**
Changes in fair value of debt instruments measured at FVTOCI						
Other comprehensive income before reclassification	¥(1,173)	¥359	¥(814)	**¥(1,819)**	**¥484**	**¥(1,334)**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes for the reporting period	¥(1,173)	¥359	¥(814)	**¥(1,819)**	**¥484**	**¥(1,334)**
Foreign currency translation adjustments in foreign operations						
Other comprehensive income before reclassification	¥2,526	¥—	¥2,526	**¥2,434**	**¥—**	**¥2,434**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes for the reporting period	¥2,526	¥—	¥2,526	**¥2,434**	**¥—**	**¥2,434**
Share of other comprehensive income of equity method investments						
Other comprehensive income before reclassification	¥(11)	¥14	¥3	**¥2**	**¥—**	**¥2**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes for the reporting period	(11)	14	3	**2**	**—**	**2**
Total other comprehensive income	¥1,433	¥345	¥1,778	**¥412**	**¥549**	**¥962**

Thousands of U.S. Dollars

	2023		
	Before related tax effects	Tax effect	Net of related tax effects
Changes in fair value of equity instruments measured at FVTOCI			
Other comprehensive income before reclassification	**$(1,538)**	**$485**	**$(1,053)**
Reclassification to profit or loss	—	—	—
Changes for the reporting period	**$(1,538)**	**$485**	**$(1,053)**
Changes in fair value of debt instruments measured at FVTOCI			
Other comprehensive income before reclassification	**$(13,693)**	**$3,647**	**$(10,046)**
Reclassification to profit or loss	—	—	—
Changes for the reporting period	**$(13,693)**	**$3,647**	**$(10,046)**
Foreign currency translation adjustments in foreign operations			
Other comprehensive income before reclassification	**$18,323**	**$—**	**$18,323**
Reclassification to profit or loss	—	—	—
Changes for the reporting period	**$18,323**	**$—**	**$18,323**
Share of other comprehensive income of equity method investments			
Other comprehensive income before reclassification	**$16**	**$—**	**$16**
Reclassification to profit or loss	—	—	—
Changes for the reporting period	**16**	—	**16**
Total other comprehensive income	**$3,108**	**$4,132**	**$7,240**

33 Earnings per Share

The basis for calculating basic earnings per share and diluted earnings per share for the current fiscal year is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Earnings per share attributable to owners of the Company			
Basic	¥13,017	**¥3,392**	**$25,539**
Adjustment	—	—	—
Diluted	¥13,017	**¥3,392**	**$25,539**

	Thousands of Share	
	2022	**2023**
Weighted average number of shares		
Basic	260,369	**264,018**
Adjustment	—	—
Diluted	260,369	**264,018**

34 Cash Flow Information

(1) Non cash transactions
For the fiscal year ended March 31, 2022
The Company acquired ¥2,853 million of tangible fixed assets on the lease transactions.

For the fiscal year ended March 31, 2023
The Company has no significant non-cash transactions (investment and finance transactions without cash and cash equivalents).

(2) Net proceeds from (payments for) acquisition of subsidiaries
For the fiscal year ended March 31, 2022
There are no significant net proceeds from (payments for) the acquisition of subsidiaries.

For the fiscal year ended March 31, 2023
There are no significant net proceeds from (payments for) the acquisition of subsidiaries.

(3) Net proceeds from (payments for) the sale of subsidiaries
For the fiscal year ended March 31, 2022
There are no significant net proceeds from (payments for) the sale of subsidiaries.

For the fiscal year ended March 31, 2023
There are no significant net proceeds from (payments for) the sale of subsidiaries.

(4) Changes in liabilities arising from financing activities
Changes in liabilities arising from financing activities are described in “20. Bonds and Loans Payable.”

35 Contingencies

Coincheck, Inc.

Coincheck, Inc. has been subject to lawsuits claiming that Coincheck, Inc. improperly remitted NEM in January 2018. As of the end of the current fiscal year, The Group does not recognize any provision since the recognition criteria for the provision have not been met. Coincheck, Inc. will properly handle these lawsuits.

36 Related Parties

(1) Transactions with related parties

For the fiscal year ended March 31, 2022

Millions of Yen

Type of related party	Name of related party	Detail of transaction	Transaction amount	Outstanding balance
Key management	The managing directors and the executive officers of the Company	Grant of Restricted Stock (*1)	¥84	¥—
Company that has significant influence on the Group	The Shizuoka Bank, Ltd.	Deposit (*2)	(38)	50
		Loans (*2)	¥—	¥3,000

Notes: (*1) The Company disposed of its treasury shares as Restricted Stock Remuneration to key management. In order to eliminate arbitrariness in the disposal value, the disposal value is set up as the closing price of the common stock of the Company on the Tokyo Stock Exchange as of the previous business day of the board of directors' resolution

(*2) The terms and conditions are equivalent to those that prevail in arm's length transactions.

For the fiscal year ended March 31, 2023

Millions of Yen

Type of related party	Name of related party	Detail of transaction	Transaction amount	Outstanding balance
Key management	The managing directors and the executive officers of the Company	Grant of Restricted Stock (*1)	¥550	¥—
Company that has significant influence on the Group	The Shizuoka Bank, Ltd.	Deposit (*2)	**(24)**	**26**
		Loans (*2)	**¥3,000**	**¥6,000**

Thousands of U.S. Dollars

Type of related party	Name of related party	Detail of transaction	Transaction amount	Outstanding balance
Key management	The managing directors and the executive officers of the Company	Grant of Restricted Stock(*1)	**$4,145**	**$—**
Subsidiary of company with significant influence on the Group(*3)	The Shizuoka Bank, Ltd.	Deposit (*2)	**(179)**	**196**
		Loans (*2)	**$22,586**	**$45,172**

Notes: (*1) The Company disposed of its treasury shares as Restricted Stock Remuneration to key management. In order to eliminate arbitrariness in the disposal value, the disposal value is set up as the closing price of the common stock of the Company on the Tokyo Stock Exchange as of the previous business day of the board of directors' resolution

(*2) The terms and conditions are equivalent to those that prevail in arm's length transactions.

(*3) The Shizuoka Bank, Ltd establishes Shizuoka Financial Group, Inc as its wholly owning parent company through a share transfer on October 3, 2022, and Shizuoka Financial Group, Inc becomes an other affiliated company of the Company.

(2) Compensation to the Group's key management personnel

For the fiscal years ended March 31, 2022 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	**2023**	**2023**
Short-term benefits	¥579	**¥551**	**$4,145**
Post-employment benefits	1	**1**	**11**
Share-based payments	54	**98**	**739**
Total	¥634	**¥650**	**$4,895**

Note: The key management personnel are the managing directors and the executive officers of the Company for the fiscal year.

37 Group Entities

The Company's significant subsidiaries as of March 31, 2023

Name of subsidiary	Location	Proportion of voting power %
Monex, Inc.	Japan	**100.0**
Monex Asset Management, Inc.	Japan	**100.0**
Monex Finance Inc.	Japan	**100.0**
Coincheck, Inc.	Japan	**89.0**
Monex Ventures, Inc.	Japan	**100.0**
MV I Investment Limited Partnership	Japan	**39.6**
MV 2 Investment Limited Partnership	Japan	**66.9**
TradeStation Group, Inc.	U.S.	**100.0**
TradeStation Securities, Inc.	U.S.	**100.0**
TradeStation Technologies, Inc.	U.S.	**100.0**
Monex International Limited	Hong Kong	**100.0**
Monex Boom Securities (H.K.) Limited	Hong Kong	**100.0**
Monex Securities Australia Pty Ltd	Australia	**100.0**
Others (26 companies)		

38 Events after the Reporting Period

There have been no material subsequent events after the reporting period.

39 Approval of Consolidated Financial Statements

The original consolidated financial statements filed with the appropriate Local Finance Bureaus of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan were approved by Yuko Seimei (the Company's Executive Officer and President) and Akira Inoue (Executive Director and General Manager of Financial Control Department) on June 24,2023.

Independent Auditor's Report

To the Board of Directors of Monex Group, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Monex Group, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes, comprising significant accounting policies and other explanatory information for the consolidated fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill and intangible assets with indefinite useful lives allocated to the U.S. segment</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Intangible assets of \46,918 million were recognized in the consolidated statement of financial position of Monex Group, Inc. (the "Company") and its consolidated subsidiaries as of March 31, 2023. As described in Note 22, "Intangible assets" to the consolidated financial statements, included therein were goodwill of \10,816 million and intangible assets with indefinite useful lives of \557 million arising from the acquisition of TradeStation Group, Inc. ("TradeStation Group"), which were allocated to the U.S. segment, accounting for approximately 0. 72% and 0.04% of total assets, respectively.

As described in Note 3, "Significant accounting policies, (6) Intangible assets, and (8) Impairment of non-financial assets" to the consolidated financial statements, goodwill and intangible assets with</td><td>The primary procedures we performed to assess whether the Company's judgment with respect to the recognition of an impairment loss on goodwill and intangible assets with indefinite useful lives allocated to the U.S. segment was appropriate included the following:
(1) Internal control testing
We tested the design and operating effectiveness of certain Company's internal controls relevant to measuring the recoverable amount used for the impairment testing of goodwill and intangible assets with indefinite useful lives.

(2) Assessment of the reasonableness of the estimated future cash flows
In order to assess the reasonableness of the estimated</td></tr>
</table>

indefinite useful lives are not amortized, and each group of cash-generating units (CGUs) is tested for impairment annually. When the recoverable amount of a group of CGUs is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The future cash flows used for measuring the recoverable amount in the impairment testing are estimated based on the business plan of each group of CGUs approved by management. While the excess of the recoverable amount over the carrying amount for the U.S. segment was \59,041 million, a significant amount of impairment loss may be recognized if the discount rate, one of the key assumptions, increases, or the estimated future cash flows decrease. The estimated future cash flows relevant to the U.S. segment of Monex Group reflect the new strategy of TradeStation Group that focuses more on active traders in its customer porfolio. The key assumptions used in the future cash flow estimates, including projected increase in the number of customer accounts for active traders as well as projected future growth in revenue per account involved a high degree of uncertainty, and they are significantly affected by external circumstances including future interest rate levels, market volatility, and the growth rate of the U.S. market. Estimates of these assumptions, selection of measurement models and input data, and choice of the discount rate used for calculating the value in use, involve a high degree of management's subjective judgment and have a significant effect on their judgment as to whether an impairment loss should be recognized. We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill and intangible assets with indefinite useful lives allocated to the U.S. segment is considered one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	future cash flows, we assessed whether the assumptions used in the estimated future cash flows were appropriate. Specifically, we performed the following procedures among others: ● inquired of management about the basis on which those assumptions were developed and inspected relevant materials; ● assessed the assumptions related to an increase in the projected number of customer accounts for active traders and future growth in revenue per account after taking into consideration the planned measures as well as future prospects of the financial instruments business in the U.S. and recent actual results after the change of its business strategy; ● assessed management's assumptions related to the forecasts of interest rate levels and market volatility, and compared input data of the past interest rate levels and market volatility with the market data provided by external organizations; and ● considered possible other measurement models and alternative assumptions related to input data, which were not adopted by management. As for the future growth rate of the U.S. market and the discount rate used to measure the value in use, we evaluated whether the methodologies to calculate the discount rate and growth rate were appropriate by engaging a valuation specialist within our domestic network firms to assist our work and compared the input data with the U.S. market data published by external organizations. In addition, we performed a sensitivity analysis assuming possible changes in the input data and assessed the impact of the result on the recognition of an impairment loss.

Assessment of the existence of crypto assets held by Coincheck, Inc.	
The key audit matter	**How the matter was addressed in our audit**
Coincheck, Inc. ("Coincheck"), a subsidiary of Monex Group, Inc. (the "Company"), is a cryptocurrency exchange service provider, and holds a significant amount of crypto assets in electronic wallets managed by Coincheck or third-party custodians. Included in the inventories reported on the consolidated statement of financial position of the	The primary procedures we performed to assess the existence of crypto assets held by Coincheck included the following: **(1) Internal control testing** We inquired of management of Coincheck and inspected relevant materials to assess the design and operating effectiveness of internal controls relevant to the existence of crypto assets. In this assessment, we focused our tests on the following:

Company and its consolidated subsidiaries, were crypto assets of \19,054 million held by Coincheck representing 1.27% of total assets, and crypto assets of \301,545 million that were included in the balance of crypto assets deposited by customers not recognized in the statement of financial position at the end of the current fiscal year as reported in the Note 18, "Inventories" to the consolidated financial statements. Coincheck has implemented multiple cybersecurity measures to mitgate risks. For example, it has implemented measures against unauthorized access to its electronic wallets, both internally and externally. However, if unauthorized access were to occur and crypto assets held were lost, it could have a significant impact on the Company's operating results and financial position. Furthermore, where, for example, its crypto asset balances disappear and such an incident is not discovered in a timely manner, crypto assets that do not in fact exist may be recognized on the statement of financial position, which could result in material misstatements in the consolidated financial statements. We, therefore, determined that our assessment of the existence of crypto assets held by Coincheck is considered one of the most significant in our audit of the Company's consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	● controls that monitor the management of access to IT system relevant to crypto assets, and operation logs of the IT system; ● controls relevant to the transfer of crypto assets; and ● controls that reconcile the book balances of crypto assets held by Coincheck with balances recorded on the blockchain and those reported from third-party custodians. **(2) Procedures to assess the existence of crypto assets** We performed procedures to assess the existence of crypto assets held by Coincheck. Such procedures included the following: ● compared the balances of crypto assets in addresses managed by Coincheck with balances of crypto assets generated from transactional information obtained from the blockchain; ● assessed whether unauthorized transfers took place, through the analysis of transactional patterns of addresses managed by Coincheck; ● confirmed relevant balances of crypto assets with third-party custodians; ● assessed whether secret keys were accessed, or data of crypto asset balances were modified without authorization, through the analysis of operation logs and approval history in Coincheck's system related to crypto assets; and ● assessed whether micro transactions instructed by us and executed by Coincheck accordingly, were recorded in blockchain as intended.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Atsunori Sadahiro
Designated Engagement Partner
Certified Public Accountant

Masaaki Nakamura
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
July 20, 2023

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Group and KPMG AZSA LLC.

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